



Compensation Guidelines for Ministers and Certified Christian Educators for 2023

To All Pastors, Associater Pastors, Clerks of Session, Educators, and Church Treasurers:

The Presbytery of Chicago approved minimum annual compensation amounts for ordained ministers for 2023. The minimum compensation for Certified Christian Educators is 85% of the minimum for ordained ministers. These guidelines will be helpful in planning your 2023 salaries for pastors, associate pastors, and education staff members.

Minimum Amounts for Compensation, Vacation, Study Leave, Travel and Professional Expenses, Pulpit Supply, and Moderator Service:

1. **Salary / Housing Allowance** - minimum for full time (40 hours/week) pastors/associate pastors: **\$57,000** (increased from \$54,000 for 2022). Part time Pastors / Associate Pastors should receive at least a proportionate amount of the full time minimum.
2. Full cost of participation in the **Benefits Plan of the PC(USA)**, administered by the Board of Pensions of the PCUSA. **Note:** Questions regarding this should be directed to Rev. Ken Green, Church Consultant, Synods of Lincoln Trails and Lakes and Prairies, Board of Pension; email kgreen@pensions.org.
3. **Vacation:** minimum of 4 full weeks, including Sundays.
4. **Study Leave:** minimum of 2 weeks, including Sundays. It is recommended that the time may be accumulated up to three years with concurrence of the pastor and session.
4. **Continuing Education Minimum:** \$700. It is recommended that the amount may be accumulated up to three years with concurrence of the pastor and session.
5. **Travel Allowance and Business Expenses:** Business miles to be reimbursed at current IRS rate, which is \$0.625 per mile (2022 rate); suggestion of \$3,000 per year.
6. **Pulpit Supply:** minimum of \$150 for first service plus \$50 for each additional service per occasion and reimbursement for mileage at current IRS rate 62.5 cents per mile. The updated Pulpit Supply List can be found in the Online Directory – contact khockenberry@chicagopresbytery.org
7. **Moderator Service:** minimum of \$100 plus reimbursement for mileage at current IRS rate 62.5 cents per mile.
 - A reference to Sabbatical Leave consideration is addressed in Item G, below.

If you have questions please contact Stated Clerk Ken Hockenberry - khockenberry@chicagopresbytery.org or contact the COM Liaison for your congregation.

Revised, October 5, 2022



2023 Guidelines for Determining Salaries for Pastors, Associate Pastors, and Certified Educators

1. Checklist for Salary Review

Annual 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 2023)
- E. Tax Sheltered Contributions (if any) _____
- F. Individual insurance premiums in addition to the BoP Dues _____
- H. **Total Effective Salary (D through G) {*see footnote}** _____
- I. Pension/medical plan dues – Employer cost: _____
*** (39% of H for installed minister member plus dependents)**

Annual Reimbursable Expenses

- J. Study allowance - (\$700 minimum) _____
Recommended: may be accumulated up to 3 years.
- K. Auto/Travel/ Business 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- see below**) _____
- N. **Total Cost of Church as Employer (H through M)** _____

Other Annual Terms of Call Items

- O. Vacation (minimum 4 weeks) _____
- P. Study Leave (minimum 2 weeks: may be accumulated up to 6 weeks.) _____

*Access the link below for a Board of Pensions salary calculator
<https://www.pensions.org/what-we-offer/employer-guidance/calculators>



Additional Information / Recommendations

- A. Minimum Annual Cash Salary and Housing Allowance is \$ 57,000.00 for 2023:**
This figure is based on **full time ministry of 40 hours per week.**
The guidelines apply to all installed pastoral staff. Other staff including temporary pastoral relationships (interims, temporary supplies) generally require the same compensation. 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 \$57,000, the Commission on Ministry recommends years of experience and size of congregation be considered in compensation.
- B. Housing and Utility Costs** (Please see www.pensions.org for "Tax Guide for Ministers and Churches") **Important!** Certified Christian Educators who are not also ordained ministers 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.

Revised, October 19, 2021



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C. **Social Security Supplement (SECA)**

Ordained ministers are considered **employees** of their congregations **in all matters except Social Security. For Social Security purposes (SECA) ministers are considered self-employed – and therefore must pay the full Social Security tax of 15.3% for 2023.** Congregations may choose to pay up to 50% of the Social Security as an additional benefit to the pastor. The Commission on Ministry recommends that churches consider paying 50% of the Social Security (similar to other employers), which will result in an additional payment to the pastor of 7.65% of Item 2D (cash/housing), in 2023. If the church pays more than the 7.65% of SECA, the extra amount will be considered part of the 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, 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 the Board of Pensions**

"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 are not included in effective salary, and should be vouchered by the employee and submitted for payment. 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** - **with vouchers** submitted on a monthly basis, rather than including them as part of the effective salary. They may not be included in the minimum compensation for effective salary approved by the Presbytery.

E. **Board of Pensions - Benefits Plan of the PC(USA) and Benefit Dues -**

Benefits Plan dues to the Board of Pensions 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.



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 COM **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).

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. Ordinarily vacation should be taken in the calendar year, and should not be accumulated over a period of years.

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.

Sabbatical Leave - It is recommended that a provision for Sabbatical Leave be considered after 5 to 7 years of continuing service by a pastor. Information on Sabbatical Leave can be found at:
<https://www.chicagopresbytery.org/wp-content/uploads/2019/12/COM-Sabbatical-Leave-Guidelines.pdf>

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 minister 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 use the Benefits Connect webpage system to make changes.

<https://logon.pensions.org/>

The Board will make the necessary changes to the member's records and sends an adjusted invoice at the beginning of the next billing cycle.

I. Additional Information

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.

<https://store.churchlawandtax.com/2022-church-clergy-tax-guide-pdf/>

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