

Minister's Salary Committee Report To the Synod of Mid-America meeting on April 24, 2009

The Minister's Salary Schedule Committee met on March 23, 2009 by conference call. The members of the committee are as follows: Mark Bensema, Rich Schuler, Tom Hubbell, Dale Huizenga, Phil Renkes, Vern Jurgens and Susan Kist. All members except Mark were present for the meeting. Staff support was provided by Randy Kooy who moderated the meeting.

The following are notes to or changes made in the guidelines as compared to the 2009 guidelines:

1. The committee considered the minimum salary table as published in the salary guidelines. Given the current economic situation the committee decided to not recommend any change in the 2010 table over the 2009 table. **Churches are reminded that these are minimum salaries so if they can afford to give an increase they are encouraged to do so.** No salary increase is tantamount to a salary decrease when inflation is considered.
2. The wording is changed in the sabbatical section of the guidelines to encourage churches "to grant pastors a six-week or more sabbatical at full salary after each seven year of service with that congregation." This wording shortens the timeframe for a minimum sabbatical from three months to six weeks. While there is value to the longer sabbatical, the committee believed that more ministers may be offered a sabbatical if the suggested minimum is a shorter time.
3. The committee reviewed the mileage rate reimbursement for church use that is currently set to the IRS standard mileage rate and decided that this is still the best method to use for determining the reimbursement for church use of a personal vehicle.
4. The committee updated the reimbursable expense telephone section to include wording about internet and cellular telephones.

2010 Minister's Salary Schedule, Rules, and Guidelines

Introduction and Recommendations

1. The call issued to a pastor has two main concepts which deal with the relationship between a pastor and people. Specifically, the pastor is to perform certain services in his/her ministry among the people and the people are to provide remuneration for the pastor to keep him/her from temporal concerns. The latter is an obligation clearly undertaken by the church.
2. Every church and consistory needs to be involved with their pastor(s) in setting specific goals for both the pastor(s) and the church in order to lead the church in mission for Jesus Christ. Financial considerations are part of this two-way accountability and communication.
3. In order that pastors in the RCA are adequately compensated, each classis sets a minimum standard that needs to be met. After this minimum is met there is a base for discussion between pastor and the church on how performance and needs should be recognized in the salary determination.
4. It is **recommended and expected** that each church appoint a personnel committee to work with the pastoral staff of the church. Further it is recommended that this same committee be utilized to work with all church staff, ordained or non-ordained. Realizing that there are differences from church to church, the details of the personnel committee would be left to the individual church. However, the following should be minimum guidelines of the committee:
 - a. Meet on a regular schedule with each pastor and staff person at least twice a year
 - b. Set and discuss goals for each position and how those goals fit into the vision of the church
 - c. Review the past performance of the pastor(s) and staff persons
 - d. Recognize superior achievements and extraordinary service
 - e. Discuss general concerns
 - f. Specifically discuss financial needs to include salary, housing, transportation reimbursement, insurance, continuing education, and retirement plan as applicable
 - g. Consider financial needs beyond the day-to-day living expenses such as medical bills, education costs, emergencies, and retirement
 - h. Discuss other needs such as family crises, illness, marital stress, depression, and ministerial frustration
 - i. Give support and encouragement
 - j. Discuss and facilitate good relationships between church staff
 - k. Act as the communication link between staff and the consistory

5. It is **recommended** that churches and pastors consult with appropriate tax professionals as they work out the details of compensation and the pastor's financial planning. Tax counsel is important to maximize pastor benefits, minimize church costs, and protect all parties from incurring penalties from poor practices.
6. It is **recommended** that churches and pastors consult Internal Revenue Service (IRS) publications for specific information and rules. The following two publications are especially helpful:
 - a. Publication 1828 – Tax Guide for Churches and Religious Organizations. Especially note the section titled *Special Rules for Compensation of Ministers*.
 - b. Publication 517 – Social Security and Other information for Members of the Clergy and Religious Workers. This publication includes examples of forms.
 These two publications can be obtained from the IRS website at the following address:
<http://www.irs.gov/formspubs/index.html>

Rules for Minimum Compensation and Benefits

There are **three** components to **minimum compensation** for pastors: **1. Salary, 2. Social Security & Medicare Allowance, and 3. Housing or a Housing Allowance** if applicable. Additionally there are **Reimbursable Expense Allowances** and **Other Provisions**. This represents minimum rules – a church may exceed any of them. If a church is not able to meet the minimum rules, it should contact the appropriate committee in the classis where these Guidelines and Rules are approved.

Minimum Compensation

1. Salary

Rule: The church shall pay the pastor a salary that is at or above the amounts according to the following chart:

MINIMUM SALARIES TABLE FOR 2010 (no increase over 2009)			
Years since ordination	Average Sunday Morning Attendance		
	0-200	201-400	401 & above
0-1	35,139	37,431	39,867
2	36,360	38,678	41,094
3	37,544	39,687	42,273
4	38,716	41,071	43,447
5	39,880	42,252	44,605
6	40,071	42,496	44,858
7	40,259	42,738	45,108
8	40,443	42,975	45,353
9	40,629	43,206	45,593
10	40,770	43,439	45,834
11	40,907	43,683	46,073
12	41,042	43,895	46,305
13	41,177	44,117	46,534
14	41,306	44,333	46,759
15	41,435	44,544	46,982
16	41,562	44,755	47,204
17	41,686	44,961	47,421
18	41,808	45,165	47,632
19	41,927	45,366	47,845
20 +	42,044	45,565	48,054

Chart instructions:

1. Determine the appropriate Sunday Morning attendance figure for your church. Adjustment should be made for multiple Sunday morning services and weekday services that are intended as a replacement for a Sunday morning service. Multiple attendance should only be counted once.
2. Determine the year's since ordination. If the pastor has had ministry experience prior to ordination it is recommended that the church give consideration for this experience.
3. The resulting figure is the minimum salary for the pastor. This amount can be increased based on the pastor's needs, performance, etc.
4. The effective date of this chart will be January 1 of the year for which these guidelines and rules are published. However a church may elect to use an earlier date

Recommendation: If the church is already compensating the pastor above the minimum salary for a given year, it is recommended that for the following year the church increase that salary.

2. Social Security & Medicare allowance

Pastors are considered self-employed for Social Security and Medicare tax. Therefore they must pay this tax as a self-employed person without the benefit of the employer payment of the employer portion of the tax. It is the intention of these rules to compensate the pastor for the employer portion of this tax. If a pastor has elected not to be a part of the Social Security system, an equal allowance should be made to another appropriate retirement plan.

Rule: The church shall reimburse the pastor for one-half of the self-employed social security taxes. This is calculated by taking 7.65% of the Salary plus Housing.

- If the pastor is furnished a home by the church, the Housing amount is calculated to be
 1. At least the fair rental value of a parsonage plus the cost of furnished utilities, or
 2. 40% of the Salary amount, unless 40% is less than the fair rental value plus utilities.
- If the pastor is given a Housing Allowance, the Housing amount is the actual amount paid.
- The allowance is considered to be additional income unless otherwise deferred.

3. Housing

Rule: The church shall provide the pastor with the free use of a parsonage including all utilities.

Alternately the church may provide a *cash Housing Allowance* for the pastor. The amount of the allowance must be adequate to reimburse the pastor for rental or purchase of adequate housing for the pastor and his or her family in the community where the church is located plus utilities.

The following are the proper steps to figure minimum compensation when a Housing Allowance is being offered to the pastor:

1. Determine the minimum salary using the chart as outlined above.
Note: If salary will be paid above the minimum it should be added at this time.
2. Determine the appropriate amount to reimburse for *adequate housing* in the community where the church is located, plus utilities. A guideline that can be used is the Social Security Administration' suggested amount of 40% of salary. Actual adequate housing could be more or less depending on a number of factors that would include the size of the pastor's family and the cost of housing in the community where the church is located.
3. The pastor may elect to voluntarily transfer a portion of his salary to housing for a possible tax advantage for the pastor. The church and the pastor should be careful to follow IRS guidelines including designating the housing allowance pursuant to official action taken in advance of the payment. It is recommended that the above mentioned IRS publications be consulted and professional tax advice obtained. *The church should not allow this voluntary transfer until steps 1 and 2 are completed. The salary and housing allowance should not be offered as a package amount.*
4. The Social Security and Medicare allowance is then figured on the sum of the Salary and the Housing Allowance.

Reimbursable Expense Allowances

1. **Vehicle expense reimbursement:** If the pastor uses his or her personal vehicle(s) for church business, the church shall reimburse the pastor for that church business use. The reimbursement shall be at the IRS standard mileage rate. IRS reporting rules for vehicle expense should be followed.

Alternately the church may purchase a vehicle for the pastor to use for church business. All church related expenses for such a vehicle shall be paid by the church.

2. **Telephone and internet:** The church shall provide the pastor with the necessary telephone and internet service to conduct church business. The pastor would be responsible for any additional charge for personal use. If the church expects the pastor to be available by cellular telephone, the necessary telephone service will include cellular phone service.

Other Provisions

1. **RCA Retirement Program:** The church shall make the entire contribution on behalf of the pastor to the RCA retirement program. The contribution shall follow the instructions given annually by the Board of Benefits Services and is based on salary and housing, and not on other benefits such as the Social Security and Medicare allowances, the vehicle allowance, or the continuing education allowance.
2. **RCA Insurance:** The church shall make the entire contribution for the RCA Major Medical (family plan if immediate family is not otherwise covered through a spouse's employer-sponsored group plan), Long Term Disability, and Group Life insurance premiums. It is recommended that churches consider paying all or part of the premium if the pastor decides to enroll in the denominational sponsored Dental Assistance Program.
3. **Disability:** Physical, emotional or mental disability is defined as the inability of the pastor to carry out the normal functions of his/her office. In such event, whether total or partial disability, the salary and benefits of the pastor shall be paid for a period of six months. Thereafter all benefits due the pastor are those provided by the Long Term Disability Insurance.
4. **Vacation:** The following schedule shall apply for amount of annual vacation for the pastor:

Years Since Ordination	Weeks of Vacation	Sundays included in vacation weeks
Less than 3 years	3	3
3 years - 19 years	4	4
20 years and over	5	5

While the vacation time is expressed in weeks it is understood that pastors do not have what are commonly considered usual workweek days or hours. Pastors and consistories should reach an understanding of appropriate time-off when less than full week segments are taken.

Unused vacation time shall not carry over to another year. Pastors are encouraged to use the vacation in order that they may be personally refreshed. If the pastor has had ministry experience prior to ordination it is recommended that the church give consideration for this experience.

5. **Continuing Education:** The local churches and consistories are strongly encouraged to support professional development of the pastor for their mutual benefit. To that end, as provided by the RCA Book of Church Order, a minimum of one week including one Sunday shall be allowed plus an amount approximately equal to 1/52nd of only the annual salary shall be allowed towards actual expenses of the professional program such as travel, food, lodging and registration expenses.

Pastors are expected and encouraged to take advantage of this benefit on a yearly basis. However, by prior agreement between pastor and consistory this benefit may be accumulated to a maximum equivalent for 4 years of service. It is understood that professional development means a learning experience in a setting designed for skilled training in some aspects of pastoral work.

6. Sabbaticals: Churches are encouraged to grant pastors a six-week or more sabbatical at full salary after each seven year of service with that congregation. The agenda for such sabbatical should be submitted and approved by the consistory with the express intent that such sabbatical shall be an investment in the future to the benefit of the church.

After eight years of pastoral service without a sabbatical, churches, through its consistory or other appropriate committee, are **required** to annually review the Synod's sabbatical policy with its pastor(s).

For further information and a copy of synod approved sabbatical policy can be found on the Synod of Mid-America website at <http://midamericasynod.org/pdf1/SabbaticalPolicy.pdf> or contact the regional synod office.

7. Maternity leave: A reference for churches needing to look at maternity leave can be found at the following RCA website: <http://images.rca.org/docs/ministry/leavepolicy.rtf>

General Rules

1. Assistant or Associate Pastors: In the case of assistant or associate pastors, the Salary Schedule shall apply regarding the years since ordination, but such pastors may be paid according to the schedule for the next lower category size church regardless of the size church they serve.
2. Part-time Pastors: The salary schedule shall not apply to a part-time pastor. However these provisions should guide the church to appropriate minimum compensation for the part-time pastor.
3. Special Considerations: A pastor who is at least fifty-five (55) years of age and who wishes to serve a church having less responsibility and fewer demanding functions shall be entitled to special considerations.
 - a. A church may negotiate with such a pastor for his/her services at a salary not less than 70% of the appropriate salary schedule. All of the remaining provisions shall apply.
 - b. If a church wishes to utilize the services of such a pastor as an assistant or associate pastor, the salary negotiated shall be subject to approval of the appropriate committee in the classis where these Guidelines and Rules are approved.
4. Fees and Honorariums:
 - a. The pastor shall be entitled to retain fees and honorariums for his/her personal use, except the fees for classical appointments shall be delivered to his/her church treasurer.
 - b. Mileage reimbursement should not be considered as part of the classical appointment fee.
 - c. In order to maintain some consistency with pulpit supply payments, we **recommend** that a minimum honorarium of \$75.00 be given for the pulpit supply for a morning service (with appropriate adjustment for multiple services) and \$75.00 for an evening service. Also the church is to provide reimbursement of mileage at the IRS recommended rate. The primary purpose for this recommendation is for the benefit of retired pastors who use pulpit supply as a means of income.
 - d. It would be best if outside activities are kept to a minimum to prevent interfering with the pastor's ministry especially for the purpose of additional income. However, we do encourage pastors to have a reasonable degree of involvement in activities at the Classis, Regional Synod or General Synod level.