

2024 Compensation Guidelines Southeast Michigan Synod





Office of the Bishop
8115 East Jefferson Avenue • Detroit, Michigan 48214-3970
313.821.1055 • Fax 313.821.1425

Minimum Compensation Guidelines

The 2024 Compensation Guidelines are available to print or download from the SEMI Synod website, www.semisynod.com under the “leaders” tab. Distribute these guidelines to your Congregation Council, Finance Team and Mutual Ministry Committee.

The 2024 guidelines show an increase. Increases will continue to happen as rostered ministers accumulate additional years of service. Merit increases are encouraged where appropriate.

We recognize the value of congregations providing the entire cost of the health care premium, though it should be noted that rostered ministers and their families continue to share in the cost of the program by paying significant out-of-pocket expenses.

The following people are on the compensation task force and worked at developing these guidelines.

Pastor Jen Kiefer

Pastor Nik Schillack (prnik@bslcmi.org)

Pastor Scott Seeke (pastorscottseeke@holycrosslivonia.org)

Ms. Barbara Morris (bkm69@outlook.com)

Ms. Erin Shelton (eshelton144@gmail.com)

Assistant to the Bishop
Beautiful Savior, Bloomfield
Holy Cross, Livonia
St. Philip, Trenton
St. Thomas, Grosse Ile

These leaders have an understanding of compensation issues, as well as congregational finances. They can be available to assist the work of congregations that are below guidelines. Please feel free to contact members of the synod staff for help as well.

Table of Contents

Introduction	Page 4
Annual Compensation Review	Page 5
Base Salary Guidelines and Purpose of Salary Adjustments	Page 6
Housing Allowance	Page 7
Social Security Allowance	Page 8
Portico Pension and Other Benefits	Page 10
Professional Expenses	Page 12
Other Provisions (vacation, sick leave, family & parental leave)	Page 13
Questions and Answers	Page 14
Definition of Compensation and Benefits Worksheet (Housing Allowance)	Page 18
Definition of Compensation and Benefits (Parsonage)	Page 19
Model Congregational Sabbatical Policy	Page 20
Housing Allowance Resolution	Page 22

INTRODUCTION

These Guidelines are provided to assist congregations and other Lutheran organizations to develop and maintain a financial compensation package for rostered ministers (Pastors & Deacons) of our synod that is both fair and competitive. These guidelines represent the minimum compensation package that a congregation must offer a rostered minister before the Bishop will recommend a fulltime candidate to a congregation. It is understood that these Guidelines provide contextual guidance and that in each individual call the Office of the Bishop may need to factor in considerations specific to the individual congregation's or the individual rostered minister's situation. Compensation for a half-time call would be at 50% of the recommended minimum. This could result in a final compensation package that looks different from these guidelines.

A congregation that finds it cannot meet the compensation amount called for in these guidelines and therefore, cannot compensate its rostered minister fairly and adequately, must consider alternatives such as merging with another congregation, a shared rostered minister, a part-time rostered minister, etc. Cutting back a full-time rostered minister's hours to part-time hours invalidates the original letter of call and requires negotiating a new call. Congregations facing any of these situations must contact the Office of the Bishop for advice and assistance.

Last year we suggested a 3% increase in base salary compensation. Because we are aware of the effects that inflation is having on all aspects of the economy, we are recommending another 3% increase for 2024. If your congregation is able to provide an increase greater than 3%, we encourage you to do so.

ANNUAL COMPENSATION REVIEW FOR ROSTERED MINISTERS (2024)

This document contains a brief overview of the compensation topic, base salary adjustments for rostered ministers. As you move forward in your discussions of what types of compensation decisions you will make for your rostered minister in 2024, you may want to review this document. As many lay employees look forward to a review of their performance on the job and annual adjustments in salary, it is important that congregations consider an annual review of their rostered minister's performance and salary.

1. BASE SALARY PURPOSE OF BASE SALARY ADJUSTMENTS

Rostered ministers are professional leaders from the standpoint of education and function and should be compensated according to their qualifications, experience, responsibility, and their job performance. They should be sufficiently independent financially to provide for their own economic needs and those of their families.

Rostered ministers are also our spiritual leaders and may be reluctant to address compensation adjustment topics. Because of this issue, it may be helpful to request that an advocate be used in the annual review of the rostered minister's compensation package. Mutual Ministry Committees can be advocates for salary levels that reflect the competence and performance of the rostered minister.

We recommend that rostered ministers' salaries be reviewed annually, and base salary adjustments be thoughtfully considered. The following are some factors that those groups responsible for making recommendations may want to consider when determining salary adjustments for their rostered minister.

Where is the rostered minister's present salary positioned in the Base Salary Guidelines for 2024?

Performance evaluation to include: amount of duties performed during the year, scope of responsibility, any expanded ministries, meeting the objectives of the individual church, etc. Rostered minister and People: Making Mutual Ministry Work (available from www.augsburgfortress.org) has a chapter, *Ministry Review and Performance Evaluation*, that will be helpful.

Standard of living increases.

What are other like professional people making in the current job market?

Following is a chart used when considering the minimum that should be paid to rostered ministers when a congregation is calling an ordained Pastor or Deacon. A fillable worksheet is available to assist in calculations.

Base Salary Guidelines for Rostered Ministers 2024

Years of Service	2024 Minimum
0 – 2	44607.24
3 – 4	45787.62
5 – 6	47147.22
7 – 8	48505.79
9 – 10	49925.13
11 – 13	50815.05
14 – 16	52221.00
17 – 19	53626.95
20 – 22	55044.23
23 – 25	55971.23
26 - 28	56932.22
29 - 31	57854.07
32 - 34	58774.89
35 - 37	60847.25
38 - 40	61766.01

The chart above notes a 3% increase in base salary. Again, if your congregation is able to offer an increase greater than 3% (we suggest 4-6%), we encourage you to do so. An alternative to this may be to offer a one-time bonus to your rostered minister.

The healthcare costs through Portico will increase 2.5% for 2024. These increasing costs may make it difficult for congregations to maintain health coverage for their rostered minister and family AND offer a raise. If your congregation finds itself in that place, there are some non- financial ways to compensate and care for your rostered minister. Some ideas are:

1. An extra week of vacation per year.
2. An extra week of continuing education or study time.
3. A monthly study day, during which the rostered minister would be unavailable and would use that time to pray, read scripture, explore a topic that would benefit ministry, etc. This would NOT be a vacation day, but it would be a valuable time of renewal for the rostered minister.
4. Ask your rostered minister what would be most helpful in her/his ministry in 2023 and how the congregation can help.

2. HOUSING ALLOWANCE

A. Housing and Utilities Allowance for Pastors Who Own Their Own Homes

This is for pastors who own their own house. A fair approach to determining the housing and utilities allowance is 1% (0.01) - 1.5% (0.015) per month of the reasonable market value of a house within the general community in which the congregation resides. A realtor can help determine this figure. This allowance is to cover the mortgage, interest, taxes, utilities and maintenance of the house, the amount of which should be mutually established by congregational council action to comply with IRS regulations. Housing allowances should reflect the purchase price rather than current housing market value.

Official designation by the congregation council or employing church body of the payment of a housing allowance must be done in an annual resolution that is documented in the congregation council's minutes before payment is made. It is recommended that a housing amount be determined using average housing costs in the community. The individual rostered minister is ultimately responsible for any tax implications of the housing allowance. A "Housing Allowance Resolution" form is provided at the end of this document for your convenience.

B. Household Furnishings/Utilities Allowance and Housing Equity Allowance (Parsonage)

1. For rostered ministers in parsonages, it is appropriate for the congregation to provide a household furnishings/utilities allowance. This allowance will cover the expenses of the parsonage: utilities, maintenance, and furnishings needed to keep up the parsonage. The congregation will budget to pay the utilities (gas, electric, sewage, water, telephone, trash collection) directly. An allowance should include an amount to cover expenses to maintain the parsonage. (The rostered minister would be responsible for all personal long-distance calls and reimburse the congregation.)
2. Housing Equity Allowance. When congregations provide a parsonage, an equity allowance may be provided to assist the rostered minister in accruing an equity that is not otherwise available to her or him. This gives the rostered minister the financial resources to provide housing upon retirement or to have a down payment to purchase a house should the desire or need arise.

One way to establish a housing equity allowance is through providing a Housing Equity Retirement Contribution through Portico Benefits. Information on this plan may be obtained through Portico Benefits. A fair starting point in establishing an equity allowance is 3 - 5% of the total salary.

**SOCIAL SECURITY ALLOWANCE
FOR THE SELF-EMPLOYMENT SOCIAL SECURITY TAX (SECA)**

While most clergy are considered employees for income tax and retirement plan purposes, they are considered self-employed for purposes of Social Security and Medicare taxes, which means they carry the full burden of those taxes themselves, currently 15.3% Social Security/FICA tax on the Total Defined Compensation. The congregation is to provide for ½ of this tax, or 7.65% of defined compensation.

Since most employers pay half of the total social security tax for employees, the same consideration should be given to the rostered minister’s salary. Please note that a congregation cannot pay the rostered minister’s social security tax directly, but designates the amount as an allowance, which is additional taxable income. Most years since 2008, the rate applied to the rostered minister has been 7.65% (6.2% FICA and 1.45% Medicare). The rate of 7.65% is used in these guidelines for illustration purpose. Since the rate the rostered minister pays may change, it is important that decisions be made using the current annual rate. For more information go to:

<https://employerlink.porticobenefits.org/Home/Resources/SocialSecurityAllowance.aspx>

Clergy who are living in employer-provided housing, such as a parsonage, are also liable for self-employment tax on the fair rental value of such housing.

If there is a difference between the housing, furnishings, auto or professional allowances and the actual expenses in those areas, Social Security Tax will also be owed on the amount that is over actual expenses. It is up to the rostered minister to pay this difference to Social Security.

To calculate the SECA allowance, choose the appropriate category**:

- A. The SECA Allowance for rostered ministers who own their own house is calculated by adding the total base salary and housing allowance times .0765. See the example:

Base Salary (from page 2)	\$44,608 +
Housing Allowance	<u>\$20,000 =</u>
Total:	\$64,608
	<u>X.0765</u>
SECA Allowance	\$4,942.51
 Defined compensation:	 \$44,608 +
	\$20,000 +
	<u>\$ 4,942.51</u>
	\$69,550.51

B. Parsonage Provided. The housing parsonage equivalency is calculated by multiplying the base salary times + the SECA Allowance by .30 (30%). See the example:

	Base Salary	\$44,608
		<u>X.0765</u>
	SECA Allowance	\$3,412.51
Add Base Salary + SECA X 30% to get Parsonage Equivalency		\$48020.51
		<u>X 0.30</u>
		\$14406.15

Defined compensation: \$44,608.00 +
 \$ 3,412.51 +
\$ 14,406.15
 \$58,236.66

***NOTE: The PARSONAGE EQUIVALENCY is a number used by Portico to determine a pastor’s defined compensation. The recommended percentage is 30%. This amount is NOT paid to the pastor.**

The housing EQUITY amount of 3-5% of the defined compensation is an amount paid by the congregation TO Portico so that they can build “equity” in the same way that rostered ministers who own houses can.

****There an excel document located on the Synod’s website with the formulas embedded in it to assist with the calculation of SECA and Parsonage equivalency.****

3. PORTICO PENSION (Self-funded 403b account) AND OTHER BENEFITS PROGRAM 2024 CONTRIBUTION RATES FOR CONGREGATIONS

Each year, the congregation and rostered minister will be required to select the level of health care coverage for the following year. This selection must happen even if the rostered minister waives the Portico coverage. Portico follows the national standards and identified the different levels of cost sharing as platinum, gold, silver and bronze. Both the employer and the insured will need to choose the same level of coverage in order to make certain that healthcare coverage continues to be provided or is provided for the first time.

This new coverage is different than the former coverage in a number of ways, but much remains the same. Differences include:

- The choice of the level of coverage (platinum, gold, silver, bronze)
- Factoring in the age of the insured
- The obligation to offer healthcare benefits to all full time employees (both ordained and lay)

What remains the same:

- ELCA guidelines for current insurance most closely match the “Gold+” level in the new plan
- Coverage is “portable;” that is, it travels with you from call to call and state to state without beginning from zero in the new place
- It is still possible to opt out of Portico Health Coverage, provided there is other employer sponsored healthcare available.

To determine the cost of benefits for the compensation package, please go to www.porticobenefits.org and log in as the employer. There, you will find benefit calculators by clicking on EmployerLink.

Since 2014 the ELCA and synod recommended level of coverage has been Gold+. For 2024 the ELCA Church Council has selected two levels of recommendation: Gold+ and Silver + with monthly HSA contributions paid by the employer. As the insurance marketplace has changed and costs have continued to increase, we now recognize that each congregation will need to make a decision on coverage level that best suits the needs of the rostered minister and the congregation. You are encouraged to use the calculators at www.porticobenefits.org to see a comparison between coverage levels.

The calculator on the Portico website will figure out the entire benefit cost for a rostered minister or rostered lay leader. **For rostered ministers, the required minimum pension contribution is 10% of defined compensation. For rostered lay leaders, the required minimum pension contribution is 8% of defined compensation.** Congregations are encouraged exceed these minimum and may try over the next two years to increase their contribution to 12% Rostered ministers are encouraged to increase their own personal contribution so that the total being contributed to pension equals 15% of defined compensation. To determine what the “defined compensation” is, add together base salary, housing allowance and SECA.

If both spouses are sponsored through Portico Benefits, both employers will be billed for the full cost of the family’s medical and dental benefit. They will then receive a corresponding sponsored couple credit depending on the level of compensation provided for both spouses. Both organizations will continue to make the contributions for retirement, disability and survivor benefits for the individual they are sponsoring. Contact Portico at 1.800.352.2876 or www.porticobenefits.org.

HEALTH COVERAGE OFFSET: In some situations, a rostered minister is covered under the health insurance of a spouse, which makes the rostered minister eligible to waive the Portico medical/dental health coverage and still participate in the other Portico benefits. In these situations, at least 50% of what the Portico medical/dental costs would have been can, through conversation with the rostered minister and the Bishop’s office, be applied to other benefits, i.e. a medical deductible allowance, HSA/FSA/HRA, or pension. The remaining money is a savings to the congregation. Additionally, the health care costs should be reviewed annually to ascertain if the spouse’s insurance plan is still the most cost-efficient.

Disability, Basic Group Life, and Retiree Support

Contributions for disability benefits, basic group life, and retiree support are required by the ELCA Pension and Other Benefits Program. The retiree support contribution that has previously been included has been eliminated as the program is now completely funded.

Disability	0.6%
<u>Survivor Benefits Plan</u>	<u>0.4%</u>
TOTAL	1.0% (2024 rates)

Disability

The ELCA Disability Benefits Plan provides a monthly income if you become partially or totally disabled as defined by the plan. While you are disabled, the plan also makes contributions to your retirement account and pays to continue your health and survivor coverage. In general, disability insurance policies, including the ELCA plan, begin after the first 60 days of disability and will pay up to two-thirds of defined compensation.

NOTE: For the first 60 days of disability the employer/congregation must continue to pay full salary and benefits contributions, until the disability benefits of the ELCA Pension Plan go into effect. Any period of disability (beginning date, length, and return to active duty) should be based on a physician’s recommendation. It is important to remember that the employee can only apply for disability while they are still employed. To avoid awkward and hardship situations, both for clergy families and for the congregation, congregations may wish to consult with an insurance company to arrange for short-term disability coverage for the first 60 days. Having short-term disability insurance is a benefit to the church as the employer. The annual cost is minimal and may help to avoid being faced with major expenses should a disability occur.

PROFESSIONAL EXPENSES

The following items are considered professional expenses and are the responsibility of the congregation. These costs are not compensation. They are part of the congregation's operating expense.

A. Auto expenses can be provided for by:

1. Provide an automobile (purchase or lease) and all expenses; or
2. Provide a cents-per-mile allowance based on the IRS standard business rate. Adjustments may be made throughout the year by the IRS and should be reviewed six months into your fiscal year); or
3. Provide a fixed amount annually, paid monthly. A reasonable beginning point is \$2,400 per year. It should be noted that IRS rulings require accountability to the congregation's treasurer for such an allowance. The allowance and rate should be addressed during the year due to expense changes or adjustments to the IRS rate.

B. Continuing Education

1. The Evangelical Lutheran Church in America expects its professional leaders to have a minimum of fifty (50) contact hours annually in continuing education. Congregations are encouraged to make available to their rostered ministers at least two weeks per year for continuing education. The scheduling of continuing education should be determined by the rostered minister in consultation with the Mutual Ministry Committee and the Congregation Council. We recommend a minimum of \$1,000 for continuing education.
2. First Call Theological Education (FCTE)
All persons newly ordained in the Evangelical Lutheran Church in America are required to participate in FCTE for three years. In Region 6, the congregation will cover this expense. It is intended that the FCTE fee be taken from the Rostered minister's Continuing Education fund. In rare exceptions, this is waived. It is understood to be a requirement for both the congregation and the rostered minister.
3. Synod Assembly and Conference Assemblies, other Synodical events. Through the letter of call, all rostered ministers and lay rostered ministers are required to attend the Synod Assembly. It is also the responsibility of the congregation to provide the financial support necessary for the rostered minister to attend the Synod Assembly each year.

C. Other professional expenses such as books, subscriptions to magazines and journals, vestments, and media resources may be handled by establishing a set amount in the budget and paying the expenses as they occur. The annual professional ministers' conference is

an official meeting of the synod and should be paid by the congregation but not from the continuing education allowance.

- D. We recommend a \$100/month internet and cell phone reimbursement. Today many rostered ministers rely on internet service and cell phones to do the daily business of ministry. If congregations expect their rostered ministers to be available via cell phone, text, or email when they are not in the office, they should consider reimbursing a portion of those expenses each month.
- E. An extended study and renewal period (sabbatical) of one to three months after five years of service in the present call is helpful and is recommended by the ELCA. The purpose of such a leave (with full compensation and benefits) is to offer an extended block of time for study, personal growth, and reflection apart from usual congregational responsibilities. A model sabbatical policy is pages 14-15.

4. OTHER PROVISIONS

- A. Vacation. Four weeks of vacation is the standard in the church and it includes four Sundays. Vacation use should be documented in Congregation Council Minutes. Vacation shall not normally accrue from one year to the next; however when such accrual does occur, we recommend a maximum of two weeks accrual. All accrued vacation time should be clearly documented in Congregation Council Minutes at the last meeting of the year or the first meeting of the new year.
- B. Sick leave of up to eight (8) weeks per year with full salary, housing and benefits and provision for disability thereafter as coordinated with the congregation and Portico is the minimum recommendation. Sick leave may be taken for the purpose of personal or family illness.

In the event of extended illness, the congregation shall assume the responsibility for providing full salary and benefits for the first eight (8) consecutive weeks of illness, at which time the ELCA Disability Plan as administered through Portico Benefit Services will take effect. It is also recommended that in times of extended illness the congregation contact the synod office for guidance. The congregation is to assume responsibility for pulpit supply during the disability.

Sick leave, Family/Parental leave and vacation benefits will begin January 1 of each calendar year.

- C. Family/Parental Leave: Congregations should be sensitive to family needs such as extraordinary illness of children and parents of the rostered minister and negotiate leave time with or without pay for these circumstances. During any parenting leave period, supply ministers are to be paid by the congregation.

- In the event of a death of his or her immediate family (to include spouse, children, parents, stepchildren, stepparents, brother, sister, grandparents, step-grandparents, grandchildren, step-grandchildren, mother-in-law, father-in-law, or legal guardian), the rostered minister will be allowed five (5) days, with pay, 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 seven (7) working days may be granted in consultation with the Congregation Council. A rostered person desiring additional leave may use vacation time or negotiate to use unpaid leave.
 - Family/Parental Leave of at least eight (8) weeks per birth or adoption of a child with full salary, housing, and benefits shall be provided by the congregation for rostered ministers and licensed lay ministers. Because of special concerns or needs, additional time may be negotiated between the rostered minister and the congregation.
- D. Work Week. Because of the nature of ministry, it is recognized that rostered ministers are expected to fulfill many evening and weekend responsibilities beyond Sunday morning worship. Therefore, adequate time off (at least one and a half days per week) should be granted and encouraged that would be free from ministry- related responsibilities.
- E. A Mutual Ministry Committee is called for in the ELCA Model Constitution for Congregations. Often called a Staff Support Committee, the Mutual Ministry Committee provides for the care of rostered ministers who are called to be our servant ministers. Rostered minister and People: Making Mutual Ministry Work can be ordered from Augsburg Fortress at www.augsburgfortress.org.
- F. Annual Review. The ministry and compensation package of the rostered minister should be reviewed on an annual basis by the Mutual Ministry Committee and/or the Congregation Council. The review should be based on conditions of the call, position description, constitution, performance, and personal growth factors by the Mutual Ministry Committee and/or Congregation Council. The review may include other rostered ministers and other rostered ministers on the staff if desired. The areas of special attention for the leader should be used as a resource for the annual review.
- G. Part of the rostered minister's work is beyond the congregation in the synod and church-wide organization. The scope of this work should be agreed on by the Mutual Ministry Committee, the Congregation Council, and the rostered minister

- H. **Workers' Compensation.** Clergy are covered by Workers' Compensation. Workers' Compensation can provide a satisfactory means of handling occupational disabilities. Workers' Compensation provides sure, prompt, and reasonable income and medical benefits to work-accident victims, or income benefits to their dependents. Contact your insurance provider to make sure that your Workers' Compensation coverage is current and adequate.
- I. In the situation of clergy couple housing, it is expected that each rostered minister will be compensated fully and separately with salary, housing and benefits. For example:
1. Separate congregations, one parsonage - the rostered minister whose congregation does not have a parsonage would still receive a housing allowance.
 2. Same congregation, no parsonage, working half time - the couple would receive half compensation packages, including salary and housing.
 3. Two separate congregations, no parsonage – both rostered ministers will receive a full housing allowance.
 4. Same congregation, with a parsonage, serving more than one full-time position - additional housing compensation for the portion of time above one full position should be provided.
- J. **Severance**
The synod Bishop should be consulted whenever the termination of a call is being considered. In situations where a call is terminated by the rostered minister, Congregation Council, or appointing institution, without another call or other employment being in place, the congregation is encouraged to consider a severance package of two to six months. Unless covered by another employer, medical and pension benefits are to be included as well. Excluded would be any other allowances, e.g. auto, book, education.
- M. **Moving Expenses**
The congregation is responsible for the moving expenses of the rostered minister they have called. This cost can be significant. (Recent experience indicates that costs could easily be \$8,000 - \$15,000) It is a one-time expense. Some congregations work to set aside a sufficient amount during the rostered ministerial transition. Others have had a special offering to assist with this expense.

QUESTIONS AND ANSWERS

- a. *Who decides the compensation for rostered ministers?* The decision will vary from congregation to congregation. In some congregations, the recommendation is often initially made by a finance committee or the Mutual Ministry Committee. In most congregations, the compensation is finally determined by the Congregation Council. It is appropriate for each member of the Finance Committee, Mutual Ministry Committee and the Congregation Council to have a copy of these salary guidelines so that all may make an informed decision.
- b. *Who will be the rostered minister's advocate?* The Mutual Ministry Committee can be an advocate for the minister. Members of the synod's compensation task force can be consulted as well as synod staff.
- c. *What will happen if we don't pay our rostered minister at guidelines?* Congregations that pay below the synod guidelines are often faced with sticker shock when they enter the call process for a new rostered minister. There is a relationship between clergy morale and compensation. In the past, some clergy found they could only receive appropriate compensation by seeking another call.
- d. *What can we do if we are not at guidelines and want to move in that direction?* Some congregations develop a plan to be at guidelines over the next two or three years. What plan would work for your congregation? In some situations the finances have been limited. The stewardship committee of the synod can offer resources to assist the congregation and members to become better stewards.
- e. *May we pay our rostered minister more than the minimum?* Yes! As stated in the introduction to this document, these guidelines are designed to provide for fair and competitive compensation for rostered ministers. If a congregation is able to provide compensation above Synod guidelines, they are encouraged to do so, factoring in job performance as well as any additional responsibilities the rostered minister may have.
- f. *My rostered minister has 4 1/2 years of ordained/commissioned service. Does that put him/her in the 3 - 4 or 5 - 6 category?* It would be appropriate for your minister to be paid at the 5 - 6 year level. **Congregations should begin building into the next category over a period of several years rather than trying to make that jump all at once.**
- g. *When I add the entire package together, it seems like a lot of money. Does the rostered minister really make that much?* No. In most jobs we do not consider pension, benefits and expenses when we think about how much we make. All of these are not reported on our W- 2 forms. It is helpful to break down the package into three categories:
- i. *Compensation.* This is the minister's pay. This is what the minister makes.
 - ii. *Pension and Benefits.* These are benefits that most of us receive but in most jobs, they are not considered compensation.

- iii. *Expenses.* Expenses are costs to the congregation for the minister to do Ministry, much like the expenses that a corporation has for the work of an employee. The definition of compensation and benefits worksheet will be helpful in seeing the breakdown.

- h. *How often and when must the congregation act to establish the rostered minister's housing allowance?* The Congregation Council must officially act annually on a motion to establish a housing allowance, and this figure must be designated at the council's first regularly scheduled meeting of each year. Simply providing the figure in the budget of the congregation is not enough. This provision applies only to rostered ministers who do not live in a congregational parsonage. As clergy housing allowance now stands, the amount of housing allowance that can be excluded from taxable income is always the smallest of the:
 - i. amount officially designated in advance, as "housing allowance by the rostered congregation/church organization; or
 - ii. amount spent for the rostered minister's primary residence (down payment, principal and interest, utilities, taxes, insurance, furnishings, maintenance, etc.); or
 - iii. fair rental value of the rostered minister's home including furnishings and costs of utilities (owned or rented).

- i. *What is the purpose of a sabbatical and what resources are available to assist us in planning?* The word sabbatical comes from the same root as the word Sabbath, which means to cease or to rest. Rostered ministry is intense work. A sabbatical can be part of the plan to keep rostered ministers fresh and vital over the long haul. Sabbaticals should be mutually planned by rostered ministers, the Mutual Ministry Committee and the Congregation Council.

- j. *What resources are available for compensation planning for lay employees of the congregation?* The Compensation Handbook for Church Staff is no longer available. We continue to look for helpful resources.

- k. *What are the rates for part time rostered ministerial work?* When a congregation contracts for the services of a rostered minister on a part time basis, the recommended compensation is \$30-35 per hour plus expenses (meals and mileage, according to IRS rates) depending on the rostered minister's experience and the specific needs of the congregation.

- l. *What are the guidelines for supply rostered ministers?* Compensation for Sunday supply preaching should be paid on the day of service as follows: One worship service at \$200 with \$50 for each additional Sunday service. An additional service that is not on Sunday will be \$150 with \$50 for each additional service on that day. The supply preacher is to be reimbursed for travel expenses (according to IRS rates), lodging and meals.

- m. *Should we be providing our rostered ministers with the self-employment social security allowance?* Yes. All employers pay half of the social security tax. It is appropriate that rostered ministers receive the same benefit.

Definition of Compensation and Benefits Worksheet Housing Allowance (No Parsonage)

Compensation

Base salary _____

Housing allowance _____

Social security allowance _____

Total defined compensation _____

Pension & Other Benefits www.porticobenefits.org

ELCA retirement at ___% _____

ELCA medical and dental _____

Disability and life insurance _____

Total retirement and benefits _____

Professional Expenses

Auto and travel allowance _____

Other professional expenses _____

Official meetings _____

Continuing education _____

Total professional expenses _____

Definition of Compensation and Benefits Worksheet Housing (Parsonage Provided)

Compensation

Base salary _____

Housing equivalence (30% of base salary)

Base salary x .30 _____

Social security allowance _____

Total defined compensation _____

Pension & Other Benefits www.porticobenefits.org

ELCA retirement at ___% _____

ELCA medical and dental _____

Disability & life insurance _____

Housing equity allowance _____

Total benefits _____

Professional Expenses

Auto and travel allowance _____

Other professional expenses _____

Expenses for official meetings _____

Continuing education _____

Model Congregational Sabbatical Policy Southeast Michigan Synod

Introduction

It is important for both the congregation and the rostered ministers to realize the importance of the minister's lifelong continuing education through workshops, seminary courses, and personal study. We have long been encouraged to provide time and financial assistance to enable rostered ministers and other rostered ministers to maintain and improve their skills. From time to time, however, it is very beneficial to the rostered minister, associate in ministry, or diaconal minister and the congregation for there to be an extended period of time for study, personal growth, and renewal without the demands of daily parish responsibilities. That extended time is called a sabbatical. Experience has shown that the congregation's ministry directly benefits from such study, growth, and renewal. Long-term ministry is revitalized and stimulated. The congregation, as well as the rostered minister, benefits from implementing a sabbatical policy.

Purpose

A sabbatical leave is granted to provide an opportunity for a rostered minister to take an extended period of time for renewal, enrichment, study, spiritual growth, travel, skill development and research.

Eligibility

- Any full time rostered minister.
- A sabbatical may be taken after every 5 full years of service in the present call.

Duration

- A sabbatical will normally be for three months (including the two continuing education weeks normally granted).
- Vacation is not included as sabbatical time.
- The sabbatical leave may be split into two blocks of time. Both shall be taken within a twelve month period.

Cost to the Congregation

- The congregation will continue to pay full salary and benefits (base salary, housing allowance, pension and insurance coverage). Car allowance will not be paid during the sabbatical time.

- Accrued continuing education dollars can be used for the educational costs of the sabbatical - limited to an accrual of three years.
- The congregation will need to provide additional leadership support and service during the sabbatical time such as guest preachers for Sunday worship, teaching, leading the liturgy, confirmation camp, new member classes, visitation, funerals, weddings, etc.
- The congregation is not responsible to fund the sabbatical in any other way. However, the congregation may consider gifting as a means of providing financial assistance.

Planning

- Planning should begin the calendar year before the sabbatical so the congregation and rostered ministers can plan for financial and ministry adjustments.
- The rostered minister is expected to provide an outline of the planned use of the sabbatical time to the Mutual Ministry Committee. Working with this committee the rostered minister will develop and present to the Congregation Council the proposed sabbatical leave.
- The Southeast Michigan Synod can be contacted as a resource when planning the sabbatical.

Commitments following the sabbatical

- The rostered minister will submit a report of the sabbatical time and share the learning and experiences with the congregation.
- The rostered minister is expected to remain at least one additional year in the parish following the sabbatical.
- The Mutual Ministry Committee along with the Congregation Council shall evaluate the benefits and costs of the sabbatical as a basis for planning future sabbaticals.

This document should be distributed to the Mutual Ministry Committee and the Congregation Council.

Housing Allowance Resolution

(Congregational Council Minutes)

In order to permit (Name of Rostered minister) _____ to benefit from the provisions of Section 107 of the Internal Revenue Code of 1954, the Council specifies that the total compensation paid to her/him during the calendar year ending _____ (Subsequent Year) includes a housing allowance. (Name of Rostered minister) _____ estimates that she/he will spend \$ _____ during the year for housing expenses. Since such approval by the Council would permit her/him to deduct that amount from her/his taxable income and has no further effect upon our congregation or budget, it was **RESOLVED**, that the total compensation of \$ _____ (Amount) paid to _____ (Name of Rostered minister) include a housing allowance of \$ _____ .

Signature

Title

Date

(The above resolution should be included in the minutes of the Congregational Council prior to January 1 of each year. A copy should be made, signed and titled by the president or secretary of the congregation, and given to the rostered minister(s) for his/her records.)