

2010-2011

Indiana-Kentucky Synod

MINIMUM COMPENSATION GUIDELINES Workbook

FOR

ELCA ROSTERED CLERGY
(Guidelines for Associates in Ministry,
Deaconesses and Diaconal Ministers
is provided separately)

adopted by action of the 2010 Indiana-Kentucky Synod Assembly
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Dear Friends in Christ Jesus,

We're pleased to present to you the 2010-2011 Indiana-Kentucky Synod Compensation Guidelines for ELCA Rostered Clergy. We provide these for your use in determining just and honorable salary, benefits, allowances, and reimbursements for your professional staff. This is the best tool we have to enable you to make these decisions in a collaborative atmosphere with your co-workers in the gospel who give their lives to the ministry of Jesus Christ with you in your congregation.

Please use the guidelines in such a manner that there is good conversation between you and your rostered leaders. It is wise to begin these discussions in August in an open manner with your executive committee and each staff professional. These guidelines contain a process to assist discussion about issues relating to compensation. Further, these guidelines present charts and tools for you to calculate and determine compensation, as well as benefits, allowances, and reimbursements following established guidelines across the Evangelical Lutheran Church in America.

Professional leaders are strongly encouraged to take the initiative in this conversation with parish leaders since you are the ones who should understand your needs and desires. Don't expect your parish leaders to be mind readers. They're waiting for you to be a leader.

With regard to Cost of Living (COLA), please visit the Bureau of Labor Statistics website at www.bls.gov. This is very helpful in finding the actual cost of living variances in your specific county. Also, visit the ELCA website (www.elca.org) for further compensatory information; and the Board of Pensions website (www.elcabop.org) for 2011 health benefits rate information which changes every calendar year on January 1 (these Guidelines contain the 2010 rate information).

If you desire assistance with any matter in this document, or have a question not addressed in the document, please do not hesitate to contact any of our committee members directly, or through the Indiana-Kentucky Synod office.

These Guidelines have been adopted by the Indiana-Kentucky Assembly and became active upon adoption. They are posted on the synod web site at www.iksynod.org. If you wish a hard copy mailed to you, please notify the synod office.

Please note that these are *clergy* guidelines. A separate guideline is provided for associates in ministry, deaconesses, and diaconal ministers.

With joy in the Gospel of Jesus Christ,

Jim Kucherea, Chair; Ann Diefenthaler, Ron Haseley, Jim Swinford,
Rudy Mueller, Synod staff liaison

How to Plan Compensation with Your Rostered Leaders for 2011

Often one of the most difficult challenges in ministry is deriving a fair and equitable compensation for rostered leaders in your church. Generally this is not addressed until late in the process of preparing a new budget for the following year. This is a mistake since it often results in frustration for both the rostered leaders and those trying to make decisions with regard to salary, benefits, and reimbursements. The following guidelines should make this process pleasant and honest. Obviously, begin your process with prayer and end with prayer; and pray about it between meetings. Secondly, know that your pastor and lay rostered leaders are not ‘hired’, they are ‘called’ into ministry with you and thus you are dealing with a member of your church family and one who is called to work beside you, not in place of you. Remember shepherds don’t give birth to sheep---sheep give birth to sheep.

Communication: It is extremely important that the pastor (and other rostered leaders) be involved in this planning from the beginning since they are the ones most affected by the final outcome. Realize that is often difficult to talk about money though it shouldn’t be since it was Jesus himself who had many parables about money. Good communication can, and must, occur at each step of the process.

- 1. Who should be in the planning process:** The rostered leaders, Council president and vice president, member of the Stewardship Committee, member of the Mutual Ministry Committee. This entire group is often called ‘The Executive Committee’. These are the persons who can best assess the effectiveness of the leader and his/her own needs. More people present slows communication. These are closed meetings not open to the congregation, again to maintain high-level open, honest, and healthy communication.
- 2. What areas should be explored:** There are two areas of discussion: effectiveness and need. Start with need, which is the current compensation each leader is receiving. Compensation of the leader is no secret because it’s listed in the annual budget and/or annual report to the congregation. It includes the following areas: Basic salary, Benefits (including housing allowance/equity allowance in the case of church-owned parsonage), pension, continuing education, book allowance, social security offset), Reimbursements (Car allowance, other tangibles in your situation). Go through these step by step. Ask the leader at each juncture if they have any input that would be helpful to talk about. This seems laborious, but the value is obvious since only the rostered leader knows precisely how the current mix of salary, benefits and reimbursements affects her/him. In some cases your leader is below Synod established Minimum Compensation Guidelines. This needs to be discussed and remedied. Do this early in the process, preferably in early or mid August. You will discuss the next year’s compensation ‘mix’ at your next meeting in two weeks. Take lots of notes during the meeting, and share those written notes that week with members present at this meeting. This meeting should last about two hours.

3. How to address effectiveness: It's never a question of how hard a person works, but what gets done and is it effective. This is without doubt the most difficult area to quantify since ministry has on average over 280 known specific functions that a parish pastor must perform at one time or another (Source: "Organizing Around the Great Commission, author Don Abdon (I-K Synod pastor, retired). And, what one person might find as important, another doesn't, such as sitting with the family during a routine surgery of a loved one. Or, reading and preparation for sermons/meetings/teaching. Remember, much of what a pastor, or rostered lay leaders, does is often confidential. And, effectiveness is always a judgment call; it is subjective and depending on each individual often leads to completely different conclusions. It's been said that every pastor or rostered leader has as many bosses as there baptized members of the congregation. If that is true, then not all will be satisfied with the ministry. Still others see the leader more as a chaplain, someone to take care of them and others in the congregation. Others see effectiveness based on the size of a growing budget and a growing worship attendance.

Thus importance and effectiveness are linked together in each person's mind, and are difficult to separate though they are clearly not the same. Finally, who decides one's effectiveness? We believe it is the Church Council, not the general congregation nor the rostered leader who makes that decision. If the leader works well with his/her Church Council, you have an effective leader in your setting. Pastors and lay rostered persons are called to a SHARED MINISTRY. If there isn't any sharing going on, it's the pastor and lay rostered persons responsibility to make it happen. There are excellent resources available through the synod to assist you in determining the important functions of the pastor, and your own congregational constitution is a good place to start. Good notes should be taken during the meeting and shared with the rest of the group during that week in written form. This meeting should last two hours.

4. How do we derive Total Compensation for the coming year? After you have completed the previous steps of the process, bring the entire group together to put the pieces together. Start with effectiveness for that will help you determine with you will meet Synod Professional Leaders Standards for the next year, or not. Review all the notes that were taken and talk about them for they will be the catalyst for 'filling in the blanks' of the Compensation Guidelines. Together, fill out the Compensation material and discuss each item, at length if necessary. Start with Basic Salary, and then move to each item housing, continuing education, and book allowance; and then on the benefits and reimbursements. When this part of the process is completed, total it and then discuss it. Let your pastor/rostered leader take the initiative here because, once again, it is him/her that will be most affected by this decision. This meeting will last about two hours.

Hopefully everyone will have had much time to pray, think, and discuss this very important part of your ministry. If you have questions, or need resource materials, again, do not hesitate to contact any member of the Professional Leaders Compensation Committee or Synod staff.

In shared ministry with you,
Compensation Committee

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I. GENERAL INFORMATION

COMPENSATION PACKAGES

There are two categories for determining the compensation package for a pastor. Process 1 should be used for calculating the compensation package for a pastor currently under call. Process 2 should be used in calculating the compensation package during the Call Process. Whichever process you use, the first step is to make yourself familiar with the information on pages 5-13.

BASE SALARY

The starting point for determining the compensation package for your *current pastor* is his/her current **BASE SALARY**. The starting point for determining the compensation package for *a pastor you are about to call* is the recommended **MINIMUM BASE SALARY** guidelines. Other factors (e.g., educational debt load of first call candidates, prior experience of second career candidates, merit and performance, the cost of living in a particular geographical area, length of time in the parish, the complexity of responsibilities, the financial ability of the congregation, etc.) should be taken into consideration when determining the final **BASE SALARY** figure. Honorariums or other fees received for weddings, funerals, outside speaking engagements, or from any other source should not be taken into account when setting the **BASE SALARY**, nor should any income received by the spouse be a consideration.

In many congregations, a specific committee is asked to have primary concern for this ministry to the pastor and his/her family. This group should be the Executive Committee comprised of the President, Vice President, Treasurer/Finance chairperson. The key task of such a committee is to discuss annually with the pastor a fair, honorable, and equitable compensation package. Since the pastor depends on the church council and the congregation to make adequate provision for his or her financial needs, the pastor requires an opportunity to discuss those needs in an open and supportive forum. The Executive Committee is in a position to provide such a forum. The committee can receive data from the rostered person about his or her financial needs and subsequently make recommendations to Congregational Council for fair, honorable and equitable compensation.

CLERGY HOUSING ALLOWANCE

It is fully expected that if a congregation furnishes a parsonage, it also must pay the taxes, insurance, maintenance, and all utilities of the home. An allowance for furnishings is also available and does not apply as taxable income for the pastor to the extent it is actually used. If the pastor lives in a parsonage, congregations should establish an Equity Fund in the range of 3%-5% of base salary. Such contributions should be made directly to the ELCA Optional Pension Plan and should not be included as taxable salary income.

If a housing allowance is paid in lieu of the use of a parsonage, it should be **at least 30%** of the minimum base salary. One percent per month of the Fair Market Value (FMV) (the average cost of a home in the given area) is often used as a starting point for determining a monthly housing allowance to which should be added the cost of utilities and furnishings.

Once the Total Compensation (Base Salary + Housing + Social Security Reimbursement) is determined, the amount of this total that is designated as Housing Allowance can be adjusted to the needs of the minister as long as the Total Compensation remains the same. In other words, the pay designated as salary on the W2 can decrease (or increase) and the part designated as Housing Allowance can increase (or decrease).

DESIGNATION OF HOUSING ALLOWANCE

In IRS Publication 517, the IRS states that “The church or organization that employs you must officially designate the payment as a housing allowance before the payment is made. A definite amount must be designated. The amount of the housing allowance cannot be determined at a later date.”

Shown below is a sample resolution designating a housing allowance:

The president informed the council that under the tax law, a minister of the Gospel is not subject to federal income tax on “the parsonage allowance paid to him as part of his compensation to the extent used by him to rent or provide a home.”

After considering the estimate of Rev. _____ of his/her home expenses, a motion was made by _____, seconded by _____ and passed to adopt the following resolution:

Resolved that of the total cash salary for the year 2____, \$_____ is hereby designated as housing allowance.

Resolved that as long as Rev. _____ is our Pastor the above amount of designated housing allowance shall apply to all future years until modified.

When it is time to pay income tax, it is important to note IRS Publication 517:

If you own your home and you receive as part of your salary a housing or rental allowance, you may exclude from gross income the smallest of:

- The amount actually used to provide a home,
- The amount officially designated as a rental allowance, or
- The fair rental value of the home, including furnishings, utilities, garage, etc.

You must include in gross income the amount of any rental allowance that is more than the smallest of:

- Your reasonable salary
- The fair rental value of the home plus utilities, or
- The amount actually used to provide a home.

FURNISHINGS ALLOWANCE

Pastors living in parsonages should be provided with a “furnishings allowance.” Even in a parsonage, every pastor has some expense in maintaining his or her home. The amount of the allowance may depend on several factors: whether or not the parsonage is furnished, who provides the upkeep, pays the utilities, etc. When the furnishings allowance is designated in advance, and to the extent it is actually used, it is a non-taxable source of income for the pastor.

SOCIAL SECURITY

Congregations are encouraged to reimburse pastors for what the employer’s share of Social Security and Medicare Tax would normally be. This amounts to 7.65% of base salary plus housing allowance, or where a parsonage is provided, 7.65% of base salary plus the greater of 30% of the base salary or the fair rental value of the parsonage. (In either case, social security allowance only needs be paid on compensation up to the IRS wage base limit of \$102,000) Congregations are required to file appropriate federal tax forms. A W-2 is normally issued for all rostered staff, including clergy. Clergy housing is placed in Box 14. **Do not** issue the pastor a 1099 in lieu of a W-2.

BENEFITS
PENSION AND HEALTH BENEFITS

ELCA associated employers and those recognized by the ELCA as eligible employers may sponsor their employees in the ELCA Pension and Other Benefits Program offered by the ELCA Board of Pensions. The program is available to all employees scheduled to work 15 or more hours per week for 6 or more consecutive months per year.

The **2010** required monthly contribution rates for the Indiana-Kentucky synod expressed as a percentage of defined compensation are as follows:*

	Contribution Rate	Minimum Monthly	Maximum Monthly
Medical and Dental			
Member only	12.6%	\$494	\$667
Member and spouse	22.1%	\$864	\$1,168
Member and children	22.1%	\$864	\$1,168
Member, spouse, and children	31.5%	\$1,234	\$1,669
Coverage waived	0.0%		
Required Contributions			
Disability and Survivor Plans	2.6%		
Retiree Support	0.7%		
Pension	12.0%		

Total contributions will range from 27.9% to 46.8% depending on the dependent medical benefits coverage elected. When a pastor waives coverage because of coverage through the insurance of a spouse, the congregation is strongly encouraged to provide a Health Reimbursement Allowance to cover co-pays, deductibles, and other medical expenses.

The ELCA benefits program contribution rates are a percentage of defined compensation. Defined compensation is base salary, before any pretax benefit contributions** are deducted. For pastors, annual defined compensation also includes the amount of any Social Security tax allowance paid to the pastor and housing allowance. If housing is not provided, the amount of any cash housing allowance paid to the pastor is included. If housing is provided, an additional 30 percent of base salary and any Social Security tax allowance, plus any household furnishings or utilities allowance paid is included.

The synod recommends that congregations contribute the higher 12% retirement rate for pastors. Additional retirement contributions can be made by the employee (member pretax). If the employer chooses to make additional contributions from time to time, they can be included when paying the regular monthly bill by using the *Explanation of payment* included in the monthly billing statement. See *Understanding your bill* at www.elcabop.org.

ELCA-primary health benefits include a personal wellness account offering financial rewards of up to \$400 per year to members (and spouses). The ELCA Flexible Benefits Plan is also available to employees who are sponsored in the ELCA benefits program and receiving ELCA-primary health benefits. "ELCA-primary health benefits" does not include Medicare. (Those on Medicare may register for a personal wellness account, but are not eligible to receive the financial rewards.) See www.elcabop.org for more information.

***NOTE: The 2011 rates were not yet available when this document was prepared. Please check with the Board of Pensions to be sure that the amounts your congregation or agency is using are current.**

****Pretax benefit contributions include member pretax contributions to the Retirement Plan or another eligible retirement plan. They also include pretax contributions to qualified reimbursement accounts for health care, dependent care or transportation expenses.**

HEALTH REIMBURSEMENT ARRANGEMENT (HRA)

For many years congregations have reimbursed their pastors for medical expenses which were not eligible for reimbursement by an insurance plan. The IRS has recently introduced a phrase to describe this procedure: Health Reimbursement Arrangement (HRA). Under such an arrangement, congregations may make reimbursements to pastors for expenses not eligible for reimbursement by any other plan.

The following is a list of important details concerning the HRA:

- An HRA is established under Section 105 of the Internal revenue Code. It is not the same as cafeteria plans or Medical Savings Accounts. IRS guidance is provided in Revenue Ruling 2002-41.
- The HRA is not a salary reduction plan, it must be solely paid for by the congregation.
- The coverage period is generally for 12 months, but may be less.
- The congregation must establish the maximum amount that can be reimbursed during a coverage period. At the end of the period, any unused portion of this amount is carried forward to increase the reimbursable amount available for the next period.
- Reimbursements cannot be made for medical expense incurred before the plan was put into effect, nor before the pastor becomes part of an HRA.
- Any out of pocket expenses for the pastor, spouse and dependents that are allowed by the IRS Publication 502 are reimbursable under an HRA.
- Substantiation must be provided for all medical care items submitted.
- If the plan is self-insured, it is subject to *non-discrimination*.
- Implementation of a HRA requires only the adoption of a resolution and funding provided solely by the employer.

With a properly documented plan, reimbursements are not subject to federal, state, and perhaps local income tax, and are not subject to social security taxes, resulting in a sizable tax savings.

Contact the Synod office for samples of language and enrollment forms.

SICK LEAVE, DISABILITY, WORKERS' COMPENSATION

Sick leave of up to six weeks per year with full salary, housing and benefits should be provided by the congregation when needed. This is not accumulated and should not be abused. This is not an entitlement.

Paid 'family leave' of up to six weeks is recommended when a child is born or adopted. The number of weeks of leave before and after the birth should be specified in advance, and with mutual discussion with the pastor. Similarly, paid 'family leave' of up to six weeks also should be available to care for a sick family member such as a spouse, child, parent, or sibling.

In the event a sponsored member of the ELCA benefits program is unable to perform the material duties of her or his normal occupation for any employer as a direct result of injury or physical or mental disorder resulting in disability, the member is covered by these benefits:

1. Salary continuation

During the first two months of disability, the employer is expected to pay the full salary and contributions to the ELCA retirement plan, and for health, disability and survivor benefits.

2. Monthly disability benefits

Beginning with the third month of disability, the member receives a monthly income benefit based on two-thirds of the monthly average compensation on which contributions were paid during the 12-month period preceding the disability, less any Social Security or any other government offsets, including benefits paid to the member or family members. Benefits continue until recovery or up to the maximum benefit period. See www.elcabop.org for more information.

3. Other benefits

Health coverage, the lump-sum survivor benefit and monthly survivor income benefits continue at no charge until recovery or up to the maximum benefit period. In addition, an amount based on the current basic benefit will be contributed to the member's ELCA retirement account.

4. Benefits to surviving beneficiaries

At retirement (or death) the balance in the member's ELCA retirement account will be available to the member (or spouse) for withdrawals or convert to an annuity, providing a monthly income stream in retirement.

The member must apply for partial or total disability benefits within six months of becoming disabled and must be actively engaged in medical treatment designed by a qualified health care provider. See www.elcabop.org for more information.

Monthly disability benefits available to eligible interim pastors who have chosen to continue ELCA disability coverage at their own expense while between assignments or on leave from call are slightly different.

Congregations are legally required by Indiana and Kentucky state law to secure Workers' Compensation on Clergy, Associates in Ministry, Deaconesses and Diaconal Ministers to provide for such expenses in the event of disability.

OTHER BENEFITS

WEEKLY HOURS/TIME OFF, CONTINUING EDUCATION AND SABBATICAL LEAVE

Pastors, like anyone else, need some time off from work in order to replenish and re-energize themselves. Congregations should ensure that each pastor has **two full days off per week**. The pastor's weekly schedule (days/hours) may be negotiated as necessary. For the well-being of the pastor and health of the congregation, such a schedule **should not exceed 50 hours in a work week**.

VACATION

Everyone needs a period of time away from the job in order to refresh and recreate him or herself. The congregation should provide a minimum of four weeks vacation per year (28 days), including four Sundays for all pastors. An additional week of vacation should be granted after 15 years of service in the ministry; and an additional week should be granted at 25 years in the ministry. Continuing education time is not to be regarded as vacation.

Congregations in which the pastor has served for an extended period of time should consider additional vacation time. All costs and procurement of supply ministries during vacation times, including Sunday supply, are the responsibility of the congregation. A list of available pulpit supply may be secured from the synod web site (www.iksynod.org) or office.

HOLIDAYS

Because of the nature of their professional responsibilities, pastors are seldom able to take advantage of three-day weekends and other holidays such as Christmas, Easter, etc. Generally, 9 to 11 total holidays should be granted **plus three floating personal days** at the discretion of the Congregation Council. Consideration should be given and the pastor should be encouraged to take these days off at another time during the week to compensate for these holidays. This should not be counted as vacation time.

CONTINUING EDUCATION/SABBATICAL LEAVE

The purpose of continuing education for Clergy is to strengthen the professional for more effective service. The ELCA expects a minimum of 25 contact hours annually in organized continuing education. These experiences are to be with colleagues and under responsible sponsorship, capable directors, and qualified instructors.

Continuing education may range from a single day seminar to enrollment in a formal program at an educational institution. The ELCA Letter of Call presently provides for **a minimum of two weeks of continuing education annually, and may be accumulated for up to three years for a total of six weeks**. In the Indiana-Kentucky Synod, this time may be taken each year or after two or three years. It is recommended that the professional staff attend the annual Fall Professional Leaders Conference offered each year in the Indiana-Kentucky Synod.

To financially support continuing education, the congregation is encouraged to establish a fund to which the it annually contributes a minimum of \$700, with the pastor contributing a minimum of \$300 for a minimum total of \$1,000. Any money which the pastor contributes to the fund belongs to the pastor and may accumulate over a period of years. If the pastor resigns the call, any money contributed by the pastor but not used returns to the pastor. This money would be used for registration, course materials, travel and housing while the person pursues approved continuing education. Financial assistance is also available through the Indiana-Kentucky Synod Leadership Support Committee. A Synod application form is included with these guidelines.

First Call Theological Education (FCTE) is the ELCA three-year structured program of theological education designed to support and strengthen the new pastor in terms of: (1) ministry skills; (2) pastoral identity; and (3) discernment of context. FCTE is experiential learning designed to meet participants at their point of need as they encounter the demands and expectations of ministry. Documents outlining the FCTE program are available through the Synod office.

Congregations should offer their pastor(s) **sabbatical** leave time for spiritual and personal renewal which may be a maximum of 8 weeks after four years or 12 weeks after six years in a congregation. Such sabbatical leave time should normally be offered at either of these intervals during a long pastorate and should not preclude vacation time during the year of sabbatical leave. This leave should include special continuing education emphasis. The request, specific description and purpose of the sabbatical leave are to be submitted to and approved by the Congregation Council at least six months prior to the time it is to begin. Congregations might want to include in the budget and set aside funds each year toward that sabbatical so that its cost might be spread over several years.

During sabbatical leave, the congregation continues to provide normal compensation, and pays for pulpit supply and related congregational ministerial expenses. The pastor is responsible for expenses related to the sabbatical such as additional living expenses, tuition, books and supplies. Supplemental funds may be available from the Indiana-Kentucky Synod to pastors for these related expenses. Normal vacation time may be used to extend the sabbatical leave. A report of his/her sabbatical activities is to be submitted to the church council. A pastor taking a sabbatical is expected to continue to serve the congregation granting the sabbatical for at least one year following the leave.

Continuing education and sabbatical leave time accrue to an individual during the service in a single congregation. All accumulated continuing education time is forfeited with the acceptance of another position. Such continuing education time may not be used for vacation purposes, may not be transferred to another rostered leader or staff person, and may not be exchanged for monetary reimbursement.

SABBATICAL PLANNING FOR INTERIM MINISTERS

Any Rostered Interim minister who has not yet retired and **has received accredited Interim Ministry Training**, shall be eligible for a sabbatical after four years [208 weeks] of contracted Interim service. As trained interim ministers, these leaders rarely accrue sufficient time in one congregation to qualify for a sabbatical. To remedy this, any congregation which has contracted with such an Interim, shall contribute 8/208 of the weekly compensation package specified in the contract. [8/208 represents the weekly contribution to an eight week sabbatical accrued after 208 weeks of service.] These funds shall be held in special accounts established by the Synod Office in each interim minister's name, and shall be held until the forty-eight months have been served. (Such contributions may be made weekly or monthly, by special arrangement with the synod bookkeeper.) Application to receive the funds and the sabbatical shall be made to the Synod Council, who shall collaborate with the Interim concerning content, timing, and reporting of the sabbatical.

PROFESSIONAL REIMBURSEMENTS AND EXPENSES

ACCOUNTABLE PLAN

Congregations should consider establishing an Accountable Plan (AP) for their ministers and employees who have reimbursable expenses. Reimbursement of expenses under an AP provides a tax advantage over claiming these expenses on Schedule A, Form 1040. For details of setting up an AP refer to “Minister’s Guide for Income Tax” Published by the Board of Pensions of the ELCA or refer to IRS Pamphlet 517 or 535.

Examples of these reimbursements are:

1. Books and journals;
2. Professional (professional dues, supplies, vestments, etc.); and
3. Professional liability insurance.
4. Cell phones
5. Mileage reimbursement (see below)

AUTOMOBILE REIMBURSEMENT

The costs which your professional leaders incur in driving an automobile while performing church business are not personal expenses, but rather costs incurred by the congregation in order for the pastor to carry on the ministries of the congregation. As such, reimbursement, or coverage, for such costs should be fair, monthly, and complete at a 100% rate of reimbursement

There are a number of ways to provide for this expense:

1. A monthly or yearly allowance;
2. A reimbursement (at IRS standard mileage rate); check IRS Pub. 463 for current rate, or go to www.irs.gov.
3. Leasing*; or
4. Purchasing (by the congregation)*.

*Please note that when a congregation leases or purchases a vehicle for the pastor to use, it is the congregation’s responsibility to provide for the maintenance of the vehicle.

Because of the vast differences in situations among our congregations, no recommendation is being made as to a minimum monthly or yearly allowance to be paid. The IRS requires that the rostered leader submit an accurate record of business miles driven and/or car expenses to the congregation or employing agency.

OTHER EXPENSES

Your pastor’s attendance at official assemblies and conferences is a professional expense. **Attendance at the Annual Indiana-Kentucky Synod Assembly is constitutionally mandated** and expenses for registration, lodging, meals, travel and other fees are the responsibility of the congregation. Attendance at other conferences should also be supported by the congregation or agency by payment of registration fees and other expenses. Discuss with your pastor his or her anticipated expenses in connection with assemblies and conferences in the coming year.

II. Process 1: ANNUAL REVIEW OF COMPENSATION FOR CURRENT PASTOR

- A. Compensation of each pastor under call shall be reviewed annually. This shall be done by the congregation's Executive Committee or Congregational Council. Since the rostered clergy depends on the church council and congregation to provide adequately for his or her financial needs, each person requires an opportunity to discuss those needs in an open and supportive forum. Each rostered clergy shall participate in his/her compensation review and shall be encouraged to openly share their expectations. The Committee or Council can then make recommendations to the congregation for fair, honorable, and equitable compensation.
- B. Compensation adjustments shall include:
1. Base salary and Housing Allowance (if applicable);
 2. Cost of living increase;
 3. Merit increase based on an evaluation of the performance of each rostered staff member;
 4. Incentive increase based upon new expectations of additional effort or responsibility; and,
 5. Health and Medical Benefit adjustments consistent with ELCA Board of Pensions guidelines.
- C. The congregational council shall be responsible for presenting the compensation recommendations with appropriate rationale to the annual meeting of the congregation.
- A member of the Compensation Guidelines Committee will be available for clarification of the process presented in this document. Contact may be made through the Synod Office.

DETERMINING COMPENSATION PACKAGE

BASE SALARY is that portion of the compensation provided to sustain the rostered leader who is called to carry out the Lord's work through the congregation. BASE SALARY does not include housing or professional expenses.

DEFINED COMPENSATION includes BASE SALARY, HOUSING ALLOWANCE, and SOCIAL SECURITY ALLOWANCE.

BENEFITS include health and pension benefits.

PROFESSIONAL REIMBURSEMENTS AND EXPENSES are costs related to the necessary performance of ministerial duties, and include car reimbursement, continuing education allowance, books and journals, etc.

BASE SALARY AND BENEFITS

Before beginning this section, be sure to read all sections in this booklet.

Step 1: Fill out the following chart for **clergy NOT living in parsonage**:

Pastor's current salary	1. \$ _____
Cost of living increase [While the recommended Cost of Living Adjustment (COLA) is 0% this year (see www.bls.gov for 2009 COLA), the congregation should take into consideration: a) that not all costs of living are included in the COLA calculation; b) any change in needs of the pastor and family.]	2. \$ _____
Merit increase*	3. \$ _____
Incentive increase (if applicable)**	4. \$ _____
Base Salary (add lines 1-4)	5. \$ _____

Step 2: Determine Social Security Allowance

Line 5 from above chart	\$ _____	
Housing Allowance (see pp 6ff)	\$ _____	
Total	\$ _____	
Social Security Allowance = 7.65 % of Total	\$ _____	

Step 3: Add Line 5 from chart, plus Housing and Social Security Allowances

DEFINED COMPENSATION \$ _____

Step 4: Health and Pension

To determine the total contribution multiply Defined Compensation by BOP 2010 Contribution Rates (see page 8) \$ _____
For 2011 rates, go to www.elcabor.org; or call 1-800-352-2876

Step 5: **TOTAL COMPENSATION PLUS BENEFITS** \$ _____
Add Defined Compensation and Health and Pension Benefits

Step 6: Go to page 25 for Professional Reimbursements and Expenses.

*Merit Pay reflects exceptional effort in the previous year.

** Incentive Pay reflects additional responsibilities anticipated in the coming year.

Merit and incentive increases should be revisited regularly and may be adjusted up or down.

BASE SALARY AND BENEFITS

Before beginning this section, be sure to read all sections in this booklet.

Step 1: Fill out the following chart for **clergy living in parsonage**:

Pastor's current salary	1. \$ _____
Cost of living increase [While the recommended Cost of Living Adjustment (COLA) is 0% this year (see www.bls.gov for 2009 COLA), the congregation should take into consideration: a) that not all costs of living are included in the COLA calculation; b) any change in needs of the pastor and family.]	2. \$ _____
Merit increase*	3. \$ _____
Incentive increase (if applicable)**	4. \$ _____
Base Salary (add lines 1-4)	5. \$ _____

Step 2: Determine Social Security Allowance

Line 5 from above chart	\$ _____	
Housing Allowance***		
Line 5 x 30%	\$ _____	
Total	\$ _____	
Social Security Allowance = 7.65 % of Total		\$ _____

Step 3: Add Line 5 from chart plus Social Security Allowance

DEFINED COMPENSATION \$ _____

Step 4: Health and Pension

To determine the total contribution multiply Defined Compensation by BOP 2010 Contribution Rates (See page 8) \$ _____
For 2011 rates, go to www.elcabop.org; or call 1-800-352-2876

Step 5: TOTAL COMPENSATION PLUS BENEFITS \$ _____

Add Defined Compensation and Health and Pension Benefits

Step 6: Go to page 25 for Professional Reimbursements and Expenses.

*Merit Pay reflects exceptional effort in the previous year.

** Incentive Pay reflects additional responsibilities anticipated in the coming year.

Merit and incentive increases should be revisited regularly and may be adjusted up or down.

***For pastors living in a parsonage, it is appropriate to provide a Furnishings Reimbursement and an Equity Allowance. Either of these would be in addition to the Total in Step 5.

Example of Determining Salary and Benefits

Pastor is married and has two children.

Step 1: Fill out the following chart for **clergy not living in parsonage**:

Pastor's current salary	1.	\$40,000
Cost of living increase	2.	
[While the recommended Cost of Living Adjustment (COLA) is 0% this year (see www.bls.gov for 2009 COLA), the congregation should take into consideration:		
a) that not all costs of living are included in the COLA calculation;		
b) any change in needs of the pastor and family.]		
Merit increase*	3.	\$1,500
Added Saturday night service during past year		
Incentive increase (if applicable)**	4.	\$_____
Subtotal	5.	\$41,500
Housing Allowance [see pages 5-6]	6.	\$12,450
[Current Salary plus any increase] (using 30%)		
Base Salary plus Housing (add lines 5 and 6)	7.	\$53,950

Step 2: Determine Social Security Allowance \$ 4,127
 7.65 % x \$53,950.

Step 3: Add Line 7 from chart plus Social Security Allowance \$58,077
DEFINED COMPENSATION

Step 4: Health and Pension

Medical and dental	31.5%	
Disability, survivor & retiree	3.3%	
Pension	<u>12%</u>	
Contribution	46.8%	x \$58,077 = \$27,180

Step 5: **TOTAL COMPENSATION PLUS BENEFITS** \$85,257
 Add Defined Compensation and Health and Pension Benefits

Step 6: Go to page 25 for Professional Reimbursements and Expenses.

* Merit Pay reflects exceptional effort in the previous year.

** Incentive Pay reflects additional responsibilities anticipated in the coming year.

Merit and incentive increases should be revisited regularly and may be adjusted up or down.

Example of Determining Salary and Benefits

Pastor is married with no children.

Step 1: Fill out the following chart for **clergy living in parsonage**:

Pastor's current salary	1.	\$40,000
Cost of living increase	2.	
[While the recommended Cost of Living Adjustment (COLA) is 0% this year (see www.bls.gov for 2009 COLA), the congregation should take into consideration:		
a) that not all costs of living are included in the COLA calculation;		
b) any change in needs of the pastor and family.]		
Merit increase*	3.	\$ _____
Incentive increase (if applicable)*	4.	\$ _____
Compensation (add lines 1-5)	5.	\$40,000

Step 2: Determine Social Security Allowance

Line 5 from above chart	\$40,000	
***Housing Allowance (see page 5)	<u>\$12,000</u>	
[30% is used here] Total	\$52,000	
Social Security Allowance = 7.65 % of total		\$ 3,978

Step 3: Add Line 6 from chart plus Social Security Allowance

DEFINED COMPENSATION \$43,978

Step 4: Health and Pension

To determine the total contribution add Defined Compensation

plus Housing Allowance from Step 2 above	\$43,978	
	<u>\$12,000</u>	
	\$55,978	
Medical and dental	22.1%	
Disability, survivor & retiree	3.3%	
Pension	<u>12%</u>	
Contribution	37.4% x \$55,978 =	\$20,936

Step 5: TOTAL COMPENSATION PLUS BENEFITS \$64,914

Add Defined Compensation and Health and Pension Benefits

Step 6: Go to page 25 for Professional Reimbursements and Expenses.

*Merit Pay reflects exceptional effort in the previous year.

** Incentive Pay reflects additional responsibilities anticipated in the coming year.

Merit and incentive increases should be revisited regularly and may be adjusted up or down.

***For pastors living in a parsonage, it is appropriate to provide a Furnishings Reimbursement and an Equity Allowance. Either of these would be in addition to the Total in Step 5.

III. Process 2: Calling a New Pastor

- A. When calling a new pastor, care should be taken to have a healthy conversation about compensation. This shall be done by the Congregational Council as part of their interview with the candidate. The Council shall present to the candidate a compensation package based on these guidelines and invite the candidate's response. It is important to have an open and honest conversation now, as this will set the tone for future compensation conversations. The Council will recommend a package to the congregation that has been agreed upon by Council and the candidate. The compensation will be voted on by the congregation at the Call Meeting.
- B. Compensation shall include:
1. Base salary and Housing Allowance (if applicable);
 2. Social Security allowance (if applicable);
 1. Health and Medical Benefit adjustments consistent with ELCA Board of Pensions guidelines.
 2. Professional expenses, such as automobile and continuing education;
 3. Vacation and continuing education expenses.
- C. A member of the Compensation Guidelines Committee will be available for clarification of the process presented in this document. Contact may be made through the Synod Office.

DETERMINING COMPENSATION PACKAGE

BASE SALARY is that portion of the compensation provided to sustain the rostered leader who is called to carry out the Lord's work through the congregation. **BASE SALARY** does not include housing or professional expenses.

DEFINED COMPENSATION includes **BASE SALARY**, **HOUSING ALLOWANCE**, and **SOCIAL SECURITY ALLOWANCE**.

BENEFITS include health and pension benefits.

PROFESSIONAL REIMBURSEMENTS AND EXPENSES are costs related to the necessary performance of ministerial duties, and include car reimbursement, continuing education allowance, books and journals, etc.

FOR USE IN THE CALL PROCESS:

ORDAINED CLERGY MINIMUM GUIDELINES

FOR BASE SALARY

Years of Experience	A Worship attn.* Up to 150	B Worship attn.* Up to 300	C Worship attn.* Over 300
0	34,600	37,700	45,400
1	34,900	38,000	45,700
2	35,200	38,300	46,000
3	35,500	38,600	46,300
4	35,800	38,900	46,600
5	36,100	39,200	46,900
6	36,400	39,500	47,200
7	36,700	39,800	47,500
8	37,000	40,100	47,800
9	37,300	40,400	48,100
10	37,600	40,700	48,400
11	37,900	41,000	48,700
12	38,200	41,300	49,000
13	38,500	41,600	49,300
14	38,800	41,900	49,600
15	39,100	42,200	49,900
16	39,400	42,500	50,200
17	39,700	42,800	50,500
18	40,000	43,100	50,800
19	40,300	43,400	51,100
20	40,600	43,700	51,400

*Average worship attendance excluding June-August.
Add \$400 for each year of experience above 20 years

Worship attendance for the salary grid above was changed in 2001 from the old method of CCC (Confirmed, Contributing, Communing).

BASE SALARY AND BENEFITS

Before beginning this section, be sure to read all sections in this booklet.

Step 1: Fill out the following chart for **clergy NOT living in parsonage**:

Pastor's base salary from chart on p 20	1. \$ _____
Housing allowance	2. \$ _____
Subtotal	3. \$ _____
Social Security Allowance (if applicable) Line 3 x 7.65%	4. \$ _____
DEFINED COMPENSATION Total of lines 3 + 4	5. \$ _____

Step 2: Health and Pension

See page 8 for BOP 2010 Contribution Rates.

Multiply Line 5 by contribution rates

\$ _____

For 2011 rates, go to www.elcabop.org;

or call 1-800-352-2876

Step 3: TOTAL COMPENSATION PLUS BENEFITS

\$ _____

Add Defined Compensation and Health and Pension Benefits

Step 4: Go to page 25 for Professional Reimbursements and Expenses.

BASE SALARY AND BENEFITS

Before beginning this section, be sure to read all sections in this booklet.

Step 1: Fill out the following chart for **clergy living in parsonage**:

Pastor's base salary from chart on p 20	1. \$ _____
Housing Allowance* (Line 1 x 30%)	2. \$ _____
Subtotal	3. \$ _____
Social Security Allowance (if applicable) Line 3 x 7.65%	4. \$ _____
(Lines 3+ 4)	5. \$ _____

Step 2: Health and Pension

See page 8 for BOP 2010 Contribution Rates.

Multiply Contribution Rates by Line 5

For 2011 rates, go to www.elcabor.org;

or call 1-800-352-2876

\$ _____

Step 3: TOTAL COMPENSATION PLUS BENEFITS

\$ _____

Add Defined Compensation and Health and Pension Benefits

Step 4: Go to page 25 for Professional Reimbursements and Expenses.

*For pastors living in a parsonage, it is appropriate to provide a Furnishings Reimbursement and an Equity Allowance. Either of these would be in addition to the Total in Step 3.

EXAMPLE OF DETERMINING BASE SALARY AND BENEFITS

Before beginning this section, be sure to read all sections in this booklet.

Associate Pastor is married with 2 children, 6 years experience.

The congregation averages 315 in worship.

Step 1: Fill out the following chart for **clergy NOT living in parsonage**:

Pastor's base salary from chart on p 20 [For associate pastor move one column left]	1.	\$39,500
Housing allowance [30% is used here]	2.	\$11,850
Subtotal	3.	\$51,750
Social Security Allowance (if applicable) Line 3 x 7.65%	4.	\$3,928
DEFINED COMPENSATION Total of lines 3 + 4	5.	\$55,678

Step 2: Health and Pension

To determine the total contribution multiply contribution rates by line 5 above

Medical and dental	31.5%	
Disability, survivor & retiree	3.3%	
Pension	<u>12%</u>	
Contribution	46.8% x \$55,678 =	\$26,057

Step 3: TOTAL COMPENSATION PLUS BENEFITS \$81,735

Add Defined Compensation and Health and Pension Benefits

Step 4: Go to page 25 for Professional Reimbursements and Expenses.

EXAMPLE OF DETERMINING BASE SALARY AND BENEFITS

Before beginning this section, be sure to read all sections in this booklet.

Pastor is married with no children, 4 years experience. The congregation averages 120 in worship.

Step 1: Fill out the following chart for **clergy living in parsonage**:

Pastor's base salary from chart on p 20	1.	\$35,800
Housing Allowance* (Line 1 x 30%)	2.	\$10,740
Subtotal	3.	\$46,540
Social Security Allowance (if applicable) Line 3 x 7.65%	4.	\$ 3,560
(Line 3 + 4)	5.	\$50,100

Step 2: Health and Pension

To determine the total contribution multiply Line 5 above
by BOP 2010 Contribution Rates

Medical and dental	22.1%	
Disability, survivor & retiree	3.3%	
Pension	<u>12%</u>	
Contribution	37.4% x \$50,100 =	\$18,737

Step 3: TOTAL COMPENSATION PLUS BENEFITS \$68,837

Add Defined Compensation and Health and Pension Benefits

Step 4: Go to page 25 for Professional Reimbursements and Expenses.

*For pastors living in a parsonage, it is appropriate to provide a Furnishings Reimbursement and an Equity Allowance. Either of these would be in addition to the Total in Step 3.

PROFESSIONAL REIMBURSEMENTS AND EXPENSES

To all above compensation examples, add, as applicable, the following expenses:

Automobile Reimbursement (See page 13) \$ _____

Continuing Education Fund \$ _____

An annual minimum congregational contribution of \$700 is recommended.
(See pages 10-11)

Books, Journals, etc. (See page 13) \$ _____

Other \$ _____

TOTAL PROFESSIONAL REIMBURSEMENT & EXPENSES \$ _____

MOVING EXPENSES

At the time of a change, relocation and moving expenses of the pastor are the responsibility of the calling congregation. Because of the liability involved, it is strongly recommended that the services of a professional moving firm be secured.

IV. VACANCY, INTERIM, SUPPLY STAFF AND SHARED MINISTRIES

At the time of pastoral vacancy in a congregation, the bishop, working with the church council, appoints a Vacancy Pastor to provide basic leadership and pastoral care until another pastor is secured. A Vacancy Pastor may be in an area ELCA congregation, or may be serving in a non-congregational setting.

Depending on congregational need and pastoral availability, an Interim Pastor may be appointed rather than a Vacancy Pastor to serve the congregation on a part-time or full-time basis during a pastoral vacancy. When this is done the length of the interim, the pastoral responsibilities, and the remuneration will be negotiated with the church council. It is standard practice that no pastor is to be considered as a candidate for call to a congregation when serving that congregation as a vacancy or interim pastor.

The general guidelines for vacancy or interim service are as follows:

A. Compensation and expenses for a Vacancy Pastor attending monthly council meetings and providing minimal pastoral ministry (see Vacancy Handbook):

\$250 per month + mileage at current IRS rate

Honorariums for additional service are negotiated with the Vacancy Pastor

B. Compensation for Interim Ministers:

Provisions as negotiated and stated in the Interim Ministry Contract,

with minimum \$150/day

plus housing, auto allowance, and appropriate pension and benefits.

PULPIT SUPPLY

During a pastoral vacancy or absence, it may be necessary for a congregation to secure a pulpit supply. A current list of persons available for pulpit supply may be secured from the synod office or conference dean. Those asked to serve as pulpit supply should be contacted well in advance of the date needed and, upon acceptance, be provided with a copy of the worship bulletin and pertinent information about the service. A member familiar with the congregational worship practices should be on hand to welcome the pulpit supply prior to the service. The recommended honorarium for all persons serving as pulpit supply for one worship service is **\$150 plus mileage, with the appropriate compensation for additional responsibilities. For each additional service**, whether at the same congregation or at another, as in two point parishes, **an additional \$50 per service should be paid.**

Finally, if you have any questions, or need clarification with anything in this document, do not hesitate to contact the Indiana-Kentucky Synod office, or one of the Compensation Guidelines Committee members for help. We are pleased to assist you in any way. Thank you for the opportunity to serve with you in ministry of the Gospel of our Lord and Savior Jesus Christ.

V. Leadership Support Guidelines for Continuing Education

1) A Continuing Education Covenant must be on file with the Synod office. This Covenant is renewable every seven years. There will be an attached letter from the Congregation Council or appropriate agency.

2) Continuing education grants may be provided through the Leadership Support Committee to all rostered members of the Indiana-Kentucky Synod, ELCA.

3) Grants will normally not exceed the amount contributed by either the recipient or the congregation or appropriate agency. The fund will be shared in approximate increments of one-third. In the event of greater need exceptions may be made. If applicants exceed available funds, they will be available based on needs. (The earlier application is made in the year, the greater the opportunities to receive funding.)

4) Continuing education grants will be made for structured formal study programs directly related and beneficial to the applicant's ministry, excluding tours.

5) Assistance grant requests will be made in one of two areas:

- a. Stollendorf Grants, not to exceed \$400.00 for the fiscal year (Feb. 1), for single event programs, such as conferences, seminars and workshops.
- b. Leadership Grants, not to exceed \$500.00 annually, for the development of leadership skills through participation in a multi-year program of supervised study, such as a D.Min. program.

6) Grant requests will require the approval of the Leadership Support Committee. The approval process will be as follows:

- a. Approval by a Synod Staff person and chair of the committee.
- b. Review by the Leadership Support Committee.
- c. The recipient, following the event, will submit a summary of the learning experience.

7) *Sabbatical Grants for Pastoral Leaders* (can include pastors, those on the Lay Roster, and those in specialized ministries) is a grant program of the Louisville Institute that provides funds up to \$15,000. Information can be found at www.Louisville-Institute.org, or in writing to The Louisville Institute, 1044 Alta Vista Road, Louisville, KY, 40205 502-895-3411.

The Lilly Endowment provides grants for full-time clergy in congregational settings up to \$45,000, including up to \$15,000 for congregational expenses and events. Indiana pastors may apply online at www.indianaclergy.org or Kentucky pastors at www.clergyrenewal.org, or write to The Lilly Endowment, 2801 North Meridian St. Indianapolis, IN 46208.

Other grant resources can be found at www.centerforcongregations.org and Life-Long Learning Opportunities at www.elca.org/leadership/life or at www.faithandwisdom.org

A Good planning resource book:

Clergy Renewal: The Alban Guide to Sabbatical Planning, by A. Richard Bullock and Richard Bruesehoff The Alban Institute, Suite 1250 West, 7315 Wisconsin, Bethesda, MD 20814-3211

Indiana-Kentucky Synod
ELCA Continuing Education Form

APPLICATION FOR FUNDS

Name _____ Date of Application _____
Address _____
City _____ State _____ Zip _____ Telephone _____

I WISH TO PARTICIPATE IN THIS OPPORTUNITY FOR CONTINUING EDUCATION

Subject _____
Agency / Institution _____
Location _____ Date _____

I have this / these goal(s) in mind: _____

CONTINUING EDUCATION FUNDING

Congregational \$ _____ Rostered Leader \$ _____

How will these funds be used for the current year? _____

The total cost of this undertaking will be:

Commitments toward this cost are:

Tuition or Fee \$ _____
Materials \$ _____
Room and Board \$ _____
Transportation \$ _____
TOTALS \$ _____

Church Council or Congregation \$ _____
Other (Identify) \$ _____
Participant (my outlay) \$ _____
\$ _____

SUPPLEMENTAL FUNDS REQUESTED FROM THE SYNOD

Stolldorf \$ _____ Leadership \$ _____

SUPPLEMENTAL FUNDS RECEIVED FROM THE SYNOD TO DATE

Year	Amount
20____	\$ _____
20____	\$ _____
20____	\$ _____
20____	\$ _____
TOTAL	\$ _____

DATE _____ ACTION TAKEN _____

PLEASE MAIL COMPLETED APPLICATION TO:

Indiana-Kentucky Synod, ELCA
Leadership Support
911 E 86th St Ste 200
Indianapolis, IN 46240-1840
317.253.3522