



**SOUTHEASTERN SYNOD**  
EVANGELICAL LUTHERAN CHURCH IN AMERICA

# **COMPENSATION and BENEFIT GUIDELINES FOR ROSTERED MINISTERS 2023**

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This document can be downloaded from the synod website – [www.elca-ses.org](http://www.elca-ses.org)  
Other helpful websites: [www.porticobenefits.org](http://www.porticobenefits.org) and [www.irs.org](http://www.irs.org)

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## Introduction

Together we are the synod, so no matter your role in ministry, these guidelines are for you. Our Guidelines Team of rostered ministers and lay congregational leaders works together each year to provide relevant, healthy compensation and benefits guidelines for rostered ministers that thoughtfully consider both the rostered ministers and the congregations, agencies, and synod which they serve. Compensation can be an awkward topic in the church, and our goal is to help foster positive conversation and financial planning for effective ministry together. The purpose of the Compensation & Benefits Guidelines is to give congregations and agencies the tools they need to advocate for and partner with rostered ministers. By promoting appropriate compensation and benefits, we hope to strengthen our collective ministry to all God's people.

Starting in 2021, we've devised a worksheet where non-rostered experience, complexity of the call, advanced degrees, and cost of living are considered along with rostered years of service and worship attendance. Each area is encouraged to be considered during the salary negotiation. We hope this allows rostered ministers to have an open and honest conversation with their finance team and congregation councils about all aspects of a rostered minister's qualifications as well as the different contexts of ministry.

For 2023, we have increased the baseline compensation, as well as simplified the compensation worksheet.

Although these guidelines are primarily for congregations, they are also used for synod staff and agencies within the Southeastern Synod. For ease of reporting, the term "calling bodies" will be used.

We encourage congregations to use the compensation worksheet each year and send a copy to the synod office.

These 2023 compensation guidelines have been prepared by the Guidelines Team (Compensation & Benefits Guidelines Committee). Members include: Ms. Sabra Black (Holy Trinity, Marietta, GA), Chair; Mr. Richard Bates (Advent, Murfreesboro, TN), the Rev. Carolyn Hayford (Shepherd of the Hills, Birmingham, AL), Mr. Bob Rose (Resurrection, Marietta, GA) and the Rev. Jill Henning (Synod Staff Liaison)

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## **COMPENSATION DEFINITIONS**

A Compensation Worksheet has been created to simplify the process of determining Total Compensation.. The first part is completed at initial call, or the first time the worksheet is being utilized and includes Baseline Compensation and appropriate adjustments to that minimum based upon the qualifications of the rostered minister being called, the demands of the position to be filled through the call process, and the community being served. It is recommended that the appropriate congregational leaders and the rostered minister discuss each item for consideration and arrive at a Total Compensation amount. The second part is designed for an annual review of the compensation and includes items appropriate for annual review – cost of living adjustment, performance increases, changes in the role, and any catch up required. Again, this part of the worksheet should be completed in consultation with the appropriate congregational leaders and the rostered minister.

Please note that all recommended amounts or percentages are all **MINIMUM** amounts. The calling bodies can increase compensation beyond the minimums. It is not our intention of any calling body to reduce a rostered ministers' compensation based on these new guidelines.

The worksheet is available in Appendix A as well as an Excel Spreadsheet at: <https://www.elca-ses.org/compensation-guidelines>

### **Compensation Worksheet**

Each item below refers to a corresponding field for entry on the *first* section of the *Compensation Worksheet*.

#### **Baseline Compensation (Salary + Housing)**

Baseline Compensation is the minimum recommended amount prescribed for rostered ministers in the ELCA Southeastern Synod. The Southeastern Synod annually votes at the Synod Assembly on the recommended compensation for Ministers of Word and Service (Deacon) and Ministers of Word and Sacrament (Pastor).<sup>1</sup> See the following link for more information:

<https://elca.org/About/Leadership/Rostered>

Please note that if less than full-time, the baseline compensation is adjusted accordingly. The rostered minister must work at least 15 hours per week to remain on the roster.

### **Prior Rostered Experience**

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<sup>1</sup> A Pastor is ordained to serve the sacraments (baptism, communion) and a Deacon is typically more involved in service (education, music, community outreach, etc.)

The wealth of knowledge, skill, and abilities gained from prior rostered experience is recommended to be compensated based upon the number of years, the type of service, and the value to the calling congregation. It is to be entered as a percentage of baseline compensation and it is suggested that a minimum of 1.5% be added for each year of experience.

### **Related Non-rostered Experience**

Many rostered ministers, especially those entering the ministry as a second career, bring valuable related career experience to their called role. The value of that applicable experience should be determined as a percentage of the appropriate baseline compensation. Examples of relevant experience might include nursing, counseling, teaching, corporate administration, management, ministry in another denomination, etc. Consideration should also be given for any experience while in seminary. It is suggested that a minimum of 1% be added for each year of experience.

### **Related Advanced Degrees**

If the rostered minister has any additional and relevant **related degree** (above what is required for rostered ministry) enter that amount. For example, Doctor of Ministry (D. Min.) or degrees in Counseling. The excel spreadsheet lists those percentages. Please note that since a Minister of Word and Sacrament (Pastor) requires an MDiv (Master of Divinity) degree, no additional percentage is given if the MDiv is the only degree held by the rostered minister.

### **Community Living Adjustment**

The cost of living between different communities can differ dramatically - think housing costs in downtown Nashville versus rural Mississippi. This cost of living adjustment then allows the minister to be able to afford to live within the community being served. Enter from 0-20%. There are several websites available that will help determine community living adjustments.

<https://www.incomebyzipcode.com/>, <https://www.payscale.com/cost-of-living-calculator>,

<https://www.thebalance.com/what-is-the-cost-of-living-adjustment-3305736>

or <https://www.salary.com/>

### **Other Adjustments**

Based upon the needs of the calling congregation, the staffing of the church, and the demands on the rostered minister, additional adjustments may be appropriate. Consideration may be given to the complexity of the call, including average worship attendance, job expectations, supervisory responsibilities, travel demands, schools, or other unusual circumstances. Additionally, when calling a rostered leader early in their career it is recommended that consideration be given to assist the rostered minister in paying down their student debt. For example, a Senior Pastor that has an average worship attendance of 300 and supervises a staff of 5, an adjustment of 15% could be added.

### **Net Compensation prior to annual adjustments**

This is the total compensation, prior to annual considerations.

### **Annual Considerations:**

While under ideal circumstances these are the only items that must be reviewed annually, it is recommended that congregational leaders revisit the *top* portion of this worksheet periodically to

ensure that the compensation for the rostered minister is meeting the synod minimum recommended compensation.

### **Cost of Living Adjustment**

The Southeastern Synod recommends an annual cost of living adjustment based upon the appropriate economic indicators.

### **Performance**

Annually each rostered minister should engage with the appropriate Committee to appraise the effectiveness of the rostered minister and the support provided by the congregation and leadership in meeting the collaboratively determined goals of the ministry. Based upon this review, the Synod recommends that the rostered minister receive an annual performance based step increase in compensation. **For additional information on appraising performance, please refer to the “Congregational Resources” document pages 10-11.** Annual performance increases are not intended to be considered as bonuses, but rather a means to differentiate an annual step increase that is based upon achievement of goals rather than just based upon longevity. Bonuses are not a recommended means of determining compensation.

### **Catch Up**

In instances where the rostered minister’s compensation falls below the synod recommended compensation, congregations should include a “catch up” adjustment amount to bring the compensation in alignment within a reasonable length of time. Congregations are encouraged to bring compensation to minimum recommended amount within five years.

### **Social Security and Medicare Allowance (Pastor only)**

For income tax purposes, Ministers of Word and Sacrament are considered “self-employed” and are responsible for contributing 15.3% of their total compensation under the Federal Insurance Contributions Act for Social Security and Medicare insurance. It is recommended that congregations share this cost as they would any other non-rostered employee by increasing the amount of total compensation by one-half of the cost of this insurance or 7.65%. Because this adjustment will also be taxable, an increase of approximately 13% is required in order for the rostered minister to actually realize the full benefit of 7.65%.

### **Total Compensation**

The sum of the baseline compensation and all adjustments including an adjustment for Social Security and Medicare constitute the Total Direct Compensation that will be paid to the rostered minister.

### **Housing Allowance (Ministers of Word and Sacrament) (Pastor only)**

Housing allowance is an income tax concept unrelated to fair compensation. However, under these IRS rules, Ministers of Word and Sacrament (Ministers of Word and Service are not eligible for this tax deduction according to the IRS) may claim a significant portion of their compensation as nontaxable for the cost of housing. While it is recommended that all ministers consult with a tax expert to determine their own situation, the general rules allow the smallest of the following:

1. The amount, officially designated in advance, as housing allowance by the rostered minister's congregation; or
2. The amount spent for the rostered minister's primary residence (down payment, mortgage, utilities, taxes, insurance, furnishings, maintenance, etc); or
3. The fair rental value of the rostered minister's home including furnishings and cost of utilities.

Portico now has information on housing allowance that may assist congregations and rostered ministers. See link: <https://myportico.porticobenefits.org/pension-center/clergy-housing-allowance>

The amount determined by the rostered minister to be the most advantageous should be entered as Housing Allowance in the worksheet and will be deducted from the Total Compensation amount and the balance of salary is reported as Baseline Compensation within the worksheet. The housing amount decided on by the rostered minister will not impact the congregation financially in any way. Please note that Housing Allowance is not added to the Total Compensation, but rather segregated for tax purposes. **In an initial offer to the Rostered Minister, Housing Allowance is not broken out – it is determined by the rostered minister as the need dictates.**

Transfer the Baseline Compensation, Housing Allowance and Social Security and Medicare Allowance amounts to the **Definition of Compensation, Benefits, and Responsibilities of the Rostered Minister** agreement form. **(Please note that the ELCA form calls Baseline Compensation “Base Cash Salary”)**

Please note that the compensation worksheet does not include any benefit payment (in lieu of health insurance) or any expense reimbursement. These type of reimbursements or payments are detailed on the **Definition of Compensation, Benefits and Responsibilities of the Rostered Minister** agreement.

Note that housing allowance must be approved by the Congregation Council yearly for tax purposes. See Appendix D.

### **Parsonage/Other Housing**

When a parsonage is provided, please speak with a member of Synod staff for instructions. There are so few congregations that have a parsonage and each will need individual discussion.

### **Multi-Point Parish**

If a congregation is negotiating for a rostered minister to serve a multi-point parish, please work with the Synod Office for guidance.

### **FLEXIBLE MINISTRY CONSIDERATIONS**

Various settings including multi-staff congregations and agencies, as well as smaller congregations may warrant flexible ministry calls as an ideal stewardship and resource solution for ministry. The base line compensation needs to be adjusted to account for the fewer hours that the rostered minister will be serving. Please refer to the “Congregational Resources” document for additional guidance.

## **ELCA RETIREMENT AND OTHER BENEFIT PLANS**

Any payment that is paid in lieu of Health Insurance is not included in the Compensation Worksheet and is determined by individual negotiation

### **ELCA Retirement, Medical, and Dental Plans (Portico)**

The congregation is expected to provide rostered ministers participation in the Retirement and other benefit plans. The ELCA’s benefit plans cover the following areas: medical, hospital, mental health services, dental care, prescription coverage, support services, and wellness programs. The Southeastern Synod recommends that congregations enroll the rostered ministers in the Gold Plus level of coverage. If a higher cost plan is selected, then the additional cost of the plan will be deducted from the salary of the rostered minister. If a lower cost plan is selected, then 75% of the difference in the two plans will be added to the salary of the rostered minister. Should no medical coverage plan be selected then appropriate documentation of other forms of coverage must be provided to the congregation.

### **ELCA Health Benefits Coverage**

Please see additional information in the Congregational Resources document concerning health benefits coverage options which provide a range of cost-sharing options which allocate relative health care costs between the congregation and rostered ministers.

### **ELCA Flexible Benefits Plans**

The ELCA offers various flexible benefit plans to rostered ministers. These plans include flexible spending accounts, dependent care accounts, health savings accounts, limited purpose flexible spending accounts, and personal wellness accounts. Enrollment and participation in these plans are determined through consultation between the congregational leaders and the rostered minister. The rostered minister is responsible for paying into the flexible benefit plans.

### **ELCA Survivor Benefit Plans**

The ELCA offers life insurance plans for rostered ministers. These plans provide death benefits to the survivors upon the death of the rostered minister. The congregation’s amount of contribution to these plans is to be determined by using the rate calculator found at the Portico Benefits website.

### **ELCA Disability Benefits Plans**

The ELCA offers disability benefit plans which provide monthly income, retirement plan contribution, health, and survivor benefits. There are two types of disability benefits: short term and long term. Short term (60 days) disability benefits are paid by the congregation. Long term (over 60 days) disability benefits are paid by the ELCA's disability benefit plan. The congregation's amount of contribution to these plans is to be determined by using the rate calculators found at the Portico Benefits website.

### **ELCA Retirement Plan**

The ELCA maintains a defined contribution retirement plan for rostered ministers. The Southeastern Synod expects each congregation to contribute a minimum of 12% of the rostered minister's defined compensation to the retirement plan. The rostered minister may also contribute to the retirement plan. Please refer to Portico's Retirement Plan Summary for contribution limits.

Official information regarding rates and rate calculators can be found at the Portico website. The website is located at <https://employerlink.porticobenefits.org/Home/Resources>. Another resource for calculating benefits can be found at <https://employerlink.porticobenefits.org/~/link.aspx?id=A8702392AA364983B0C71AEA21F576A7&z=z>

### **PROFESSIONAL EXPENSE REIMBURSEMENT**

Reimbursements of expenses incurred by the rostered minister in performing his or her duties are generally not taxable and do not need to be reported by the calling body as taxable income. They are also not considered income for the rostered minister.

In order to ensure that expense reimbursements are not taxable, the IRS regulations require that certain processes be followed when employees submit such expenses for reimbursement:

The Professional Expense Accountable Reimbursement Policy (See Appendix E) must be adopted by the calling body as the employer.

Under the Policy, the rostered minister must submit receipts and similar documentation monthly. The documentation should include the date, amount and purpose of the expense being reimbursed so that the reimbursements they receive will not be included in their taxable income.

The general rule is that so long as such expenses are not personal but rather are incurred by the rostered minister in order to perform their duties on behalf of the calling body they will qualify for nontaxable treatment.

Such expenses must be reasonable in amount and constitute ordinary and necessary expenses for the performance of the rostered minister duties.

Examples of such expenses include:

1. Work-related travel and automobile mileage expenses (see below for additional detail on auto expense reimbursements)
2. Continuing education expenses (synod minimum is \$1,000)
3. Subscriptions for professional books and periodicals
4. Laptops, mobile phones, tablets and similar devices whose principal use is work-related
5. Office supplies and equipment

The costs of operating an automobile in performing his or her duties may be handled in one of three ways. Note that under each method, the rostered minister is responsible for keeping current records to document personal auto use vs. professional auto use. The rostered minister should submit a signed report each pay period or no less than monthly to the responsible financial officer of the calling body.

1. Reimbursement of professional miles driven in the rostered minister's personal automobile. The amount of the per-mile reimbursement that may be made on a nontaxable basis is published regularly by the IRS (rates changes periodically and at least annually). See [www.irs.gov](http://www.irs.gov) for the current mileage reimbursement rate. Mileage covers all costs of operating the vehicle, including fuel costs and repair. This is the recommended reimbursement method.
2. The congregation may purchase or lease an automobile for the rostered minister's use. This approach imputes income for personal use of the automobile based on the purchase or lease value, and to the extent professional use is not documented all such value is treated as taxable income. This approach is more complex, but may in some cases involve a lower total cost to the congregation than the mileage reimbursement method.
3. Payment of a cash auto allowance to the rostered minister. This approach is very simple and does not require record keeping. However, the rostered minister may not deduct professional use of his or her automobile which means that the entire amount of the auto allowance is taxable to him or her.

Special attention should be given to mileage when the rostered minister is serving a multi-point parish.

## **RELOCATION REIMBURSEMENT**

It is appropriate for congregations to assist in providing financial support for relocation expenses when relocation is required in a rostered minister's acceptance of a call. Negotiation of such support should be included as part of the Definition of Compensation of Benefits so that terms are agreed to prior to offer and acceptance of a call.

Congregations can agree to a particular dollar amount, or a maximum allowed dollar amount, which should be based on estimates attained with local moving companies. In arriving at a dollar

amount, congregations should note that moving expense reimbursements are taxable and should factor in the income tax expense incurred by the rostered minister as well as the actual moving costs.

Congregations should also clarify expectations for having these expenses submitted for reimbursement by the rostered minister or for providing financial support to cover relocation expenses ahead of the move.

## **LEAVE ADMINISTRATION**

### **Days off/Time management**

A full time rostered minister is encouraged to take at least one full day off per week. A suggested normal week is 45 hours per week, recognizing seasonal demands may require more or fewer hours in any given week. Additional, it is recommended that rostered ministers take two consecutive days off at least once a month.

### **Vacation**

The Synod minimum standard is four weeks, including four Sundays per year. It is recommended that after each additional ten years in ministry, one additional week of vacation (including one Sunday) be given. It is recommended that no more than half of total yearly vacation be carried over into the next year. However, the Synod recommends that rostered ministers take all their available vacation each year to foster, support and promote a more balanced personal and family life.

Congregational personnel policies may provide guidance for an accrual (or “earning”) of vacation time. If none are provided, the following practice is encouraged: Vacation may be taken at any time beginning January 1. Vacation in a given calendar year is accrued at a rate of 25% each calendar quarter. When a rostered minister leaves the call, it is recommended that they receive payment for all accrued but unused days. Vacation used but unearned can be deducted from final pay.

### **Holidays**

According to ELCA Churchwide Policy, the following days are recognized as holidays: New Year’s Day, Martin Luther King Day, Good Friday or Easter Monday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

Holidays are to be granted as days off, in addition to regular days off and vacation days. When the services of the rostered minister are required on a recognized holiday, an alternative day off is to be provided.

### **Illness**

The Synod recommends up to 20 days of sick leave in a 12-month period. These should not be accrued and carried forward from year to year.

In catastrophic situations, it is recommended that calling body will provide short term disability of two months to cover the individual until long term disability coverage from Portico begins at the beginning of the third month, provided that there is proper documentation from the appropriate physician.

### **Family Care Leave**

The Synod recommends that a family care leave plan be established between the rostered minister and the congregation. Such a plan should include specific conditions for the rostered minister to be allowed to take a leave from duties to care for an immediate family member who is seriously ill. Immediate family includes, but is not limited to: spouse, children, and parents of the rostered minister. Such leave should include up to four weeks of full salary and benefits. This four weeks could be taken all at one time or broken down as daily time off. This plan should be discussed and negotiated in writing in advance of any need. Any unused time during the current calendar year will not be carried over to the next year.

### **Parental Leave**

The Synod recommends providing parental leave. A parental leave plan shall be drawn up in open consultation with the rostered minister and the appropriate committee, with the final approval of the calling body. Specific conditions, including number of weeks leave before and after the birth or adoption of a child, should be negotiated in advance in writing. The synod recommends a minimum of eight weeks of full salary and benefits.

When both parents are rostered ministers both should be given the recommended leave.

### **Continuing Education/Professional Development**

It is expected that all rostered ministers will participate in three years of First Call Theological Education and that the calling body will support this with paid time off and funding.

It is expected that all rostered ministers will participate in 50 contract hours a year of education (beyond first call education) that enhance ministry and enrich the calling body. One contract hour represents 50 minutes of classroom instructional session or equivalent; which include courses, workshops, seminary classes, independent study toward a specific goal, etc.

Calling bodies are expected to support these continuing education goals/ideals by providing to the rostered minister a minimum of two paid weeks including two Sundays (outside of vacation) per year and \$1,000 per year (\$1,250 per year for rostered ministers in their first years of service). Continuing education can be carried forward to use in a subsequent year but for no more than three years maximum. For example, the rostered minister may choose to attend a more expensive training class and chooses to rollover the previous year \$1,000 and have \$2,000 to use in the current year.

Calling bodies are encouraged to provide a minimum of \$250 for publications and media resources.

Synod assembly and synod-sponsored professional leadership conferences are official meetings of the synod. It is expected that all rostered ministers will attend these meetings and funding, plus paid time off, will be provided by the calling body, as they are a part of their call to the employing organization. **This time off and related expenses are in addition to vacation time and continuing education time.**

To accomplish Continuing Education goals, a CONTINUING EDUCATION COVENANT between the rostered minister and calling body is strongly encouraged.

### **Sabbatical**

The Synod is an advocate of sabbaticals for rostered ministers. 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.

Calling bodies are asked to provide time and financial support to allow rostered ministers to experience not only the blessing of weekly Sabbath time, but also the blessing of extended Sabbath time that a sabbatical allows.

Sabbatical leave normally will be for a minimum of three months. Durations beyond the minimum three month guidelines should be mutually determined and agreed to in the sabbatical covenant between calling bodies and rostered minister.

Rostered ministers who have a minimum of seven years in rostered, full-time ministry are eligible for a sabbatical leave every five years of continuous service in their current call.

Further sabbatical guidelines are offered in the “Congregational Resources” document.

### **INTERIMS**

An Interim Rostered minister serves during an extended rostered minister vacancy (e.g. during a rostered minister transition).

The Bishop has the discretion to appoint an Interim and will often work with congregation councils to determine who would best serve in that position. An Interim Rostered minister is under contract. The typical length of an interim contract is one year.

It is essential to be in touch with the bishop’s office during a transition of this nature. Please see the Call Process Manual on the synod website for a detailed discussion of interim ministry, expectations, and expected compensation.

## **SUPPLY ROSTERED MINISTERS**

A Supply rostered minister is one who fills in one Sunday at a time (e.g. while the rostered minister is on vacation).

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

A supply rostered minister shall be compensated for:

1. Preaching and leading worship
  - a. One weekend (Saturday or Sunday) or weekday service (i.e. Lent, Advent, funerals), minimum \$175
  - b. Each additional same day service, +\$50
2. Mileage at the current IRS rate per mile
3. All reasonable hotel and meal costs
4. Other supply services such as meetings, confirmation class, visitations, calls, funeral preparation, etc. shall be paid at a minimum of \$30 to \$50 per hour, or at a rate mutually agreed upon.

APPENDIX A

<b>ELCA - Southeastern Synod Rostered Minister Compensation Worksheet</b>		
<b>Baseline Compensation</b>	Southeastern Synod annual recommended baseline  Click in cell B3 below and using the drop down box, please select Deacon or Pastor (the drop down arrow is to the right)	Recommended minimum baseline compensation includes salary and housing allowance.  Word and Service (Deacon): \$41,820 Word and Sacrament (Pastor): \$52,020  Baseline is determined by the selection of Pastor or Deacon in the drop down box to the left.
	<b>Pastor</b>	<b>\$52,020.00</b>
<b>Prior rostered experience</b>	Serving in a rostered role increases knowledge, skills, and the ability to perform the duties of the role of rostered minister.  Minimum of 1.5% for each year is suggested.	Determine the number of years of rostered experience and the impact of that experience on the skill of the rostered minister. Recommended: Minimum of 1.5% for each year.  Enter percent below.
		<b>0.0</b>
	Amount of Adjustment	<b>\$0.00</b>
<b>Related non-rostered experience</b>	Prior experience that has built relevant skill in the rostered minister (e.g. teaching, finance, ministry in another denomination, counseling, social work, administration, etc.). Minimum of 1.0% for each year is suggested	Determine the number of years of relevant related experience and the impact of that experience on the skill of the rostered minister. Recommended: Minimum of 1.0% for each year.  Enter percent below.

		0.0
	Amount of Adjustment	\$0.00
<b>Related advanced degrees</b>	<p>Relevant formal education beyond the degree required to be ordained as a rostered minister.</p> <p>Nationally recognized certification or accreditation and degrees in a ministry related field. For example, Doctor of Ministry (D. Min.) or degrees in counseling.</p>	<p>Recommended:</p> <p>Certificate = 1.5% of base  Masters = 3% of base  D.Min. = 4% of base  Ph.D. = 5% of base</p> <p>Enter percent below.</p>
		0.0
	Amount of Adjustment	\$0.00
<b>Community Living adjustment</b>	<p>The cost of living and serving in the community of the church varies greatly throughout Southeastern Synod.</p>	<p>Determine the amount of adjustment necessary for the rostered minister to live in the community being served.</p> <p>Recommended: 0-20% of base.</p> <p>Enter percent below.</p>
		0.0
	Amount of Adjustment	\$0.00
<b>Other adjustments</b>	<p>Ministry settings may have different expectations and complexities. This might include larger congregations, lead pastors, church schools, multi point parishes.</p> <p>Consideration should also be giving to making an adjustment to assist the rostered minister in reducing educational debt.</p>	<p>Consider expectations and educational debt reduction.</p> <p>Recommended minimum: 0-20% of base</p> <p>Enter percent below.</p>
		0.0

	Amount of Adjustment	\$0.00
<b>Net Compensation prior to annual adjustments</b>		
		\$52,020.00
<b>Cost of Living Adjustment</b>	Cost of Living increase recommended by the Southeastern Synod for 2023.	Recommended Cost of Living Adjustment for 2023 is 2.0%
		0.0
	Amount of Adjustment	\$0.00
<b>Performance</b>	Rostered Ministers should be compensated for meeting or exceeding performance expectations as determined during annual performance review.	Recommended minimums:  Below Expectations: 0% Meets Expectations: 1.5% Exceeds Expectations: 3%  Enter percent below.
		0.0
	Amount of Adjustment	\$0.00
<b>Catch Up</b>	Twenty percent of the difference between current compensation paid by the congregation and recommended baseline compensation indicated for current year	Enter amount of "catch up"
		\$0.00
<b>Base and Adjustments</b>	Summary of the Components of Compensation	
Baseline Compensation	From Line 3	\$52,020.00
Adjustments	Sum of all adjustments	\$0.00

Social Security Allowance	Pastors Only - Recommended: 13% of Annual Adjustment to realize 7.65% after taxes. (Deacons are not eligible for allowance)	\$6,762.60
<b>Total Compensation</b>		\$58,782.60

<p><b>For Ministers of Word and Sacrament (Pastors only, not Deacons)</b>  The <b>Total Compensation</b> will be paid in two components - Baseline Compensation and Housing Allowance in accordance with Internal Revenue Service rules. Based upon the individual circumstances of the rostered minister, there may be significant tax advantages in claiming the maximum amount possible as "housing allowance".</p>	Enter Housing Allowance Below
	\$0.00
	<b>Taxable Compensation</b>
	\$58,782.60

## QUESTIONS OFTEN ASKED

*Why is a housing allowance included in a pastor's compensation?*

There are two primary reasons: tradition and tax advantage (IRS). In church history dating back to the 12<sup>th</sup> century, pastors were provided a parsonage in which to live while serving a congregation. The parsonage house was owned and maintained by the congregation for the convenience and care of the rostered minister. In addition, a salary was paid. Today, in lieu of providing a parsonage, pastors are paid an allowance to cover cost of today's housing.

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

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

*How do we get feedback from the rostered minister 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 rostered minister. The purpose of this group is to look at all issues such as working with the calling body, spiritual needs of the rostered minister, physical needs, and family needs. The mutual ministry committee can be the advocate for the rostered minister and provide recommendations to the council. However, it is assumed that matters discussed with the rostered minister remain with the committee and confidences must not be violated.

*We have members in our calling body 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 calling body and what the rostered minister receives. A large part of the cost to the congregation comes in the form of retirement, health care, 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 calling body much like the expenses a corporation has for the work of an employee. Therefore, it is inaccurate to consider them part of the rostered minister's salary. Base pay plus housing constitutes the bulk of what a rostered minister actually receives.

*How do we reward the rostered minister for holidays worked or days off, missed, or interrupted by emergencies?*

1) Insist that your rostered minister take days off to compensate for the lost time. Make sure the calling body respects this time off. Rostered ministers need time away to refresh themselves and we need to respect that. Inform your congregation of the rostered minister's personal time, and ask them to respect this need for time away.

2) Insist that your rostered minister 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.

*How was the Social Security Allowance of 13% calculated?*

This calculation makes assumptions on the tax rate of the Pastor. Included below is the calculation used:

A	\$	1.00	Taxable Amount
		7.65%	Assumed FICA & Medicare
		25.00%	Assumed Federal Income Tax rate
		7.00%	Assumed State Income Tax Rate
B		39.65%	Total Effect Tax Rate
A/(1-B)	\$	1.657	Gross amount needed to cover taxes
		7.65%	FICA & Medicare
A*7.65%		13%	Gross up allowance needed

*Do the pulpit supply guidelines apply to all rostered leaders?*

Yes!

*Who is expected to provide participation in the ELCA's Retirement medical and dental benefits program?*

The congregation is expected to provide rostered ministers participation in the Retirement and other benefits plan.

*What are the features of the ELCA benefits plan?*

The ELCA's benefit plan covers the following areas: medical, hospital, and mental health services, dental care, prescription coverage, support services and wellness programs.

*What level of coverage should the congregation provide?*

The Synod recommends that the congregation provide the Gold Plus level of coverage for each rostered minister.

*What happens if a higher or lower cost plan is selected?*

If a higher cost plan is selected, the additional cost of the plan will be deducted from the pay. If a lower cost plan is selected, then 75% of the difference can the difference will be added to the base pay.

*What happens if no medical coverage is selected?*

If no medical coverage plan is selected, then appropriate documentation of some form of coverage from another carrier must be provided.

*Does the ELCA offer flexible benefit plans?*

The ELCA offers the following flexible benefit plans: health flexible spending accounts, dependent care accounts, health savings accounts, limited purpose flexible spending

accounts and personal wellness accounts. These plans provide money to pay for eligible expenses. The rostered minister is responsible for paying into the plan.

*How is participation in these plans decided?*

Participation in these plans is determined through consultation between the congregation and the rostered leader.

*Does the ELCA offer a survivor benefits plan?*

The ELCA offers life insurance plans for rostered leaders. The plans provide death benefits to the survivors upon the death of the rostered leader.

The amount of the congregation's contribution can be calculated by using the calculators found at the following website: <https://employerlink.porticobenefits.org/Home/Resources>

*Does the ELCA offer a disability benefits plan?*

Short term disability, i.e. 2 month's salary and benefits continuation, is covered by the congregation. After 2 months, the ELCA offers a disability benefits plan which provides monthly income, retirement plan contributions, health, and survivor benefits.

What is the congregation's amount of contribution to this plan?

The amount of the congregation's contribution can be calculated by using the calculators found at the following website: <https://employerlink.porticobenefits.org/Home/Resources>

*Does the ELCA offer a retirement plan for rostered leaders?*

The ELCA offers a defined contribution retirement plan for rostered leaders. The Synod expects each congregation to contribute a minimum of 12 percent of the rostered minister's defined compensation to the retirement plan.

*Where can the congregation find more information regarding the ELCA benefits plans?*

Detailed information, including rates and rate calculators, can be found at the Portico website. The website is located at <https://employerlink.porticobenefits.org/Home/Resources>

## APPENDIX C

### ADDITIONAL RESOURCES

1. Church Law and Tax Report  
(\*order from: Christian Ministry Resources, PO Box 1098, Matthews, NC 28106; 707-846-2507)
2. A number of helpful resources can be obtained from the Alban Institute, a division of the Duke Divinity School at [alban.org](http://alban.org).
3. Rostered minister and People: Making Mutual Ministry Work  
(Augsburg Fortress, 1-800-328-4648; Item No. 9780806646510)
4. Southeastern Synod model personnel policy for congregations. Available on the Southeastern Synod website or by contacting the synod office.  
<https://docs.google.com/a/elca-ses.org/viewer?a=v&pid=sites&srcid=ZWxjYS1zZXMuY2F8Z3g6MzE2ZTkxOUI1M2RIYmNhNA>
5. Information on health, benefits, retirement, and future retirement planning available through our ELCA benefit partner, Portico Benefits – [www.porticobenefits.org](http://www.porticobenefits.org)
6. Housing:  
[http://download.elca.org/ELCA%20Resource%20Repository/Things\\_to\\_Remember\\_About\\_Housing\\_Allowance.pdf?\\_ga=2.124456386.936705300.1511805292-1590292553.1508183079](http://download.elca.org/ELCA%20Resource%20Repository/Things_to_Remember_About_Housing_Allowance.pdf?_ga=2.124456386.936705300.1511805292-1590292553.1508183079)



**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 rostered minister 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 congregation, 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 congregation 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 rostered minister, associate in ministry or employee.
2. The church shall not include in a rostered minister'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 rostered minister, 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 rostered minister or other employee, the church will report no part of the reimbursements on the person's W-2. From 2018 to 2026, the rostered minister or employee may not deduct un-reimbursed employee expenses and it is recommended that the church make every effort to fully reimburse such expenses. (See IRS Notice 2018-42).
5. Under no circumstances will the church reimburse a rostered minister 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 rostered minister 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 rostered minister or employee may, at his/her election, make copies of such evidence.