

2016 COMPENSATION GUIDELINES

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Other helpful websites: www.elcabop.org and www.irs.gov

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PREFACE

Compensation Guidelines were first developed in the 1960s by the predecessor bodies of the current ELCA. At the time of the 1988 merger, compensation guidelines from each of the merging Lutheran bodies were consolidated. The goal of the Compensation Guidelines Committee is **long term calls for rostered leaders**. Generally speaking, congregations/agencies/Synod and leaders both suffer during times of interim, and benefit under long term calls. By promoting appropriate compensation and healthy leaders, we hope to increase the average length of call in our Synod, and therefore strengthen our collective ministry to all of God's people.

These 2016 compensation guidelines have been prepared by the Compensation Guidelines Committee of the Commission for Leadership. Committee members include: Rev. Scott Seeke (Alpharetta, GA), Chair; Ken Anderson (Prince of Peace, Alpharetta, GA); Debbie Baumgartner (Good Shepherd, Woodstock, GA); Rev. Kim Stover (All Saints, Lilburn, GA), Rev. Mark Beatty (Prince of Peace, Alpharetta, GA), and AIM Michelle Angalet, Synod Staff Liaison.

Every year, these guidelines are revised and edited by the Compensation Guidelines Committee, then sent to Synod Council for approval. The Synod Council submits the Guidelines to the Synod Assembly for adoption and use by congregations, agencies and the Synod itself. This document should not be considered legal or tax advice. We encourage individuals and organizations to consult a financial professional as needed.

It is strongly urged that synod assembly delegates take these guidelines back to their respective congregation, agency or to the Synod itself. Care should be taken to ensure that these guidelines are placed into the hands of congregational/agency/Synod Mutual Ministry and/or Personnel committees, or to the Church Council if neither committee exists. As these guidelines are designed to 1) advocate for all rostered persons in matters regarding compensation, and 2) assist congregations/agencies/the Synod in making compensation decisions, it is essential that they be shared with those responsible for advocacy and decision making. In order for advocacy to be most effective and beneficial for the rostered leaders and those they serve, every good-faith attempt should be made to place these guidelines into the hands of those responsible for advocacy on behalf of rostered staff. *See page 6 for a description of the role of Mutual Ministry and Personnel Committees in advocating and making compensation recommendations on behalf of rostered staff.*

The recommended process for use of these guidelines is twofold:

1. Congregational/Agency Mutual Ministry Committee reviews compensation guidelines and provides an annual review for the rostered person.
2. Mutual Ministry Committee in conjunction with Church Council recommends a compensation package to the Congregation for inclusion in the annual budget.

For additional questions please contact:

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COMPENSATION AT A GLANCE

DEFINED COMPENSATION

Minimum Base Salaries: Recommended minimum salaries have been based on the Rostered Person's education, responsibilities, years of experience, and size of congregation. Additional compensation should be considered if special circumstances are indicated. Special circumstances may include special experiences, skills, credentials, or the complexity of the situation. A Rostered Person may have work experience prior to entering the ministry which a congregation/agency/Synod may want to take into consideration when setting salary.

Housing: The housing allowance is to include what is actually spent on the house. The housing allowance provided is based on home market values in the community in which the pastor serves, plus utilities, plus tax rates. The amount of housing allowance that can be excluded from taxable income is always the smallest of the following three amounts:

- a. the amount, officially designated in advance, as housing allowance by the pastor's congregation/church organization; or
- b. the amount spent for the pastor's primary residence (down payment, mortgage principal and interest, utilities, taxes, insurance, furnishings, maintenance, etc.); or
- c. the fair rental value of the pastor's home including furnishings and cost of utilities (owned or rented).

It's important to note that housing allowance can be excluded only if it is officially designated through a resolution, minutes or budget identification, before such payment is made (i.e. before Dec. 31 2014 for compensation in 2016).

Resources for calculating market values in a community include Zillow.com and Bankrate.com.

***Please note:** IRS regulations DO NOT permit housing allowances for Rostered Lay Persons.*

Social Security: Pastors are required to compute and pay self-employment Social Security Tax (SECA). The SECA rate is 15.3% on salary and housing. Some congregations/agencies/Synod include a Social Security Allowance. If a congregation/agency includes a Social Security Allowance in the Pastor's compensation, it must be declared as income. Therefore, when a congregation/agency/Synod seeks to offset this – they should take into account not only the amount, but also the net effect on taxable income. Whereas one half of the social security would be 7.65%, it must be remembered that the rostered person receives this social security offset as income – with all applicable taxes. Therefore, since clergy are listed by the IRS as “self-employed” it is recommended that congregations/agencies/Synod consider an amount higher than the 7.65% so that the clergy receives the full benefit of the offset. (Accountants have told us that for the pastor to receive the full one half of social security allowance the amount in this line should be around 13%. You can check with your own accountants.)

***Please note:** The IRS regards Rostered Lay Persons as employees of the congregation/agency/Synod, therefore the congregation/agency/Synod must pay the employer portion of Social Security. No other Social Security allowance is allowed for Rostered Lay Persons.*

ADMINISTRATIVE COSTS

Pension & Medical: It is the expectation of the Southeastern Synod that all congregations/agencies/Synod provide a Pension and Benefits Program for all Rostered Persons - Clergy and Lay. The cost for the ELCA Pension, Survivor Benefits, Administration cost, Medical, Dental and Disability Insurance is calculated as a percentage of the Rostered Person's compensation. This

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synod encourages all congregations/agencies/Synod to contribute to the Pension Plan at a minimum of the 12% rate.

Auto Expense Reimbursement: The congregation/agency/Synod should reimburse miles traveled in carrying out duties as a Rostered Person - Clergy or Lay at the rate allowed by the IRS. Miles traveled commuting are not reimbursable. Transportation reimbursement is not considered a benefit, but a normal operating business expense of the congregation/agency//Synod. (See www.irs.gov)

Continuing Education: It is expected that all Rostered Persons - Clergy and Lay, will participate in continuing education programs that enhance ministry and enrich congregations/agencies/Synod. Congregations/agencies are expected to support these goals/ideals by providing to the Rostered Persons a **MINIMUM** of two paid weeks including two Sundays (outside of vacation) per year and \$1,000.00 per year, cumulative for three years.

Professional Liability/Malpractice insurance: Changes in societal attitudes are making Clergy, staff, and congregations/agencies/Synod more vulnerable to malpractice claims. Therefore, the congregation should provide professional liability coverage for pastors. Questions regarding this insurance coverage should be addressed to the congregation=s insurance agent. Coverage for a lay professional should be evaluated on a case by case depending on the nature of his/her ministry, i.e. youth workers, musicians, teachers.

Health Examination: The synod encourages Rostered Leaders to have a regular health examination. As of 2008, the entire cost of an annual physical, plus many other preventive procedures, is now borne by the ELCA Portico Benefit Services medical and dental plan, with **NO** deductibles, provided the plan members go to network physicians. Please consult Portico guidelines.

Additional Options:

- 1) A Flexible Spending Account became available through the Portico Benefit Services in 2008. Plan members can set aside payroll dollars on a pre-tax basis to pay for eligible healthcare expenses throughout a calendar year, thus reducing taxable income. There is no additional charge by the B O P for this service. Minimum election is \$100, maximum election is \$5,000.
- 2) Portico plan members may add contributions to their pension accounts through salary reduction. Additional savings accrue because no income tax is paid on these funds at the time of contribution and ordained ministers do not pay social security tax on these dollars. Contact Portico or review the information under Member Pre-Tax Contributions on the Portico webpage.

ISSUES FOR ALL ROSTERED PERSONS - CLERGY OR LAY

STEWARDSHIP OF LIFE

As Christ's disciples, we are all exhorted to be good stewards of God's creation. Rostered leaders are called to model stewardship for those they serve. All rostered persons are also reminded that they are to take care of themselves, so that they can take care of those that have been placed in their care. Rostered persons are encouraged to take at least one full day off per week. These days off are to be taken. In addition, time should be taken for intentional prayer and spiritual self-care/wellcare. These are times to recharge our "batteries" as well as our souls. Physical and emotional wellness are essential to positive ministry. All congregations/agencies/Synod are reminded that they should support all rostered persons and their families in being good stewards in Christ's church.

One way to manage work and time off is to consider each day as divided into three segments: morning, afternoon, and evening. Each week contains twenty-one such segments. Working fourteen or fifteen of those segments, equaling approximately 45 hours, is suggested as the norm. At least one complete day off should be part of this schedule. During Lent and the Advent season more may be required. Correspondingly, some summer months may require less.

THE ROLE OF A MUTUAL MINISTRY COMMITTEE AND PERSONNEL COMMITTEE

To support the rostered staff, each congregation/agency/Synod is expected to have a Mutual Ministry Committee as specified in the Model Constitution for Congregations, C13.04. According to this document, the committee members should be "appointed jointly by president and the pastor." Terms of office shall be two years, with three members to be appointed each successive year. It is recommended that Mutual Ministry Committee members hold no other office in the congregation/agency/Synod during their term. It is recommended that there be a line of communication between Mutual Ministry and the Congregation/Agency/Synod Council.

The role of a Mutual Ministry Committee is to support and nurture a healthy relationship between pastor (rostered staff) and people. It does so by 1) encouraging and holding rostered staff accountable for the care of their spiritual, emotional and physical well-being; 2) working with rostered staff to plan and hold them accountable for continuing education that is based on the needs of the congregation/agency/Synod as well as the professional development needs of the individual; 3) providing a forum of mutuality and trust in which rostered leaders can reflect on the work they are doing and their role in providing leadership and direction.

Although the Mutual Ministry Committee can advocate for adequate financial compensation for rostered leaders, it is recommended that compensation matters be addressed by a Personnel Committee or Church Council. For additional information about the role of Mutual Ministry in a congregation/agency/Synod, see Appendix B.

A Personnel Committee exists to make recommendations to the Council that enable the congregation/agency/Synod to carry out obligations as an employer. As supervisor of staff,

the pastor may be a member of this committee. Personnel Committees provide an evaluation system and ensure that rostered staff receives regular evaluations of their performance. They also annually review the compensation of rostered staff and make recommendations to the Budget Committee or Council about merit increases or suggested changes to compensation. Personnel Committees develop, publish and maintain the Personnel policies of the congregation agency/Synod. The Southeastern Synod has a model personnel policy for congregations/agencies/Synod. It is available on the synod web site or by contacting the synod office.

REVIEW OF MINISTRY (previously this said “Review of Ministry Performance”)

In addition to working with a Mutual Ministry Committee, regular reviews of rostered persons can provide an opportunity for both the rostered person and the congregation agencies/Synod to identify and develop ministry and leadership needs for the congregation agencies/Synod. It is suggested that a rostered person participate in a ministry review at least once a year, preferably not in conjunction with the preparation of the employer’s budget. Where a Personnel Committee exists, it should have responsibility for oversight of this process. Where there is more than one rostered person serving in a congregation/agency/Synod, the senior pastor and Personnel Committee should together determine a fair process of evaluation for all members of the rostered staff.

While an annual review may be regarded as sufficient, it may not provide the best overall assessment of an individual’s ministry or of the employer’s ministry. Congregations/agencies that do not have Mutual Ministry and/or Personnel Committees may find that quarterly and/or semi-annual reviews may provide a more positive, honest and productive view of the rostered person’s and employer’s ministry. More frequent reviews can aid in further development of positive leadership qualities as well as pinpointing potential areas of conflict. Early identification can lead to more effective ministry. (*See Appendix B for Additional Resources.*)

VACATION

Rostered Clergy or Lay:

- a. Synod minimum standard is four weeks, including four Sundays per year. (*Merriam-Webster Collegiate Dictionary, 10th Edition*, defines a week as any of a series of seven-day cycles used in various calendars.)
- b. It is recommended that after each additional ten years in ministry, one additional week of vacation (including one Sunday) be given.

1-10 Years of Service	4 weeks paid vacation, including 4 Sundays
11-25 Years of Service	5 weeks paid vacation, including 5 Sundays
25+ Years of Service	6+ weeks paid vacation, including the same number of Sundays

HOLIDAYS

1. Holidays are to be granted as days off, in addition to regular days off and vacation days. When the services of the pastor are required on a recognized holiday, an alternative day off is to be provided.
2. According to ELCA Churchwide Policy, the following days are recognized as holidays: New Years Day, Martin Luther King Day, Good Friday or Easter Monday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. The synod recommends up to 20 days in a 12-month period which cannot be accrued and carried forward from year to year.

ILLNESS

1. The synod recommends up to 20 days in a 12-month period which cannot be accrued and carried forward from year to year.
2. In catastrophic situations, it is recommended that Congregation/Agency/Synod Councils consider two additional months of sick leave to cover the individual until disability coverage begins, provided that there is proper documentation from the appropriate physician (ELCA Pension and Benefits Plan provides disability coverage beginning with the start of the third month of disability).

PARENTAL LEAVE

1. A parental leave plan shall be drawn up in open consultation with the rostered person and the mutual ministry committee, with the final approval of the congregation/agency/Synod council. Specific conditions, including number of weeks leave before and after the birth or adoption of a child, should be negotiated in advance in writing. Parental Leave should be based on whether parent is Primary or Secondary Care Giver.
2. In the case of a birth, Primary Caregivers are females who give birth, and leave should include a minimum of six weeks of full salary and benefits. Leave for Secondary Caregivers should include a minimum of four weeks of full salary and benefits.
3. In case of adoption, the Primary Caregiver is whichever parent has primary care responsibility of the adopted child. Leave for Primary Caregivers should include a minimum of six weeks of full salary and benefits. Leave for Secondary Caregivers should include a minimum of four weeks of full salary and benefits.
4. When both parents are clergy (either in the same congregation/agency/Synod or separate ones), both should be given the recommended leave.

CONTINUING EDUCATION

1. It is expected that all rostered persons will participate in three years of **First Call Theological Education** and that the congregation/agency/Synod will support this with paid time off and funding.
2. It is expected that all rostered persons will participate in 50 contact hours a year of education (beyond first call education) that enhance ministry and enrich congregations/agencies/Synod.
3. Congregations/agencies/Synod are expected to support these continuing education goals/ideals by providing to the rostered person a **MINIMUM** of two paid weeks including two Sundays (outside of vacation) per year and \$1,000.00 per year (\$1,250.00 per year for

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- rostered persons in their first three years of service), cumulative for three years. Rostered persons are expected to contribute an additional \$300.00 per year.
4. Congregations/agencies/Synod are expected to provide a minimum of \$250.00 for publications and media resources.
 5. Official Meetings - Synod assemblies and synod-sponsored professional leadership conferences are official meetings of the synod. It is expected that all rostered persons will attend these meetings and funding, plus paid time off, will be provided by the congregation/agencies/Synod, 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.**
 6. To accomplish Continuing Education goals, a CONTINUING EDUCATION COVENANT between the rostered person and congregation/agency/Synod is strongly encouraged. When a rostered person leaves their call for a reason other than retirement, unused continuing education funds shall be paid directly to the rostered person.

REIMBURSEMENT

Income tax regulations 1.162-17 and 1.274-5(e) provide that an employee need not report on his/her 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.

Under this tax regulation, the Professional Expense Accountable Reimbursement Policy (See Appendix E) must be adopted by the congregation/agency/Synod council. The rostered person(s) must submit adequate supporting accounting and documentation to the church treasurer on a monthly basis. All receipts and other documentary evidence shall be retained by the congregation.

TRANSPORTATION REIMBURSEMENT

The congregation/agency/Synod should reimburse miles traveled in carrying out duties as a rostered person at the rate allowed by the IRS. The current rate can be found at www.irs.gov (search for “standard mileage rates”). Miles traveled for commuting are not reimbursable.

The rostered person should submit a signed report each pay period or no less than monthly to the responsible financial officer of the congregation/agency/Synod. It may be advantageous for the congregation/agency/Synod to lease a car for the rostered person or to pay a car allowance. Personal use of leased cars is to be reimbursed to the congregation/agency/Synod or taken as taxable income. Transportation reimbursement is not a benefit, but a normal operating business expense of the congregation/agency/Synod.

INTERIM AND SUPPLY PASTORS

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

1. An Interim Pastor shall receive remuneration of a minimum of \$30-\$50 per hour, or at a rate mutually acceptable (to be negotiated and put in writing prior to onset of services), mileage reimbursement (current rate can be found at www.irs.gov, search for “standard mileage rates”), and related business expenses (e.g., telephone, postage, meals, hotel, etc.). If said Interim Pastor leads worship, the costs for a

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- "supply pastor" (see #4 below) shall also apply. If pastoral services are shared by a interim and a supply pastor the remuneration shall be negotiated based on work load and put in writing
2. A full-time Interim Pastor shall normally receive remuneration comparable to the previous pastor or within synod guidelines considering the experience and skills of the Interim Pastor. Housing (either parsonage or housing allowance) is to be provided and reimbursement (current rate can be found at www.irs.gov; search for Astandard mileage rates@) and related business expenses (e.g., telephone, postage, meals, etc.).
 3. A part-time Interim Pastor shall receive remuneration and housing proportionate to the percent of time spent relative to a full-time Interim Pastor.
 4. A supply pastor shall receive (This would apply to any rostered person serving as worship leader):
 - a. Preaching - one service = minimum of \$150.00; two services = minimum of \$180.00; each additional, same day, service = \$40.00 each;
 - b. Other supply services such as meetings, confirmation, calls, etc. shall be paid at a minimum of \$30 to \$50 per hour, or at a rate mutually acceptable (to be negotiated and put in writing prior to onset of services);
 - c. Mileage shall be reimbursed at the IRS standard business rate (current rate can be found at www.irs.gov; search for Astandard mileage rates@);
 - d. All reasonable hotel and meal costs shall be reimbursed.
 5. Interim and supply pastors are encouraged to have an honorarium/fee schedule for special services, i.e. weddings and funerals, and related mileage expense rates.

SPECIAL SERVICES (e.g., workshops, consultations, retreats, etc.)

Rostered persons are to negotiate with congregation/agency/Synod for remuneration and related expenses (to be negotiated and put in writing prior to the onset of services).

GUIDELINES FOR SABBATICALS FOR ROSTERED PERSONS - CLERGY AND LAY

The Southeastern Synod is an advocate of sabbaticals for rostered leaders. 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.

Congregations/agencies/the Synod are asked to provide time and financial support to allow pastors, associates in ministry, diaconal ministers, and deaconesses to experience not only the blessing of weekly Sabbath time, but also the blessing of extended Sabbath time that a sabbatical allows. Just as missionaries around the world are given furlough leave from their responsibilities on a regular rhythm, so, too, should our mission leaders, working for our Lord on their mission fields, be given the furlough that is a sabbatical leave. This is vital for Southeastern Synod leaders and the congregations/agencies/Synod that they serve.

The following Guidelines are provided to assist rostered persons and calling bodies in the provision of sabbatical leave.

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1. Letters of call for rostered leaders should include the calling bodies' intention to provide a sabbatical at the appropriate time.
2. Rostered leaders and calling bodies ideally should begin planning sabbatical leave at least a year in advance of the proposed leave, and are asked to consult with the bishop's office as planning begins.
3. Sabbatical leave normally will be for a minimum of three months, with no specific maximum duration. Some synods offer up to 12 months in duration. Durations beyond the minimum three month guideline should be mutually determined and agreed to in the sabbatical covenant between congregation/agency/Synod and rostered leader.
4. Rostered leaders who have a minimum of seven years in rostered, full-time ministry are eligible for a sabbatical leave every five years or continuous service in their current call.
5. A rostered leader shall agree to serve the calling body for a minimum of one year following the completion of sabbatical leave. Exceptions to this policy because of unusual circumstances must be discussed by the rostered leader with the calling body and the bishop.
6. The base salary, housing allowance or housing equity allowance (if applicable), Social Security offset, pension contribution, and medical/dental coverage should be maintained at the current level, with the rostered person assuming responsibilities for all other personal and family expenses. Continuing education funds may be used for seminars, workshops, retreat time, etc., in accordance with the guidelines for continuing education found in this document.
7. During the time when the rostered leader and calling body are apart from each other, both the congregation/agency/Synod and the pastor, associate in ministry, diaconal minister, or deaconess will be blessed by new experiences. Those experiences will bring about change in the relationship between the rostered leader and calling body. It can be helpful for both to anticipate this, plan for it, and prepare to celebrate the growth in discipleship which can occur.
 - a. It is suggested that mutual sabbatical goals for both the rostered leader and for the calling body be discussed, set, worked toward during the sabbatical, and reviewed when the sabbatical leave is concluded.
 - b. These goals should be established at least three months before the sabbatical leave begins, in consultation with the bishop's office, and should be approved by the rostered leader, the Congregation/Agency/Synod Council or supervisory group, and should be shared with the bishop.
8. When the calling body begins to make plans for having others assume the normal responsibilities of the rostered leader during sabbatical leave, the bishop's office may be consulted for suggestions and ideas. During the rostered leader's sabbatical leave, a member of the bishop's staff may be present for a worship service or other occasion to represent the synod's support for this program.
9. Rostered leaders on sabbatical leave are not expected to return to their calling body for pastoral or other responsibilities that others can assume, e.g. baptisms, weddings, funerals, youth retreats, council or board meetings, etc.
10. When the sabbatical leave is over, the rostered leader and calling body will prepare a report summarizing goal accomplishment and re-entry challenges, and present that report to the council, board or supervisor in the calling body, and to the bishop's office. This report should be completed no longer than six weeks after the

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conclusion of sabbatical leave. A time of communal celebration should accompany both the beginning and the end of this time apart.

11. An excellent resource for sabbatical planning is Clergy renewal - The Alban Guide to Sabbatical Planning, by A. Richard Bullock & Richard J. Bruesehoff. Another is the Allegheny Synod Sabbatical resources, which can be found at <http://www.alleghenysynod.org/sabbatical-resources>. Another is Wheat Ridge Ministries at <http://www.wheatridge.orgprograms/grants/sabbaticalgrants/>. A final suggestion is the Lilly Foundation, whose information can be found at http://www.lillyendowment.org/religion_ncr.html.

WORKSHEET

Rostered Ordained Persons with Housing Allowance - 2016 (Clergy)

A. COMPENSATION - (*What Pastor Actually Receives*)

1. Base Salary (*see page 15, Table A*) \$_____
2. Housing Allowance (*see Appendix C*) \$_____
3. Social Security Allowance (See page 4 for more information) \$_____

Because Pastors are considered self-employed by the IRS for Social Security computations only, the Synod Council recommends that congregations/agency/Synod contribute a minimum of one-half of the total self-employed social security tax.

4. Additional Compensation \$_____

(i.e. tax sheltered annuity, life insurance NOT Social Security)
5. Total of 1, 2 and 4 \$_____
6. Defined Compensation (Total of lines 3 and 5) \$_____

B. PENSION AND OTHER BENEFITS (*For Pension only, the Synod Council strongly recommends 12%; see Appendix C)

1. ELCA Medical, Dental, & Pension Plan (*See Appendix C*) \$_____**

(approximate percentage - up to 44.4% in Appendix C)
2. Additional Benefits \$_____
3. Total of lines 1 and 2 \$_____

**Percentages and rate can vary. See current rate schedule.

C. EXPENSES

1. Transportation Mileage reimbursement (*see page 9*) \$_____

(current rate can be found at www.irs.gov; search for standard mileage rates@)
2. Publications & Media Resources (*Synod minimum is \$150/year*) \$_____
3. Official Meetings (*includes synod assembly, Professional Leadership Conference, etc.*) \$_____
4. Continuing Education (*see page 6, Synod minimum is \$1,000.00*) \$_____
5. Total of lines 2, 3, and 4 \$_____
6. When call is issued, moving expenses to this field of service are not to exceed _____

WORKSHEET

Rostered Ordained Persons Living in Parsonage - 2016 (Clergy)

A. COMPENSATION

1. Base Salary (*See page 15, Table A*) \$ _____
- 1a. Additional Compensation
(i.e., a tax-sheltered annuity, life insurance, NOT Social Security) \$ _____
2. Social Security Allowance \$ _____
Because Pastors are considered self-employed by the IRS for Social Security computations only, the Synod Council recommends that congregations/agencies/Synod contribute a minimum of one-half of the total self-employed social security tax.
- 2a. Total of 1, 1a & 2 \$ _____
3. Estimate of Parsonage rental value.* \$ _____
4. Parsonage Expenses
- 4a. Utilities** \$ _____
- 4b. Furnishing \$ _____
- 4c. Housing equity allowance*** \$ _____

* Due to the uncertainty of real estate markets and the diversity of communities within our synod, rostered persons and congregations/agencies/Synod each research a fair and equitable agreement on the rental value of the parsonage. Also, this amount is not included in the leader's paycheck, but it is calculated because it must be reported as taxable income.

** Include only if the Pastor pays the utilities with funds provided by the congregation/agency/Synod. If the employer's treasurer pays the parsonage utilities, no figure should be included here, as it is not compensation.

*** The Compensation Guidelines Committee recommends that this be 3-6% of the Defined Compensation Amount.

5. TAXABLE DEFINED COMPENSATION (Total of lines 2a, 3, and 4a, 4b, 4c) \$ _____
6. DEFINED COMPENSATION PAID TO LEADER (Total of lines 2a, and 4a, 4b, 4c) \$ _____

B. PENSION AND OTHER BENEFITS (*For Pension only, the Synod Council strongly recommends 12%; see Appendix C)

1. ELCA Medical, Dental & Pension Plan \$ _____
(Contact Portico for rates. They define compensation as A6 plus 30% of A2). _____
2. Additional Benefits \$ _____
- Total of lines 1 and 2 \$ _____

C. EXPENSES

1. Transportation mileage reimbursement (*See page 9*)
(current rate can be found at www.irs.gov; search for standard mileage rates@) \$ _____
2. Publications and Media Resources (*Synod Minimum is \$150/year*) \$ _____
3. Official Meetings (*includes synod assembly, Professional Leadership Conference, etc.*) \$ _____
4. Continuing Education (*See page 8, Synod minimum is \$1,000.00*) \$ _____
- Total of lines 1, 2, 3, and 4 \$ _____
5. When call is issued, moving expenses to this field of service are not to exceed \$ _____

**TABLE A:
ROSTERED ORDAINED PERSONS MINIMUM SALARY
(CLERGY)**

Does not include housing allowances for those buying their own homes

These salaries are minimum levels, not a range. **None of these salaries reflect a maximum level in any of the categories.** It is recommended that congregations/agencies/Synod provide to their leaders the 2% Cost of Living increase that has been applied to this table for 2016. Congregations/agencies/Synod are encouraged to consider additional merit increases when superior work is recognized.

Years of Ordained Ministry	AVERAGE WORSHIP ATTENDANCE			
	Up to 99	100-199	200-299	300-399+
Up to 5	\$37,312-43,356	\$41,802-48,578	\$47,684-54,592	\$51,903-62,572
6-15	\$40,808-54,593	\$46,633-60,621	\$52,650-66,648	\$60,238-74,813
16-25+	\$52,653-66,066	\$58,674-72,682	\$64,312-78,882	\$72,474-86,862

Notes

- 1) Minimum Base Salaries above are for all pastors. Salaries should be calculated on basis of experience, level of responsibility and accountability. Relevant nonparish degrees and experience may also be considered as “years of experience.”
- 2) Minimum Base Salaries above may vary depending on location (e.g., rural, urban, suburban) and other factors from one congregation/agency to another.
- 3) Any housing allowance should enable the clergy to live within the community in which she/he is serving. The housing allowance should be provided based on local community home fair rental values, plus utility plus tax rates. The IRS code includes military personnel and ordained clergy in the same category relative to housing, and thus has established housing allowances for clergy who purchase homes. See Appendix D for a sample "Housing Allowance Resolution" as required by IRS.
- 4) Synod staff members are considered as serving in the largest congregation size. The Synod Staff should be compensated at this level plus 7.5 percent, while the Bishop should be compensated at this level plus fifteen percent.

WORKSHEET
Rostered Lay Persons - 2016
(Associates in Ministry, Diaconal Ministers, Deaconesses)

A. COMPENSATION

1. Base Salary (*see page 17, Table B*) \$_____
2. Additional compensation \$_____
3. Defined Compensation (Total of Lines 1 & 2) \$_____

B. PENSION AND OTHER BENEFITS (For pension only, the Synod Council strongly recommends 12%; see Appendix C)

1. ELCA Medical, Dental, and Pension Plan (*See Appendix C*) \$_____**
2. Additional Benefits \$_____
3. Total of lines 1 and 2 \$_____

** Percentages and rates can vary. See current rate schedule.

C. EXPENSES

1. Transportation mileage (*See page 9*) \$_____
 (current rate can be found at www.irs.gov ; search for standard mileage rates@)
2. Continuing Education (*See page 8, Synod minimum is \$1,000.00*) \$_____
3. Publications and Media resources (*Synod minimum is \$150.00 per year*) \$_____
4. Official meetings (*includes synod assembly, Professional Leadership Conference, etc.*) \$_____
5. Total of lines 1, 2, 3, and 4 \$_____
6. When call is issued, moving expenses to this field of service are not to exceed _____

TABLE B:
ROSTERED LAY PERSONS MINIMUM SALARY
(Associates in Ministry, Diaconal Ministers, Deaconesses)

Because of the diversity of educational backgrounds, skills, jobs and responsibilities, minimum base salaries for Rostered Lay Persons are of necessity more loosely framed. In certain circumstances, a Rostered Lay Person may be requested or required to perform certain, but limited pastoral duties. Thus, the congregations/agencies/Synod using these guidelines for Rostered Lay Persons should take into account all factors and circumstances known to them: responsibilities, preparation, performance of the individual and relevant nonparish degrees and experience.

These salaries are minimum levels, not a range. **None of these salaries reflect a maximum level in any of the categories.** It is recommended that congregations/agencies/Synod provide to their leaders the 2% Cost of Living increase that has been applied to this table for 2016. Congregations/agencies/Synod are encouraged to consider additional merit increases when superior work is recognized.

Years of Certified Ministry (Certified by ELCA or predecessor body)	Bachelor's Degree (or equivalent)	Master's Degree
Up to 5	\$39,013-51,643	\$43,896-57,351
6-15	\$48,124-64,656	\$51,594-72,726
15+	\$58,812-74,760	\$63,238-84,381

In addition to basic salary and the required employer's Social Security (FICA) taxes and worker's compensation, benefits under the ELCA Portico Benefit Services should be provided for Rostered Lay Persons who work a minimum of 20 hours or more per week, for at least six months per year.

(NOTE: IRS regulations do not permit housing allowances for rostered lay persons.)

QUESTIONS OFTEN ASKED

Who should decide the pastor's salary?

In most congregations/agencies/Synod, the final recommendation to the congregation/agency/Synod regarding the salary for the pastor will be made by the organization's council. Resource material for this decision should include the synod guidelines, a local survey of pastor's salaries in the surrounding area, and any data you can find on merit increases currently being given in local industry. **Please keep in mind that in calculating salary for the pastor, you should not include any housing allowance.**

How do we use the synod guidelines?

The first thing to recognize is that the guidelines are designed to indicate a **range of minimums**. A **range of minimums** tries to give you some idea of a minimum salary for your pastor. Such things as average worship attendance, years since ordination, cost of living in your area, the knowledge and skill needed by the pastor, and the current salary of an incoming pastor should all be factored in to decide where your pastor should start. Once you have decided where the starting point should be, your plan each year should take the percent increase in the minimum guidelines, add that to the pastor's salary, and then add on any additional merit increase you feel is warranted. It is extremely important that you realize that the upper number in the ranges provided by the synod is not a MAXIMUM salary, but only the high end of the minimum.

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

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

We are a new church with an experienced pastor. If we follow the guidelines, we would underpay our pastor. What do you suggest?

Guidelines are in fact only guidelines. They are not hard and fast rules! You should be sure that your pastor's salary properly reflects past accomplishments and years of service. New churches often experience high growth rates, and you may want to consider size of membership as opposed to the size of the worship service in the synod guidelines. Please realize that the recommendation is one that each church council must make. Guidelines only give you a starting point.

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

We have members in our congregation/agency/Synod 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 congregation/agency/Synod and what the pastor receives. A large part of the cost to the church comes in the form of pension, medical benefits, 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 congregation/agency/Synod much like the expenses a corporation has for the work of an employee. Therefore, it is not fair to consider them part of the pastor's salary. Base pay plus housing constitutes the bulk of what a pastor actually receives.

How do we reward the pastor for holidays worked or days off, missed, or interrupted by congregation/agency/Synod emergencies?

1) Insist that your pastor take days off to compensate for the lost time. Make sure the congregation/agency/Synod respects this time off. Pastors need time away to refresh themselves and we need to respect that. Inform your congregation of the pastor's personal time, and ask them to respect this need for time away. 2) Insist that your pastor 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.

In the case of an illness longer than 20 days but not catastrophic, what should we do?

Every case needs to be reviewed on its own merits. Your church council should be the final judge of what is right. They know the pastor best, and the effort he or she extends on behalf of the congregation/agency/Synod. Make a decision based on what is fair and appropriate for the circumstances, and for everyone involved. No guidelines can substitute for good judgment.

Do the clergy guidelines apply to Associate Pastors?

The basic intent of the guidelines should stay the same, but the specifics need to be modified or factored to reflect the differing roles each staff member has in the church.

Do the pulpit supply guidelines apply to all rostered leaders?

Yes!

What about guidelines for other non-rostered, full-time (30+ hrs) professional staff & support staff employees?

Recognizing the important role of such staff to the ministry of the congregation/agency/Synod, and the desire to have top quality, long-term employees, we make these recommendations:

Recognizing the diversity of the positions, as well as the salary ranges in different areas of this synod, we suggest that salaries for lay professionals should be roughly equivalent to the educators/teachers in the area. Support staff salaries should be equivalent to those in similar positions in the school system or businesses in the community where the congregation/agency/Synod is located.

Strong consideration should be given to treating these full-time lay professionals/support staff in a fair manner by making sure they receive appropriate health/pension benefits (through the ELCA Portico Benefit Services): sick leave; vacation; disability; parental

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leave; continuing education funds and time off (other than vacation) to pursue these educational opportunities; and by providing mileage reimbursement in accordance with IRS guidelines.

Part-time positions: Consider partial benefits for part-time, depending on number of hours work.

ADDITIONAL RESOURCES

1. Church Law and Tax Report
(*order from: Christian Ministry Resources, PO Box 1098, Matthew, NC 28106; 707-846-2507)
2. A number of helpful resources can be obtained from the Alban Institute. (Please write or call for a catalog or brochure: Alban Institute, Suite 433, 4550 Montgomery Avenue, Bethesda, MD 20814-3341; 1-800-486-1318)
3. Pastor 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.

PORTICO BENEFIT SERVICES 2016 RATE SCHEDULE

For Leaders Under Call

Due to the Affordable Care Act, Portico Benefit Services is now offering different benefit levels. The Portico website has two calculators to help congregations/agencies/Synod calculate the cost of the different levels of benefits for their employees.

Congregations/agencies/Synod and leaders wishing to calculate the cost of benefits will normally use the **2016 Benefit Cost Calculator**. The congregation enters the leader's salary, family information and other data into this calculator and the calculator reports the cost of each benefit level.

Congregations/agencies/Synod that have one lump sum available for benefits and salary should use the **Compensation & Benefits Allocation Calculator**. The lump sum can be entered into that calculator and it will break that amount down into salary and benefits.

Both calculators can be found here:

<https://employerlink.porticobenefits.org/home/resources/calculators.aspx>

For Leaders Who Are On Leave from Call or Retired

Leaders who are on leave from call or retired, and are not sponsored by an employer, may still be able to receive benefits at their own expense. To calculate the cost of these benefits, use this link to access the calculator on the Portico website and look for the "Monthly Rates" tab.

<https://myportico.porticobenefits.org/myportico/overviewlifechanges/understandyourbenefits/coveragecontinuation.aspx>

WAIVER OF MEDICAL/DENTAL COVERAGE POSSIBLE

Sponsored members and/or their spouses and children who are eligible for medical benefits coverage **through a spouse's employer** or through a former employer may waive ELCA plan coverage, while continuing to participate in the ELCA disability, survivor and pension plans. In that case, we recommend the rostered person and congregation negotiate allocating that money to another area of the compensation package.

-- PLEASE NOTE --

THE SYNOD SUGGESTS A MINIMUM OF 12% PENSION CONTRIBUTION FOR EACH PARTICIPANT. Though not reflecting Portico's slightly lower requirement, **this percentage is strongly recommended by the Southeastern Synod Council**. Portico rate changes are mailed to each congregation every fall. Southeastern Synod Compensation Guidelines are updated at that time with the identical information received by the congregations. If, at any during the year, you have questions concerning current rates, please contact Portico (800-352-2876) rather than the synod office. The Portico Benefit Services website (www.elcabop.org) is also very informative.

HOUSING ALLOWANCE RESOLUTION

(Insert for congregation/agency/Synod Council Minutes)

In order to permit (Name of Pastor) to benefit from the provisions of Section 107 of the Internal Revenue Code of 1954, the council specifies that the total compensation paid to her/him during the fiscal year ended (Subsequent Year) includes a housing allowance. (Name of Pastor) estimates that she/he will spend \$ during the year for housing expenses. Since such approval by the council would permit her/him to deduct dollars actually spent up to the maximum allowed by the council action, provided the expenditure is within fair rental value, it is resolved that

That the total compensation of \$ (Amount) paid to (Name of Pastor) include a housing allowance of \$.

_____	_____	_____
Signature	Title	Date

(The above resolution should be included in the minutes of the congregation/agency/Synod council prior to January 1 of each year. A copy should be made, signed and titled by the president or secretary of the congregation/agency/Synod, and given to the pastor(s) for his/her records.)

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 pastor 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 church, 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 church 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 pastor, associate in ministry or employee.
2. The church shall not include in a pastor'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 pastor, associate in ministry or employee.

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4. If, for any reason, the church's reimbursements are less than the amount of business and professional expenses properly substantiated by a pastor or other employee, the church will report no part of the reimbursements on the person's W-2, and the pastor or employee may deduct the un-reimbursed expenses as allowed by law.
5. Under no circumstances will the church reimburse a pastor 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 pastor 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 pastor or employee may, at his/her election, make copies of such evidence.