

## Penn West Conference 2016 Pastoral Compensation Guidelines

In accordance with action taken by delegates to the 33<sup>rd</sup> Annual Meeting of the Penn West Conference, the Conference Church and Ministry Committee is providing these compensation guidelines for pastors. We encourage local churches to provide fair and just compensation for their pastors. We also believe that education, years of experience, and size of congregation are factors to be considered in establishing compensation.

Compensation involves: Salary, Housing (parsonage or housing allowance based on local market conditions), Benefits (including pension, health/dental insurance, vacation, sabbatical, etc.) and Professional Expenses (automobile reimbursement, meetings, etc.).

It is hoped that local churches and pastors will review the guidelines for Compensation each year.

### SALARY BASIS

#### Cash Salary

The salary information includes variables for size of congregation and experience. These are minimum recommendations and assume an ordained pastor and a full-time position (see special section for licensed or part-time ministers).

#### 2016 Clergy Compensation Minimum Base Guidelines Church Membership *(The numbers represent a 2% increase over 2015 Guidelines)*

Experience	Less than 100 Mem.	101-200	201-399	400+
0-3 Yrs.	32,732 – 33,715	35,096 – 36,149	36,737 – 37,840	38,253 – 39,401
4-10 Yrs.	34,041 – 36,005	36,501 – 38,606	38,207 – 40,412	39,784 – 42,079

Additional years of experience in the ministry (beyond 10 years) and special training/additional degrees are a benefit to the congregation and deserving of additional compensation. Similarly, the size of the congregation and the responsibilities of the pastor should be considered.

#### Housing

Parsonage Provided – If the congregation provides a parsonage, it is expected that this include full utility/maintenance. Some congregations also provide an additional housing allowance for the purpose of furnishing the parsonage. The pastor may also request that part of his/her cash salary be declared as housing allowance to cover furnishings and therefore take advantage of a tax break.

Housing Allowance – If the congregation provides a housing allowance instead of a parsonage, the allowance is to be the equivalent of the fair rental value of reasonable and appropriately furnished (including utilities) housing in the community, but no less than 30% of Cash Salary.

## **REIMBURSED EXPENSES**

**Travel** – Automobile expenses are a church business expense and are to be compensated fully – this includes ministry such as visitation as well as association/conference work (this does not include commuting to the church office). When the pastor uses his/her own car mileage reimbursement is at the IRS guidelines (57.5 cents a mile is allowed by the IRS in 2015). It is important that the pastor maintain a record of pastoral visits/meetings and account to the church for the mileage and expenses incurred, including tolls and parking fees. Expense vouchers should be submitted on a weekly or monthly basis. (Note that lump sum mileage allowance payments are considered taxable income by the IRS).

Instead of reimbursement, a congregation may provide the use of an automobile and payment of all expenses for church use.

Reimbursement for other church-related travel (air, train, etc.) should be reimbursed upon receipt of vouchers submitted by the pastor.

**Professional Expenses** – Congregations are expected to reimburse all professional expenses of authorized ministers for association, conference, and congregational business. This also includes particular books, journals, and dues for professional ministerial organizations which enhance the ministry of the pastor.

**Moving Expenses** – Moving expenses are to be paid by the congregation calling an authorized minister. These expenses include food and hotel for the pastor's family during the move. This should be stated in the Letter of Call and include any limitations that are negotiated with the new pastor.

## **BENEFITS**

**Pension** – Pension should be paid at 14% of the combined cash salary and housing allowance to the UCC Pension Boards. If a parsonage is provided, 30% of the total cash salary should be added to the cash salary for the basis upon which the 14% annuity is paid. Additional contributions may be made if desired.

**Health and Dental Insurance** – Congregations are expected to pay the premium in full and are encouraged to use UCC Health and Dental Plans. When a pastor is part of the UCC Plan, there is not the risk of losing the insurance as they move church to church. When providing the UCC Health Plan, it is assumed that the church will provide Plan A. If not, that needs to be specified in the Call Agreement. For further information, visit the Pension Board website at [www.pbucc.org](http://www.pbucc.org).

For current UCC Health and Dental rates for Penn West Conference, contact the Conference Office or check the Conference website at [www.pennwest.org](http://www.pennwest.org).

The UCC also has a Vision Insurance Plan available. Some congregations have offered this as a benefit.

In addition, through the Pension Boards, local congregations participating in the UCC Health Plan may establish a Flexible Spending Account for clergy. Aside from a modest initial set-up fee paid by the church, this does not cost the congregation anything. It does allow a pastor to voluntarily deduct an amount of money from of his/her salary to be placed into a special Account at the Pension Boards to be used for medical deductibles, co-pays and dependent care expenses which are not taxed.

**Life Insurance and Disability Income Benefit Plan** - A UCC disability income and life insurance program is to be provided at 1.5% of Salary/Housing Basis (If a parsonage is provided, 30% of the total cash salary should be added to the cash salary for the basis upon which the 1.5% annuity is paid). This plan provides life insurance, short term and long term disability insurance. If a pastor is disabled, the congregation continues to be pay compensation and benefits by the congregation for the first 30 days. For the following 22 weeks, the church pays benefits only, while the pastor receives 60% of compensation when combined with social security disability or other disability payments. If the disability continues beyond 22 weeks and the pastor is approved for Long Term disability, the congregation has no further financial obligation. The pastor continues to receive 60% of compensation as previously stated with benefits paid by the insurance. For details check the Pension Board website at [www.pbucc.org](http://www.pbucc.org).

**Social Security Reimbursement** - Ordained ministers and lay employees of congregations are treated differently for the social security tax. Clergy come under the rules of the Self-Employment Contributions Act (SECA), while lay employees and professionals pay the social security tax under the Federal Insurance Contributions Act (FICA) provisions. The distinction is important because the rate of tax and the method of computing income subject to tax are different. Benefits are the same in either instance for the same earnings. Since the Social Security Administration designates ordained ministers as “self employed” persons, they must contribute 15.3% of income (salary and housing). It is recommended that the congregation reimburse the minister the “employer portion” of the annual tax or 7.65%. Note: this reimbursement is considered taxable income.

**Vacation** – Vacation time should be a minimum of four weeks per year, including four Sundays. Attending national, association and conference programming (including leadership at church camp) should not be construed as vacation time. Because of the time demands of pastoral schedules – which are unpredictable and keep the pastor on call to respond to crisis 24/7, the vacation time provides the opportunity for the pastor to refresh his/herself to minister more effectively. Pastors with significant experience may be given increased vacation time. Vacation is usually not cumulative year to year unless an exception is made by the consistory/council. If the pastor is called or leaves mid-year, vacation time is usually pro-rated based on the months of

service in the calendar year. The congregation is expected to provide supply preachers and/or worship leaders during the pastor's vacation.

**Continuing Education** – Congregations are encouraged to provide time and financial assistance for study and continuing education for their pastor. This is an opportunity for the minister to focus on expanding their knowledge, skills, or spirituality as a minister. This may include such things classes, workshops, spiritual retreats, or focused reading days. Ten days annually is recommended. If days are to be carried over for the next year, this should be done with the agreement of the consistory/council. Days are pro-rated for partial year served. It is recommended that an annual budget item of \$500-\$1500 be included to assist with the cost of continuing education.

**Annual Meeting Attendance and Expenses** – Attendance at Association Meetings and the Conference Annual Meeting is expected of all authorized ministers (ordained, licensed, and commissioned). Therefore it is appropriate for the congregation to include the costs for attending the meetings in the budget. This is considered part of ministry and the time to attend these meetings should not be considered as vacation time.

**Days Off** – The congregation should encourage the pastor to take two full days off per week.

**Parental Leave** – Flexibility is encouraged during this time of family adjustment and change. An appropriate amount of time should be negotiated between pastor and congregation.

**Sick Leave** – Most pastors and congregations are flexible when the pastor is ill or needs to attend to an ill dependent family member. Some congregations find it helpful to clarify sick days so that the pastor will take care of him/herself. This is often written in personnel policies for all staff. The recommended number is eight days – which are not cumulative year to year. Additional time can be negotiated with the consistory/council. During periods of extended illness, the Pension Boards Disability Benefit Plan should be consulted.

**Sabbatical Leave** – Sabbatical leave is an important part of a minister's development. It is meant to be a time for spiritual nurture and education development – intending to bless the pastor so that she/he can be a greater blessing to the congregation. Sabbatical leave is commonly offered after six years of service in the congregation, during which time the pastor received full salary and benefits. The precise time and plan of the leave will be approved by the consistory/council. This is in addition to regular vacation time. The congregation will provide for pastoral coverage during this time. It is recommended that the congregation set aside a certain amount of money each year to provide financial resources to acquire a supply or a temporary pastor. It is expected that the pastor will continue to serve the congregation for at least 1 year following the sabbatical.

**Death** - In case of clergy death, it is recommended that churches provide salary, housing, and all benefits to the spouse and/or family for three months. Continued use of the parsonage and other expenses, such as moving, should be considered on an individual basis in consultation with conference staff.

**Worker's Compensation** – Pennsylvania State law requires congregations to cover all employees, including their pastors, with workers compensation.

### **INTERIM PASTORS**

Pastors that are serving a congregation during a pastoral transition time are expected to be compensated in salary/housing and benefits at the same level as the settled pastor that is leaving.

### **LICENSED PASTORS**

It is recommended that a licensed minister, who is working comparable hours to an ordained minister, be compensated at a minimum of 75% of the salary of an ordained person with similar years of experience serving the same size congregation.

### **PART-TIME PASTORS**

When a pastor is employed for less than full time, the following procedure is recommended:

1. Using the compensation worksheet, determine what full-time the compensation would be for this position – consider the years of service, size of congregation, plus cost of pension, health insurance, disability, etc.)
2. Multiply that full-time compensation figure by the percentage of time determined for this particular position. (For example, if this is a half-time position, multiply the budget above by 50%. This provides the total amount.)
3. Next negotiate with the pastor how that total amount is to be allocated between salary/housing, particular benefits. (For example, in order for the pastor get full health coverage, he/she may want a larger amount specified for that and take a smaller salary; or the pastor may choose to designate a large portion as housing allowance to take advantage of an IRS tax break.)
4. It is important that the pastor and congregation negotiate in advance what “part-time” means – both in terms of hours and expectations. This is clarified in the Call Agreement – and should include a job description. For example – the pastor may or may not preach every week. He/she may do calling but not attend all meetings, etc.

### **STATED SUPPLY MINISTERS**

These are pastors who serve on a temporary basis, less than full-time. If his/her work load is less than half-time, it is sometimes appropriate to base compensation on an hourly basis. The following are recommended minimum guidelines:

Worship service leadership: \$125 plus travel expenses (at the current IRS mileage rate). This includes preparation time for Sunday bulletins and the sermon.

It is recommended that additional ministry be compensated at \$25 per hour plus travel expenses (at the current IRS mileage rate). This additional ministry may include visitations, participation in meetings. To be eligible for the Health and Dental insurance and the Life and Disability Program, the Stated Supply pastor must be employed for a minimum of twenty hours per week and the employer must contribute to the pastor's pension at least 11% of the pastor's salary and housing allowance/parsonage value.

### **SUNDAY SUPPLY MINISTER**

It is recommended that pastors be compensated \$125 plus travel expenses at the IRS mileage rate for one worship service. \$25.00 for each additional service the same day.

It is recommended that churches give the full amount of compensation, with at minimum half of compensation, to the supply pastor if worship is canceled due to inclement weather or other unforeseen circumstances. When inclement weather is anticipated, the church and supply pastor should review compensation in advance.

# SUGGESTED WORKSHEET FOR MINISTERIAL COMPENSATION

## 1. SALARY AND HOUSING

A. Salary PWC Guidelines \_\_\_\_\_

Include: additional factors: years of ministry, additional education,  
special skills and size of membership

B. Housing Parsonage \_\_\_\_\_  
(all expenses pay by the church)

- or -

B. Housing Allowance \_\_\_\_\_  
(Fair market rental for a furnished house, including a mortgage,  
utilities, taxes, etc. Designated by the minister and voted by the  
Consistory in the year prior to the housing allowance)

**SUB-TOTAL MINISTERIAL COMPENSATION:** \_\_\_\_\_

## 2. BENEFITS

A. Health and Dental Insurance – UCC Plan \_\_\_\_\_

B. Disability (1.5% of salary and housing) \_\_\_\_\_

C. Pension (14% of salary and housing) \_\_\_\_\_

D. Continuing Education (retreats, educational events) \_\_\_\_\_

E. Books/materials \_\_\_\_\_

F. Other: \_\_\_\_\_

**SUB-TOTAL BENEFIT PACKAGE** \_\_\_\_\_

## 3. EXPENSES

G. Car reimbursement (IRS rate) \_\_\_\_\_

H. Meetings (Assoc., Professional dues) \_\_\_\_\_

**TOTAL “PACKAGE” COMPENSATION AND BENEFITS:** \_\_\_\_\_ **\$**