

GRAND CANYON SYNOD

2012 ELCA

BENEFITS

GUIDELINES

AND

2011 ACTUAL

COMPENSATION

DATA

FOR

ROSTERED

LEADERS

# **2012 ELCA Benefits Guidelines and 2011 Actual Grand Canyon Synod Compensation Data**

## **I. INTRODUCTION**

### **A. Purpose of Guidelines and Data:**

1. To assist congregations in the annual review of the compensation and benefits of its rostered personnel.
2. To assist congregations in determining the baseline of compensation and benefits to be offered to rostered leaders when issuing a new call.
3. To assist rostered personnel and congregations in understanding the many parts of compensation and benefits for rostered leaders. Visit the ELCA web site ([www.elca.org/treasurer](http://www.elca.org/treasurer)) where you will find further helpful information.

**B. Compensation Ethics:** As professional leaders in the congregation, we seek to compensate our pastors, associates in ministry, diaconal ministers, and deaconesses consistent with their education, experience, and level of responsibility.

## **II. ANNUAL REVIEW BY CONGREGATION**

**A. Congregational Mutual Ministry Committee:** The congregation is too large a body to be deliberative in matters such as salary packages. Rostered personnel should have the privilege of discussing salary and related matters with the Mutual Ministry Committee or the Executive Committee of their congregation. Either committee (see C.13.04 of the ELCA Model Constitution for Congregations) may set and recommend salaries and benefits to be presented to the Congregation Council. Information about Mutual Ministry Committees and their function in the congregation is available through the Synod office.

### **B. Compensation Criteria:**

1. Individual performance should be considered an appropriate measurement for a salary increase.
2. The job description and its attendant responsibilities should be taken into consideration.
3. Economic factors to consider:
  - a. Annual cost-of-living increases (search your computer browser for

several popular web sites that provide this information).

- b. Cost-of-living standards that prevail for professional people in your community.

### III. BENEFITS & BUSINESS EXPENSES

Business expenses are the responsibility of the church and not the responsibility of the rostered leader. As stated by the Office of the ELCA Treasurer at their web site, “Generally, (business expense) reimbursements are taxable income unless they are made under an accountable plan as defined by the IRS and documented under IRS regulations.” When an accountable plan is properly used, there are no tax consequences to the rostered leader or the church. If a nonaccountable plan is used, then the church must report any payments to the rostered leader as wages. In order to receive any allowable deductions, the rostered leader will be required to report those expenses to the IRS on his/her tax return. (See “Congregational Treasurers and Bookkeepers Financial and Accounting Guide” on the ELCA website for more information about accountable plans or go to IRS Publication 463 or Publication 15, Employer’s Tax Guide – available at [www.irs.gov](http://www.irs.gov) .)

- A. **Automobile Expenses:** It is recommended that congregations implement option one. Two examples are:
  1. Reimburse actual business miles traveled at a specific rate per mile. This reimbursement may be based on the IRS standard mileage rate for business miles, which is 51¢ per mile January 1 through June 30, 2011, and 55.5¢ effective July 1, 2011. Follow the guidelines of an accountable plan as defined by the IRS.
  2. Pay a flat rate (such as \$3,000 per year), which must be reported to the IRS and considered taxable income. The rostered leader will need to file additional tax forms if the rostered leader wants to deduct the related business expenses.
- B. **Professional Expenses:** Expenses incurred as necessities of the profession are also business expenses. Professional expenses may include books, journals, dues and memberships in professional organizations, etc.
- C. **Assemblies and Conferences:** Rostered leaders are expected to attend official assemblies, conferences, councils, boards, committees, commissions, and synod-mandated continuing education events. Expenses incurred for such events are the responsibility of the congregation or calling agency.
- D. **Vacation:** The need for an annual vacation is self-evident. Four weeks (28 days, including a minimum of four Sundays) is recommended. The events described in paragraphs C, E, F and G are **not** to be considered as a part of vacation.
- E. **Continuing Education:** In order to enhance professional skills and thereby

strengthen their ministries, rostered personnel are urged to take advantage of continuing education opportunities. Since such activities improve and build ministry and are not vacations, a congregation is encouraged to engage in mutual planning with its rostered personnel regarding participation. ELCA guidelines recommend the following:

1. The congregation budget should provide a minimum of \$700 and two weeks per year for its rostered personnel for this purpose.
2. Rostered personnel provide a minimum of \$300 per year toward continuing education pursuits.
3. If all the money in the continuing education account is not used within the calendar year, it accumulates for use in subsequent years (congregation's portion may have a maximum accumulation).
4. If the rostered leader resigns and assumes another position in the ELCA, all contributions to the continuing education account may be transferred to the new congregation unit or agency as part of any severance offered for exemplary service. Such determinations are at the sole discretion of the congregation council.
5. If the rostered leader terminates service within the ELCA, only the individual's personal contributions to the continuing education account are transferred.
6. Upon retirement, the rostered leader must make specific arrangements with the congregation regarding any unused continuing education funds.

**F. First Call Theological Education (FCTE):** ELCA rostered leaders entering their first call are **REQUIRED** to participate in the First Call Theological Education program. FCTE, a three-year continuing education program for rostered leaders in their first call, was mandated by action of the 1995 Churchwide Assembly. The Synods of Region 2 have developed a program for rostered leaders in our region to fulfill this mandate.

The following funds FCTE:

1. Congregations that issue a call to a first-call candidate are to designate \$700 per year continuing education allowance annually for the first three years of call;
2. Rostered leaders in their first call may be required to provide up to \$300 of continuing education funds a year for the first three years;
3. The synods and Region 2 provide program and supplemental funds.

- G. Sabbatical Leave:** A sabbatical leave is recognition by congregations that the demands of spiritual leadership require periodic times for rejuvenation.
1. A congregation is encouraged to consider a sabbatical for its long-term rostered personnel. A recommended period would be two months after four years of service or four months after six years.
  2. The Congregation Council should grant sabbaticals after consultation with the bishop or the synod office to provide guidance and interim pastoral care.
  3. Normally it would be expected that the pastor's salary and housing allowance (as well as other compensation allowances and benefits) would be continued during the sabbatical period.
  4. In order to make a sabbatical feasible, the Congregation Council should plan well in advance of the actual granting of a sabbatical for the financing of an interim pastor and other costs. Such planning usually includes a monthly reserve of funds built into the congregational budget for future sabbatical purposes.
  5. Additional material on sabbaticals is available from the synod office.

**H. Pension/Medical Benefits:**

1. The congregation will follow the ELCA Board of Pensions program scope regarding health, disability, and pension coverage. For further information, contact the ELCA Board of Pensions, 800 Marquette Ave., Suite 1050, Minneapolis, MN 55402-2892, 1-800-352-2876, [mail@elcabop.org](mailto:mail@elcabop.org), and [www.elcabop.org](http://www.elcabop.org).
2. The congregation may establish a separate fund to provide compensation for unreimbursed medical expenses.
3. Parental leave, before and after birth or adoption, for rostered personnel is recommended to be up to six weeks with full compensation and benefits. Specific details should be negotiated in advance.
4. Additional retirement benefits may be developed in consultation with the ELCA Board of Pensions and/or other government-approved plans.

**IV. CLERGY COMPENSATION**

- A. Housing Allowances:** As stated by the Office of the ELCA Treasurer at their web site "One of the few significant tax advantages left for clergy is the ability to exclude from federally taxable income the rental value of a parsonage or that part of compensation that is used to provide a home (Internal Revenue Code section

107).” This tax advantage is also available to retired clergy in most circumstances. Contact the ELCA Board of Pensions for more information.

In order for the pastor to qualify for the Housing Allowance, he or she:

1. must be employed by a church (or an agency of the church),
2. must be ordained, commissioned, or licensed,
3. must have management responsibilities in the church,
4. must administer the sacraments,
5. must conduct religious worship, and
6. must be considered a spiritual leader.

Factor number two is required while the other factors combine to support the fact that the pastor is a “minister” for tax purposes and therefore qualifies for the allowance.

While the housing allowance is approved by the Congregation Council, the amount is generally requested by the pastor and must be the lowest of the following:

1. amount actually used to provide a home,
2. amount officially designated as a housing allowance, or
3. fair market rental value of the home, including furnishings, utilities, etc.

The housing allowance **must be designated each year for the following year by Council resolution and recorded in the Council minutes**. Please see the ELCA web site ([www.elca.org/treasurer](http://www.elca.org/treasurer)) for further helpful information.

**Please Note:**

1. The Internal Revenue Service code does not extend the housing allowance to surviving spouses or beneficiaries.
2. If substantiation is required, the pastor bears the burden of proving or justifying the housing allowance to be excluded from taxable income. Any unused housing allowance must be reported as additional income on his/her tax return.
3. It is recommended that the pastor seek the advice of a real estate professional regarding the fair market rental value of their home. It is

further recommended that the information provided by the real estate professional be in writing.

4. The housing allowance is **excluded** from taxable income when calculating federal income taxes, but must be **included** when calculating gross income for self-employment taxes.

**B. Housing Equity Allowance:** It is recommended that congregations which provide a parsonage consider setting aside an additional amount of **at least** 3% of the base salary annually in an account to be used at a future time for housing by the pastor under a written plan. This account is held in the pastor's name and remains with the pastor.

**C. Self-Employment Tax Allowance:** Pastors are considered to be self-employed taxpayers for the purpose of computing their Social Security and Medicare taxes at the self-employment rate of 13.3% (this is normally 15.3%, but was adjusted down for 2011).

1. Because of this fact, many congregations are paying an allowance to the pastor to help defray this extra self-employment (SE) tax burden. (In an employer/employee situation, the employer would pay 7.65% of the tax). Whatever is provided must be reported as additional salary to the pastor; income tax and self-employment taxes must be paid on this portion of the salary.
2. It is strongly recommended that the congregation consider additional salary to offset a portion of the pastor's SE tax obligation.

## V. SUPPLY PASTORS & INTERIM PASTORS

**A. A supply pastor should receive:**

1. Preaching one service - \$150; \$50 for each additional service that same weekend.
2. Mileage reimbursement at the IRS rate (55.5¢ per mile effective July 1, 2011).
3. Reimbursement for other travel-related expenses.

**B. Interim Pastors:** The synod office in consultation with the Congregation Council appoints transitional pastors. Interim Ministry Guidelines are available from the synod office.

As a general rule, an interim pastor should receive:

1. Serving full time, the pastor should receive the compensation of the

former pastor,

2. If serving part time, a minimum per diem would be \$150-200 per day,
3. Reimbursement for travel;
4. Pension and medical are dependent upon the individual's needs.

## **VI. ROSTERED LAY PERSONNEL COMPENSATION**

The same considerations used in determining compensation for ordained persons apply to determining compensation for rostered laypersons. Some issues to note are:

- A.** Rostered lay leaders may receive the benefits of a housing allowance, but each case is unique and must be carefully evaluated. It is best that you seek a tax advisor who can help you discern your situation.
- B.** Income, Social Security, and Medicare taxes must be withheld from the salaries of rostered lay leaders; unless it is determined the leader is a "minister" as defined by the IRS. Then the rules that apply to a pastor would also apply to a lay leader. The ELCA recommends that you seek a tax advisor who can help you discern your situation.
- C.** Recommended benefits include:
  1. ELCA Pension and Other Benefits Program;
  2. Adequate car reimbursement where appropriate;
  3. Provision for continuing education,
  4. Vacation of four weeks (28 days, including a minimum of four Sundays) is recommended.

## VII. 2011 ACTUAL COMPENSATION DATA (see graphs)

- A. Total Compensation:** The “total compensation” referred to in the accompanying graphs and in the guidelines refers to a **total** of: 1) base salary, 2) housing allowance, 3) SE allowance, and any 4) Annuities, Additional Pension, or Housing Equity Allowance (additional cash compensation).
1. The high, median, average, and low figures on the graphs refer to **actual 2011** compensation with 75 senior/solo and 12 assistant/associate pastors reporting (co-pastors were included in senior/solo pastors). The average pay for senior/solo pastors reported was \$ 72,406 and \$59,657 for assistant/associate pastors.
  2. The “total compensation” figures do not include expense reimbursements such as automobile, conferences, continuing education, sabbatical leave, or pension/medical benefits. These are **benefits and business expenses that need to be considered separately.**
- B. Compensation Analysis:** Three factors were used to analyze actual 2011 high, median, average, and low “total compensation.” In all cases, data concerning senior/solo pastors were kept separate from data regarding assistant/associate pastors.
1. Years since ordination (experience) of pastors in seven ranges (two ranges for associate/assistant pastors).
  2. Congregation size in six ranges (two ranges for associate/assistant pastors) as determined by baptized membership (as reported on the 2010 annual congregation report).
  3. Congregation giving in six separate dollar ranges (two ranges for associate/assistant pastors) as determined by regular and designated giving by members (lines 20a and 20b from the 2010 annual congregation report).

## VIII. ACTUAL ROSTERED LAY PERSONS’ SALARIES:

- A.** Because of the limited number of rostered laypersons under call within this synod, actual salary graphs have not been prepared for this category of professionals.
- B.** It is assumed that the congregations that employ rostered lay personnel would use the same professional criteria of education, experience, scope of responsibility, and performance history as it would for its pastor(s) in determining compensation and benefits.

**IX. CONTINUING EDUCATION AND VACATION DATA COLLECTED:**

Seventy pastors reported continuing education days with an average of 12, a high of 21 and a low of five. As the ELCA recommends a minimum of two weeks an average of 12 is appropriate. Four weeks of vacation was most commonly reported with a high of five weeks and a low of two weeks. A few pastors receive one or two more Sundays of vacation than weeks of vacation. For example, if weeks of vacation are four, then Sundays off are five or six.

**X. SABBATICAL DATA COLLECTED:**

Twenty-five pastors reported some plan for sabbatical that their congregation offers. A wide variety of plans were reported, but most provided two to three months sabbatical after four to ten years of service.

Please note that by providing you with this information we are not acting as a tax advisor. We recommend that rostered leaders discuss these matters with a competent tax advisor. Christian Ministry Resources publishes an annual “Church and Clergy Tax Guide” that provides helpful information about these topics. Go to their web site at [www.churchlawtoday.com](http://www.churchlawtoday.com) to order the guide. We also recommend you contact the ELCA Board of Pensions at 1-800-352-2876 or go to their web site at [www.elcabop.org](http://www.elcabop.org) for additional materials.

## 2011 COMPENSATION WORK SHEET

If you have more than one rostered leader, you will need to copy this work sheet, so that you have one for each person. When referring to the graphs, use only three graphs for each pastor: either the three for senior/solo pastors or the three for associate/assistant pastors.

From the graphs:	HIGH	MEDIAN/ AVERAGE	LOW
1. Write down the high, median or average, and low of actual 2010 compensation for the appropriate category for your congregation for your pastor/candidate by years since ordination.	_____	_____	_____
2. Write down the high, median or average, and low of actual 2010 compensation for the appropriate category for your congregation by size in baptized membership.	_____	_____	_____
3. Write down the high, median or average, and low of actual 2010 compensation for the appropriate category for your congregation by total receipts.	_____	_____	_____
4. TOTAL EACH COLUMN	_____	_____	_____
5. DIVIDE THE SUM BY 3	_____	_____	_____
6. MULTIPLY BY percentage to reflect estimated increase for cost-of-living quotient for 2011	_____	_____	_____

**The resultant figures are the suggested compensation range.** This range is meant to assist in figuring compensation — not to provide final figures. To arrive at a proposed compensation package, steps 7-12 must be completed.

7. Pastor's actual 2010 "total compensation" (cash salary + housing + Social Security allowance)	_____
8. Multiply Line 7 by cost-of-living percentage	_____
9. Merit increase	_____
10. Other increases	_____
11. TOTAL (2011 "total compensation")	_____
12. Review the benefits package: pension, medical/dental, auto, continuing education, and professional expenses and revise where needed for the coming year.	

Each year the compensation package should be reviewed and revised appropriately for the coming year. The total calculated in 11 above should be compared to the suggested compensation range calculated in six above and adjustments made where appropriate.