

# 2018 COMPENSATION GUIDELINES

Ministers of Word and Sacrament	Page 5
Ministers of Word and Service	Page 23
Appendices	Page 35



**South-Central Synod of Wisconsin  
Evangelical Lutheran Church in America**

God's work. Our hands.

---

6401 Odana Road, Suite 20  
Madison, WI 53719  
[www.scsw-elca.org](http://www.scsw-elca.org)  
608.270.0201



## **PURPOSE**

The purpose of this document is to provide fair and equitable compensation for rostered ministers serving in our synod.

## **INTRODUCTION**

The 2018 Compensation Guidelines are provided as a starting point for determining compensation for pastors and lay staff in the South-Central Synod of Wisconsin. However, these are only guidelines. They cannot possibly speak to all our congregations with their varying financial resources, personnel resources, and expectations.

These guidelines emerge from ongoing review of current salaries, salaries paid in other synods, the Portico overall picture of compensation, and the ongoing work with congregations by synod staff. In addition this document contains several appendices as resources for specific areas of interest. The 2018 guidelines were developed by the compensation guidelines task force, recommended by the Synod Council, to be approved by the 2017 synod assembly.

### **Important information about Base Salary and the Cost of Living Adjustment**

The 2018 guidelines include a cost of living increase of 0.3%. The cost of living increase in the base salary guidelines, as in previous years, is the same as the most recent cost of living adjustment (COLA) approved by the Social Security Administration. So for the 2018 guidelines, the 0.3% cost of living adjustment matches the 2017 Social Security Administration COLA.

However, in addition to cost of living considerations, each year the rostered minister has an additional year of experience. This added experience adds value to the shared ministry and needs to be considered in providing fair compensation for employees. The 2018 guidelines suggest an experience step increase of \$786.

Finally, if your congregation's rostered ministers are paid below guidelines, a concerted effort should be made to increase their compensation to meet guidelines within three years or less, or come to an agreement in conversation with the rostered minister about what is fair and appropriate compensation. **Note:** Wherever the term "congregation" is used in this document it can also be assumed that this applies to all ELCA affiliated calling agencies.

## **Important Information about Portico Benefit Services**

Portico Benefit Services is a separately incorporated ministry of the ELCA. The Portico website <https://employerlink.porticobenefits.org/home> has many helpful resources for congregations, including forms, calculators for compensation and benefit contributions, and other useful employer information. Please refer to the MyPortico website at <https://myportico.porticobenefits.org> also contains resources to help rostered ministers and others covered by Portico to be healthy leaders for our church. Please, also note that non-rostered church staff can be enrolled in Portico benefits, subject to eligibility requirements, and congregations are encouraged to explore these benefits for their staff.

### **For more information**

If you have questions about how to use these guidelines in your planning, contact the Rev. Mary Froiland, Bishop for the South-Central Synod of Wisconsin, or The Reverend Steve Kottke, Assistant to the Bishop at 608.270.0201 or [stevek@scsw-elca.org](mailto:stevek@scsw-elca.org) or [maryf@scsw-elca.org](mailto:maryf@scsw-elca.org).

### **Compensation Guideline Task Force Members:**

Bruce Hutler, Synod Treasurer, Our Savior's Lutheran Church, Sun Prairie

The Rev. Mary Froiland, Bishop

The Rev. Steve Kottke, Assistant to the Bishop

The Rev. Rick Reiten, Bristol Lutheran, Sun Prairie

## **2018 Compensation Guidelines for Ministers of Word & Sacrament**

<b>I. COMPENSATION</b>	<b>7</b>
A. SALARY	<b>7</b>
B. HOUSING	<b>9</b>
C. SOCIAL SECURITY AND IRS REPORTING	<b>11</b>
<b>II. BENEFITS</b>	<b>12</b>
A. PENSION AND HEALTH BENEFITS	<b>12</b>
B. FLEXIBLE SPENDING PLAN	<b>13</b>
C. PAID LEAVES	<b>13</b>
D. ADDITIONAL PRE-TAX RETIREMENT CONTRIBUTIONS	<b>14</b>
<b>III. REIMBURSED PROFESSIONAL EXPENSES</b>	<b>14</b>
A. AUTOMOBILE ALLOWANCE	<b>14</b>
B. CONTINUING EDUCATION	<b>15</b>
C. PROFESSIONAL MINISTRY EXPENSES	<b>15</b>
D. OFFICIAL MEETINGS	<b>16</b>
E. MOVING EXPENSES	<b>16</b>
<b>IV. WEEKLY, ANNUAL AND SABBATICAL TIME COMPENSATION</b>	<b>16</b>
A. SABBATH DAY	<b>16</b>
B. VACATION TIME	<b>17</b>
C. SABBATICALS	<b>17</b>
<b>V. PULPIT SUPPLY</b>	<b>18</b>
<b>COMPENSATION AND OTHER BENEFITS WORKSHEET—CLERGY</b>	<b>19</b>
<b>COMPENSATION WORKSHEET FOR PASTORS</b>	<b>20</b>



## I. DEFINED COMPENSATION

### A. SALARY

Rostered minister salary is based on several considerations – the number of years of experience, housing costs, and additional factors related to the context of the ministry, cost of living, and job responsibility.

#### 1. Years of Experience and Continuing Education

The following are guidelines for minimum cash salaries. The information that follows will assist you in determining a cash salary. These figures are guidelines and are not intended to restrict a congregation in fairly compensating a pastor.

Experience	Base Salary	Experience	Base Salary
0	\$ 36,119	18	\$ 50,267
1	\$ 36,905	19	\$ 51,053
2	\$ 37,691	20	\$ 51,839
3	\$ 38,477	21	\$ 52,625
4	\$ 39,263	22	\$ 53,411
5	\$ 40,049	23	\$ 54,197
6	\$ 40,835	24	\$ 54,983
7	\$ 41,621	25	\$ 55,769
8	\$ 42,407	26	\$ 56,555
9	\$ 43,193	27	\$ 57,341
10	\$ 43,979	28	\$ 58,127
11	\$ 44,765	29	\$ 58,913
12	\$ 45,551	30	\$ 59,699
13	\$ 46,337	31	\$ 60,485
14	\$ 47,123	32	\$ 61,271
15	\$ 47,909	33	\$ 62,057
16	\$ 48,695	34	\$ 62,843
17	\$ 49,481	35	\$ 63,629

2017 COLA Increase: 

0.3%
------

Source: <http://www.socialsecurity.gov/cola>

Cost of living is not an adequate adjustment when used alone. Each year also brings with it an additional year of experience. Each year a pastor has additional experience that brings value to the shared ministry. Each year the pastor should complete 50 hours of continuing education, and this participation in life-long learning brings value to his/her ministry. Completion of continuing education should be an expectation for a pastor to receive the step increase for another year of experience.

## **2. Additional Factors**

It is appropriate for salaries to be influenced by other factors in addition to years of experience. While these are more difficult to objectively quantify, they should enter into the conversation about salary level.

### **Additional Education**

Consideration of additional earned degrees beyond the Master of Divinity that relate to the work of a pastor should be given, and an increase of \$500 - \$1500 would be appropriate.

### **Previous Work Experience Prior to Ordination**

Experience may include non-ordained ministry in the church and/or secular work which enhances a person's skills for ministry. Experience prior to ordination may be calculated at the rate of one-half year for each year up to twenty years of prior experience (ten years credit).

## **3. Part Time Service**

In order to remain on the roster for Ministers of Word and Sacrament, a pastor must maintain at least a 1/3 time call (15 hours per week). In the event that a congregation calls a pastor part time, it should be understood that part time status pertains to salary, responsibilities, and hours. It may also include the proportional number of Sundays (e.g. ¾ time means three out of four Sundays, etc.) depending on the particular setting of ministry. The minimum contribution levels still apply for Portico health benefits; they are NOT proportional. Congregations with a part-time pastor may need to develop lay leadership to augment the work of the pastor in word and sacrament ministry. An ongoing conversation with synod staff should occur if a congregation is considering moving from full-time to part-time pastoral ministry.



## **B. HOUSING**

A unique feature of clergy compensation is the distinctive tax law regarding housing allowance for ordained ministers. This originated for clergy (and the military) because a parsonage was at one time standard for housing.

### **1. Housing Allowance**

The following information is for congregations that do not have a parsonage. The amount of the Housing Allowance should be determined by the realistic fair rental value of a fully furnished home within the community plus the cost of utilities and taxes.

This is the formula that was used to determine suggested housing allowance ranges for each county in our synod territory: The 3-year average median home sale price for 2014-2016 (the latest year for which statistics are available) as reported by the Wisconsin Realtors Association is taken as a starting point. Then 12% is added to the median value to account for the cost of utilities and furnishings. To arrive at an estimate of fair market rental value, take 1% of the total to be the fair market monthly rent. This number is then converted to an annual amount and a range of plus or minus 10% of that value is given as a suggested housing allowance range.

In determining housing allowance, congregations may use these ranges, as noted in the accompanying chart. A congregation may also choose to use the same formula and apply it to their specific community to get a more localized result.

A congregation should strive to provide a fair housing allowance that provides a home in which any member of the congregation would be comfortable living and which they would be glad to tell other community members that this is the home where their pastor lives. Each community has unique features that will impact the cost of housing and the congregation and pastor should reach a mutually agreeable decision regarding the appropriate amount of any housing allowance.

The following chart indicates guidelines for housing allowances by county.

### 2016 Monthly Housing Statistics

County	3-Year		
	Average	Average Range	
		Low	High
Adams	\$ 14,000	\$ 12,700	\$ 15,400
Columbia	19,800	18,000	21,800
Dane	30,300	27,600	33,400
Dodge	16,900	15,400	18,600
Grant	14,200	12,900	15,600
Green	18,700	17,000	20,600
Iowa	18,700	17,000	20,600
Jefferson	21,300	19,400	23,500
Lafayette	13,000	11,900	14,300
Richland	14,700	13,400	16,200
Rock	16,400	14,900	18,000
Sauk	20,300	18,500	22,300
Walworth	22,500	20,500	24,800

The housing allowance for each county is based upon median home sale price for each county and can fluctuate each year. It is suggested that the housing allowance be determined at the time of the original call and be adjusted upward if the suggested range increases. In no way should a decline in the range in a given year suggest a reduction in the housing allowance.

When there is a cash housing allowance, the pastor determines the amount of defined compensation to be set aside for housing allowance for tax purposes, and submits it to the Congregation Council. The Congregation Council must annually include the amount to be designated for housing in the Congregation Council minutes prior to the beginning of the new tax year. The pastor assumes full responsibility for complying with IRS definitions of "cost to provide a house." In general, the IRS allows a pastor to claim the lowest of these three amounts as their housing cost: the actual amount to provide housing, the fair market rental value, and the amount designated by the pastor and Congregation Council as housing allowance. See Appendix A for sample forms related to housing designations.

## 2. Parsonage

The following information is for congregations that provide a parsonage instead of a cash housing allowance. In addition to the financial aspects of providing a parsonage noted below, please also read Appendix F for more guidelines related to parsonages.

**a) Utilities and Maintenance**

When a parsonage is provided to the pastor, all utility costs and repairs are paid by the congregation. It is recommended that the congregation pay directly for the parsonage utilities because current tax law and Portico rules make such payment advantageous to both the congregation and the pastor.

**b) Phone Service and Internet Connection**

Since it is important to be able to contact the pastor in case of emergency, local phone service or reimbursement for a mobile phone or PDA device should be provided by the congregation. In addition, given the importance of email and the internet to ministry, an internet connection to the parsonage is recommended.

**c) Housing Equity Contribution**

Where a parsonage is provided, the congregation is encouraged to contribute to a housing equity fund. This may be done through Portico and designating that payment as "housing equity retirement contribution". The purpose of this allowance is to provide financial resources under the supervision of ~~the~~ Portico for the pastor to secure housing upon retirement, or when a new call requires the purchase of a home. This fund is not subject to current income taxes since it is not paid directly to the pastor. The formula for the annual suggested amount is as follows:

$$\text{Housing equity contribution} = 4.5\% \text{ of Total Defined Compensation}$$

**d) Furnishings Allowance**

When there is a parsonage, consideration of a furnishings allowance should be made. This is income which must be used for purchasing and repairing furnishings, and for miscellaneous household expenses. The Congregation Council must designate the furnishings allowance annually, and the pastor is responsible for complying with IRS rules requiring the tax status of this income.

**C. SOCIAL SECURITY AND IRS REPORTING**

**1. Social Security & Medicare Tax Allowance**

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. Clergy are liable for self-employment tax on their housing allowance as well as their base salary.

It is recommended that a congregation pay an amount directly to a pastor to use toward her or his Social Security and Medicare tax — providing the allowance helps the pastor avoid being at a disadvantage when compared to a lay employee, who pays only the employee share of the Social Security and Medicare tax.

Use this formula:

$$\text{Social Security Allowance} = (\text{base salary} + \text{housing allowance}) \times .0765$$

or

if a parsonage is provided:

$$\text{Social Security Allowance} = [\text{base salary (include furnishing allowance and utilities allowance if paid directly to pastor)} \times .3] \times 0.0765$$

You should also know:

- > The IRS considers Social Security and Medicare allowance as taxable income to the pastor. Any allowance is typically reported as part of the taxable income in box 1 on a w-2; not in boxes 2 or 4.
- > The allowance is included in the pastor's total defined compensation for purposes of determining contribution amounts.

## **2. IRS Reporting**

In most cases, congregations are to file federal tax W2 forms for clergy, not a 1099 form.

## **II. BENEFITS**

### **A. RETIREMENT, HEALTH & OTHER BENEFITS THROUGH PORTICO BENEFIT SERVICES**

#### **1. Participation.**

The congregation should budget for and participate in the Portico Benefits Plan for clergy. The plan provides retirement, survivor, disability, and health (medical/hospital, prescription drug, dental, behavioral health) benefits. This program is subscribed to by the congregation for the rostered minister. More information is available directly from Portico, a separately incorporated ministry of the Evangelical Lutheran Church in America, 800 Marquette Ave., Minneapolis, MN 55402; 800-352-2876, or <https://employerlink.porticobenefits.org/home>. Employers are to maintain health coverage for all eligible family members of the rostered minister. In addition to employer contributions, plan members are still required to pay deductibles and copayments. Rostered ministers may decline health coverage for themselves and/or for their family members if they can demonstrate coverage under another employer-provided group plan (i.e. through a spouse) or Medicare or other governmental coverage. Even though the health care coverage is waived, participation in the ELCA disability, survivor, retiree support and retirement are required. If a rostered minister declines health coverage, the

congregation may consider using a portion or all of the savings from not paying the health care coverage to be used to make additional retirement contributions through Portico for the rostered minister.

The recommended Portico health plan is Gold+. However, providing the Silver+ plan and including a congregation paid HSA may provide a cost savings for the congregation.

## **2. Retirement Contribution Expectations.**

By action of the 1993 Synod Assembly, the recommended standard retirement contribution for rostered ministers of the South-Central Synod of Wisconsin is 12%. All new calls shall require a 12% retirement contribution.

## **3. Cost of Benefits.**

Portico uses "Defined Compensation" to determine the amount of the required benefits contributions by the congregation.

Defined Compensation is base salary, social security tax paid and either cash housing allowance or 30% of base salary plus furnishing and utilities allowance paid if a parsonage is provided..

The cost of retirement, health, disability, survivor and retiree support is based on a percentage of the Defined Compensation. Contribution rates can be determined on the Portico website at <https://employerlink.porticobenefits.org/home> by selecting the "resources" tab and choosing the "calculators" link.

## **B. FLEXIBLE SPENDING PLANS**

Portico benefits include an optional flexible spending account for health and dependent care expenses (pre-tax dollars) administered by Portico in conjunction with Blue Cross-Blue Shield.

## **C. PAID LEAVES**

### **1. Maternity/Paternity Leave**

Paid maternity/paternity leave of up to six weeks is recommended when a child is born or adopted.

### **2. Sick Leave**

Paid sick leave of up to six weeks and provision for disability thereafter as coordinated with the congregation and Portico are recommended. Sick leave is used as needed and not accumulated from year to year.

### **3. Disability Leave**

In case of disability due to an accident, illness, or surgery, Portico disability benefits begin after two months. A member must apply for disability benefits within six months of becoming disabled. Any period of disability – beginning date and length of disability – is

based on an attending doctor's recommendation and by decision of Portico. It is presumed that the congregation will continue paying defined compensation and benefits for the two months prior to the beginning of the disability benefit coverage.

#### **4. Family 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.

### **D. ADDITIONAL PRE-TAX RETIREMENT CONTRIBUTIONS**

Portico offers an opportunity for additional employer pre-tax retirement contributions such as housing equity and/or voluntary salary reduction agreements if the rostered minister wishes to participate.

### **III. REIMBURSED PROFESSIONAL EXPENSES**

These items represent costs that are borne by the congregation as part of the normal expense of ministry. These are not considered part of the salary a rostered minister receives.

For business and tax reasons, it is usually in the best interest of the congregation and its staff to have an accountable reimbursement policy. Accountable reimbursement policies are simply a method for reimbursing business expenses on an actual-cost basis rather than providing an expense allowance.

Establishing an accountable reimbursement policy is simple: A congregation first sets up a budget for the pastor's professional and business expenses, such as travel, continuing education, subscriptions, etc. When the pastor incurs a ministry-related expense, s/he submits a reimbursement claim with appropriate documentation. Or, instead of paying the expense directly, the pastor can request the congregation to make the payment (See Appendix B for a sample of accountable reimbursement policy and Appendix C for a sample of mileage expense report).

#### **A. AUTOMOBILE ALLOWANCE**

##### **1. Lease/Purchase Vehicle**

A congregation may consider a purchase or lease arrangement of an automobile provided for the rostered minister for congregational business. An arrangement may also be made for private use by the rostered minister with reimbursement of personal mileage to the congregation.

##### **2. IRS Mileage Rate**

The most equitable way of reimbursing for congregational business travel when the car is

owned by the pastor is on a per mile basis, based upon the maximum allowable amount per mile as established by the Internal Revenue Service. A careful record of business miles driven must be kept by the pastor and these expenses should be reimbursed on a monthly basis.

### **3. Lump Sum Allowance**

If the congregation and pastor choose to have a lump sum travel allowance, then the pastor must, by tax law, keep careful record of church business miles driven and report these to a congregation officer. This should be done to keep the congregation informed of the pastor's need as to the amount of this allowance, as well as for reporting to the Internal Revenue Service.

## **B. CONTINUING EDUCATION (Recommended: \$1100)**

It is of prime importance both for the congregation and the rostered minister that continuing education be encouraged and supported by the congregation. Congregation Councils and rostered ministry should mutually discuss continuing education plans and complete a Continuing Education Covenant in order to best meet the ministry and growth goals of both the pastor and congregation.

### **1. General Expectations**

Two weeks for continuing education with \$1100 paid by the congregation is standard. In addition, it is recommended that the rostered minister contribute another \$450/year towards continuing education. The time and funds may be accumulated for up to three years, allowing for up to six weeks total for more extended study. This is not vacation time, so if it is not used for the purpose of ministry in the present setting, the rostered minister loses the time and congregational funds at the end of employment. A minimum of 50 contact hours per year of intentional continuing education, or 150 contact hours each three-year period, is encouraged (A contact hour is defined as a typical 50 minute classroom session or the equivalent). Beyond structured classroom settings, this time may also include guided independent study and reading, as well as time spent in text study groups.

### **2. First Call Theological Education**

First Call Rostered Ministers are required to participate in 25 Contact hours specified by the First Call Theological Education Program in each of the first three years. It is expected that FCTE time and expenses are included in the overall planning of continuing education as per the First Call Theological Education Covenant.

## **C. PROFESSIONAL MINISTRY EXPENSES (Recommended: \$325)**

A minimum suggested guideline of \$325 for professional ministry-related expenses should be planned. These expenses may be for books, vestments, periodicals, mobile communication devices, professional dues, entertaining, and hospitality costs incurred in

performance of the duties of the ministry. Qualifying expenses must be substantiated by the rostered minister or the money received becomes taxable as regular income. Professional expenses are designated as such by the congregation and acknowledged by the IRS.

#### **D. OFFICIAL MEETINGS (Recommended: \$475)**

Rostered ministers are expected to attend two meetings of the synod each year:

Synod Assembly

Bishop's Convocation

These meetings include the business of the synod, theological reflection, best practices in ministry training, and healthy collegial interaction. An amount of \$475 is recommended to cover the registration fees of these meetings. Congregations are also encouraged to reimburse registration fees for their pastor's spouse or partner to attend the Bishop's Convocation. In addition, rostered ministers are expected to attend conference meetings and other gatherings that occur in the life and ministry in the Synod.

#### **E. MOVING EXPENSES**

Congregations will provide reimbursement of moving expenses of arriving rostered ministers or for congregationally required local moves. The rostered minister should obtain two or three bids from professional movers to submit to the Congregation Council. Alternatives may be mutually negotiated.

### **IV. WEEKLY, ANNUAL AND SABBATICAL TIME COMPENSATION**

#### **A. SABBATH DAY**

Full-time called clergy of our congregations must strive for a healthy balance in their lives. Clearly defined expectations of work and time off are important for both the rostered minister and the congregation. Knowing that some weeks will be more demanding and some less, an average of 45 to 50 hours per week is a fair expectation for both congregation and rostered minister. Congregations should be sure to support their rostered minister taking at least one full day off each week, preferably two. The specific regular day off each week should be announced and communicated so all understand this. Flexibility is necessary, but a definite pattern makes for better health and attitude for all concerned.

Since church work requires a great deal of evening and weekend involvement, one way to reasonably set expectations with the rostered minister is to think in terms of blocks of time. Each day can be considered to have three blocks of time—morning, afternoon, and evening. A seven day week consists of 21 time blocks. A reasonable expectation of



full-time service might be 14-15 time blocks. Weekly time off to provide a normal opportunity for renewal, refreshment, and personal business would usually involve 6-7 time blocks per week. Arrangements should be flexible for both the rostered minister and the congregation, but should also provide for emergency pastoral care when the pastor is unavailable.

## **B. VACATION TIME (Recommended: 4 weeks; 15+ years of experience: 5 weeks)**

### **1. Vacation**

Pastors will receive four weeks including Sundays until the fifteenth year of experience when vacation time may be increased to five weeks including five Sundays. Vacation time may not be carried over from one year to another, unless so stated in the Letter of Call or by specific agreement with the congregation.

**Note regarding part-time ministry:** The same number of vacation weeks apply. For example, a full-time rostered minister would work 48 full-time weeks and have four full-time weeks of vacation; a half-time rostered minister would work 48 half-weeks and receive four half-week vacations.

Vacation does not include continuing education. In addition to regular vacation time and continuing education, congregations should consider that rostered minister be excused up to two weeks including two Sundays for involvement in ministries beyond the congregation. Time spent on churchwide or synodical assemblies, congregational retreats or congregational camping programs is not to be considered vacation time or time off.

### **2. Encourage Annual Rest**

The congregation's strong support of the vacation time of the rostered minister is very helpful. Vacation time is important due to the "on-call" nature of the rostered minister's work as well as the limited, and often disrupted, day-off pattern and the constant weekend duty.

## **C. SABBATICALS**

To encourage the congregational health that comes with longer term rostered ministers, congregations should grant a sabbatical leave for rostered ministers after every four to seven years of service, with a recommended length of three months. Extended time, for revitalization, renewal and study is vital for healthy leaders. Advanced planning, saving and good communication are essential. Assistance in planning for the Sabbatical is available in the Sabbatical Leave Guidelines. (See Appendix D)

General costs of the Sabbatical are the responsibility of the rostered person. The educational costs of a Sabbatical may be funded with continuing education dollars, which may be accrued for up to 3 years. The costs of providing ministry during the rostered person's absence are the responsibility of the congregation. These costs include

continuing to pay full defined compensation and benefits for the rostered person on Sabbatical leave. Based on an estimated cost of providing Sunday morning supply and basic pastoral coverage, it is strongly recommended that the congregation place \$500-\$1000 per year in a Sabbatical Leave Fund. This fund is used by the congregation to offset the costs of providing ministry during the Sabbatical. Grants are also available from several sources.

#### **V. PULPIT SUPPLY**

The cost of pulpit supply in the rostered minister's absence is borne by the congregation. In addition to mileage reimbursement at the IRS rate, the following fees are recommended per Sunday for rostered ministers from outside the membership of the congregation:

One Service	\$150
Two Services	\$175
Three Services	\$200

## COMPENSATION AND BENEFITS WORKSHEET—CLERGY

1. If **providing a housing allowance**, add the following to determine pension and other benefits:

Base Salary (1) \$ \_\_\_\_\_

Housing Allowance (2) \$ \_\_\_\_\_

Social Security Allowance ((lines 1 +2) X 7.65%) (3) \$ \_\_\_\_\_

Total defined compensation (add lines 1 – 3) (4) \$ \_\_\_\_\_

**Total pension & benefits cost** (5) \$ \_\_\_\_\_

*(Enter the Total Defined Compensation into the Contribution amounts calculator on the Portico Employer Link website*

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

2. If **providing a parsonage**, add the following to determine pension and other benefits:

Base Salary + Furnishings/Utilities Allowances (1) \$ \_\_\_\_\_  
(if paid directly to pastor)

Parsonage value (line 1 x 30%) (2) \$ \_\_\_\_\_

Social Security Allowance ((lines 1 +2) X 7.65%) (3) \$ \_\_\_\_\_

Total defined compensation (add lines 1 – 3) (4) \$ \_\_\_\_\_

**Total pension & benefits cost** (5) \$ \_\_\_\_\_

*(Enter the Total Defined Compensation into the Contribution amounts calculator on the Portico Employer Link website*

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

Housing Equity = (line 4) x 4.5% (6) \$ \_\_\_\_\_

## COMPENSATION WORKSHEET FOR PASTORS

This worksheet is designed to help congregations build a compensation package for pastors using the synod's guidelines. Each item below is described within this document. Use only items which apply.

Name \_\_\_\_\_ Year \_\_\_\_\_

	This Year	Guidelines	Proposed
Base Salary <i>(Based on experience, responsibility and education)</i>	\$ _____	\$ _____	\$ _____
Housing Allowance <i>(Allowable expenses include housing, furnishings and utilities)</i>	\$ _____	\$ _____	\$ _____
Housing Equity <i>(When parsonage is provided)</i>	\$ _____	\$ _____	\$ _____
Furnishing Allowance <i>(When parsonage is provided)</i>	\$ _____	\$ _____	\$ _____
Utility Allowance for Parsonage <i>(If utilities are not paid by congregation)</i>	\$ _____	\$ _____	\$ _____
Social Security Allowance	\$ _____	\$ _____	\$ _____
<b>Total Defined Compensation</b>	\$ _____	\$ _____	\$ _____
<b>BENEFITS</b>			
Portico Contributions	\$ _____	\$ _____	\$ _____
Other <i>(Such as housing equity allowance, additional retirement contribution, etc.)</i>	\$ _____	\$ _____	\$ _____
<b>Total Benefits</b>	\$ _____	\$ _____	\$ _____

Continued on next page

**REIMBURSED PROFESSIONAL EXPENSES**

Automobile	\$ _____	\$ _____	\$ _____
Continuing Education	\$ _____	\$ _____	\$ _____
Professional Ministry Expenses	\$ _____	\$ _____	\$ _____
Official Meetings	\$ _____	\$ _____	\$ _____
<b>Total Reimbursed Expenses</b>	\$ _____	\$ _____	\$ _____

**WEEKLY, ANNUAL AND SABBATICAL TIME COMPENSATION**

Sabbath Day	_____	_____	_____
Vacation Time	_____	_____	_____
Continuing Education Time	_____	_____	_____
Sabbatical	_____	_____	_____
Other	_____	_____	_____



## **2018 Compensation Guidelines for Ministers of Word and Service**

<b>I. COMPENSATION</b>	<b>25</b>
A. SALARY	<b>25</b>
B. SOCIAL SECURITY AND MEDICARE TAX FOR MINISTERS OF WORD AND SERVICE	<b>26</b>
C. PART-TIME SERVICE	<b>26</b>
<b>II. BENEFITS</b>	<b>27</b>
A. PENSION AND HEALTH BENEFITS	<b>27</b>
B. FLEXIBLE SPENDING PLANS	<b>27</b>
C. PAID LEAVES	<b>28</b>
D. ADDITIONAL PRE-TAX RETIREMENT CONTRIBUTIONS	<b>28</b>
<b>III. REIMBURSED PROFESSIONAL EXPENSES</b>	<b>29</b>
A. AUTOMOBILE ALLOWANCE	<b>29</b>
B. CONTINUING EDUCATION	<b>30</b>
C. PROFESSIONAL MINISTRY EXPENSES	<b>30</b>
D. OFFICIAL MEETINGS	<b>31</b>
E. MOVING EXPENSES	<b>31</b>
<b>IV. WEEKLY, ANNUAL AND SABBATICAL TIME COMPENSATION</b>	<b>31</b>
A. SABBATH DAY	<b>31</b>
B. VACATION TIME	<b>32</b>
C. SABBATICALS	<b>32</b>
<b>COMPENSATION WORKSHEET FOR MINISTERS OF WORD AND SERVICE</b>	<b>33</b>





## I. DEFINED COMPENSATION

### A. SALARY

Minister of Word and Service salary is based on several considerations – the number of years of experience, the context of the ministry, cost of living, and job responsibility.

#### 1. Years of Experience and Continuing Education

The following are guidelines for minimum cash salaries. The information that follows will assist you in determining a cash salary. These figures are guidelines and are not intended to restrict a congregation in fairly compensating a rostered minister.

<b>Experience</b>	<b>Base Salary</b>	<b>Experience</b>	<b>Base Salary</b>
0	\$ 36,119	18	\$ 50,267
1	\$ 36,905	19	\$ 51,053
2	\$ 37,691	20	\$ 51,839
3	\$ 38,477	21	\$ 52,625
4	\$ 39,263	22	\$ 53,411
5	\$ 40,049	23	\$ 54,197
6	\$ 40,835	24	\$ 54,983
7	\$ 41,621	25	\$ 55,769
8	\$ 42,407	26	\$ 56,555
9	\$ 43,193	27	\$ 57,341
10	\$ 43,979	28	\$ 58,127
11	\$ 44,765	29	\$ 58,913
12	\$ 45,551	30	\$ 59,699
13	\$ 46,337	31	\$ 60,485
14	\$ 47,123	32	\$ 61,271
15	\$ 47,909	33	\$ 62,057
16	\$ 48,695	34	\$ 62,843
17	\$ 49,481	35	\$ 63,629

**2017 COLA**  
**Increase:**

<b>0.3%</b>
-------------

Source: <http://www.socialsecurity.gov/cola>

Cost of living is not an adequate adjustment when used alone. Each year also brings with it an additional year of experience. Each year a rostered minister has additional experience that brings value to the shared ministry. Each year the rostered minister should complete 50 hours of continuing education, and this participation in life-long learning also brings value to his/her ministry. Completion of continuing education should be an expectation for a rostered minister to receive the step increase for another year of experience.

## **2. Additional Factors**

It is appropriate for salaries to be influenced by other factors in addition to years of experience. While these are more difficult to objectively quantify, they should enter into the conversation about salary level.

Consideration of additional earned degrees beyond the Bachelor's Degree that relate to the work of the lay rostered minister should be given, and an increase of \$500 - \$1500 would be appropriate.

Experience may include ministry in the church and/or secular work which enhances a person's skills for ministry. Experience prior to rostering may be calculated at the rate of one-half year for each year up to ten years of prior experience (five years credit) or mutually negotiated by the lay rostered minister and the congregation.

## **B. SOCIAL SECURITY AND MEDICARE TAX FOR MINISTERS OF WORD AND SERVICE**

Rostered Ministers are considered employees of the congregation and the congregation is required by federal law to pay half of the total Social Security Tax for employees. The second half of the tax is deducted from salary payments and forwarded to the Social Security Administration regularly.

## **C. PART-TIME SERVICE**

In order to remain on the roster, a rostered minister must maintain at least a 1/3 time employee (15 hours per week). In the event that a congregation calls a rostered minister part time, it should be understood that part time status pertains to salary, responsibilities, and hours. It may also include the proportional number of Sundays (e.g. ¾ time means three out of four Sundays, etc.) depending on the particular setting of ministry. The minimum contributions levels still apply for Portico health benefits; they are NOT proportional.

## **II. BENEFITS**

### **A. PENSION AND HEALTH BENEFITS**

#### **1. Participation.**

The congregation should budget for and participate in the Portico Benefits Plan. The plan provides retirement, survivor, disability, retiree support and health (medical/hospital, prescription drug, dental, behavioral health) benefits. This program is subscribed to by the congregation for the rostered minister. More information is available directly from Portico, a separately incorporated ministry of the Evangelical Lutheran Church in America, 800 Marquette Ave., Minneapolis, MN 55402; 800-352-2876, or <https://myportico.porticobenefits.org>. Use employerlink website here Employers are to maintain health coverage for all eligible family members of the rostered minister. In addition to employer contributions plan members still pay deductibles and copayments. Rostered ministers may decline health coverage for themselves and/or for their family members if they can demonstrate coverage under another employer-provided group plan (i.e. through a spouse) or Medicare or other governmental coverage. Even though the health care coverage is waived, participation in the ELCA disability, survivor, retiree support and retirement are required. If a lay rostered minister declines health coverage, the congregation may consider using a portion or all of the savings from not paying the health care coverage to be used to make additional retirement contributions through Portico for the rostered minister.

The recommended Portico health plan is Gold+. However, providing the Silver+ plan and including a congregation paid HSA may have a cost saving for the congregation.

#### **2. Retirement Contribution Expectations.**

By action of the 1993 Synod Assembly, the recommended standard retirement contribution for rostered ministers of the South-Central Synod of Wisconsin is 12%. All new calls shall require a 12% retirement contribution.

#### **3. Cost of Benefits.**

The Portico uses "Defined Compensation" to determine the amount of the required benefit contributions by the congregation. The cost of retirement, health, disability, survivor, and retiree support is a percentage of the Defined Compensation. Contribution rates can be determined on the Portico website at <https://employerlink.porticobenefits.org/home> by selecting the "resources" tab and choosing the "calculators" link.

### **B. FLEXIBLE SPENDING PLANS**

The Portico health plan includes an optional flexible spending account for health and dependent care expenses (pre-tax dollars) administered by Portico in conjunction with Blue Cross-Blue Shield.

## **C. PAID LEAVES**

### **1. Maternity/Paternity Leave**

Paid maternity/paternity leave of up to six weeks is recommended when a child is born or adopted.

### **2. Sick Leave**

Paid sick leave of up to six weeks and provision for disability thereafter as coordinated with the congregation and Portico are recommended. Sick leave is used as needed and not accumulated from year to year.

### **3. Disability Leave**

In case of disability due to an accident, illness, or surgery, Portico disability benefits begin after two months. A member must apply for disability benefits within six months of becoming disabled. Any period of disability – beginning date and length of disability – is based on an attending doctor's recommendation and by decision of Portico. It is presumed that the congregation will continue paying salary for the two months prior to the beginning of the disability benefit coverage.

### **4. Family Leave**

Congregations should be sensitive to family needs such as extraordinary illness of children and parents of the lay rostered minister and negotiate leave time with or without pay for these circumstances.

## **D. ADDITIONAL PRE-TAX RETIREMENT CONTRIBUTIONS**

Portico offers an opportunity for additional employer pre-tax retirement contributions if the rostered minister wishes to participate.

### **III. REIMBURSED PROFESSIONAL EXPENSES**

These items represent costs which are borne by the congregation as part of the normal expense of ministry. These are not considered part of the salary which a rostered minister receives.

For business and tax reasons, it is usually in the best interest of the congregation and its staff to have an accountable reimbursement policy. Accountable reimbursement policies are simply a method for reimbursing business expenses on an actual-cost basis rather than providing an expense allowance.

Establishing an accountable reimbursement policy is simple: A congregation first sets up a budget for the rostered minister's professional and business expenses, such as travel, continuing education, subscriptions, etc. When the rostered minister incurs a ministry-related expense, s/he submits a reimbursement claim with appropriate documentation. Or, instead of paying the expense directly, the lay rostered minister can request the congregation to make the payment (See Appendix B for a sample of accountable reimbursement policy and Appendix C for a sample of mileage expense report).

#### **A. AUTOMOBILE ALLOWANCE**

##### **1. Lease/Purchase Vehicle**

A congregation may consider a purchase or lease arrangement of an automobile provided for the lay rostered minister for congregational business. An arrangement may also be made for private use by the rostered minister with reimbursement for personal mileage to the congregation.

##### **2. IRS Mileage Rate**

The most equitable way of reimbursing for congregational business travel when the car is owned by the lay rostered minister is on a per mile basis, based upon the maximum allowable amount per mile as established by the Internal Revenue Service. A careful record of business miles driven must be kept by the rostered minister and these expenses should be reimbursed on a monthly basis.

##### **3. Lump Sum Allowance**

If the congregation and rostered minister choose to have a lump sum travel allowance, then the lay rostered minister must, by tax law, keep careful record of church business miles driven and report these to a congregation officer. This should be done to keep the congregation informed of the rostered minister's need as to the amount of this allowance, as well as for reporting to the Internal Revenue Service.

## **B. CONTINUING EDUCATION (Recommended: \$1100)**

It is of prime importance both for the congregation and the rostered minister that continuing education be encouraged and supported by the congregation. Congregation Councils and rostered ministers should mutually discuss continuing education plans and complete a Continuing Education Covenant in order to best meet the ministry and growth goals of both the pastor and congregation.

### **1. General Expectations**

Two weeks for continuing education with \$1100 paid by the congregation is standard. In addition, it is recommended that the rostered minister contribute another \$450/year towards continuing education. The time and funds may be accumulated for up to three years, allowing for up to six weeks total for more extended study. This is not vacation time, so if it is not used for the purpose of ministry in the present setting, the rostered minister loses the time and congregational funds at the end of employment. A minimum of 50 contact hours per year of intentional continuing education, or 150 contact hours each three-year period, is encouraged (A contact hour is defined as a typical 50 minute classroom session or the equivalent). Beyond structured classroom settings, this time may also include guided independent study and reading, as well as time spent in text study groups.

### **2. First Call Theological Education**

First Call Rostered Ministers are required to participate in 25 Contact hours specified by the First Call Theological Education Program in each of the first three years. It is expected that FCTE time and expenses are included in the overall planning of continuing education as per the First Call Theological Education Covenant.

## **C. PROFESSIONAL MINISTRY EXPENSES (Recommended: \$325)**

A minimum suggested guideline of \$325 for professional ministry-related expenses should be planned. These expenses may be for books, vestments, periodicals, mobile communication devices, professional dues, entertaining, and hospitality costs incurred in performance of the duties of the ministry. Qualifying expenses must be substantiated by the lay rostered minister or the money received becomes taxable as regular income. Professional expenses are designated as such by the congregation and acknowledged by the IRS.

#### **D. OFFICIAL MEETINGS (Recommended: \$475)**

Rostered ministers are expected to attend two meetings of the synod each year:

Synod Assembly

Bishop's Convocation

These meetings include the business of the synod, theological reflection, best practices in ministry training, and healthy collegial interaction. An amount of \$450 is recommended to cover the registration fees of these meetings. Congregations are also encouraged to reimburse registration fees for their rostered minister's spouse or partner to attend the Bishop's Convocation. In addition, rostered ministers are expected to attend conference meetings and other gatherings that occur in the life and ministry in the Synod.

#### **E. MOVING EXPENSES**

Congregations will provide reimbursement of moving expenses of arriving rostered ministers or for congregationally required local moves. The rostered minister should obtain two or three bids from professional movers to submit to the Congregation Council. Alternatives may be mutually negotiated.

### **IV. WEEKLY, ANNUAL AND SABBATICAL TIME COMPENSATION**

#### **A. SABBATH DAY**

##### **1. Weekly Rhythm of Work and Rest**

Full-time called rostered ministers of our congregations must strive for a healthy balance in their lives. Clearly defined expectations of work and time off are important for both the rostered minister and the congregation. Knowing that some weeks will be more demanding and some less, an average of 45 to 50 hours per week is a fair expectation for both congregation and rostered minister. Congregations should be sure to support their rostered minister taking at least one full day off each week, preferably two. The specific regular day off each week should be announced and communicated so all understand this. Flexibility is necessary, but a definite pattern makes for better health and attitude for all concerned.

Since church work requires a great deal of evening and weekend involvement, one way to reasonably set expectations with the rostered minister is to think in terms of blocks of time. Each day can be considered to have three blocks of time—morning, afternoon, and evening. A seven day week consists of 21 time blocks. A reasonable expectation of full-time service might be 14-15 time blocks. Weekly time off to provide a normal opportunity for renewal, refreshment, and personal business would usually involve 6-7 time blocks per week.

## **B. VACATION TIME (Recommended: 4 weeks; 15+ years of experience: 5 weeks)**

### **1. Vacation**

Rostered ministers will receive four weeks (including Sundays) until the fifteenth year of experience when vacation time may be increased to five weeks (including five Sundays). Vacation time may not be carried over from one year to another, unless so stated by specific agreement with the congregation. **Note regarding part-time employment:** The same number of vacation weeks applies. For example, a full-time rostered minister would work 48 full-time weeks and have four full-time weeks of vacation; a half-time rostered minister would work 48 half-weeks and receive four half-week vacations.

Vacation does not include continuing education. In addition to regular vacation time and continuing education, congregations should consider that rostered ministers be excused up to two weeks including two Sundays for involvement in ministries beyond the congregation. Time spent on churchwide or synodical assemblies, congregational retreats or congregational camping programs is not to be considered vacation time or time off.

### **2. Encourage Annual Rest**

The congregation's strong support of the vacation time of the rostered minister is very helpful. Vacation time is important due to the "on-call" nature of the rostered minister's work as well as the limited, and often disrupted, day-off pattern and the constant weekend duty.

## **C. SABBATICALS**

To encourage the congregational health that comes with longer term rostered ministers, congregations should grant a sabbatical leave for rostered ministers after every four to seven years of service, with a suggested length of three months. Extended time, for revitalization, renewal and study is vital for healthy leaders. Advanced planning, saving and good communication are essential. Assistance in planning for the Sabbatical is available in the Sabbatical Leave Guidelines. (See Appendix D)

General costs of the Sabbatical are the responsibility of the rostered person. The educational costs of a Sabbatical may be funded with continuing education dollars, which may be accrued for up to 3 years. The costs of providing ministry during the rostered person's absence are the responsibility of the congregation. These costs include continuing to pay full salary and benefits for the rostered person on Sabbatical leave.

It is recommended that the congregation place \$500-\$1000 per year in a Sabbatical Leave Fund. This fund is used by the congregation to offset the costs of providing ministry during the Sabbatical.



## COMPENSATION WORKSHEET FOR MINISTERS OF WORD AND SERVICE

This worksheet is designed to help congregations build a compensation package for rostered ministers using the synod's standards. Each item below is described within this document. Use only items which apply.

Name \_\_\_\_\_ Year \_\_\_\_\_

	<b>This Year</b>	<b>Guidelines</b>	<b>Proposed</b>
<b>INCOME</b>			
Base Salary <i>(Based on experience, responsibility and education)</i>	\$ _____	\$ _____	\$ _____
Social Security Payment	\$ _____	\$ _____	\$ _____
<b>BENEFITS</b>			
Portico Contributions	\$ _____	\$ _____	\$ _____
Other <i>(Such as additional retirement contribution, etc.)</i>	\$ _____	\$ _____	\$ _____
<b>Total Benefits</b>	\$ _____	\$ _____	\$ _____
<b>REIMBURSED PROFESSIONAL EXPENSES</b>			
Automobile	\$ _____	\$ _____	\$ _____
Continuing Education	\$ _____	\$ _____	\$ _____
Professional Ministry Expenses	\$ _____	\$ _____	\$ _____
Official Meetings	\$ _____	\$ _____	\$ _____
<b>Total Reimbursed Expenses</b>	\$ _____	\$ _____	\$ _____
<b>WEEKLY, ANNUAL AND SABBATICAL TIME COMPENSATION</b>			
Sabbath Day	_____	_____	_____
Vacation Time	_____	_____	_____
Continuing Education Time	_____	_____	_____
Sabbatical	_____	_____	_____
Other	_____	_____	_____



## **APPENDICES**

<b>APPENDIX A—FORMS</b>	<b>36</b>
HOUSING ALLOWANCE DESIGNATION BY CONGREGATION COUNCIL	<b>36</b>
PASTOR'S ESTIMATE OF HOUSING EXPENSE	<b>37</b>
HOUSING EQUITY ALLOWANCE AGREEMENT	<b>38</b>
<b>APPENDIX B—ACCOUNTABLE REIMBURSEMENT POLICY</b>	<b>39</b>
<b>APPENDIX C—MINISTER/STAFF PERSON CHURCH AUTOMOBILE EXPENSE REPORT</b>	<b>42</b>
<b>APPENDIX D—MODEL SABBATICAL/RENEWAL LEAVE AGREEMENT</b>	<b>43</b>
<b>APPENDIX E – PARSONAGE GUIDELINES</b>	<b>46</b>

**APPENDIX A—FORMS**

**HOUSING ALLOWANCE DESIGNATION BY CONGREGATION COUNCIL**

Upon motion duly made and seconded, it was voted to designate \$\_\_\_\_\_ of the cash salary for 20\_\_ to be paid to the Rev. \_\_\_\_\_ as a housing/furnishings allowance in response to the pastor's request and acknowledgement that the allowance so designated does not exceed the fair rental value of his/her home, furnished, plus the cost of utilities.

Therefore, cash salary shall be \$\_\_\_\_\_ and the housing allowance shall be \$\_\_\_\_\_.

\_\_\_\_\_  
Signed by an officer of the congregation \_\_\_\_\_  
Date

\_\_\_\_\_  
Signed by the Pastor \_\_\_\_\_  
Date

*Pastors: please note:*

*The amount of housing allowance that can be excluded from taxable income is always the smallest of the following three amounts:*

- 1. the amount, officially designated in advance, as "housing allowance," by the pastor's congregation/church organization as housing allowance; or*
- 2. the amount spent for the pastor's primary residence (down payment, mortgage principal and interest, utilities, taxes, insurance, furnishings, maintenance, etc.).*
- 3. the fair rental value of the pastor's home including furnishings and cost of utilities (owned or rented).*

**PASTOR'S ESTIMATE OF HOUSING EXPENSE**

This form may be used to help the Pastor determine an estimate of expenses qualifying under the Pastor's housing allowance.

To: (Name of Congregation)

From: (Name of Pastor)

Date:

Re: Housing allowance for year extending from \_\_\_\_\_, 20\_\_ to \_\_\_\_\_, 20\_\_.

The amounts set forth below are the amounts I expect to spend during the period \_\_\_\_\_ (as above) to rent or otherwise provide a home for my family and me.

Item:

- 1. Rent on leased property or payments on purchase of a home \$ \_\_\_\_\_  
*(including down payment, acquisition costs, mortgage payments of principal)*
- 2. Garage rental *(if not included above)* \$ \_\_\_\_\_
- 3. Utilities \$ \_\_\_\_\_  
*(gas, electricity, water, sewer, oil, telephone, trash removal, firewood, cable TV)*
- 4. Insurance *(homeowner's, fire, extended coverage, liability, contents, flood)*  
\$ \_\_\_\_\_
- 5. Repairs and maintenance \$ \_\_\_\_\_
- 6. Furnishings and improvements \$ \_\_\_\_\_
- 7. Interest \$ \_\_\_\_\_
- 8. Taxes \$ \_\_\_\_\_
- 9. Other housing expense \$ \_\_\_\_\_
- TOTAL \$ \_\_\_\_\_

\_\_\_\_\_  
Signed

\_\_\_\_\_  
Date

## HOUSING EQUITY ALLOWANCE AGREEMENT

*The Portico offers an Optional Pension Plan fund that can be used for Housing Equity compensation. They have the forms necessary for the congregation. If the congregation chooses not use this fund, this form is available.*

At a properly called meeting of the congregation of \_\_\_\_\_ Lutheran Church, with a quorum present, held on \_\_\_\_\_ it was moved, seconded, and voted to establish a housing equity allowance fund for the Rev. \_\_\_\_\_ with (1) initial contribution of \$\_\_\_\_\_ for the year 20\_\_, and (2) with subsequent annual contributions to be determined each year thereafter by vote of the congregation.

The conditions of this agreement are as follows:

1. The annual contribution shall be placed in the \_\_\_\_\_ (name of fund).
2. The fund shall not be available for use by the congregation or by the pastor except for the purchase of a house by the pastor or the pastor's spouse.
3. The fund shall be paid in full, upon request, to the pastor or survivors in the event of the pastor's disability, retirement, or death.
4. The funds shall be payable to the pastor's estate if there is no surviving spouse.

\_\_\_\_\_  
Signed by an officer of the congregation

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signed by the Pastor

\_\_\_\_\_  
Date

**LONG FORM  
ACCOUNTABLE REIMBURSEMENT POLICY**

\_\_\_\_\_ Lutheran Church ("congregation") recognizes that certain expenses of ministry paid by the pastor/staff person are part of the ordinary and necessary costs of ministry in this congregation. Accordingly, we hereby establish an accountable reimbursement policy to defray them directly. The costs for reimbursement of ministry expenses shall be estimated and included in the annual congregation budget. It shall be in addition to the pastor's annual salary and housing.

The following requirements for the policy are binding upon the congregation and upon each pastor and staff person.

Accordingly, the congregation hereby establishes an accountable reimbursement policy, pursuant to IRS regulations and upon the following terms and conditions:

1. The pastor/staff person shall be reimbursed for his/her ordinary, necessary and reasonable business expenses, documented in accordance with IRS policies, incurred in the conduct of the ministry for, and on behalf of, the congregation.
2. The executive committee, bookkeeper or treasurer, (as designated by the congregation) must be given an adequate accounting of each expense, including, but not limited to, a statement of expense showing the amount, date, place, business purpose and business relationship involved. Such documentation shall include receipts for all items of \$25 or more (*a congregation may set a lower amount or a higher amount but not higher than \$75*). Appropriate documents, cash receipts, canceled checks, credit card sales slips and contemporaneous records for those non-receipt expenses less than \$25 must be attached to each expense report. A log of total miles per day and enumeration of their general purpose shall suffice to substantiate automobile mileage, but under no circumstances will commuting mileage between the pastor's home and church office be reimbursed. Copies of the documentary evidence and expense report shall be retained by both the pastor/staff person and the congregation. The president or member of the executive committee (or treasurer) shall be responsible for approving the expense. No person may approve his/her own expenses. The executive committee (or treasurer) shall exercise discretion regarding the adequacy of the substantiation and the appropriateness of any reimbursement.
3. It is the intention of this policy that reimbursements will be paid after the expense has been incurred by the pastor/staff person. Substantiation must be provided within sixty (60) days of incurring the expense. However, should circumstances require payment of an advance for any particular anticipated expense, the pastor/staff person must account for the expense and return any excess reimbursement within 30 days of the issuance of the advance. Any excess advance must be returned to the congregation before any additional advances are provided to the pastor/staff person.

**Accountable Reimbursement Policy**  
**Page 2**

---

4. Budgeted amounts not spent must not be paid as a salary bonus or other personal compensation. If such payments are made, the entire amount of the payment for which there is no documented expense will be taxable income to the pastor/staff person. Disposition of any unspent balances remains at the discretion of the congregation in building the budget for the next fiscal year.
  
5. It is understood by the various parties that all elements of this resolution must be carefully followed to prevent the congregation from being required by regulation to list total payments for business expenses on IRS reports (W-2) as "includable compensation." The primary responsibility for meeting the requirements of expense reporting belongs to the individual incurring the expense,

Adopted on \_\_\_\_\_, by the Congregation Council of \_\_\_\_\_ Lutheran Church.

*This is a sample of an accountable reimbursement policy. Congregations may have practices that vary and those practices should be reflected in their policy. The specifics of each policy should be reviewed by each church and pastor considering their specific concerns. If legal or tax advice is required, the services of a competent professional advisor should be sought.*



## WORKSHEET TO HELP WITH SETTING BUDGET FOR ACCOUNTABLE REIMBURSEMENT POLICY

The following are suggested items for inclusion in this accountable reimbursement policy. This worksheet is for budgeting purposes only. It may be necessary to further allocate these expenses across specific budget lines, depending upon the ministry purpose.

WORKSHEET FOR

---

(name of pastor or staff person)

A. Automobile (standard federal mileage rate), parking and tolls	\$ _____
B. Office supplies and postage	\$ _____
C. Office equipment, computer and software	\$ _____
D. Books, subscriptions and periodicals such as professional journals	\$ _____
E. Professional dues	\$ _____
F. Religious materials, vestments and business gifts	\$ _____
G. Continuing education and seminars (As approved by the appropriate committee)	\$ _____
H. Travel, lodging and meals while on business for the congregation	\$ _____
I. Other	\$ _____
J. <b>Total</b>	<b>\$ _____</b>

**APPENDIX C— MINISTER/STAFF PERSON CHURCH AUTOMOBILE EXPENSE REPORT**

FOR THE MONTH OF \_\_\_\_\_, 20\_\_

VEHICLE DESCRIPTION: \_\_\_\_\_  
 (USE SEPARATE REPORT FOR EACH VEHICLE)

**MILEAGE METHOD**

DAY OF MONTH	GENERAL DESCRIPTION OF TRAVEL PURPOSE  (AT DISCRETION OF PAYROLL PERSON, MINISTER/STAFF PERSON'S APPOINTMENT BOOK MUST RECONCILE WITH THIS COLUMN. WHEN CONFIDENTIALITY IS NECESSARY, USE "PRIVATE" AS DESCRIPTOR.)	TOTAL MILES TRAVELED (DO NOT INCLUDE COMMUTE OR PERSONAL MILES) [1]	TOLLS & PARKING [2]
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
TOTAL FOR COLUMNS [1 & 2]:			
CURRENT MILEAGE REIMBURSEMENT RATE PER MILE:			
TOTAL FOR COLUMN [1] TIMES (X) CURRENT MILEAGE REIMBURSEMENT RATE PER MILE:			
TOTAL AUTOMOBILE BUSINESS EXPENSE (A) = ADD LAST LINE OF COLUMN [1 & 2]:			

## **APPENDIX D - MODEL SABBATICAL/RENEWAL LEAVE AGREEMENT**

The annual Compensation Guidelines, proposed by the Synod Council and adopted by the Synod Assembly each year, encourage sabbaticals for rostered persons who have served in the same ministry site a minimum of four to seven years. The following guidelines are offered to assist congregations and rostered persons as they plan sabbaticals.

Excellent resources include *Clergy Renewal: The Alban Guide to Sabbatical Planning* by A. Richard Bullock and Richard J. Bruschoff; *Keeping the Sabbath Wholly* by Marva J. Dawn; and "My Church Can't Afford a Sabbatical!" in *The Clergy Journal*, February 1997.

### **Sabbatical Grounded in Scripture**

We usually think of the Sabbath as the seventh day of creation when God finished creating and rested. More than an afterthought of creation, the Sabbath is a gift from God for rest, renewal and hope.

The first books of Scripture speak of "Sabbath" days and years. Even the land was given a Sabbath when it was left to lie fallow and replenish itself. Jesus' forty days in the wilderness marked a turning point in his ministry. Moses' time spent tending sheep helped change his perspective on life. David tended sheep and learned valuable lessons about God's care and provision. Paul, struck down on the road to Damascus, disappeared into the desert of Arabia for three years and emerged with a new vision.

### **Sabbatical – Grounded in Reality**

The plan is prepared in consultation with congregational leadership (e.g., Sabbatical Committee, Personal Committee, and Mutual Ministry Committee) six months prior to the Sabbatical. It includes a proposal identifying how the rostered person's responsibilities will be carried out in their absence.

The plan is submitted to the Synod Office (for information) prior to the beginning of the Sabbatical Leave.

The rostered person shall submit a brief written report to the congregation within 30 days after returning to the ministry site. In addition, the rostered person shall covenant to serve the congregation for period of no less than 12 months following the conclusion of the sabbatical.

### **What are the costs of a sabbatical?**

The congregation continues to pay full salary and benefits for the rostered person who is on Sabbatical Leave. Car allowances may be negotiated.

Accrued continuing education dollars can be used for the educational costs of the sabbatical. Based on ELCA policy, continuing education dollars can only be accrued for three years.

The cost of providing ministry during the rostered person's absence is the responsibility of the congregation. Other costs of the sabbatical are the responsibility of the rostered person.

It is strongly recommended that the congregation place \$500 -1000 per year in a Sabbatical Leave fund. This fund is used by the congregation to offset costs of providing ministry during the sabbatical.

### **How is ministry in the local setting covered during the Sabbatical?**

Local circumstances will determine what options are best; for example:

In a multiple staff parish, pastoral ministry could be provided by pastoral staff; other duties may be shared with lay leadership or other persons contracted to assist.

Congregations with one pastor per setting could form a cluster and take turns sharing pastoral leadership while one of the pastors is on sabbatical.

Supply pastors could provide pastoral leadership.

Congregations with an intern or rostered lay minister could tap this person to assist during the sabbatical.

Lay leadership could surface to provide ministry during the sabbatical.

Congregations could be creative in discovering ways to do ministry.

### **What's a Sabbatical Leave?**

A Sabbatical Leave is a significant time away from congregational responsibilities; a time to receive, to be nurtured, to dig deeper into yourself, your relationship with God, and your own roots and stories, so that you can be renewed, refreshed, and revitalized by the breath of God.

A Sabbatical Leave is not a time do similar professional work in another setting.

A Sabbatical Leave is not to be confused with the annual continuing education expectation for each rostered person.

### **How long is "a significant time away?"**

Sabbatical leave is normally three months set aside for revitalization and renewal granted once every 4-7 years at the same ministry site. A Sabbatical of this length would help to encourage longer stays by pastors in a given parish and thus be of benefit to that congregation. Remember, Sabbaticals are time for professional growth and personal renewal. One hope is that Sabbatical experience will reduce "burnout."

Vacation time and Continuing Education time are not included as Sabbatical Leave but are granted as in any other year.

**What's involved in planning a Sabbatical?**

Rostered persons shall define the areas where they are most in need of renewal at the time (e.g., spiritual, professional, mental, emotional, social) and the types of activities that will be most renewing for them (e.g., retreat, study, family time, recreation).

The plan should be intentional but allow enough freedom to change direction or let go of an old dream as a new vision emerges. The best Sabbatical Leave usually are more open-ended than rigid, allowing for the surprises and new directions that may come.

## APPENDIX E – PARSONAGE GUIDELINES

A parsonage is the home provided by the congregation for its rostered minister. It should be a comfortable home for the rostered minister and his/her family.

These guidelines are designed to help both the rostered minister and the congregation. Following them will help the congregation become aware of needed improvements and let it know if their parsonage meets the synod-wide standards for their rostered minister. These guidelines will also alert the congregation and rostered minister of any abuses of the parsonage property.

Since the parsonage is the rostered minister's home, privacy should be respected. Members of the congregation should follow the same standards of politeness for such things as entering the parsonage as they would for any other home in the community. Because it is the home of the rostered minister, his/her desires should be consulted when changes are necessary. The quality of the parsonage should meet a standard set by the homes of the majority of the congregation's members. The size should be adequate to accommodate families.

The tenant/landlord model may apply on occasion, but its application is quite limited. Contrary to renters, the rostered minister normally has little choice of residence. The relationship between the rostered minister and congregation is not based on a lease or rental agreement, but upon a common bond in the ministry of the congregation. These guidelines are suggested for congregations and their rostered ministers to use to discuss the matters of maintenance, repair and responsibilities relative to a church-owned home.

1. It is recommended that the following appliances be provided in the parsonage:

- Stove with oven
- Refrigerator
- Washer & dryer
- TV antennae (unless cable or satellite TV is provided)
- Air conditioning (central air is recommended, but in certain settings window box air conditioner may be appropriate)
- Humidifier/de-humidifier (if needed)
- Soft water conditioner (if needed)
- Dishwasher (optional)
- Garbage disposal (optional)

2. It is recommended that the following utilities be paid directly by the congregation or an adequate utilities allowance be provided for the rostered minister to pay for them:

- Electricity
- Gas
- Water/sewer/garbage
- Telephone (except personal long distance)
- Internet Connection

3. Items that would normally be supplied by the congregation include:

- Paint
- Wall coverings
- Floor coverings
- Ceiling fans
- Window coverings
- Light fixtures

4. Appropriate to the community setting, the following are also recommended:

- A two-car garage
- An outdoor living space (such as porch, deck, or patio)
- A safe and adequate area in which children can play

5. Services

- An adequate supply of hot and cold water, in all rooms using water
- Proper sewage system
- Weekly trash pick-up when available
- Water treatment if needed
- Regular professional pest control if needed
- Smoke detectors, carbon monoxide detectors, fire extinguishers, and radon inspection where deemed necessary
- Outside water faucets and electrical outlets
- Snow removal and lawn service to be determined at time of call
- Internet service if the rostered minister maintains an office in the parsonage

6. Maintenance and Improvements

- It is important to plan ahead for repairs and improvements. These should be a line item in the church budget in the amount of at least 1½ % of the insured value of the parsonage to take care of routine and emergency expenses. If these funds are not used in any given year, they should be held in escrow for when it is needed. There should be a clear understanding in writing of who can use these funds and to what extent they can be used without the consent of the appropriate committee.
- The electrical service should be inspected, and all wiring, including the installation of circuit breakers, required number of outlets, wall switches, and light fixtures are to meet the National Electrical Code.
- It is important in the interest of both comfort and stewardship that all windows and doors be weather tight, with either storms or thermopane glass, and that there be screens for all windows. If new windows are installed, they shall be high-performance energy efficient type.
- Both the interior and exterior of the parsonage should be kept in such repair as to preserve not only its physical condition, but also its aesthetic value, and this includes sensitivity to the historical design of a building when making changes. Painting and papering should be done regularly, in consultation with the parsonage family.
- It shall be the responsibility of the occupants of the parsonage to provide for the cleanliness of it and the repair of any damage that they or their pets have caused to the interior, exterior, or grounds. An existing rostered minister shall also be responsible for removing swing sets, above ground pools, and other personal non-permanent additions. If, when leaving, the

cleaning, restoration, and repair of damage have not been done, the rostered minister will be billed for it. If he/she does not pay this bill, or contests it, a recording of refusal or negations shall become a permanent part of the rostered minister's record.

7. Before a rostered minister moves into a parsonage, the congregation should see that it is thoroughly clean and may want to use this occasion to update and redecorate the parsonage.

- The colors, fabric, design, etc., selected in the redecoration would normally be selected by those who will be living in the house in consultation with the appropriate committee. The congregation, of course, shall determine the price ranges for these items.
- Video/photos of parsonage at move in for record keeping.

8. Annual Inspection of the Parsonage and Dealing with Needs

- There should be an annual inspection of the parsonage by persons designated by the Congregational Council. The purpose of the inspection is to discover needed repairs, improvements, and refurbishing, and to make short-term and long-term plans for accomplishing these, with prompt attention given to safety and health factors. Needs which arise between inspections should be taken care of promptly.
- As part of the call process, the new rostered minister (and spouse) should tour the parsonage with a member of the call committee, Congregational Council chairperson and appropriate property committee person and agree as to what repairs and redecorating are to be done before the new rostered minister arrives.

9. Safety and Security

- If security is an issue in the community, whatever is needed to make the dwelling secure should be provided, i.e. dead-bolt locks, security systems, outdoor lighting, etc. A key change is suggested at the time of change of call.
- To make access to the house safe for occupants and guests, the driveway and the steps and sidewalks to all doors need to be of an even surface and kept in good repair.
- All outside steps should have safe and secure railings.

10. Pets in the Parsonage

While it is recognized that it is the right of the parsonage family to have pets, it is also recognized that the ownership of pets requires the rostered minister to assume responsibility for them. At minimum these responsibilities include:

- Caring for the pets in a humane and responsible manner.
- Securing permission of the local church for the construction of any needed facility.
- Assuming financial responsibility for the construction, maintenance, and eventual removal (at the time of a move) of any facility, such as a dog house, fenced enclosure, etc.
- Replacing/repairing any damage done by pets to the carpets, floors, drapes, doors, lawn, etc., as well as cleaning and deodorizing to the approval of the appropriate committee and the incoming pastor.



- Any cleaning, repair, or removal resulting from the ownership of pets that is not done by an outgoing rostered minister shall be billed to him/her.

#### 11. A Parsonage Notebook or File

It is recommended that every parsonage family maintain and pass on to the next rostered minister a notebook or file of records and helpful household data, including, but not limited to:

- A record of the date and place of purchase of all appliances and equipment. Manuals and service contracts for these are to be kept together.
- A record of the date and name of contractor and a description of any work done on the parsonage.
- A record of any decorating or refurbishing, to include paint color, type, brand, etc.
- Any special information necessary regarding shrubs, flowers, etc.

12. When a rostered minister moves out of a parsonage, and before all financial obligations are completed, there should be an inspection of the property to see that it is left clean and in good repair. The rostered minister should be held responsible for any excess wear or damage caused to the parsonage while he or she was living there. This would include any damage caused by children or pets.

13. The grounds around the parsonage are usually the responsibility of the congregation. The congregation should see that the lawn, shrubbery and flowerbeds are in good condition when a rostered minister moves into the parsonage. It should be determined if the rostered minister is expected to care for these grounds (mow, rake, remove snow, apply fertilizer, insecticides, herbicides) or the congregation will bear this responsibilities. The rostered minister and a person from Congregational Council should negotiate the division of labor immediately after the rostered minister's arrival. Congregations should consider taking care of the grounds around the parsonage while the rostered minister is on vacation or study leave if it has been decided this is the rostered minister's responsibility.



**South-Central Synod of Wisconsin**  
Evangelical Lutheran Church in America  
*God's Work. Our hands.*