



# 2018 COMPENSATION GUIDELINES FOR ROSTERED MINISTERS of the FLORIDA-BAHAMAS SYNOD, ELCA

## INTRODUCTION

This tool is intended to provide a convenient way for congregations to determine, administer and evaluate appropriate compensation for rostered ministers. Appropriate compensation takes into account a lifelong ministry, and looks to provide for the present needs of rostered ministers, as well as an adequate retirement.

It is helpful to remember that the method for determining compensation is a process which must be marked by openness, honesty and graciousness. Both professional leaders and ministry representatives should be able to clearly articulate their needs at the beginning of a ministry together; and then during the ministry journey develop a regular ministry evaluation process to report and adjust for changes in the ministry context and needs. Compensation is meant to be a statement of the value you place on the rostered minister's ministry and provide a reasonable standard of living.

Professional expense reimbursement costs are also reviewed as part of this document. However expenses are not considered as part of the compensation and benefit package. Reimbursable expenses are those expenses that are required for the position. These expenses should be part of the Administrative Expenses of your financial plan.

Guidelines, however carefully crafted, do not give congregations automatic, concise and simple answers to what are inherently complex issues. The following criteria should assist in identifying expectations and critical elements of the total compensation package.

As you use this document, please be encouraged to submit recommendations or suggestions to assist the Office of the Bishop in making this tool easier to use or understand.

## COMPENSATION AND BENEFITS DEFINED

### Direct Compensation

#### Baseline Compensation

Baseline Compensation is the minimum recommended amount prescribed for the position as determined by the job description. For example, a pastor must have a Masters of Divinity degree and therefore the minimum baseline compensation begins with the amount set out for that degree status. Baseline Compensation includes the housing allowance.

If your ministry provides a parsonage, the minimum guideline should be divided by 1.3 to account for the value of the house provided. (IE: if the baseline compensation is \$47,000 and a parsonage is provided, the baseline compensation will be \$36,200. Calculated as  $\$47,000 / 1.3 = \$36,200$ .)

## **Housing Allowance**

Word and Sacrament Ministers, called to congregational or specialized ministry may designate a portion of their compensation as a “housing allowance.” This is a significant tax advantage giving clergy the ability to exclude from federal taxable income that part of compensation that is used to provide a home.

Word and Sacrament Ministers are urged to consult with a professional tax advisor to take full advantage of this provision in the tax code. Setting the housing allowance to cover actual expenses incurs no additional cost to the congregation or agency. To meet IRS requirements, the agency or Congregation Council must specify the annual amount prior to the beginning of the calendar year.

Total defined compensation adds together base salary with any housing allowance, Social Security allowance, and furnishings and utilities allowance. For plan members living in employer-provided housing, such as a parsonage, defined compensation is increased by 30% of salary and Social Security allowance. This allows Portico to provide appropriate contributions to the retirement account.

Portico provides an overview of the Housing Allowance and a helpful worksheet at: <https://employerlink.porticobenefits.org/Home/Resources/ClergyHousingAllowance.aspx>

## **Equity Allowance**

Where a congregation provides a parsonage, the congregation should assume costs for maintenance and utilities. The congregation may pay these costs directly or provide an allowance to cover the expenses. The congregation should provide and maintain major appliances in the parsonage.

While living in a parsonage has many advantages, it does not build home equity for retirement. If a parsonage is provided, the congregation is encouraged to provide a housing equity retirement contribution. A housing equity retirement contribution is an additional retirement plan contribution some employers choose to make for their clergy. This money is more flexible than traditional retirement account contributions and has different withdrawal rules. In some situations, clergy can withdraw these contributions without penalties (if they move from a parsonage to a purchased home, for example).

It is recommended that the congregation fund this plan at a rate of 3% of base salary. This can be done via the ELCA Portico Optional Pension Plan or other annuity vehicles.

## **Social Security Allowance**

As self-employed persons, pastors will pay 15.30% of their salary and housing allowance for social security benefits (FICA). Many congregations provide an allowance for part of this expense. This allowance, if provided, is part of the taxable income for the pastor. Since congregations are required to pay 7.65% of a lay employee’s salary for social security benefits, it would be appropriate to pay this amount as a social security allowance for the pastor.

## **Household Furnishings Allowance**

When a parsonage is provided, the congregations may consider a Furnishings Allowance. This is an allowance equal to the rental value of the pastor's furnishings. This would help cover costs at the parsonage not otherwise reimbursed (i.e. minor repairs, personal furnishings, insurance, etc.)

## Benefits Package

### ELCA Pension and Medical/Dental Benefits (Portico)

It is an expectation that the congregation will provide for the rostered minister's participation in the Pension and Other Benefits Plan of the ELCA. The Pension and Other Benefits Plan of the ELCA is administered by Portico Benefits Services.

The ELCA Pension and other benefit programs include the following components:

**ELCA Health Benefits Plan** — Health benefits including medical and mental health, dental, prescription drugs, support services, and wellness programs. The Synod recommendation is to provide the Gold+ Plan for each rostered minister. Each congregation may only designate one plan for all rostered ministers working for the same congregation. Should a higher cost plan be elected, the additional cost may be reduced from the base pay. Should a lower cost plan, or no plan be selected, 75% of the reduced cost may be added to the base pay. If no medical coverage is selected, verification of appropriate coverage elsewhere must be provided. In the event that a waiver of coverage is no longer available, the leader must resume participation in the Portico Plan. (Adjustments to base pay must be carefully documented and re-adjusted if changed in the future. A separate budget line is recommended.)

**ELCA Flexible Benefits Plan** — Health flexible spending accounts (FSA), dependent (day) care accounts FSA, health savings accounts (HSA), limited-purpose flexible spending accounts (FSA), and personal wellness accounts, which can be used to pay for eligible expenses. Each congregation should discuss the needs of the rostered minister and support participation, as appropriate and necessary, in each of the above plans. These accounts are funded by the rostered leader and provide the opportunity to use "pretax" earnings for the designated purposes. Use of these accounts does not increase the rostered minister's total compensation.

**ELCA Survivor Benefits Plan** — Life insurance helps your family take care of financial obligations in the event of a death. Please refer to the percentage of the congregation's premium allocated to that benefit.

**ELCA Disability Benefits Plan** — Provides eligible disabled members monthly income, ELCA Retirement Plan contributions, and health and survivor benefits. Please refer to the percentage of the congregation's premium allocated to that benefit.

**ELCA Retirement Plan** — A defined contribution retirement plan assists the roster leader toward living well in retirement. The Synod expectation is for congregations to fund each rostered minister's retirement at a minimum rate of 12% of defined compensation.

In addition to the above elements of the Pension and other benefits, a contribution for "Retiree Support" is included each month in the payment to Portico Benefit Services. Please refer to the percentage of the congregation's premium allocated to that benefit.

Rates and calculators can be found at <https://employerlink.porticobenefits.org/Home/Resources...>

## **Stewardship of Time**

### **Days off/Time Management**

A full time rostered minister is encouraged to take at least one full day off per week. A suggested normal week is 45 hours per week, recognizing seasonal demands may require more or fewer hours in any given week. Additionally, it is recommended that rostered ministers take two consecutive days off at least once a month.

### **Vacation**

The guideline of the Florida-Bahamas Synod regarding vacation for full-time and part-time rostered ministers is four weeks, including four Sundays for all rostered ministers whose position descriptions include expectations for regular Sunday responsibilities. It is recommended that a minimum of 2 weeks be taken contiguously per year for personal renewal.

Vacation is normally to be taken during the fiscal year in which that vacation is budgeted. With the prior approval of the congregation, or congregation council, up to two weeks' vacation time may be carried over into the following year thus allowing for an extended vacation time in that year. Absent prior approval by the congregation or congregation council, unused vacation time of a previous year is lost.

Because vacation time is accrued (earned) based on the calendar/worked year, upon the ending of the call or employment, vacation that was not used should be paid in the last paycheck. Vacation time that has been used above the accrued amount should be deducted from the final paycheck. Accrued vacation time will be 1/12 of the yearly vacation amount on the 1<sup>st</sup> of each month. (IE: January 1 – earned, .33 weeks / December 1 – earned 4 weeks.) Approved carry over vacation will also be paid.

### **Sabbatical/Extended Study Leave**

It is expected that congregations and agencies offer a paid sabbatical/extended study leave for their rostered minister(s). The Bishop and our Florida-Bahamas Synod expects that each full time rostered minister receive two months of paid sabbatical leave after each four years of service in the same ministry setting. Florida-Bahamas Synod policy is that sabbatical time should be devoted to rest, personal study and reflection, and (and/or) study that will directly benefit the ministry setting.

It is recommended that the congregation establish a separate fund or account to draw from during the minister's sabbatical to cover additional costs of providing pastoral care and worship leadership.

### **Absences – Short Term, Illness/Accident**

A policy should be established for short term absences due to illness or accidents which prevent an individual from performing their normal work requirements. A suggested standard is one (1) day of paid sick leave earned for each full calendar month worked. Upon being called, rostered ministers will be provided 6 earned days for short term absences. Earned sick time may be accumulated and a maximum of twenty-four (24) days may be carried over yearly.

For an illness/accident which exceeds earned short term coverage, the Congregational Council may approve exceptions for pay and as appropriate, apply the provisions for disability coverage.

### **Maternity/Parental Leave**

A specific Maternity and Parenting Leave Plan should be carefully drawn up in open consultation with your rostered minister.

Maternity leave is directed towards the birth or adoption of a child. Such leave should include up to six weeks full salary, housing and benefits. The number of weeks of leave before or after the birth or adoption of a child should be negotiated in advance. As appropriate, up to two weeks leave for the spouse is also desirable.

Parenting leave is directed towards illness or other special needs. Such leave should include up to two weeks full salary and benefits. Any other specific conditions should be clearly defined in writing.

### **Disability**

It is recommended that each congregation develop written policy relating to disability. In case of a full disability it is expected that the congregation will continue to pay full salary, housing and benefit contributions for the first 60 days of disability, at which time the disability benefits of the ELCA Portico Plan would go into effect. Any period of disability must be based on a written physician's recommendation.

Absences due to less than a full disability, or because of other medical reasons, will be approved by Congregation Council based upon a written physician's recommendation. The Congregation Council should consult with the Bishop's office for guidance.

### **Compassionate Leave**

For a full time rostered minister, it is recommended that three (3) days, with pay, be provided in the event of a death in the immediate family (to include spouse, children, parents, brother, sister, grandparents, grandchildren, mother-in-law, father-in-law, or legal guardian), to attend the funeral and to deal with family affairs. In cases where there is a special need related to circumstances, generally assumed to be the sudden death of an immediate family member, or cases requiring extensive travel, up to a total of five (5) paid working days should be considered.

## **REIMBURSABLE BUSINESS EXPENSES**

### **Automobile Mileage Reimbursement**

The congregation/agency should reimburse miles traveled in carrying out duties as a rostered minister at the rate allowed by the IRS. Check IRS guidelines: <https://www.irs.gov/...> The rostered minister should submit a signed report each pay period, or no less than monthly, to the responsible financial officer of the church.

### **Continuing Education/Professional Development**

A minimum of 50 contact hours per year of continuing education is required of every rostered minister of the ELCA. Persons within their first three years in ministry are expected by the ELCA to commit their continuing education time and congregational continuing education allowance to fulfilling the expectations of First Call Theological Education (FCTE).

It is recommended that annually rostered ministers and congregational leadership develop a professional development plan that is part of the yearly review process of leadership goals and expectations, with 2 weeks of professional development/continuing education as the objective.

A contact hour is defined as a typical 50 minute class or the equivalent. Continuing education may be courses, seminary classes or workshops. To assist the rostered minister in meeting this expectation, a budget of \$1,000 is suggested, with expenditures verified by receipts.

### **Periodicals/Books**

The congregation/ agency is encouraged to provide reimbursement for the purchase of or subscriptions to books and periodicals, enabling the rostered minister to keep abreast of developments in theology and the ministry profession. A suggested budgeted amount is \$300, with expenditures verified by receipts.

### **Cell Phone**

The congregation/ agency is encouraged to provide reimbursement for the monthly costs of service for a cell phone, enabling the rostered minister to maintain current communications.

Suggested reimbursement: Personal/Ministry – 50%; Ministry use only – 100%, with expenditures verified by receipts.

### **Other Professional Expenses**

The congregation should budget for other professional expenses incurred in the performance of duties of the rostered minister with a suggested amount of \$200.

All expenses associated with required attendance at Synod Assembly, Conference meetings and the annual Conference on Ministry should be budgeted, and expenditures verified by receipts.

## **OTHER FINANCIAL CONSIDERATIONS**

### **The Congregational Financial Plan**

Please see Resource G of our Florida-Bahamas Synod Transition Manual which follows these definitions.

### **Pastoral Care Supply**

Occasionally, and during a sabbatical, a congregation may be required to seek out a pastor to serve in the areas of care and/or preaching. The following are some guidelines. All terms and compensation are to be negotiated between the supply pastor and the appropriate congregational leadership.

Preaching:

- One service -- \$150 or higher
- Two services -- \$175 or higher
- Three services -- \$200 or higher

Mileage reimbursement at the current IRS rate per mile:

<https://www.irs.gov/tax-professionals/standard-mileage-rates>

Reasonable hotel and meal costs.

### **Ephesians 4:15-16**

*But speaking the truth in love, we must grow up in every way into him who is the head, into Christ, from whom the whole body, joined and knitted together by every ligament with which it is equipped, as each part is working properly, promotes the body's growth in building itself up in love.*