

COMPENSATION GUIDELINES for CLERGY and CERTIFIED CHRISTIAN EDUCATORS for 2018

TO ALL PASTORS, CLERKS OF SESSION, CHURCH TREASURERS:

The Commission on Ministry approved minimum annual compensation amounts for ordained clergy for 2016, 2017, and 2018 at its October 2015 meeting. The minimum salary amount also applies to Certified Christian Educators. Enclosed is a paper prepared by the Commission on Ministry entitled "2018 Guidelines for Determining Salaries.

MINIMUM AMOUNTS FOR COMPENSATION, VACATION, STUDY LEAVE, SUPPLY FOR:

1. **SALARY/HOUSING** minimum for full time pastors/associate pastors: \$50,000 (increased from 2017). PART TIME PASTORS/ASSOCIATES should receive at least a proportionate amount of the full time minimum.
2. Full cost of participation in the **Pension, Death and Disability Plan and in the Major Medical Plan of the PC(USA)**:
NOTE: Questions regarding this should be directed to Rev. Ken Green, Church Consultant, Synods of Lincoln Trails and Lakes & Prairies, Board of Pensions; email kgreen@pensions.org.
3. **VACATION:** minimum of 4 full weeks, including Sundays.
4. **STUDY LEAVE:** minimum of 2 weeks. It is recommended that the time may be accumulated up to three years with concurrence of the pastor and session.
5. **CONTINUING EDUCATION MINIMUM AMOUNT:** \$700. It is recommended that the amount may be accumulated up to three years with concurrence of the pastor and session.
6. **TRAVEL ALLOWANCE:** Business miles to be reimbursed at current IRS rate up (\$0.535 per mile for 2017).
7. **PULPIT SUPPLY:** minimum of \$150 for first service plus \$50 for each additional service per occasion and reimbursement for mileage at current IRS rate down from (\$0.54 per mile for 2018).
8. **MODERATOR SERVICE:** minimum of \$50 plus reimbursement for mileage at current IRS rate down from (\$0.54 per mile for 2018).
 - A reference to **Sabbatical Leave** consideration is addressed in Item G, Page 4 of the "Guidelines for Determining Salaries – 2017."

If you have questions call the **Ministry Coordinator** at 312-488-3010 at the Presbytery Office; or the Rev. Barbara Gorsky, **Moderator**, Commission on Ministry at 630.660.5522.

PRESBYTERY OF CHICAGO - COMMISSION ON MINISTRY
2018 GUIDELINES FOR DETERMINING SALARIES for CLERGY AND CERTIFIED CHRISTIAN EDUCATORS

1. CHECKLIST FOR SALARY REVIEW

COMPENSATION AMOUNTS

- A. Cash Salary _____
- B. Housing costs/Value of Manse _____
 Manse () or Housing Allowance ()
- C. Other Housing and Utilities expenses (if any) (3-B) _____
- D. TOTAL CASH PLUS HOUSING (A through C) _____
 (Must meet or exceed minimum cash/housing requirement for 2017)
- E. Tax Sheltered Contributions (if any) _____
- F. Individual insurance premiums in addition to the group premium _____
- G. Social Security Supplement (See Item 3C, p.2.) _____
(If more than 50%)
- H. TOTAL EFFECTIVE SALARY (D through G) {*see footnote} _____
- I. Pension/medical plan dues _____
 * (36.5% of H for installed member plus dependents)

REIMBURSABLE EXPENSES

- J. Study allowance - (\$700 minimum) _____
 Recommended: may be accumulated up to 3 years.
- K. Auto/Travel Expenses (reimbursed on voucher at _____
 the current IRS approved rate up to max. approved by congregation.)
- L. Other Expenses (if any) _____
- M. Social Security Supplement (if 50% or less) _____
- N. TOTAL COST TO THE CHURCH (H through M) _____

OTHER TERMS OF CALL

- O. Vacation (minimum 4 weeks) _____
- P. Study Leave (minimum 2 weeks; recommended: may be accumulated.) _____

*Access the link below for a Board of Pensions salary calculator

<http://www.pensions.org/AvailableResources/CalculatorsandModelingTools/Pages/Dues-Calculator.aspx>

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3. ADDITIONAL INFORMATION/RECOMMENDATIONS

A. **MINIMUM CASH SALARY AND HOUSING - \$50,000 FOR 2018:**

This figure is based on full **time ministry of 50 hours per week**.

The guidelines apply to all installed pastoral staff only. Other staff including temporary pastors (interims, temporary supplies). Part-time pastors should receive at least a proportionate amount of the recommended full time minimum cash/housing amount.

Beyond the minimum cash/housing amount of \$50,000, the Commission on Ministry makes no recommendations based on experience or size of congregations.

B. **HOUSING and UTILITY COSTS** (Please see www.pensions.org for “Tax Guide for Ministers and Churches”)

IMPORTANT!!! non-clergy Certified Christian Educators may not claim housing as a deduction when filing Federal Income Tax.

Housing allowances MUST be designated by a vote of the session or the congregation by December 31 of the year prior to the year in which the housing allowance will be used.

The housing allowance **CANNOT** be declared retroactively. Federal law allows housing costs to be declared non-taxable for clergy. Social Security tax is levied on the amount. If a housing allowance is offered, it should be based on the actual cost of housing for the pastor. It is the pastor's responsibility to determine what portion of the total cash plus housing amount is to be designated as housing and to justify that amount to the IRS. Amounts spent for mortgage payments, homeowners' insurance, taxes, upkeep may be included. The Commission on Ministry or the Board of Pensions may be helpful in determining other allowable costs.

If a manse is provided, the fair rental value of the manse must be included in effective salary.

The Commission on Ministry or the Board of Pensions may be helpful in determining other allowable costs. Fair rental value can be obtained by contacting two independent realtors.

NOTE: If the manse value falls below 30% of the total cash and deferred compensation amount (Items 2A plus 2E above), the Board of Pensions will determine a pension/medical dues base by including an amount that increases the housing figure to 30% of the cash plus deferred compensation amount. This results in an increase in pension/medical plan dues, but not an increase in compensation to the pastor. See also Item D, below, definition of Effective Salary. If the church pays other housing and utilities allowance to the pastor this should be included in effective salary.

C. **SOCIAL SECURITY SUPPLEMENT**

Ordained clergy are considered self-employed for Social Security (SECA) and **must pay the full Social Security tax of 15.3% for 2018**. Congregations may choose to pay all or part of the Social Security as an additional benefit to the pastor. The Commission on Ministry recommends that churches consider paying one half of the Social Security, which will result in an additional payment to the pastor of 7.65% of Item 2D (cash/housing), in 2018. If the church pays more than the 7.65%, the extra amount will be considered effective salary.

*******It is IMPORTANT to note that paying a Social Security supplement has the effect of an INCREASE in cash salary. Therefore, the amount is subject to federal and state taxes,**

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and any amount in excess of 7.65% is subject to pension and benefits dues. Churches and pastors may want to contact Commission on Ministry or the Presbytery Staff for additional information.

D. EFFECTIVE SALARY - DEFINITION FROM BOARD OF PENSIONS MANUAL

"Effective salary is the total of cash salary, manse or housing allowance and deferred compensation (such as a tax-deferred annuity or IRA contributions). A utility allowance, if provided, does not have to be included but may be added to the manse or housing allowance. Other allowances may be included at the employer's discretion (such as car allowance or education allowance) as part of cash salary. The value of a church-owned manse, if provided, should equal at least 30% of the total cash salary plus deferred compensation. If a housing allowance is provided, the actual amount should be used."

NOTE 1: Any **bonus or gifts** from the employer must be included in the **effective salary**, as well.

NOTE 2: The Commission on Ministry strongly recommends that **allowances** be treated as **reimbursable expenses**, vouchered on a monthly basis, and that they not be included as part of the effective salary. They may not be included in the minimum salary approved by the Presbytery of Chicago.

E. PENSION, DEATH, DISABILITY AND MAJOR MEDICAL BENEFITS DUES – calculation for members without dependents.

Pension/medical benefits dues are required to be paid monthly for all called and installed pastors of PC(USA) at a percentage of the effective salary that is set each year by the Board of Pensions.

*List at the end of this document is a sample chart of pension/medical benefits dues calculations based on the Chicago Presbytery minimums.

F. REIMBURSABLE EXPENSES

Because circumstances vary from church to church, the Commission on Ministry makes no recommendation of specific amounts for professional expenses such as auto or other allowances, except for the minimum study allowance. In its annual review of terms of call, each particular church should discuss these matters with its pastor(s). It is expected that automobile expenses will be reimbursed at the rate approved each year by the IRS.

The Commission on Ministry **strongly recommends that professional expenses incurred by a pastor be reimbursed.** Records of all professional expenses should be kept and submitted to the church for reimbursement on a regular basis. Unless such a method is employed, the pastor either may not recover total expenses incurred, or may be required to pay taxes on additional income. It is important to check with the Commission on Ministry or a tax consultant for the current year's tax rulings.

The minimum continuing education allowance is \$700 per year. It is recommended that this may be accumulated with the concurrence of the session and pastor(s).

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G. OTHER TERMS OF CALL

Minimum vacation is four weeks. At least four full weeks including Sundays must be allowed for all calls, *part-time as well as full-time*. It is acceptable for churches to include additional days to complete a full month or more of vacation for the pastor. However, for terms of call, vacation will be expressed in weeks or days.

The **study leave for continuing education** is **two full weeks per year** for all calls, ***part-time as well as full-time***. It is recommended that this leave time may be accumulated with the concurrence of the session and pastor.

It is recommended that a provision for SABBATICAL LEAVE be considered after (5-7) years of continuing service by a pastor. Information is available from the Presbytery Office.

H. SALARY CHANGES

The Commission on Ministry notes that in reviewing the Board of Pensions Payment Report for plan members there appears to be a lag in reporting some salary changes. **Such a situation could impact negatively on members' or survivors' benefits. All members should review their annual statement of benefits to determine if their effective salary as recorded on the statement is correct.** If the information needs to be reconciled, the member should contact the Board's toll free number, 1-800-773-7752 and request a **Member Confirmation Form**. The Plan member and persons authorized to make financial commitments must complete, sign and send the Member Confirmation Form back to the Board. The Board then makes changes to the member's records and sends an adjusted invoice at the beginning of the next billing cycle.

A recommended guide for clergy and church treasurers is: *Church and Clergy Tax Guide*, by Richard R. Hammer, Christian Ministry Resources, PO Box 2301, Matthews, NC 28106. This guide is updated annually.

<http://www.pensions.org/AvailableResources/CalculatorsandModelingTools/Pages/Dues-Calculator.aspx>

Presbytery of Chicago

Pastor Compensation Guidelines

	2018 With or Without Dependents				
	BOP	POC Minimums			
		Full Time	3/4 Time	Half-Time	Quarter Time
Cash Salary					
Housing					
Effective Salary		50,000.00	37,500.00	25,000.00	12,500.00
Full-Time Equivalent Salary		35,000.00	35,000.00	35,000.00	35,000.00
Board of Pensions Dues *					
Major Medical Minimum Salary	\$44,000				
Salary for Calculation		50,000.00	44,000.00	44,000.00	44,000.00
Medical Coverage	25.00%	12,500.00	11,000.00	11,000.00	11,000.00
Pension Minimum Salary	\$13,850				
Salary for Calculation		50,000.00	37,500.00	25,000.00	13,850.00
Pension	11.00%	5,500.00	4,125.00	2,750.00	1,523.50
Death & Disability	1.00%	500.00	375.00	250.00	138.50
Subtotal	12.00%	6,000.00	4,500.00	3,000.00	1,662.00
Total Board of Pensions	37.00%	18,500.00	15,500.00	14,000.00	12,662.00
Continuing Education		700.00	700.00	700.00	700.00
Sub-Total		69,200.00	53,700.00	39,700.00	25,862.00
Professional Expense		0.00	0.00	0.00	0.00
Total		69,200.00	53,700.00	39,700.00	25,862.00

* For actual Board of Pensions dues please see the Dues Calculator at www.pensions.org

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