



Eastern North Dakota  
Synod, ELCA



**Eastern North Dakota Synod**  
**Evangelical Lutheran Church in America**  
God's work. Our hands.

# 2027<sup>6</sup> COMPENSATION & POLICY GUIDELINES FOR ROSTERED MINISTERS & LAY PAID STAFF

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## I. INTRODUCTION

The mission of the Eastern North Dakota Synod is "United in Christ, we dare to invite, connect, and act." These guidelines are provided as a tool for congregations and church staff to use together to ensure that compensation decisions can be made in such a way that God's mission flourishes, staff are cherished as servants of God, and there is a sense of faithful partnership between congregation and staff to ensure all areas of the church's ministry thrive.

**GLOSSARY OF TERMS:** Ministry settings are diverse – for the sake of this document, the following terms are used:

**ROSTERED MINISTER:** A person who is on the roster of leaders of the Evangelical Lutheran Church in America. There are two categories of rostered ministers:

- Minister of Word and Sacrament – Ordained Pastors
- Minister of Word and Service – Ordained Deacons

**SYNOD AUTHORIZED MINISTER (SAM):** This is for times when a congregation is without a ~~Rostered Minister Minister of Word and Sacrament (pastor)~~ and the Bishop authorizes someone to preside at Holy Communion for a specific time and location. This is often a Synod Lay Minister who has met the additional requirements to serve in synod authorized ministry. This can also be a candidate for ministry. In some situations, this can be for one Sunday or two Sundays. In other cases, a person may enter into a contract for an extended period of time (up to one year with annual renewal possible) to serve a specific congregation or parish.

**SYNOD LAY MINISTER:** The synod values lay ministry and seeks to equip lay leaders for service within congregations, parishes, and ministries throughout the synod. Synod Lay Ministers have been through a process of discernment, application, and education.

**LAY PAID STAFF:** All those who are employed by a congregation who are not rostered ministers.

**CHURCH STAFF:** Refers to ALL paid leaders of the congregation – rostered ministers and lay paid staff.

**CONGREGATION:** For the sake of this document, the word "congregation" is synonymous with multi-point parish, synod, agency, organization, or specialized ministry.

The primary focus of this document is to provide consistency for rostered ministers serving in our synod. However, we have included tools which may be helpful for addressing compensation of lay paid staff.

## **HOW DOES THE BIBLE INFLUENCE OUR COMPENSATION DECISIONS?**

Decisions about compensation for church staff are best made in light of our core biblical and theological convictions. When approaching this important subject, keep in mind the following faith commitments:

- 1) Our starting point is that the grace of God in Jesus Christ can be neither bought nor sold. God insists on giving it freely. Indeed, all Christians receive in baptism a call to serve and proclaim the Good News of God's undeserved love in Jesus Christ.
- 2) All Christians are to declare the Gospel, especially to those who have never heard it. Within the church, however, some are called to make this task a major occupational commitment. Some members of the church are called to devote their primary time and energy to the ministry of equipping all of God's people for service in the world. When the church calls such persons to dedicate so much of their lives to public ministries that they cannot be employed elsewhere, the church takes upon itself a responsibility to pay those persons appropriate compensation.
- 3) The principle that "laborers deserve their food" (Matthew 10:10) is attested throughout the scriptures. In the Old Testament, priests were granted a portion of the sacrifices made by the people; tithes and other offerings were received to support God's servants. In the New Testament, Paul speaks of the duty of churches to support their leaders, even though Paul chose to waive this right for himself (1 Corinthians 9).
- 4) Insofar as the church is institutionally embodied, it is subject to the same standards of justice to which all human institutions are accountable. The church, however, is more than a human institution. At a deeper level, the church is the community of faith – drawn together by God around the Word and Sacraments, empowered for witness in the world. Rostered ministers and lay paid staff are simultaneously employed by congregations and called by the Church to be fellow workers with all of God's people in the Body of Christ.

As congregations make decisions about compensation, they will bear in mind the identity and calling that are ours in Jesus Christ. The guidelines are designed to assist congregations as they make decisions regarding the compensation of rostered ministers and lay church staff.

## **MAKING COMPENSATION DECISIONS**

Congregations and church staff benefit when a team of members in the congregation understand compensation guidelines and advocate for their use as the budget is being proposed. The tone and quality of conversation surrounding compensation matters may be as important as the outcome of such conversations. Those called to serve the Church are encouraged to focus on the privilege of serving Christ regardless of monetary reward; and congregations are encouraged to be as generous as possible in supporting their paid leaders – each looking out for the good of the other. This only works well if compensation is determined with the mutual interests represented fairly. If your congregation does not have

a team of advocates, church staff is placed in an awkward position of needing to advocate for themselves.

It is recommended each congregation/parish establish a compensation review team. This team should be comprised of 3-5 people appointed by the congregation council who represent all facets of the congregation/parish. The team is charged with the following responsibilities:

- 1) To develop, review, and revise personnel policies for the congregation,
- 2) To ensure regular (annual or semi-annual) evaluation of all members of the staff is occurring,
- 3) To review annual compensation of paid church staff and make recommendations regarding the fair base salary, supplemental benefits, professional expense reimbursements and non-financial compensation for the coming year.

In congregations with multiple paid staff, this team could be considered a personnel committee and be comprised of members with human resource experience.

Compensation packages for all paid staff should be set by the congregation council/elected body that has responsibility and authority to manage the fiscal affairs of the congregation. This should be done in consultation with the paid staff and the compensation review team.

Congregational meetings are too large to be deliberative regarding specific compensation packages. Facts necessary for responsible decisions about compensation are not always available to all members of the congregation. The council should place the recommended compensation package(s) in the budget and present it to the congregation for ratification at the annual meeting.

### **HOW ARE THESE GUIDELINES DEVELOPED?**

Each year, the Synod Council appoints 3-4 people to review this document and provide a recommendation to the Synod Assembly. The review team is asked to:

- 1) Compare our guidelines with neighboring synods' guidelines.
- 2) Seek input (surveys, relevant local considerations, etc).
- 3) Provide recommendations to the bishop and Synod Council for review, input, and ratification.
- 4) Present recommended guidelines to the annual Synod Assembly for discussion, possible amendment, and adoption.

For help with understanding these guidelines, please contact Pr. Brad Skogen, Associate with the Bishop for Congregational Leadership and Transition, at the synod office. Please note, the synod staff cannot provide any legal or tax related advice.

## II. COMPENSATION GUIDELINES FOR ROSTERED MINISTERS

**TOTAL DEFINED COMPENSATION:** Total Defined Compensation is the total of base salary, housing (if applicable), and social security allowance.

For use with Appendix A – Definition of Compensation, Benefits, & Responsibilities (pg. 24-31). Please note, there are three versions of this form:

- Form 1: Word & Sacrament Rostered Minister [with parsonage]
- Form 2: Word & Sacrament Rostered Minister [no parsonage]
- Form 3: Word & Service Rostered Minister

**Important note regarding Rostered Couples:** It is important for congregations to consider members of a Rostered Couple as separate individuals for compensation and benefits considerations. A Rostered Minister's compensation and benefits considerations should not be impacted by their marital status.

### **A. BASE SALARY (PART OF TOTAL DEFINED COMPENSATION)**

When determining compensation and benefits, the fundamental question should be, "How can we best provide appropriate care for our ministers while recognizing financial compensation is an integral part of that care?" Rostered ministers and congregation leaders need to talk openly, graciously, and productively about their ministry together, including the details of compensation.

#### **2027~~6~~ BASE SALARY CHART**

These guidelines provide a minimum salary range. None of these salaries reflect a maximum level. It is recommended that congregations provide a cost-of-living increase annually. Congregations are also encouraged to consider additional merit increases when superior work is recognized. The guidelines shown below reflect a 2.8~~5~~% increase based on projections available in the spring of 202~~6~~<sup>5</sup>.

Each congregation is unique and offers a variety of challenges and rewards. The chart to the right is provided as a guide based on years of experience. However, additional consideration should be given to the following when calculating base salary:

- \*Churchwide or synod experience/participation
- \*Complexity of the call
- \*Congregation/Parish Ministry Setting
- \*Ecumenically yoked parish
- \*Extent of programming
- \*Member to staff ratio
- \*Merit

**• Consideration for Prior career experience**

When a minister brings other career experience which enhances a person's gifts for ministry, the value of those experiences should be strongly considered in setting salary. An example would be to calculate the experience prior to ordination at the rate of 1/2 year for each year of experience, up to a maximum of ten years. In this example, a newly ordained minister with ten years of other career enhancing experience should start at the five-year guideline level.

**• Consideration Related to post-graduate education**

Add \$500 - \$1,000+ for each additional earned degree beyond a Master of Divinity.

**• Consideration For multi-point parishes**

If the minister serves two or more congregations or other type of sites, add \$1,500 per additional congregation.

**• Consideration for supervisory responsibilities:**

- o Add \$500 for supervision of 1 full time paid staff or equivalent
- o Add \$750 for supervision of 2-3 full time paid staff or equivalent
- o Add \$1,000 for supervision of 4+ full time paid staff or equivalent

**• Consideration for Large Congregations**

- o For congregations over 600 baptized members, add \$1,500.
- o Administrative Ministers serving congregations of over 900 baptized members and supervising staff, add \$3,000.

**• Consideration for part-time Rostered Ministers Ministers of Word and Sacrament**

Part-time Rostered Ministers Ministers of Word and Sacrament will have consideration for salary and benefits corresponding with duties, amount and length of time and service.

| Experience (Years) | Ordination Year | 2027 Low | 2027 High | 2027 Average |
|--------------------|-----------------|----------|-----------|--------------|
|                    | 2027            | 44,424   | 47,633    | 46,029       |
| 1                  | 2026            | 45,090   | 48,283    | 46,687       |
| 2                  | 2025            | 45,732   | 48,933    | 47,332       |
| 3                  | 2024            | 46,383   | 49,582    | 47,983       |
| 4                  | 2023            | 47,033   | 50,232    | 48,633       |
| 5                  | 2022            | 47,683   | 50,881    | 49,282       |
| 6                  | 2021            | 48,332   | 51,532    | 49,932       |
| 7                  | 2020            | 48,981   | 52,179    | 50,580       |
| 8                  | 2019            | 49,631   | 52,830    | 51,230       |
| 9                  | 2018            | 50,281   | 53,480    | 51,880       |
| 10                 | 2017            | 50,930   | 54,129    | 52,530       |
| 11                 | 2016            | 51,581   | 54,778    | 53,179       |
| 12                 | 2015            | 52,231   | 55,428    | 53,829       |
| 13                 | 2014            | 52,879   | 56,077    | 54,478       |
| 14                 | 2013            | 53,529   | 56,728    | 55,129       |
| 15                 | 2012            | 54,178   | 57,378    | 55,778       |
| 16                 | 2011            | 55,078   | 58,025    | 56,552       |
| 17                 | 2010            | 55,477   | 58,676    | 57,077       |
| 18                 | 2009            | 56,126   | 59,326    | 57,726       |
| 19                 | 2008            | 56,775   | 59,976    | 58,375       |
| 20                 | 2007            | 57,426   | 60,625    | 59,026       |
| 21                 | 2006            | 58,043   | 61,386    | 59,714       |
| 22                 | 2005            | 58,726   | 61,925    | 60,325       |
| 23                 | 2004            | 59,373   | 62,574    | 60,974       |
| 24                 | 2003            | 59,991   | 63,224    | 61,608       |
| 25                 | 2002            | 60,674   | 63,840    | 62,257       |
| 26                 | 2001            | 61,321   | 64,521    | 62,921       |
| 27                 | 2000            | 61,962   | 65,171    | 63,566       |
| 28                 | 1999            | 62,622   | 65,821    | 64,221       |
| 29                 | 1998            | 63,271   | 66,463    | 64,867       |
| 30                 | 1997            | 63,921   | 67,119    | 65,520       |
| 31                 | 1996            | 64,570   | 67,770    | 66,170       |
| 32                 | 1995            | 65,219   | 68,419    | 66,819       |
| 33                 | 1994            | 65,869   | 69,068    | 67,469       |
| 34                 | 1993            | 66,518   | 69,717    | 68,117       |
| 35                 | 1992            | 67,167   | 70,367    | 68,767       |
| 36                 | 1991            | 67,816   | 71,016    | 69,416       |
| 37                 | 1990            | 68,467   | 71,665    | 70,066       |
| 38                 | 1989            | 69,117   | 72,315    | 70,716       |
| 39                 | 1988            | 69,765   | 72,964    | 71,365       |
| 40                 | 1987            | 70,415   | 73,614    | 72,014       |
| 41+                | +650/year       |          |           |              |

## **ANNUAL COMPENSATION REVIEW:**

Each year, the compensation review team (refer to page 4 "Making Compensation Decisions" for more details on the goals/make up of this team) will:

- 1) Meet with the rostered minister to complete the "Definition of Compensation, Benefits, & Responsibilities" (see appendix A). This is intended to be a planning and budgeting process, not a review. If this planning process is completed and special emphases are agreed upon for the coming year, the committee will have some basis for review the following year and for merit increases based on achievement of the established goals.
- 2) Present the completed Agreement document to the congregation council for use in their budgeting process and for approval at the congregation's annual meeting.

## **B. HOUSING (PART OF TOTAL DEFINED COMPENSATION)**

An adequate housing allowance or parsonage should be provided for all rostered ministers.

(Ministers of Word and Service should consult a tax advisor about housing allowance income tax questions.)

### **When a Parsonage IS provided**

**Please refer to Appendix A, form 1 and Appendix D for assistance.**

When a congregation provides a parsonage, the congregation should assume all costs for maintenance, heat and utilities.

- a. **Utilities:** These costs may be paid directly to the provider, or the minister may be provided with a Utilities Allowance sufficient to cover these expenses.
- b. **Upkeep:** The congregation should provide major appliances in the parsonage and provide a regular program of upkeep and maintenance of the property.
- c. **Furnishings Allowance:** Ministers who live in an unfurnished parsonage may also receive a furnishings allowance or have a portion of their salary designated as a furnishings allowance. If the minister receives such an allowance, it must be designated by the congregation council prior to the beginning of the calendar year.

**An example motion for furnishings allowance:** Upon motion, duly made and seconded, it was voted to designate \$\_\_\_\_\_ of the total cash salary for (year) to be paid to ~~Rev.~~\_\_\_\_\_ as furnishings allowance in response to the minister's request and acknowledgement that the allowance so designated will not exceed actual expenses for their home including utilities, upkeep and repairs, insurance, and furnishings. Therefore, the cash salary shall be \$\_\_\_\_\_ and the furnishings allowance shall be \$\_\_\_\_\_.

- d. **Housing Equity:** While living in a parsonage has many advantages, it does not allow a minister to build equity. Therefore, congregations are encouraged to help provide for the future housing needs of the minister at such a time when he/she decides to purchase a home by establishing a *Housing Equity Account*. To accomplish this, the congregation does not pay the minister directly but makes additional employer contributions through a housing equity agreement with Portico Benefit Services. It is recommended these contributions be equal, at a minimum, to 3% of Total Defined Annual Compensation. See Appendix A – Form 1 for the formula to determine this benefit. The congregation and rostered minister should enter into a parsonage agreement, see Appendix D for examples.
- e. When a Rostered Couple serves with the same congregation or a multi-point parish: a housing allowance of 15% Defined Compensation shall be provided for each of the spouses and may be directed into a Housing Equity Account through Portico Benefits Services or be received as additional compensation by the Rostered Couple.
- f. When a Rostered Couple serves with neighboring congregations or multi-point parishes: The Rostered Couple shall live in the parsonage of one congregation/parish. The congregation/parish that owns the parsonage in which the Rostered Couple resides should enter into a parsonage agreement with the Rostered minister who serves with them. The other congregation/parish shall provide a housing allowance according to the compensation guidelines for the rostered minister serving with them.
- g. In the event of a pastor's death, the pastor's spouse/family shall be allowed to remain in the parsonage for six months or until the end of the school year (if there are school-age children) whichever is longer, including continued payment and provision of utilities and amenities.

### **When a Parsonage is NOT provided – Use Appendix A – form 2**

#### **h. Housing Allowance:**

When a parsonage is not provided, the minister is given a cash housing allowance. This allowance should be enough to cover housing adequate for the minister's family's needs. In the case of a Rostered Couple, each of the spouses shall receive a housing allowance according to the compensation guidelines. Factors to consider in determining the amount of a housing allowance include: rental costs/home purchase prices in the community, utilities, property taxes, homeowner/rental insurance, maintenance, etc. The standard amount is equal to 30% of the base salary.

To meet IRS regulations around clergy housing, the amount designated as housing allowance must be designated by the congregation council, in consultation with the minister, prior to the beginning of **each** calendar year.

The minister assumes full responsibility for compliance with IRS definitions of "cost to provide a home."

Ministers should be aware of the tax issues associated with receiving a cash housing allowance or using a parsonage. It is recommended that rostered ministers seek out a qualified tax adviser who is knowledgeable about the unique tax situations for clergy.

### **C. SOCIAL SECURITY ALLOWANCE (PART OF TOTAL DEFINED COMPENSATION)**

Employers are required to pay FICA (Social Security and Medicare) taxes for all employees. Since the IRS considers ordained Ministers of Word and Sacrament self-employed for FICA purposes, but employed for income tax purposes, congregations cannot legally pay FICA directly for ministers but the FICA amount should be paid directly to a Minister of Word and Sacrament.

The FICA tax rate for self-employed persons is currently 15.3%. Ministers must pay FICA tax on their base salary and housing. Congregations are expected to reimburse ministers one-half of this amount (the equivalent of the employer's share of FICA, currently at 7.65%).

The Social Security Allowance must be considered as salary in reporting income to the IRS, and it is also considered income when computing benefit contributions (healthcare/retirement/etc.).

### **D. HEALTH INSURANCE, RETIREMENT CONTRIBUTIONS & OTHER BENEFITS**

Portico Benefit Services, the nonprofit benefit ministry of the ELCA, provides the benefit program for rostered ministers and their families. Sponsorship will include medical/dental coverage for the deacon's spouse and children unless they have other employee-provided group medical insurance coverage and the deacon consents to waiving medical/dental coverage for them under the ELCA Pension and Other Benefits Program. Congregations are expected to provide health coverage for spouse and family of rostered ministers. Portico provides health, dental, prescription drug, retirement, disability, and group life insurance benefits in one bundled program.\* This program is designed to address the needs of rostered ministers and provide seamless benefits during change of call, leave from call, and other events unique to ministry. A bundled approach helps ensure rostered ministers are protected against significant financial loss from a variety of risks. Through Portico, congregations\*\* in this synod and across the country pool their collective purchasing power to provide benefits in a cost-effective manner. For more information, see the ELCA Philosophy of Benefits at [502-228-](#)

[ELCAPhilosophyOfBenefits.pdf](#) [PorticoBenefits.org/philosophy](#).

Congregations and plan members share the cost of benefits. Congregations are expected to support the well-being of their covered plan members by paying all or a significant portion of the contributions for benefits. Plan members are expected to participate in the cost of utilizing the benefits (e.g., deductibles, coinsurance, and copays).

Rostered Couples are advised to be in close contact with a Portico representative to review provisions unique to Rostered Couples. For example: determining which spouse will be considered the primary person for healthcare coverage; how to navigate coverage when congregations offer different plans; navigating open enrollment.

\*A plan member may waive health coverage if they have access to valid medical insurance coverage through their spouse or another employer.

\*\*\*"Congregations" may also refer to multi-point parishes or other non-parish ministry agencies such as Bible camps, long-term care facilities, hospitals, campus ministries, etc.

## 1. HEALTH INSURANCE

The ELCA Church Council has approved a balance of cost-sharing between congregations and plan members. Portico offers a choice of ELCA-Primary health benefit options that fit this approved balance. Each fall, congregations in this synod should select one of these approved options to offer their sponsored plan members for the following year. During annual enrollment, Portico will notify congregations which options fit within the range that the ELCA Church Council has approved. Congregations should engage in conversation with their rostered minister to determine the option that best fits their needs. Current contribution rates are available on at [EmployerLink/PorticoBenefits.org](#) [EmployerLink.PorticoBenefits.org](#) or by calling Portico at 800.352.2876.

Field Code Changed

If a rostered minister is eligible for coverage under their spouse's insurance plan and waives coverage, the congregation and rostered minister should negotiate additional compensation in another area of the compensation package. It is important to seek professional tax advice when doing this to ensure compliance with federal regulations.

For Rostered Couples, Portico uses a cost-sharing structure for the congregation(s) the couple serves resulting in a lower contribution cost than if the Rostered Ministers were not married. It is important for congregational leaders to determine an equitable and just solution for how to use those cost savings and be prepared for future costs of two rostered ministers who are not married.

## **2. RETIREMENT CONTRIBUTIONS**

It is recommended that the congregation make retirement contributions of at least 10% of Total Defined Compensation.

## **3. DISABILITY INSURANCE**

It is provided as part of the Portico bundle (please note – congregations are responsible for full compensation for the first 60 days during a disability period, until the Portico sponsored Long Term Disability Benefit begins).

## **4. LIFE INSURANCE** Provided as part of the Portico bundle.

## **5. OPTIONAL WITHHOLDING**

Portico also offers the following optional products to those enrolled:

- i. Flexible Spending Account for Health Care/Health Savings Account
- ii. Flexible Spending Account for Dependent Care
- iii. Housing Equity and/or Retirement Contribution

It is the congregation's responsibility to follow all IRS and government regulations regarding healthcare and optional withholding(s). Many regulations have changed in recent years.

If a congregation opts not to utilize Portico Benefit Services, it is expected the same portfolio of products (one through five above) is offered to the rostered minister.

The Portico website offers plan summaries and calculators that can assist with estimating costs.

## **E. REIMBURSEMENT**

It is important to follow all IRS regulations and guidelines related to reimbursement. Each congregation should have a Professional Expense Accountable Reimbursement Policy (see Appendix E). Under this policy, itemized receipts must be submitted to verify date, amount and purpose of the expense to ensure that the request for reimbursement is not considered taxable income.

### **TRAVEL EXPENSES**

Automobile and other work-related travel expenses are business expenses for the congregation and should not be regarded as salary.

When a minister is using his/her own vehicle, the congregation should reimburse the minister with actual mileage at the current IRS guidelines or offer the minister a fixed auto allowance. In both cases, the minister is expected to document mileage for IRS reporting. Miles traveled for commuting are not reimbursable.

In lieu of such a reimbursement, the congregation might lease or purchase a vehicle for the minister's use for congregation business. When this is the case, the congregation assumes the operating costs associated with that vehicle (gas, insurance, maintenance, etc.). When the congregation's vehicle is used for personal business, the value of that use is considered reportable income.

#### **PROFESSIONAL EXPENSES**

It is recommended that professional expenses such as books, vestments, periodicals, professional dues, communication (basic cell phone) and costs incurred in the performance of the duties of the ministerial office be shared by the congregation. It is also expected the congregation cover costs associated with the rostered minister participating in official synod events (see Section V: Synod Exceptions and Benefits).

Attendance at text studies, conference ministerial meetings, conference gatherings and other synod events is encouraged.

#### **F. CONTINUING EDUCATION**

The Lutheran Church has a history of an educated and well-trained staff. Rostered ministers are expected to complete continuing education each year. The congregation should expect their rostered ministers to be involved in continuing education programs which will provide opportunity for personal development, enrichment of devotional life, and growth in effectiveness and competency. Continuing education should be regarded as an essential ongoing process which assists in maintaining and sharpening the professional skills required in a rapidly changing world. Congregations should give consideration to a continuing education record when granting salary increases and when in the call process.

Continuing education is understood to be "professional growth" and "self-renewal" as distinguished from program development, vacation, or synod sponsored learning events. Both the minister and the congregation benefit from involvement in continuing education. It is therefore suggested the continuing education program be mutually studied and agreed upon. The minister should present a plan to the congregation council for consideration and approval prior to the start of a course of study as well as provide a recap at the conclusion of the program. Continuing education may include courses, seminary classes, workshops, or independent study, when directed toward a goal.

Funding for continuing education for a full-time rostered minister shall be provided by the congregation at a minimum of **\$1000** per year. Continuing education funds may be accumulated up to a total of three years.

It is also recommended a minimum of two weeks and two Sundays of continuing education time be granted for rostered ministers. Continuing education time may be accumulated at a rate of two weeks per year, up to a total of three years. Termination of employment cancels all time and money banked and is not paid out at the end of the call. A Rostered Couple serving in the same setting may use their continuing education time at the same time as each other.

#### **First Call Rostered Ministers**

Ministers ordained in the Evangelical Lutheran Church in America are required to participate in First Call Theological Education (FCTE) for their first three years in ministry. Congregations committing to call a First Call rostered minister should grant for additional mileage, time, as well as funding of approximately \$250 for FCTE meetings and annual events.

### **G. WORKERS COMPENSATION COVERAGE**

Employers are required by law to provide North Dakota Work Force Safety and Insurance (WSI) to employees. Employers are not required to provide WSI coverage to independent contractors. However, congregations are strongly recommended to provide WSI coverage to rostered ministers, because such ministers may be considered "employees" for purposes of WSI and because it is prudent to avoid the risk of liability in the event of an injury or death arising from the performance of duties. For more information about workers compensation coverage in North Dakota, visit [www.workforcesafety.com](http://www.workforcesafety.com).

### **H. LIABILITY INSURANCE**

It is recommended all congregations carry a general "umbrella" insurance plan which covers all the types of liability (including personal injury and professional liability) a congregation may encounter.

## **III. OTHER BENEFITS FOR ROSTERED MINISTERS**

### **A. VACATION TIME**

It is recommended vacation time be 5 weeks (25 working days, including five Sundays) for all rostered ministers regardless of years of experience.

Legally paid holidays (see §Section H below: Paid Holidays & Work Week) are not considered vacation days. When the rostered minister's services are required on recognized holidays, time off with pay may be taken at a more convenient time.

Vacation time is offered purely for the rest, relaxation, and renewal of ministers. Vacation time is in addition to attendance at synod/churchwide assemblies, conferences, and continuing education. Special circumstances may require the rostered minister and congregation council to negotiate the carryover of unused vacation time into the following year. A Rostered Minister

who leaves a call during the year is to be paid for unused vacation time in a proportionate amount of time served for the year. For example, if the Rostered Minister leaves at the end of the third month in the fiscal year, the Rostered Minister is to be paid for unused vacation time of ¼ of the total vacation time for the whole year.

A Rostered Couple serving in the same setting may use their vacation at the same time.

## **B. SICK LEAVE**

Reasonable time away from work due to personal illness may be provided to staff without recording it as vacation. It is a common practice to give one sick day per month. These are usually carried over and accrued up to a maximum of 60-90 working days. A Rostered Couple may need to use sick leave at the same time. For extended illnesses, ministers should discuss their needs with congregation leadership and reach a mutual understanding. Policies should be clear whether or not unused sick leave is to be paid at the end of employment.

## **C. BEREAVEMENT/FAMILY MEDICAL LEAVE**

In the event of a death in his/her immediate family (to include spouse, children, parent, brother, sister, grandparents, grandchildren, mother-in-law, father-in-law or legal guardian) rostered ministers should be allowed at least five days and one Sunday with pay to attend the funeral and to tend to family affairs. In cases of sudden death or extensive travel, additional time shall be considered.

When there is a serious illness with an immediate family member (defined above), the rostered minister should be in conversation with the congregation leadership and reach a mutual understanding. Congregations should allow ministers to use their accrued sick leave for this care, prior to utilizing vacation time.

A Rostered Couple may use Bereavement/Family Medical leave at the same time.

## **D. FAMILY LEAVE**

It is expected that Family Leave is provided with full salary, housing and benefits for eight (8) weeks following the birth of a child or adoption of a child. A Rostered Couple may be granted family leave at the same time or consecutively for the birth or adoption of children.

An explanation of the family leave policy:

- A minimum of eight (8) weeks is expected as paid family leave for *all* rostered ministers and lay paid staff to provide care for a newborn child or newly adopted child. (NOTE: [Multiple studies](#) reveal that, for most infants, 12 weeks under the daily care of their parent(s) before entering day care provides increased health and well-being outcomes for both the child and the family.)
- What is paid family leave? Family leave is paid time off with full salary and benefits for the care of a newborn or newly adopted child. It is distinct from other leave such as sick leave, vacation time, and continuing education. During family leave, the rostered minister or lay paid staff is released from all work-related responsibilities and tasks. Other provisions for all pastoral/congregational care and other work-related contingences should be planned to serve the congregation/organization during the time of leave.

- The council President should contact synod staff if they need consultation as soon as family leave is requested.

In a recent survey, Rostered Ministers in this synod and across the church report that their congregations have a lack of understanding of what is meant by family leave. They have often been expected to return from leave to respond to what some in the congregation regard urgent pastoral needs in the congregation. This could be avoided with a clear understanding of the purpose and importance of leave along with a plan for covering pastoral emergencies as they arise during the leave.

#### **E. DISABILITY LEAVE**

In case of temporary disability due to accident, illness, surgery, etc., it is expected the congregation will continue to pay full salary, housing and benefits (see Appendix A) until disability benefits of the Portico plan commence. Any period of disability (start date, length, and return to active duty) should be based on a physician's recommendation. Anyone covered under Portico sponsored benefits must not work for two (2) months before disability coverage can begin, so it is essential that congregations are prepared to continue salary and benefits during this period.

#### **F. SABBATICAL LEAVE**

It is recommended that Rostered Ministers be granted a 1-3 month sabbatical leave for every 5-7 years in the current call. Sabbatical leave is paid leave, recognizing the rostered ministers' need for spiritual renewal and extended study to continue furthering the congregation's mission. A Rostered Couple may plan sabbatical leave at the same time. For more information, please refer to Appendix C.

#### **G. MILITARY LEAVE**

A congregation whose minister serves simultaneously in the military should grant leave time for the minister to fulfill his/her military obligations. Such military leave time is to be granted exclusive of vacation and continuing education time.

It is recommended that each congregation develop written policies relating to compensation issues for ministers while on military leave. Policy guidelines are available from the ELCA

Federal Chaplaincy website <http://www.elca.org/Resources/Federal-Chaplains> [www.elca.org/our-work/leadership/federal-chaplaincy-ministries/bureau-for-federal-chaplaincy](http://www.elca.org/our-work/leadership/federal-chaplaincy-ministries/bureau-for-federal-chaplaincy)

#### **H. PAID HOLIDAYS & WORK WEEK**

At least one full day and preferably two days free of congregation responsibilities should be provided each week. Paid holidays include New Year's Day, Martin Luther King, Jr. Day, Easter Monday, Memorial Day, Fourth of July, Labor Day, Thanksgiving Day and Christmas Day. When holidays or days off are missed, these should be taken at another time. A Rostered Couple may take days off and paid holidays at the same time.

#### **I. MOVING EXPENSES & TRANSITION TIME**

Good beginnings are important. It is helpful that the relationship between a rostered minister and congregation "get off on the right foot." The congregation and rostered minister are

urged to give thoughtful consideration to the needs of the other when undertaking a move. Because moving can be both exciting and stressful, the congregation and rostered minister will want to reach a mutually satisfactory decision about the move as part of compensation negotiations.

When making such decisions, the following guidelines should be kept in mind:

- The congregation issuing the call is normally responsible for the cost of professionally moving all household, professional, and personal goods of the rostered minister and his/her family.
- A rostered minister moving from one call to another should be offered one week (including a Sunday) of transition time. This time should be paid by the calling congregation and no official duties should be expected.

## IV. IN THE ABSENCE OF A MINISTER

### **A. PULPIT SUPPLY & OTHER SUPPLY SERVICES**

The cost of pulpit supply in the minister's absence is borne by the congregation. Arrangement for pulpit supply is the responsibility of the congregation or parish council and is typically arranged by the President. In addition to mileage at the standard IRS mileage rate, the following remuneration is recommended per Sunday: one service - \$175, plus \$50 for each additional service on the same day. Other supply services, like teaching confirmation, hospital visitation, etc., can be mutually agreed upon within a suggested range of \$25-\$40/hour, based on the experience, qualifications required and complexity of the needed supply service.

### **B. INTERIM & CONTRACTED MINISTERS**

When transition occurs in the ministerial office, it is often wise to provide for an interim period to give time to deal with the emotions of transition and to define the needs and goals of the congregation before calling another minister. The following guidelines pertain to this interim ministerial ministry:

1. The interim minister is appointed by the Synod Bishop with the consultation of the congregation council. The terms of the contract are determined by the particular needs of the congregation. The synod office will provide sample contracts for this purpose.
2. Normally as a starting point, the interim minister is compensated at the level of the previous minister or their own current level of experience, whichever is higher.

The contract between the interim minister and the congregation(s) could include:

#### **1. Full-time Interim**

- a. Congregation provides furnished housing or housing allowance for minister, spouse and family.
- b. Interim ministers serving a congregation between permanent ministers should be compensated as agreed upon by the minister and all congregation councils involved.

**2. Part-time interim (3/5, 1/2, 2/5, etc.)** Remuneration: Proportionate to amount paid a full-time interim minister.

**3. Sunday worship supply** See pulpit supply compensation above.

**4. Other services; i.e., weddings, funerals, etc.** \$ 175 per service plus mileage at IRS guidelines, paid by the congregation. This is in addition to any honorarium paid by the family/funeral home.

### **C. SYNOD LAY MINISTER/SYNOD AUTHORIZED MINISTER**

In some situations, a Synod Lay Minister or candidate for ministry may provide leadership in the absence of a regularly called rostered minister. The Bishop may authorize someone to preside at Holy Communion during this time (reference glossary for more information). See Section VI for information about compensation of lay paid staff, in addition to pulpit supply guidelines.

## **V. SYNOD EXPECTATIONS & BENEFITS**

The Greek translation of the word synod is "journeying together." In the Eastern North Dakota Synod, maintaining a culture of collegiality and partnership is of the utmost importance.

### **A. OFFICIAL SYNOD EVENTS**

Rostered Ministers under call in this synod are expected to participate in the following official synod events:

- Synod Assembly (usually first weekend in June)
- Fall Theological Conference (week after Labor Day)
- Boundaries Training (every three years)
- Anti-Racism Training (every three years)
- First Call Theological Education (for Rostered Ministers serving in their first three years of ordained ministry)

Attending these events is part of working in a collegial relationship with other ministers and sharing mutual accountability with one another.

### **B. REPORT TO THE BISHOP**

Rostered Ministers under call are expected to complete a Report to the Bishop each year.

### **C. MINISTERIAL ETHICS** (related to congregations previously served)

When a minister accepts a call to a congregation, a sacred covenant is established between that minister and the people of God in that place. In order for the ministry to be strong and effective, it is important for that relationship to be strengthened and nurtured until God calls that minister to another sector of ministry. When a minister resigns a call, that covenant ends. How does a minister relate appropriately to members of congregations where one has previously served? The following guidelines help ensure good choices are made which do not negatively impact the ministry of the people of God. Violation of the below guidelines will make a rostered minister subject to discipline.

1. It is the responsibility of a former minister to decline invitations to conduct ministerial acts in any congregation where he/she has formerly served. It is important the former minister does not pass the burden of such decisions back to the minister who currently holds that call. As professional people, ministers commit themselves to act responsibly in these matters. For the sake of the congregation and the ongoing ministry of the congregation, "Do to others as you would have them do to you." When ministers do this, relating to members of previous congregations can be used by God to build up the body of Christ. (EaND Synod Constitution, S14.14 - *Ordained ministers shall respect the integrity of the ministry of congregations which they do not serve and shall not exercise ministerial functions therein unless invited to do so by the minister, or if there is no duly called minister, then by the interim minister in consultation with the Congregation Council.*)
2. It is the responsibility of a former minister to be supportive of his/her successor, even when it is difficult to do. The responsibility for the success of the current minister is also the former minister's responsibility. If it is not possible for the former minister to be supportive of the new minister's ministry, it is extremely important he/she cuts off contact with members of that congregation in order not to become a hindrance to its ministry. It is especially important to apply these guidelines to digital and social media posts, communication, and activity.
3. While the above statements are addressed to ministers, spouses of ministers must consider the same factors, and respect the recommendations made above. Spouses share a ministerial identity and, as a result, can violate boundaries as significantly by proxy as a minister can.
4. It is normally the former minister's responsibility to change his/her congregation membership and to worship at a new congregation when possible.

#### **D. SYNOD ENDOWMENT GRANTS**

In 2000, an Endowment Fund was started in Eastern North Dakota Synod to encourage, support and enhances quality ministerial leadership. The Endowment Fund offers the following grants to

ministers serving within the synod including Seminary Debt Repayment Grants and Pension Equity Grants.

Any Rostered Minister who is under call and meets annual synod expectations is eligible to apply. Visit the synod website [www.eandsynod.org](http://www.eandsynod.org) for more information on the grant application process.

## VI. COMPENSATION FOR LAY PAID STAFF

### A. BASIC PRINCIPLES

Lay paid staff should receive compensation similar to comparable professionals in the community. Salaries should also be commensurate with experience and expectations placed upon them.

When hired, the personnel committee or congregation council, in consultation with the person hired, should outline the position description/expectations and compensation for the position in a letter of employment or another suitable document.

Each year an annual review should be scheduled with each lay staff member and their supervisor to discuss the direction, continuing education, goals, and compensation.

### B. COMPENSATION

Congregations must conform to applicable federal and state laws regarding the compensation of non-ministerial employees. Accordingly, the congregation's personnel policies must provide for appropriate tax withholding, payment of the employer's share of FICA (Social Security and Medicare) taxes, provision of WSI (Workforce Safety & Insurance) workers compensation insurance and, adherence to applicable minimum wage laws and fair employment practices, etc.

Compensation for non-ministerial church workers who provide necessary support services for ministry, such as secretaries, custodians, treasurers, financial secretaries, etc. will vary, depending upon the duties and expectations of each employee, and the qualifications required for each position. Recognizing the importance of such staff to the ministry of the congregation, we recommend the following guidelines:

- Helpful salary guidelines for areas in North Dakota are available online using salary search tools. Calling other congregations or businesses in your area to ask about salaries for particular jobs may also be helpful.
- The Association of Lutheran Church Musicians [www.alcm.org](http://www.alcm.org) provides guidelines and worksheets for compensation for musicians, especially those with specific training in church

music (BA, Masters, advanced degrees). It also provides guidelines for estimating the number of hours expected to conduct choirs or other ensembles in addition to preparing and playing for worship services. Positions can be posted on this site as well.

- The ELCA Network for Children Youth and Family Ministry [www.elcaymnet.org](http://www.elcaymnet.org) conducts an annual salary survey and can be contacted for assistance in posting positions and for providing information about comparable salary information for our region.
- The ~~Lutheran Faith Community—Evangelical Lutheran Parish~~ Nurse Association [https://lutheranfncna.org/National-Information-~~www.elona.org~~](https://lutheranfncna.org/National-Information-<del>www.elona.org</del>) is a resource for congregations that employ or are considering employing a parish nurse.
- People serving in part-time exempt positions and who are paid on a salary basis should receive pro-rated salary and benefits.
- Congregations are cautioned to take care in classifying employees as exempt or non-exempt employees and to follow the legal requirements of the Fair Labor Standards Act in such matters.

Other factors to take into consideration when determining salary include:

- **Years of Experience**  
Additional compensation should be considered for a person with past support staff experience.
- **Education**  
Additional compensation should be considered for each degree or certification germane to the present position.
- **Merit**  
Merit is difficult to assess but is an important consideration in assessing compensation. Such factors as thoroughness, organization, attention to detail, cordiality, and promptness can be included.

### **C. BENEFITS**

Portico Benefit Services states laypersons working at least 20 hours per week for at least six months per year are eligible to participate in the ELCA pension and other benefits plans. Under the ELCA benefits program, coverage is available for health, retirement, disability and survivor benefits. Information about the ELCA pension programs is available at <https://porticobenefits.org> or by calling 800-352-2876. The benefit programs Portico makes available to lay paid staff are assessed periodically. It is worth checking annually to see if new programs are available that may benefit the congregation and/or employees.

Some congregations prefer to provide other benefit options to lay paid staff. Such benefits should be described in the congregation's personnel policies and should be offered to all

eligible lay paid staff.

It is the congregation's responsibility to be in compliance with all IRS and government regulations regarding healthcare and optional withholding(s). Many regulations have changed in recent years. When in doubt, seek professional guidance.

#### **D. REIMBURSEMENT**

##### **TRAVEL**

If a non-rostered church worker is expected to travel on behalf of the congregation and its ministries, he/she should be reimbursed according to appropriate IRS regulations.

##### **PROFESSIONAL EXPENSE**

If the congregation expects a non-rostered church worker to occasionally pay for ministry-related expenses which are the financial responsibility of the congregation, these expenses should be reimbursed according to the same guidelines listed for rostered ministers in Section II.

##### **EF. Reimbursement.**

For some lay paid staff, it is essential to have a cell phone to contact participants and parents in the course of their work. Congregations and non-rostered staff should negotiate a monthly stipend for a cell phone for ministry-related work. When a cell phone is used for both congregation business and personal calls, it is suggested that the congregation and staff member each pay 50% of the base plan.

#### **E. CONTINUING EDUCATION**

A continuing education plan is the study program by which non-rostered church employees may develop their present knowledge, acquire new skills, and experience growth for more effective service. Continuing education activity should relate to the employee's job responsibilities. It is recommended the full-time employees be eligible for up to 10 working days of continuing education time each year funded at a minimum of \$450 per year. Continuing education plans should be discussed with and approved by the supervisor in accordance with established congregational policies.

#### **F. PAID TIME OFF**

The congregation should distribute to church workers, written policies about vacation days, sick leave, holidays, emergency/funeral leave, disability leave, parental leave, and personal days.

#### **G. UNEMPLOYMENT COMPENSATION**

Churches and religious organizations are not liable for Federal and State unemployment taxes.

## H. WORKERS COMPENSATION COVERAGE

All employers are required by law to provide Workers' Compensation coverage for their employees. In North Dakota, coverage is provided through North Dakota Workforce Safety and Insurance (WSI). For purposes of Workers' Compensation, pastors/ministers are likely employees and therefore should be covered. For more information about workers compensation coverage in North Dakota, visit [www.workforcesafety.com](http://www.workforcesafety.com).

## VII. APPENDICES & WORKSHEETS

### Appendix A: Definition of Compensation, Benefits, & Responsibilities~~Annual Defined Compensation Agreement~~

- Form 1: Word & Sacrament Rostered Minister [with parsonage]
- Form 2: Word & Sacrament Rostered Minister [no parsonage]
- Form 3: Word & Service Rostered Minister

Appendix B: Annual Compensation Review Process for Rostered Ministers..... 28

Appendix C: Sabbatical Resources..... 29

Appendix D: Parsonage Guidelines and /Agreements... 31

Appendix E: Professional Expense Accountable Reimbursement Policy... 35

Appendix A – form 1



Definition of Compensation, Benefits, & Responsibilities – Word & Sacrament Rostered Minister [with parsonage]

Prepared by (congregation name) \_\_\_\_\_

for the Reverend \_\_\_\_\_

on a  full- or \_\_\_\_\_ - time basis for the period of \_\_\_\_\_ to \_\_\_\_\_.

A. COMPENSATION

- 1) Base Salary \$ \_\_\_\_\_
(See page 7 for the minimum salary amount for the appropriate years of service. Also consider pertinent Additional Considerations Box recommended amounts.)
2) Social Security Matching for Base Salary [Base Salary x .0765] \$ \_\_\_\_\_
(Because pastors are considered self-employed by the IRS for social security computations only and must pay this amount on all salary and allowances and on the parsonage valuation, the synod council recommends that congregations/parishes/Synod contribute a minimum of 1/2 of the total self-employment social security tax.)
3) Parsonage Valuation [(Base Salary + S.S. Matching from line 2) x .30] \$ \_\_\_\_\_
(Not cash compensation. For Portico benefits and IRS purposes only)
4) Utilities Allowance (only when paid directly to the pastor) \$ \_\_\_\_\_
5) Furnishings Allowance (only when paid directly to the pastor) \$ \_\_\_\_\_
6) Defined Compensation [Total of lines 1-5] \$ \_\_\_\_\_
(NOTE: Line 3 is for valuation purposes only for Portico, lines 1, 2, 4, and 5 figure into the Minister's actual paycheck.)

B. PENSION & OTHER BENEFITS

Step by step procedure:

Please note that the Portico Benefit Calculators are no longer accessible without a User Name and Password. Most Congregation Treasurers and current plan members should already have User Names and Passwords. Also, you will need to know the Health Benefit Option chosen by your congregation council or sponsoring Organization before proceeding.

- a) Go online to: https://porticobenefits.org
b) Click on the "myPortico" button for an individual plan member or the "Employer Link" button for a Sponsoring organization.
c) Enter User Name and Password in the proper boxes. Then click the "Sign In" button.
d) Click on "Overview & Life Changes."
e) Under "Understanding Your Benefits," click on the "Calculating the Cost of Benefits" line.
f) Under "Plan Member Benefit Cost," click on the "Benefits Costs Calculator" button.
g) On this page, you will need to select the proper plan year, select the proper Health Benefit Option (chosen by your congregation council or your sponsoring organization), select "Eastern North Dakota Synod-3B" in the "Synod, Seminary, or Churchwide Ministry" box, then click on the Continue button.

**Appendix A – form 1, cont.**



**Definition of Compensation, Benefits, & Responsibilities – Word & Sacrament Rostered Minister [with parsonage]**

- h) On this page, you will need to enter the Total Defined Compensation (line 6 of the worksheet).
- i) Next, in the “Plan Member Health Coverage” box, you will need to select between “ELCA primary,” “ELCA Medicare Primary,” and “Waive Health Benefits,” then enter the plan member(s) birthdate.
- j) Next, under “Spouse Health Coverage” and “Children Health Coverage,” you will need to select Between these four options under each: None, ELCA-Primary, ELCA Medicare-Primary and Waive.
- k) Under “Special Circumstances,” you will need to answer “yes” or “no” to two questions.
- l) Under Retirement Contributions, enter Employer Retirement Contribution Percentage. In most Cases, unless otherwise negotiated, this would be 10%. Some long-serving pastors from ELCA predecessor churches are to be compensated at 12%.
- m) Under “Housing Equity Retirement Contribution,” you will need to select between three options: None, Flat Rate, and Percentage of Total Defined Compensation. If the plan member is receiving a housing allowance, in the vast majority of cases, “None” would be the proper selection. If the plan member is to live in housing (a parsonage) provided by the congregation or sponsoring organization, then the latter two options are in play. If you select “Flat Rate,” you will need to enter a dollar figure per month. If you select the “Percentage” option, you will need to enter the proper percentage. [See the Housing Equity section of the guidelines for the recommended percentage.] Click the “Continue” button.
- n) On the next page, you can review the Input Summary by clicking on the small blue downward arrow on the right side of the page.
- o) By clicking on the small blue downward arrow on the right side of the page corresponding to the Health Benefit Option, you will get the calculated numbers of the benefit costs per month and per year.

|  |   |          |
|--|---|----------|
| <b>Carry Total From Line 6 (Defined Compensation) to Here</b>  | → | \$ _____ |
| 7) ELCA Medical, Dental & Pension Plan<br>(enter “Total Benefits Contribution”)  |   | \$ _____ |
| 8) Housing Equity Allowance<br>[0-15 years of experience: Defined Compensation x .045;<br>15+ years of experience: Defined Compensation x .06]<br>(See page 9. The Synod Council recommends that this be<br>A minimum of 3% of the Defined Compensation) |   | \$ _____ |
| 9) Additional Benefits   |   | \$ _____ |
| 10) <b>Compensation, Pension &amp; Other Benefits Benefits Total</b><br><b>[Add Lines 6-9, subtract 3]</b>   |   | \$ _____ |

Appendix A – form 1, cont.



Definition of Compensation, Benefits, & Responsibilities – Word & Sacrament Rostered Minister [with parsonage]

C. EXPENSES

- 11) Transportation Milage/Travel Expense Reimbursement
12) Professional Expense Reimbursements
13) Official Synod Events
14) Continuing Education (Minimum \$1000)
15) Other

Total Compensation, Pension & Benefits, and Expenses [Add Lines 10-15]

D. NONFINANCIAL COMPENSATION

- Vacation
Continuing Education
New Parent Leave
Short Term Disability

We, the undersigned, certify that the necessary approvals of the congregation and congregation council have been granted for the provisions set forth above.

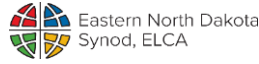
Date: Congregation President

I certify that I accept the above statement: Council Secretary

The Reverend Date:

Note: Retain originals in a record for the congregation/parish. Make a copy for the pastor. Send a copy to the synod office. A description of the particular responsibilities of this position may be attached to this document.

**Appendix A – form 2**



**Definition of Compensation, Benefits,  
& Responsibilities – Word & Sacrament Rostered Minister [no parsonage]**

Prepared by (congregation name) \_\_\_\_\_

for the Reverend \_\_\_\_\_

on a  full- or \_\_\_\_\_ - time basis for the period of \_\_\_\_\_ to \_\_\_\_\_.

**A. COMPENSATION**

- 1) Base Salary \$ \_\_\_\_\_  
(See page 7 for the minimum salary amount for the appropriate year of service. Also consider pertinent Additional Considerations Box recommended amounts.)
  
- 2) Housing Allowance \$ \_\_\_\_\_  
[Line 1 (base salary x .30)]
  
- 3) Subtotal of line 1 & 2 \$ \_\_\_\_\_
  
- 4) Social Security Reimbursement on subtotal x .0765] \$ \_\_\_\_\_  
[Base Salary and Housing Allowance]  
(Because pastors are considered self-employed by the IRS for social security computations only and must pay this amount on all salary and allowances. They synod council recommends that congregations/parishes/Synod contribute a minimum of ½ of the total self-employment social security tax.)
  
- 5) **Defined Compensation** [Total of lines 3 and 4] \$ \_\_\_\_\_

**B. PENSION & OTHER BENEFITS**

*Step by step procedure:*

Please note that the Portico Benefit Calculators are no longer accessible without a User Name and Password. Most Congregation Treasurers and current plan members should already have User Names and Passwords. Also, you will need to know the Health Benefit Option chosen by your congregation council or sponsoring Organization before proceeding.

- a) Go online to: <https://porticobenefits.org>
- b) Click on the “myPortico” button for an individual plan member or the “Employer Link” button for a Sponsoring organization.
- c) Enter User Name and Password in the proper boxes. Then click the “Sign In” button.
- d) Click on “Overview & Life Changes.”
- e) Under “Understanding Your Benefits,” click on the “Calculating the Cost of Benefits” line.
- f) Under “Plan Member Benefit Cost,” click on the “Benefits Costs Calculator” button.
- g) On this page, you will need to select the proper plan year, select the proper Health Benefit Option (chosen by your congregation council or your sponsoring organization), select “Eastern North Dakota Synod-3B” in the “Synod, Seminary, or Churchwide Ministry” box, then click on the Continue button.

**Appendix A – form 2, cont.**



**Definition of Compensation, Benefits,  
& Responsibilities – Word & Sacrament Rostered Minister [no parsonage]**

- h) On this page, you will need to enter the Total Defined Compensation (line 6 of the worksheet).
- i) Next, in the “Plan Member Health Coverage” box, you will need to select between “ELCA primary,” “ELCA Medicare Primary,” and “Waive Health Benefits,” then enter the plan member(s) birthdate.
- j) Next, under “Spouse Health Coverage” and “Children Health Coverage,” you will need to select Between these four options under each: None, ELCA-Primary, ELCA Medicare-Primary and Waive.
- k) Under “Special Circumstances,” you will need to answer “yes” or “no” to two questions.
- l) Under Retirement Contributions, enter Employer Retirement Contribution Percentage. In most Cases, unless otherwise negotiated, this would be 10%. Some long-serving pastors from ELCA predecessor churches are to be compensated at 12%.
- m) Under “Housing Equity Retirement Contribution,” you will need to select between three options: None, Flat Rate, and Percentage of Total Defined Compensation. If the plan member is receiving a housing allowance, in the vast majority of cases, “None” would be the proper selection. If the plan member is to live in housing (a parsonage) provided by the congregation or sponsoring organization, then the latter two options are in play. If you select “Flat Rate,” you will need to enter a dollar figure per month. If you select the “Percentage” option, you will need to enter the proper percentage. [See the Housing Equity section of the guidelines for the recommended percentage.] Click the “Continue” button.
- n) On the next page, you can review the Input Summary by clicking on the small blue downward arrow on the right side of the page.
- o) By clicking on the small blue downward arrow on the right side of the page corresponding to the Health Benefit Option, you will get the calculated numbers of the benefit costs per month and per year.

|   |   |          |
|---|---|----------|
| <b>Carry Total From Line 5 (Defined Compensation) to Here</b>                                 | → | \$ _____ |
| 6) ELCA Medical, Dental & Pension Plan<br>(enter “Total Benefits Contribution”)               |   | \$ _____ |
| 7) Additional Benefits  |   | \$ _____ |
| 8) <b>Compensation, Pension &amp; Other Benefits Benefits Total</b><br><b>[Add Lines 5-7]</b> |   | \$ _____ |

**C. EXPENSES**

- 9) Transportation Milage/Travel Expense Reimbursement (See page 12 of Synod Guidelines) \$ \_\_\_\_\_
- 10) Professional Expense Reimbursements (cellphone, vestments, etc) (See page 12 of Synod Guidelines) \$ \_\_\_\_\_

**Appendix A – form 2, cont.**



**Definition of Compensation, Benefits,  
& Responsibilities – Word & Sacrament Rostered Minister [no parsonage]**

11) Official Synod Events \$ \_\_\_\_\_  
(Includes Synod Assembly, Synod Assembly, Synod  
Theological Day, Theology for Ministry Conference,  
and First Call Theological Education Core Events)

12) Continuing Education (Minimum \$1000) \$ \_\_\_\_\_

**Total Compensation, Pension & Benefits, and Expenses** \$ \_\_\_\_\_  
[Add Lines 9-12]

**D. NONFINANCIAL COMPENSATION**

Vacation \_\_\_\_\_ weeks, including \_\_\_\_\_ Sundays  
Continuing Education \_\_\_\_\_ weeks, including \_\_\_\_\_ Sundays  
New Parent Leave \_\_\_\_\_ weeks, including \_\_\_\_\_ Sundays  
Short Term Disability 60 Days

**We, the undersigned, certify that the necessary approvals of the congregation and congregation council have been granted for the provisions set forth above.**

Date: \_\_\_\_\_  
\_\_\_\_\_ Congregation President

**I certify that I accept the above statement:** \_\_\_\_\_  
\_\_\_\_\_ Council Secretary

The Reverend \_\_\_\_\_ Date: \_\_\_\_\_

Note: Retain originals in a record for the congregation/parish. Make a copy for the pastor. Send a copy to the synod office.  
A description of the particular responsibilities of this position may be attached to this document.

**APPENDIX A – form 3**



**Definition of Compensation, Benefits, & Responsibilities -- Word & Service Rostered Minister**

Prepared by (congregation name) \_\_\_\_\_  
 for (Deacon's name) \_\_\_\_\_  
 on a  full- or \_\_\_\_\_-time basis for the period of \_\_\_\_\_ to \_\_\_\_\_.

**A. COMPENSATION**

The congregation will provide the following annual compensation:

- 1. **Annual Base Salary** \$ \_\_\_\_\_
- 2. **Housing Allowance** \$ \_\_\_\_\_  
*\*A member of the Word & Service Roster should consult with a tax advisor regarding housing allowance questions*
- 3. **Annual Defined Compensation** (total of lines 1 + 2; amount used by Portico & IRS) \$ \_\_\_\_\_

**B. PENSION AND OTHER BENEFITS**

The congregation will sponsor the deacon in the Pension and Other Benefits Program of the Evangelical Lutheran Church in America (Portico), which provides retirement, disability, survivor, and medical/dental coverage. (Sponsorship will include medical/dental coverage for the deacon's spouse and children unless they have other employer-provided group medical insurance coverage and the deacon consents to waiving medical/dental coverage for them under the ELCA Pension and Other Benefits Program.)

- 1. ELCA Pension at \_\_\_\_\_% of defined compensation (10, 11 or 12%) \$ \_\_\_\_\_
- 2. ELCA Medical-and-Dental Insurance (please check one):
  - Member only \$ \_\_\_\_\_
  - Member and spouse \$ \_\_\_\_\_
  - Member and children \$ \_\_\_\_\_
  - Member, spouse, and children \$ \_\_\_\_\_
  - Coverage waived (if coverage is waived, a Healthcare Allowance should be negotiated)
- 3. Other insurance or benefits:
  - \_\_\_\_\_ \$ \_\_\_\_\_
  - \_\_\_\_\_ \$ \_\_\_\_\_

**C. EXPENSES**

The congregation will provide payment or reimbursement for the following expenses related to the ministry:

- 1. Automobile and travel allowance \$ \_\_\_\_\_
- 2. Other professional expenses (cell phone) \$ \_\_\_\_\_
- 3. Expenses for official meetings of the synod (registration/lodging/mileage) \$ \_\_\_\_\_  
*(e.g. Synod Assembly, Fall Theological Conference – recommended at \$500-\$1000)*
- 4. Continuing Education (\$1,000 recommended; minimum \$700 from congregation) \$ \_\_\_\_\_
- 5. Other \_\_\_\_\_ \$ \_\_\_\_\_  
*(e.g. First Call Theological Education (\$300-\$500), etc.)*
- 6. Pay moving expenses to this congregation/parish: \$ \_\_\_\_\_

**D. AGREEMENT**

- 1. Vacation time of \_\_\_\_\_ per year, including \_\_\_\_\_ Sundays;  
*(Guideline: five (5) weeks (25 days), including five (5) Sundays)*
- 2. Continuing education time of \_\_\_\_\_ weeks per year  
*(Recommended: minimum of two (2) weeks/year, including two (2) Sundays, may be accumulated up to three years, as reflected in a continuing-education agreement developed by the Deacon and congregation council);*

**APPENDIX A – form 3, cont.**



**Definition of Compensation, Benefits,  
& Responsibilities -- Word & Service Rostered Minister**

3. Participation in a First-Call Theological Education Program, where applicable;
4. Ongoing care through a Mutual Ministry Committee;
5. Up to two months of continued salary, housing, and contributions to the ELCA Pension and Other Benefits Program (Portico) in a 12-month period in the event that the deacon is physically or mentally disabled (*Provision may be made for further unpaid time for disability recovery as agreed by the congregation, but with the stipulation that unused accumulated sick leave will not be compensated at the end of this call.*); and
6. Where applicable, parental leave up to eight (8) weeks with full salary and benefits.

*A description of the particular responsibilities of this position may be attached to this "Definition of Compensation, Benefits, and Responsibilities" form OR the following may be completed.*

**E. OTHER PROVISIONS**

Special emphases of the deacon and special encouragement by the congregation:

1. During this time period, the deacon will give special attention in ministry to the following:

- (a) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c) \_\_\_\_\_
- (d) \_\_\_\_\_

2. The congregation will encourage this deacon's ministry in the following ways:

- (a) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c) \_\_\_\_\_
- (d) \_\_\_\_\_

**F. OTHER MATTERS**

(Ex: accountability matters, service on synodical or churchwide boards and committees, work in church-camp programs, and other such details)

\_\_\_\_\_  
\_\_\_\_\_

**We, the undersigned, certify that the necessary approvals of the congregation and congregation council have been granted for the provisions set forth above.**

Date: \_\_\_\_\_

\_\_\_\_\_  
Congregation President

\_\_\_\_\_  
Council Secretary

**I certify that I accept the above statement:**

Deacon's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Note: Retain originals in a record for the congregation/parish. Make a copy for the deacon. Send a copy to the synod office.

A description of the particular responsibilities of this position may be attached to this document.

## **APPENDIX B: ANNUAL MINSITRY REVIEW PROCESS FOR ROSTERED MINISTERS**

The minister and congregation council or designated sub-committee should meet annually to discuss mutual goals and the "Annual Defined Compensation Agreement." (Appendix A).

A helpful starting place is to utilize the "mutual expectations" articulated in the Ministry Site Profile during the call process for the first review discussion after the 1-year anniversary of the minister starting ministry in the congregation. A similar set of mutual expectations could be developed and identified for each subsequent year and reviewed annually thereafter.

## **APPENDIX C: SABBATICAL RESOURCES**

### **Biblical Understanding**

The term sabbatical has its roots in the Old Testament concept of Sabbath, or rest, after seven days or years. Genesis 2:1-3 notes that God rested from the work of creation after seven days. Both versions of the Ten Commandments describe the Sabbath as a day of reflection on the blessings of God's creation (Exodus 20:8-11) and for release from the bondage of slavery (Deuteronomy 5:12-15). Deuteronomy 15 describes a period after seven years in which release from several kinds of debt and labor are itemized. The Sabbath was given as a time for rest, renewal, and recovery. Reflecting this Sabbath concern for the health and well-being of God's people, Jesus himself pulls away from the crowds frequently for prayer and rest (see, e.g. Mt. 14:13; Mk. 7:24). St. Mark recalls Jesus telling his disciples to "Come away to a deserted place all by yourselves and rest a while," noting that "many were coming and going, and they had no leisure even to eat." (Mk. 6:31) Rostered ministry is a work which is at the center of all this "coming and going." With the increased complexity of life in ministry, the puzzles become more difficult to solve. The demands for more effective ministry grow more urgent. The explosion of knowledge requires ceaseless learning. The mission of the Church is best served by the health, energy, spiritual renewal, and knowledge which a sabbatical leave provides for its rostered leaders and congregations.

### **Sabbatical Guidelines**

A sabbatical is a carefully planned period of time - usually three months after the first five to seven years of service in a congregation - in which a rostered minister is granted time away from normal duties in order to study, reflect, and renew. A sabbatical is not a vacation, nor is it only continuing education; it is to renew the leader for a new season of ministry benefitting the mission of the congregation.

1. A sabbatical is recommended for rostered ministers after the first five to seven years of service in a congregation, and every five to seven years thereafter in conjunction with congregational mission planning.
2. The recommended time for sabbatical leave is three months.
3. When a congregation issues a call to a rostered minister, consideration should be given to the inclusion of sabbatical leave in the call documents.
4. The costs for a sabbatical leave should be covered by the congregation, including the continuance of salary, housing, retirement contributions, and other remuneration of the rostered person.
5. In congregations where there is only one rostered minister, the congregation should put aside money to cover pulpit supply and any other help needed during the rostered minister's sabbatical.
6. Following the completion of a sabbatical leave, a rostered minister is expected to commit to at least one year of service in the congregation.

### **Planning for a Sabbatical**

1. The congregation costs of a sabbatical can be covered by budgeting for two weeks' extra salary each non-sabbatical year and placing those funds in an interest-bearing reserve account.
2. Rostered ministers should work with the staff support committee, congregation council, or employer to develop a study and renewal plan which will best serve the mission of the congregation at least six months before the sabbatical leave is to begin. The proposal is to be approved by the congregation council.
3. The congregation should plan for coverage as follows:
  - Provide pulpit supply as needed and requested.
  - Coverage for other ministerial duties (hospital visits, nursing home services, weddings, funerals, baptisms, etc.) as needed.
  - Coordination of programming needs (VBS, Sunday School, Confirmation, etc.) as needed.Neighboring congregations and ministers might consider partnering together to support sabbatical leave.
3. The rostered minister should submit a written report and evaluation of the sabbatical leave to the congregation council within six weeks after completing the leave.
4. Someone within the congregation should be appointed to keep a weekly journal of events during the rostered minister's absence so that upon return, the rostered minister might be "caught up."

## **APPENDIX D: PARSONAGE GUIDELINES AND AGREEMENTS**

### **Parsonage Guidelines:**

A parsonage is a home provided by the congregation for its rostered leader(s). The parsonage is to be an aid for the rostered leader to do ministry so the congregation will want to provide a good home. These guidelines are a way to help both the rostered minister and congregation. Since the parsonage is the minister's home, privacy should be respected. Congregation members are expected to follow the same boundaries as they would for any other home in the community. Because it is the home of the rostered minister, their desires should be consulted, as changes are necessary. The quality of the parsonage should meet a standard set by the homes of the majority of the congregation's members and should be adequate in size to accommodate families. The tenant/landlord model may apply on occasion, but its application is quite limited. Contrary to renters, the rostered minister normally has little choice of residence. The relationship between the rostered minister and congregation is not based on a lease or rental agreement, but upon a common bond in the service of Christ Jesus.

These are the suggested guidelines for congregations with a parsonage.

1. It is recommended that following appliances be provided in the parsonage:

- Stove/oven
- Dishwasher
- Softwater System (if needed)
- Humidifier/Dehumidifier (if needed)
- Refrigerator
- Washer and Dryer
- Garbage disposal (optional)
- Air Conditioning
- Wiring for TV and Internet

2. It is recommended that the following utilities be paid directly by the congregation.

- Electricity
- Gas
- Basic Telephone (local only)
- Garbage Removal
- Internet
- Water/Sewer
- TV (cable or satellite)
- Soft Water Service (if Needed)

3. Items that would normally be supplied by the congregation include:

- Paint
- Wallpaper
- Window Coverings
- Floor coverings
- Light fixtures
- Ceiling fans

5. When a minister first moves into a parsonage, the congregation should see that it is thoroughly clean and should usually plan to redecorate.
6. The colors, fabric, design, etc, selected in the redecoration would normally be selected by who will be living in the house, in consultation with the appropriate committee. The congregation, of course, would determine the price ranges for these items.
7. Parsonage maintenance and repair should be listed as a separate line item in the annual budget, with a clear understanding of who has the authority to spend these budgeted funds.
8. There should be an annual inspection of the parsonage that is conducted with the minister.
9. The minister and congregation should develop and annually update a list of necessary and desired repairs, maintenance, modernization, redecorating and remodeling projects and together prioritize these projects.
10. There should be a clear understanding about how regular maintenance and emergency repairs are to be handled. It is suggested that the minister be authorized to spend a specific dollar amount at his/her discretion. Any repairs in excess of this amount would require approval of the appropriate committee or the congregation council.
11. When a minister moves out of a parsonage and before all financial obligations are completed, there should be an inspection of the property to see that it is left clean and in good repair. The minister should be held responsible for any excess wear or damage caused to the parsonage while he or she was living there. This would include damage caused by children and pets.
12. The grounds around the parsonage are primarily the responsibility of the congregation. The congregation should see that the lawn, shrubbery and flowerbeds are in good condition when minister moves into the parsonage. The minister may be expected to care for these grounds (mow, rake, remove snow, apply fertilizer, insecticides, herbicides) or these responsibilities may be shared by the congregation. (The division of labor should be negotiated by the minister and the church council before the minister's arrival).
13. The congregation should consider taking care of the grounds around the parsonage while the minister is on vacation or sabbatical, if it is decided that this is

the minister's responsibility.

14. The congregation should provide suitable garage space for the minister's automobile(s). Normally, this would be space for two vehicles.

### **PARSONAGE AGREEMENT**

To enhance the ministry of the Gospel among us, the congregation and the minister covenant to work with the following guidelines, which are established to provide a common understanding of expectations for both the congregation and the minister.

#### **Congregational Responsibilities**

- ◆ When selecting a parsonage, consideration should be given to its size and type, so it will serve a variety of ages and family needs.
- ◆ The parsonage's primary purpose is to provide housing for the minister and the minister's family, and not to provide additional meeting space for the congregation.
- ◆ Where a parish office must, of necessity, be within the parsonage, means should be taken to provide adequate privacy for both the parishioners and the minister and their family.
- ◆ It is the congregation's responsibility to provide the parsonage with major appliances.
- ◆ It is the congregation's responsibility to provide and maintain in working order a hot water heater and a furnace or other means of heating the parsonage, and water softener if deemed necessary because of water conditions.
- ◆ It is the congregation's responsibility to provide for normal maintenance and repair so that the parsonage is free from health hazards. Examples are as follows:
  - Electrical, water and sewer systems should be adequate.
  - Windows, doors and roof should be weather proofed against wind and water.
  - The basement should be checked for the presence of radon gas and corrective measures should be taken if the gas is present.
  - Measures should be taken to ensure that the basement does not flood.
  - Smoke alarms should be installed and maintained in working condition.
  - Insulation should be checked for asbestos, and if asbestos is present, corrective measures should be taken.
  - If the parsonage has lead water pipes for domestic use, the pipes should be checked for high lead concentration. If the lead concentration is higher than EPA standards, the pipes should be replaced.
  - If the services of an exterminator are required for pest control, the congregation should provide those services.
  - The parsonage should be in compliance with fire codes, which include two (2) means of escape from each level and smoke detectors.
- ◆ The congregation should provide for a utilities allowance that covers the cost of heat, lights, water, sewer, and garbage removal. The recommended method is for these bills to be paid directly by the congregation.

#### **Rostered Minister Responsibilities**

- ◆ The minister is responsible for any damage to the parsonage or property that is not considered normal wear, including damage done by children or pets. There should be dialogue between



the minister and the congregation to determine if they minister should facilitate repairs, or if the congregation will and invoice the minister accordingly.

- ◆ The minister shall act as caretaker of the parsonage and provide the following:
  - Ensure the parsonage is properly heated to prevent damage.
  - Provide for normal housekeeping and cleaning.
  - Provide for maintaining the lawn and grounds in a neat and orderly manner, as agreed upon.
  - Clear sidewalks and driveway of snow and maintain the lawn and grounds equipment in good working order, as agreed upon.
- ◆ The minister shall report needed repairs promptly to the appropriate committee.
- ◆ The minister shall make arrangements to invite the appropriate committee in to inspect the parsonage at least once per year.
- ◆ The minister shall make reasonable arrangements to allow the congregation to make needed repairs and do required maintenance.
- ◆ The minister is responsible for providing renter's insurance on personal contents.
- ◆ The minister shall clean the parsonage before leaving as follows:
  - The stove and oven must be left clean.
  - The refrigerator should be cleaned, turned off and door left open.
  - Provisions should be made for the disposal of unwanted items.
- ◆ In general, the minister should leave the parsonage in as good or better condition than it was upon arrival.

#### **Letter of Understanding Regarding Parsonage**

This is a letter of understanding between \_\_(insert church name)\_\_\_ Lutheran Church of \_\_\_\_(city)\_\_\_\_\_ and \_\_\_\_(Rostered Ministers Name)\_\_\_\_\_. The parties agree and accept the understandings stated below and agree to abide by them without prejudice. Violation of this letter of understanding may result in legal recourse by either party.

The Church agrees to provide a parsonage to its minister and to allow for the full and complete use. The parsonage shall be used as a residence only, unless prior written arrangements have been established.

The address of the parsonage is: \_\_\_\_\_.

The minister shall agree to maintain the appearance of the interior/and exterior of said dwelling in a way and manner that is acceptable to obvious normal standards. This shall be limited to housekeeping, cleanliness, and/or damage to the property caused by occupants of said dwelling.

Upon notice of at least **24** hours, the interior of the dwelling may be inspected by a member(s) of the appropriate board overseeing the parsonage. (The notice should be in writing and properly delivered to the minister.) The purpose of this inspection is to evaluate the interior condition of the property and/or establish any maintenance deficiencies or up-grades.

Annual inspections will take place as well. These inspections will take place with the minister and/or spouse as they will have knowledge of problems/issues needing attention.

The Church shall maintain proper insurance to include property and liability coverage and recommend that the minister obtain "renters insurance" for their personal belongings.

Should a dispute arise as to the condition or manner in which the said minister is maintaining the dwelling, a meeting shall be convened between the minister and appropriate board overseeing the parsonage; and resolutions shall be attempted at that time.

This letter is to provide a protection of Church property, as well as, to provide for the privacy of the minister.

This letter shall be in effect at the signing of a Letter of Call with the minister and shall continue throughout the call to \_\_\_\_\_ Lutheran Church. This letter may be modified to provide for any additional concerns or situations, providing that all parties herein referenced are in agreement.

It is expected the following appliances be provided in that parsonage:

- Stove/Oven
- Soft water System (if needed)
- Refrigerator
- Garbage disposal (optional)
- Wiring for TV and Internet
- Dishwasher
- Humidifier/Dehumidifier (if needed)
- Washer and Dryer
- Air Conditioning

It is expected utilities be paid directly by the congregation or an adequate allowance be provided for:

- Electricity
- Basic Telephone (except personal long-distance calls)
- Internet
- TV (cable or satellite)
- Gas
- Garbage Removal
- Water/Sewer
- Soft Water Service (if Needed)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Rostered Minister

\_\_\_\_\_  
Council President



## **APPENDIX E: PROFESSIONAL EXPENSE ACCOUNTABLE REIMBURSEMENT POLICY**

This is an example of what you could use. We provide this for your convenience, be sure to refer to IRS website to ensure that whatever language you adopt is in compliance with current policies.

The following resolution was duly adopted by the congregation council of \_\_\_\_\_(congregation name)\_\_\_\_\_ Lutheran Church at a regularly called meeting held on \_\_\_\_\_(date)\_\_\_\_\_, 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 minister 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:

- a. the expenses are reasonable in amount;
- b. the person incurring the expense documents the amount, time, 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
- c. 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 minister or employee.

2. The church shall not include in a minister'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 minister or employee.
4. If, for any reason, the church's reimbursements are less than the amount of business and professional expenses properly substantiated by a minister or employee, the church will report no part of the reimbursements on the person's W-2, and the minister or employee may deduct the un-reimbursed expenses as allowed by law.
5. Under no circumstances will the church reimburse a minister or 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 minister 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 minister or employee may, at his/her election, make copies of such evidence.

[Updated April 2022]