

2007 COMPENSATION GUIDELINES

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*This document can be downloaded from the synod website
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PREFACE

These 2007 compensation guidelines have been prepared by the Compensation Guidelines Team of the Commission for Leadership. Team members include: The Rev. Gordon Reinertsen, Chair; AIM Stella Blenner; Ms. Audrey Elam; the Rev. Scott Seeke; and the Rev. Amy Onstad, Synod Liaison.

Compensation Guidelines were first developed in the 1960s by the predecessor bodies of the current ELCA. At the time of the 1988 merger, compensation guidelines from each of the merging Lutheran bodies were consolidated. From 1982 to 1987, Pastor Reinertsen served on the American Lutheran Church Compensation Guidelines Committee. At the time of the merger, Pastor Reinertsen was requested to continue work in this area for the ELCA. The Team has the responsibility to be supportive and advocates for fair compensation for all rostered persons - clergy and lay.

These 2007 compensation guidelines have been developed by the Guidelines Team of the Commission for Leadership. The Guidelines Team submits the Guidelines to the Synod Council. The Council submits the Guidelines to the synod assembly for adoption and use by congregations and agencies.

The recommended process for use of these guidelines are twofold:

1. Congregational/Agency Mutual Ministry Committee reviews compensation guidelines and provides an annual review for the rostered person.
2. Mutual Ministry Committee in conjunction with Church Council recommends a compensation package to the Congregation for inclusion in the annual budget.

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COMPENSATION AT A GLANCE

DEFINED COMPENSATION

Minimum Salaries: Recommended minimum salaries have been based on the Rostered Person's education, responsibilities, years of experience, and size of congregation. Additional compensation should be considered if special circumstances are indicated. Special circumstances may include special experiences, skills, credentials, or the complexity of the situation. A Rostered Person may have work experience prior to entering the ministry which a congregation/agency may want to take into consideration when setting salary.

Housing: The housing allowance is to include what is actually spent on the house. The housing allowance provided is based on local home fair rental values, plus utilities, plus tax rates. The amount of housing allowance that can be excluded from taxable income is always the smallest of the following three amounts:

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

It's important to note that housing allowance can be excluded only if it is officially designated through a resolution, minutes or budget identification, before such payment is made.

Please note: IRS regulations DO NOT permit housing allowances for Rostered Lay Persons.

Social Security: Pastors are required to compute and pay self-employment Social Security Tax (SECA). The SECA rate is 15.3% on salary and housing. Some congregations include a Social Security Allowance. If a congregation/agency includes a Social Security Allowance in the Pastor's compensation, it must be declared as income. Therefore, when a congregation/agency includes the entire cost of Social Security, the allowance would be 16.59% of salary and housing.

Please note: The IRS regards Rostered Lay Persons as employees of the congregation/agency, therefore the congregation must pay the employer portion of Social Security. No other Social Security allowance is allowed for Rostered Lay Persons.

ADMINISTRATIVE COSTS

Pension & Medical: It is the expectation of the Southeastern Synod that all congregations/agencies provide a Pension and Benefits Program for all Rostered Persons - Clergy and Lay. The cost for the ELCA Pension, Survivor Benefits, Administration cost, Medical, Dental and Disability Insurance is calculated as a percentage of the Rostered Person's compensation. This synod encourages all congregations/agencies to contribute to the Pension Plan at a minimum of the 12% rate.

Auto Expense Reimbursement: The congregation/agency should reimburse miles traveled in carrying out duties as a Rostered Person - Clergy or Lay at the rate allowed by the IRS. Miles traveled commuting are not reimbursable. Transportation reimbursement is not considered a benefit, but a normal operating business expense of the congregation/agency.

Continuing Education: It is expected that all Rostered Persons - Clergy and Lay, will participate in continuing education programs that enhance ministry and enrich congregations. Congregations/agencies are expected to support these goals/ideals by providing to the Rostered Persons a **MINIMUM** of two paid weeks including two Sundays (outside of vacation) per year and \$750.00 per year, cumulative for three years.

Professional Liability/Malpractice insurance: Changes in societal attitudes are making Clergy, staff, and congregations more vulnerable to malpractice claims. Therefore, the congregation should provide professional liability coverage for pastors. Questions regarding this insurance coverage should be addressed to the congregation's insurance agent. Coverage for a lay professional should be evaluated on a case by case depending on the nature of his/her ministry, i.e. youth workers, musicians, teachers.

Health Examination: The synod encourages the congregation and Rostered Leaders to share the cost of regular health examinations. ELCA insurance may not cover the total cost of such physical examinations.

ISSUES FOR ALL ROSTERED PERSONS - CLERGY OR LAY

STEWARDSHIP OF LIFE

In being Christ's disciples we are all exhorted to be good stewards of God's creation and to remind one another of this calling. As creations of our heavenly Father, rostered persons are reminded to practice that which is preached. God has given us the privilege of being called to lead our church, our congregations of faith. As such we are called to set good examples, to be models for people in the congregation. All rostered persons are reminded that they are to take care of themselves, so that they can take care of those that have been placed in their care. Days off are to be taken. Rostered persons are encouraged to take one full day off per week. In addition, time should be taken for intentional prayer and spiritual self-care/wellcare. These are times to recharge our "batteries" as well as our souls. Physical and emotional wellness are essential to positive ministry. In managing time at work and time off rostered persons may want to consider each day as divided into three segments: morning, afternoon, and evening. Each week contains twenty-one such segments. Working fourteen or fifteen of those segments, equaling approximately 45 hours, is suggested as the norm. During Lent and the Advent season more may be required. Correspondingly, some summer months may require less. All rostered persons are asked to take care of themselves. All congregations are reminded that they should support all rostered persons and their families in being good stewards in Christ's church.

REVIEW OF MINISTRY PERFORMANCE

Regular reviews of rostered persons can provide an opportunity for both the rostered person and the congregation to identify, and develop ministry and leadership needs for the congregation.

It is suggested that a rostered person participate in a ministry review at least once a year, preferably NOT in conjunction with the preparation of the congregation's budget.

While an annual review may be regarded as sufficient, it may not provide the best overall assessment of an individual's ministry or of the congregation's ministry. Quarterly and/or semi-annual reviews may provide a more positive, honest and productive view of the rostered person's and congregation's ministry. More frequent reviews can aid in further development of positive leadership qualities as well as pinpointing potential areas of conflict. Early identification can lead to more effective ministry.

(See Appendix B for Additional Resources)

VACATION

Rostered Clergy or Lay:

- a. Synod minimum standard is four weeks, including four Sundays per year.
- b. It is recommended that after each additional ten years in ministry, one additional week of vacation (including one Sunday) be given.

1-10 years service	4 weeks vacation, including 4 Sundays	11-20 years service	5 weeks vacation, including 5 Sundays
21-30 years service	6 weeks vacation, including 6 Sundays	31-40 years service	7 weeks vacation, including 7 Sundays

ILLNESS

1. The synod recommends up to 20 days in a 12-month period which cannot be accrued and carried forward from year to year.
2. In catastrophic situations, it is recommended that Congregation Councils consider two additional months of sick leave to cover the individual until disability coverage begins, provided that there is proper documentation from the appropriate physician (ELCA Pension and Benefits Plan provides disability coverage beginning with the start of the third month of disability).

PARENTAL LEAVE

1. A parental leave plan shall be drawn up in open consultation with the rostered person and the mutual ministry committee, with the final approval of the congregation council. Specific conditions, including number of weeks leave before and after the birth or adoption of a child, should be negotiated in advance in writing.
2. Parental leave should include up to six weeks full salary and benefits for mothers, and up to two weeks full salary and benefits for fathers. When both parents are clergy (either in the same congregation or separate congregations), both should be given leave.

CONTINUING EDUCATION

1. It is expected that all rostered persons will participate in three years of first call theological education and that the congregation will support this with paid time off and funding.
2. It is expected that all rostered persons will participate in 50 contact hours a year of education (beyond first call education) that enhance ministry and enrich congregations.
3. Congregations are expected to support these continuing education goals/ideals by providing to the rostered person a **MINIMUM** of two paid weeks including two Sundays (outside of vacation) per year and \$750.00 per year, cumulative for three years. Rostered persons are expected to contribute an additional \$300.00 per year.
4. Congregations are expected to provide a minimum of \$150.00 for publications and media resources.
5. Official Meetings - Synod assemblies and synod-sponsored professional leadership conferences are official meetings of the synod. It is expected that all rostered persons will attend these meetings and funding, plus paid time off, will be provided by the congregation, as they are a part of their call to the congregation. **This time off and related expenses are in addition to vacation time and continuing education time.**
6. To accomplish Continuing Education goals, congregations are strongly encouraged to enter a CONTINUING EDUCATION COVENANT between the rostered person and congregation.

REIMBURSEMENT

Income tax regulations 1.162-17 and 1.274-5(e) provide that an employee need not report on his/her tax return expenses paid or incurred by him or her solely for the benefit of his/her employer for which he/she is required to account and does account to the employer and which are charged directly or indirectly to the employer.

Under this tax regulation, the Professional Expense Accountable Reimbursement Policy (See Appendix E) must be adopted by the congregation council. The rostered person(s) must submit adequate supporting accounting and documentation to the church treasurer on a monthly basis. All receipts and other documentary evidence shall be retained by the congregation.

TRANSPORTATION REIMBURSEMENT

The congregation/agency should reimburse miles traveled in carrying out duties as a rostered person at the rate allowed by the IRS. The current rate can be found at www.irs.gov (search for "standard mileage rates"). Miles traveled for commuting are not reimbursable.

The rostered person should submit a signed report each pay period or no less than monthly to the responsible financial officer of the congregation. It may be advantageous for the congregation to lease a car for the rostered person. Personal use of leased cars is to be reimbursed to the congregation or taken as taxable income. Transportation reimbursement is not a benefit, but a normal operating business expense of the congregation/agency.

TRANSITION AND SUPPLY PASTORS

In order to avoid misunderstandings, it is recommended that all fees and reimbursements be agreed to and signed off by all parties prior to the onset of services.

1. A Transition Pastor shall receive remuneration of a minimum of \$25-\$40 per hour, or at a rate mutually acceptable (to be negotiated and put in writing prior to onset of services), mileage reimbursement (current rate can be found at www.irs.gov, search for "standard mileage rates"), and related business expenses (e.g., telephone, postage, meals, hotel, etc.). If said Transition Pastor leads worship, the costs for a "supply pastor" (see #4 below) shall also apply. If pastoral services are shared by a transition and a supply pastor the remuneration shall be negotiated based on work load and put in writing
2. A full-time Transition Pastor shall normally receive remuneration comparable to the previous pastor or within synod guidelines considering the experience and skills of the Transition Pastor. Housing (either parsonage or housing allowance) is to be provided and reimbursement (current rate can be found at www.irs.gov; search for "standard mileage rates") and related business expenses (e.g., telephone, postage, meals, etc.).
3. A part-time Transition Pastor shall receive remuneration and housing proportionate to the percent of time spent relative to a full-time Transition Pastor.

4. A supply pastor shall receive (This would apply to any rostered person serving as worship leader):
 - a. Preaching - one service = minimum of \$140.00; two services = minimum of \$170.00; each additional, same day, service = \$40.00 each;
 - b. Other supply services such as meetings, confirmation, calls, etc. shall be paid at a minimum of \$30 to \$50 per hour, or at a rate mutually acceptable (to be negotiated and put in writing prior to onset of services);
 - c. Mileage shall be reimbursed at the IRS standard business rate (current rate can be found at www.irs.gov ; search for “standard mileage rates”);
 - d. All reasonable hotel and meal costs shall be reimbursed.
5. Transition and supply pastors are encouraged to have an honorarium/fee schedule for special services, i.e. weddings and funerals, and related mileage expense rates.

SPECIAL SERVICES (e.g., workshops, consultations, retreats, etc.)

Rostered persons are to negotiate with congregations and/or agencies for remuneration and related expenses (to be negotiated and put in writing prior to the onset of services).

GUIDELINES FOR SABBATICALS FOR ROSTERED PERSONS, CLERGY AND LAY

The Southeastern Synod is an advocate of sabbaticals for rostered leaders. The Synod Council and Synod Assembly urge calling bodies to recognize the value of a time for Sabbath rest and renewal through prayer, biblical and theological reading and reflection, spiritual direction, professional skill development, personal relationship strengthening, and relaxation.

Congregations, institutions and agencies are asked to provide time and financial support to allow pastors, associates in ministry, diaconal ministers, and deaconesses to experience not only the blessing of weekly Sabbath time, but also the blessing of extended Sabbath time that a sabbatical allows. Just as missionaries around the world are given furlough leave from their responsibilities on a regular rhythm, so, too, should our mission leaders, working for our Lord on their mission fields, be given the “furlough” that is a sabbatical leave. This is vital for Great Commission leaders and the congregations, institutions and agencies that they serve.

The following Guidelines are provided to assist rostered persons and calling bodies in the provision of sabbatical leave.

1. Letters of call for rostered leaders should include the calling bodies’ intention to provide a sabbatical at the appropriate time.
2. Rostered leaders and calling bodies ideally should begin planning sabbatical leave at least a year in advance of the proposed leave, and are asked to consult with the bishop’s office as planning begins.
3. Sabbatical leave normally will be for a period of not less than three months, and not more than twelve months.

4. Rostered leaders who have a minimum of seven years in rostered, full-time ministry, and who have served in their current call for five years are eligible for sabbatical leave. Any questions about the definition of full-time service may be directed to the bishop's office.
5. A rostered leader shall agree to serve the calling body for a minimum of one year following the completion of sabbatical leave. Exceptions to this policy because of unusual circumstances must be discussed by the rostered leader with the calling body and the bishop.
6. The base salary, housing allowance or housing equity allowance (if applicable), Social Security offset, pension contribution, and medical/dental coverage should be maintained at the current level, with the rostered person assuming responsibilities for all other personal and family expenses. Continuing education funds may be used for seminars, workshops, retreat time, etc., in accordance with the guidelines for continuing education found in this document.
7. During the time when the rostered leader and calling body are apart from each other, both the congregation, institution, or agency, and the pastor, associate in ministry, diaconal minister, or deaconess will be blessed by new experiences. Those experiences will bring about change in the relationship between the rostered leader and calling body. It can be helpful for both to anticipate this, plan for it, and prepare to celebrate the growth in discipleship which can occur.
 - a. It is suggested that sabbatical goals for both the rostered leader and for the calling body be discussed, set, worked toward during the sabbatical, and reviewed when the sabbatical leave is concluded.
 - b. These goals should be established at least three months before the sabbatical leave begins, should be approved by the rostered leader, the Congregation Council or supervisory group, and should be shared with the bishop.
8. When the calling body begins to make plans for having others assume the normal responsibilities of the rostered leader during sabbatical leave, the bishop's office may be consulted for suggestions and ideas. During the rostered leader's sabbatical leave, a member of the bishop's staff will be present for a worship service or other occasion to represent the synod's support for this program.
9. Rostered leaders on sabbatical leave are not expected to return to their calling body for pastoral or other responsibilities that others can assume, e.g. baptisms, weddings, funerals, youth retreats, council or board meetings, etc.
10. When the sabbatical leave is over, the rostered leader and calling body will prepare a report summarizing goal accomplishment and re-entry challenges, and present that report to the council, board or supervisor in the calling body, and to the bishop's office. This report should be completed no longer than six weeks after the conclusion of sabbatical leave. A time of communal celebration should accompany both the beginning and the end of this time apart.
11. An excellent resource for sabbatical planning is "Clergy renewal - The Alban Guide to Sabbatical Planning," by A. Richard Bullock & Richard J. Bruesehoff.

WORKSHEET

Rostered Ordained Persons With Housing Allowance - 2007 (Clergy)

I. COMPENSATION - *(What Pastor Actually Receives)*

A. Base Salary *(see page 12 , Table A)* \$ _____

B. Additional Compensation \$ _____
(i.e. tax sheltered annuity, life insurance NOT Social Security)

C. Housing Allowance *(see Appendix C)* \$ _____

D. Total of A, B and C \$ _____

E. Social Security Allowance (Line D x .0828) \$ _____

Because Pastors are considered self-employed by the IRS for Social Security computations only, the Synod Council recommends that congregations/agencies contribute a minimum of one-half of the total self-employed social security tax.

F. Defined Compensation (Total of lines D & E) \$ _____

II. CONGREGATIONAL EXPENSE (*For Pension only, the Synod Council strongly recommends 12%; see Appendix C)

G. ELCA Medical, Dental, & Pension Plan *(See Appendix C)* \$ _____**
(approximate percentage - up to 40.4% in Appendix C)

H. Additional Benefits \$ _____

I. Total of lines G & H \$ _____

**Percentages and rate can vary. See current rate schedule.

III. ADDITIONAL CONGREGATIONAL EXPENSES

J. Transportation Mileage reimbursement *(see page 7)* \$ _____
(current rate can be found at www.irs.gov ; search for “standard mileage rates”)

K. Continuing Education *(see page 6, Synod minimum is \$750.00)* \$ _____

L. Publications & Media Resources *(Synod minimum is \$150/year)* \$ _____

M. Official Meetings *(includes synod assembly, Professional Leadership Conference, etc.)* \$ _____

N. Total of lines K, L, M, N \$ _____

WORKSHEET

Rostered Ordained Persons Living in Parsonage - 2007 (Clergy)

I. COMPENSATION

A. Base Salary (*See page 12, Table A*) \$ _____

B. Additional Compensation \$ _____
(i.e. tax sheltered annuity, life insurance, NOT Social Security)

C. Total of A and B \$ _____

D. Social Security Allowance (line C x .10769) \$ _____

Because Pastors are considered self-employed by the IRS for Social Security computations only, the Synod Council recommends that congregations/agencies contribute a minimum of one-half of the total self-employed social security tax.

E. Total of C and D \$ _____

F. Estimate of Parsonage rental value (Line E x 30%) \$ _____

G. Utilities Allowance \$ _____*

H. Furnishings Allowance \$ _____

I. Housing Equity Allowance \$ _____

J. DEFINED COMPENSATION (Total of lines E, F, G, H & I) \$ _____

*Include only if the Pastor pays the utilities with a grant provided by the congregation. If the congregational treasurer pays the parsonage utilities, no figure should be included here.

II. CONGREGATIONAL EXPENSE (*For Pension only, the Synod Council strongly recommends 12%; see Appendix C)

K. ELCA Medical, Dental & Pension Plan (*See Appendix C*) \$ _____**
(Approximate % - up to 40.4% found in Appendix C)

L. Additional Benefits \$ _____

M. Total of lines K & L \$ _____

**Percentages and rate can vary. See current rate schedule.

III. ADDITIONAL CONGREGATIONAL EXPENSES

N. Transportation mileage reimbursement (*See page 7*) \$ _____
(current rate can be found at www.irs.gov; search for "standard mileage rates")

O. Continuing Education (See page 6, Synod minimum is \$750.00) \$ _____

P. Publications and Media Resources (*Synod Minimum is \$150/year*) \$ _____

Q. Official Meetings (*includes synod assembly, Professional Leadership Conference, etc.*) \$ _____

R. Total of lines O, P, Q, R \$ _____

**TABLE A:
ROSTERED ORDAINED PERSONS MINIMUM BASE SALARY
(CLERGY)**

Does not include housing allowances for those buying their own homes

AVERAGE WORSHIP ATTENDANCE

Years of Ordained Ministry	Up to 99	100-199	200-299	300-399+
Up to 5	\$30,801-34,965	\$34,051-40,101	\$38,497-45,068	\$42,864-51,654
6-15	\$33,688-45,068	\$38,497-50,050	\$43,464-55,017	\$49,727-61,759
16-25+	\$43,312-54,539	\$48,124-60,000	\$53,091-65,117	\$59,828-71,706

These salaries are simply base/minimum levels and do not include or reflect any merit increases that may have been given. **None of these salaries reflect a maximum level in any of the categories.** The above numbers reflect a 3% cost of living increase. The Guidelines Team recommends congregations also consider at least an additional 2% merit increase.

Notes

- 1) Minimum Base Salaries above are for all pastors. Salaries should be calculated on basis of experience (including careers before ordination), education, level of responsibility and accountability.
- 2) Minimum Base Salaries above may vary depending on location (e.g., rural, urban, suburban) and other factors from congregation to congregation.
- 3) Any housing allowance should enable the clergy to live within the community in which she/he is serving. The housing allowance should be provided based on local community home fair rental values, plus utility plus tax rates. The IRS code includes military personnel and ordained clergy in the same category relative to housing, and thus has established housing allowances for clergy who purchase homes. See Appendix D for a sample "Housing Allowance Resolution" as required by IRS.

WORKSHEET
Rostered Lay Persons - 2007
(Associates in Ministry, Diaconal Ministers, Deaconesses)

I. COMPENSATION

- A. Base Salary (*see page 14, Table B*) \$ _____
- B. Additional compensation \$ _____
- C. Defined Compensation (Total of Lines D & E) \$ _____

II. PENSION AND OTHER BENEFITS

(*For pension only, the Synod Council strongly recommends 12%; see Appendix C)

- D. ELCA Medical, Dental, and Pension Plan (*See Appendix C*) \$ _____**
- E. Additional Benefits \$ _____
- F. Total of lines D & E \$ _____

** Percentages and rates can vary. See current rate schedule.

III. EXPENSES

- G. Transportation mileage (*See page 7*) \$ _____
(current rate can be found at www.irs.gov ; search for “standard mileage rates”)
- H. Continuing Education (*See page 6, Synod minimum is \$750.00*) \$ _____
- I. Publications and Media resources (*Synod minimum is \$150.00 per year*) \$ _____
- J. Official meetings (*includes synod assembly, Professional Leadership Conference, etc.*) \$ _____
- K. Total of lines G, H, I, and J \$ _____

**TABLE B:
ROSTERED LAY PERSONS MINIMUM BASE SALARY
(Associates In Ministry, Diaconal Ministers, Deaconesses)**

Because of the diversity of educational backgrounds, skills, jobs and responsibilities, minimum base salaries for Rostered Lay Persons are of necessity more loosely framed. In certain circumstances, a Rostered Lay Person may be requested or required to perform certain, but limited pastoral duties. Thus, congregations using these guidelines for Rostered Lay Persons should take into account all factors and circumstances known to them: responsibilities, preparation, and performance of the individual.

Years of Certified Ministry <small>(Certified by ELCA or predecessor body)</small>	Bachelor's Degree (or equivalent)	Master's Degree
Up to 5	\$32,066-42,549	\$36,238-47,344
6-15	\$39,727-53,375	\$42,592-60,054
15+	\$48,550-61,716	\$52,204-69,658

These salaries are simply base/minimum levels and do not include or reflect any merit increases that may have been given. The above numbers reflect a 3% cost of living increase. The Guidelines Team recommends congregations also consider at least an additional 2% merit increase.

In addition to basic salary and the required employer's Social Security (FICA) taxes and worker's compensation, benefits under the ELCA Board of Pensions should be provided for Rostered lay Persons who work a minimum of 20 hours or more per week, for at least six months per year.

(NOTE: IRS regulations do not permit housing allowances for rostered lay persons.)

QUESTIONS OFTEN ASKED

Who should decide the pastor's salary?

In most congregations, the final recommendation to the congregation regarding the salary for the pastor will be made by the church council. Resource material for this decision should include the synod guidelines, a local survey of pastors' salaries in the surrounding area, and any data you can find on merit increases currently being given in local industry. **Please keep in mind that in calculating salary for the pastor, you should not include any housing allowance.**

How do we use the synod guidelines?

The first thing to recognize is that the guidelines are designed to indicate a **range of minimums**. A **range of minimums** tries to give you some idea of a minimum salary for your pastor. Such things as average worship attendance, years since ordination, cost of living in your area, the knowledge and skill needed by the pastor, and the current salary of an incoming pastor should all be factored in to decide where your pastor should start. Once you have decided where the starting point should be, your plan each year should take the percent increase in the minimum guidelines, add that to the pastor's salary, and then add on any additional merit increase you feel is warranted. It is extremely important that you realize that the upper number in the ranges provided by the synod is not a MAXIMUM salary, but only the high end of the minimum.

If we cannot afford to pay at the current guidelines, what should we do?

First of all, recognize that paying your pastor below the synod guidelines often results in friction between the pastor and the council. Turnover may result and you will be faced with difficulty in replacing your pastor. The best advice is to lay out a two to three year plan and work toward bringing your pastor's salary in line with synod guidelines. Sharing this plan with the pastor will create an open environment based on trust and understanding. Then follow through with your commitment.

We are a new church with an experienced pastor. If we follow the guidelines, we would underpay our pastor. What do you suggest?

Guidelines are in fact only guidelines. They are not hard and fast rules! You should be sure that your pastor's salary properly reflects past accomplishments and years of service. New churches often experience high growth rates, and you may want to consider size of membership as opposed to the size of the worship service in the synod guidelines. Please realize that the recommendation is one that each church council must make. Guidelines only give you a starting point.

How do we get feedback from the pastor regarding his/her compensation?

The first thing to do is to build an atmosphere of trust and openness. We suggest that you form a mutual ministry committee which includes the pastor. The purpose of this group is to look at all issues such as working with the congregation, spiritual needs of the pastor, physical needs, and family needs. The mutual ministry committee can be the advocate for the pastor and provide recommendations to the council. However, it is assumed that matters discussed with the pastor remain with the committee and confidences must not be violated.

We have members in our congregation who believe that the total package is too high. How do we explain a total package in a way that makes sense?

You need to distinguish between cost to the congregation and what the pastor receives. A large part of the cost to the church comes in the form of pension, medical benefits, and travel expenses. For those of you who worked in industry, you probably received these same items, but never considered them part of your compensation. These are expenses to the congregation much like the expenses a corporation has for the work of an employee. Therefore, it is not fair to consider them part of the pastor's salary. Base pay plus housing constitutes the bulk of what your pastor actually receives.

How do we reward the pastor for holidays worked or days off, missed, or interrupted by congregational emergencies?

1) Insist that your pastor take days off to compensate for the lost time. Make sure the congregation respects this time off. Pastors need time away to refresh themselves and we need to respect that. Inform your congregation of the pastor's personal time, and ask them to respect this need for time away. 2) Insist that your pastor take a sabbatical leave on a regular basis. 3) An alternative, not preferred or to be encouraged, is to consider pay in lieu of vacation days.

In the case of an illness longer than 20 days but not catastrophic, what should we do?

Every case needs to be reviewed on its own merits. Your church council should be the final judge of what is right. They know the pastor best, and the effort he or she extends on behalf of the congregation. Make a decision based on what is fair and appropriate for the circumstances, and for everyone involved. No guidelines can substitute for good judgment.

Do the clergy guidelines apply to Associate Pastors?

The basic intent of the guidelines should stay the same, but the specifics need to be modified or factored to reflect the differing roles each staff member has in the church.

Do the pulpit supply guidelines apply to all rostered leaders?

Yes!

What about guidelines for other non-rostered, full-time (30+ hrs) professional staff & support staff employees?

Recognizing the important role of such staff to the ministry of the congregation/agency, and the desire to have top quality, long-term employees, we make these recommendations:

Recognizing the diversity of the positions, as well as the salary ranges in different areas of this synod, we suggest that salaries for lay professionals should be roughly equivalent to the educators/teachers in the area. Support staff salaries should be equivalent to those in similar positions in the school system or businesses in the community where the congregation/agency is located.

Strong consideration should be given to treating these full-time lay professionals/support staff in a fair manner by making sure they receive appropriate health/pension benefits (through the ELCA Board of Pensions): sick leave; vacation; disability; parental leave; continuing education funds and time off (other than vacation) to pursue these educational opportunities; and by providing mileage reimbursement in accordance with IRS guidelines.

Part-time positions: Consider partial benefits for part-time, depending on number of hours work.

ADDITIONAL RESOURCES

1. Church Law and Tax Report
(*order from: Christian Ministry Resources, PO Box 1098, Matthew, NC 28106; 707-846-2507)
2. A number of helpful resources can be obtained from the Alban Institute. (Please write or call for a catalog or brochure: Alban Institute, Suite 433, 4550 Montgomery Avenue, Bethesda, MD 20814-3341; 1-800-486-1318)

A BOARD OF PENSIONS 2006 RATE SCHEDULE

(Rates for 2007 will be announced by the Board of Pensions in late summer of 2006.)

MEMBERS WITH 12% PENSION

	Medical Percentage	Medical Minimum Monthly	Medical Maximum Monthly	Total Percentage (Medical, Disability, Survivors, Pension)
Member Only	11.4%	\$404	\$571	25.7%
Member/Spouse	19.9%	\$707	\$1,001	33.0%
Member/Child	19.9%	\$707	\$1,001	33.0%
Member/Spouse/Child	28.5%	\$1,010	\$1,430	40.4%

Disability & Survivor Administrative and Retiree Support: Percentage set by ELCA Board of Pensions

Member and all eligible family members must be covered under a spouse's employer-provided group plan or under the plan of a former employer in order for coverage to be waived.

MEMBERS ON LEAVE FROM CALL OR RETIRED, AND COVERAGE CONTINUATION RATES (monthly)

	Under age 65 (full coverage)	Age 65 or over (Medicare supplement)
Retirees, spouses and surviving spouses, and those on leave from call	\$445/person*	\$246/person
Children of on-leave, deceased, divorced or retired member; and those who have extended coverage following loss of eligibility	\$313/family	\$246/family

* Plus \$6 per month for Lump Sum Survivor Benefit coverage for member On Leave from Call.

WAIVER OF MEDICAL/DENTAL COVERAGE POSSIBLE

Sponsored members and/or their spouses and children who are eligible for medical benefits coverage **through a spouse's employer** or through a former employer may waive ELCA plan coverage, while continuing to participate in the ELCA disability, survivor and pension plans. The option of waiving coverage is particularly attractive for members who can obtain medical coverage at subsidized rates through a spouse's employer plan.

Most members who waive coverage will incur additional costs to cover the contributions required by the spouse's plan, and to cover higher out-of-pocket costs if benefits under the spouse's plan are not as generous. Congregations, on the other hand, will save money. Accordingly, most congregations find it appropriate to provide a larger-than-usual salary increase or other compensation when the plan member waives coverage.

-- PLEASE NOTE --

THE SYNOD SUGGESTS A MINIMUM OF 12% PENSION CONTRIBUTION FOR EACH PARTICIPANT. Though not reflecting Board of Pensions slightly lower guideline, **this percentage is strongly recommended by the Southeastern Synod Council.** Board of Pensions rate changes are mailed to each congregation every fall. Southeastern Synod Compensation Guidelines are updated at that time with the identical information received by the congregations. If, at any during the year, you have questions concerning current rates, please contact the Board of Pensions (800-352-2876) rather than the synod office. The Board of Pensions' web site (www.elcabop.org) is also very informative.

HOUSING ALLOWANCE RESOLUTION

(Insert for Congregation Council Minutes)

In order to permit _____ (Name of Pastor) _____ 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 fiscal year ended _____ (Subsequent Year) _____ includes a housing allowance. (Name of Pastor) _____ 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 Pastor) _____ include a housing allowance of \$ _____.

Signature Title Date

(The above resolution should be included in the minutes of the congregation 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 pastor(s) for his/her records.)

PROFESSIONAL EXPENSE ACCOUNTABLE REIMBURSEMENT POLICY

The following resolution was duly adopted by the congregation council of _____
 _____ Lutheran Church at a regularly called meeting held on _____, a
 Quorum being present.

Whereas income tax regulations 1.162-17 and 1.274-5(e) provide that an employee "need not report on his tax return" expenses paid or incurred by him or her solely for the benefit of his/her employer for which he/she is required to account and does account to the employer and which are charged directly or indirectly to the employer; and

Whereas income tax regulation 1.274-5(e) further provides that "an adequate accounting means the submission to the employer of a...statement of expense or similar record maintained by the employee in which the information as to each element of expenditure (amount, time and place, business purpose, and business relationship) is recorded at or near the time of the expenditure, together with supporting documentary evidence, in a manner which conforms to the 'adequate records' requirements" set forth in the regulation; and

Whereas _____ Lutheran Church desires to establish a reimbursement policy pursuant to regulations 1.162-17 and 1.274-5(e); therefore be it

Resolved, that _____ Lutheran Church hereby adopts a reimbursement policy pursuant to income tax regulations 1.162-17 and 1.274-5(e), upon the following terms and conditions:

1. Any pastor called, or any person now or hereafter employed by _____ Lutheran Church shall be reimbursed for any ordinary and necessary business and professional expense incurred on behalf of the church, if the following conditions are satisfied: (1) the expenses are reasonable in amount; (2) the person incurring the expense documents the amount, time and place, business purpose, and business relationship of each such expense with the same kinds of documentary evidence as would be required to support a deduction of the expense on the person's federal income tax return; and (3) the person documents such expenses by providing the church treasurer with an accounting of such expenses no less frequently than monthly. In no event will an expense be reimbursed if substantiated more than 60 days after the expense is paid or incurred by a pastor, associate in ministry or employee.
2. The church shall not include in a pastor's or employee's W-2 form the amount of any business or professional expense properly substantiated and reimbursed according to the preceding paragraph, and these persons should not report the amount of and such reimbursement on his/her Form 1040.

3. Any church reimbursement that exceeds the amount of business or professional expenses properly accounted for pursuant to this reimbursement policy must be returned to the church within 120 days after the associated expenses are paid or incurred and shall not be retained by the pastor, associate in ministry or employee.
4. If, for any reason, the church's reimbursements are less than the amount of business and professional expenses properly substantiated by a pastor or other employee, the church will report no part of the reimbursements on the person's W-2, and the pastor or employee may deduct the un-reimbursed expenses as allowed by law.
5. Under no circumstances will the church reimburse a pastor or other employee for business or professional expenses incurred on behalf of the church that are not properly substantiated according to this policy. Church and staff understand that this requirement is necessary to prevent our reimbursement plan from being classified as a "non-accountable" plan.
6. All receipts and other documentary evidence used by a pastor or other employee to substantiate the business nature and amount of business expenses incurred on behalf of the church shall be retained by the church. The pastor or employee may, at his/her election, make copies of such evidence.

Revised 8/29/05