

2018
UPSTATE NEW YORK SYNOD MINIMUM
COMPENSATION GUIDELINES
for
ROSTERED
MINISTERS OF WORD AND SACRAMENT
AND MINISTERS OF WORD AND SERVICE

FOR USE BY CONGREGATIONS

Adopted **June 24, 2017**
by the Synod Council of the Upstate New York Synod – ELCA

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INTRODUCTION

Ministers of Word and Sacrament and Ministers of Word and Service “work in, with and for the community for the sake of the Gospel.” They are “workers, called by God through the church to serve the Gospel” in equipping the baptized for ministries in the world and in the church. In the letter of call, congregations and leaders both pledge themselves to actions that enable effective ministry for the Gospel. These guidelines are offered as an avenue of providing support for ministries.¹

These Guidelines are provided to assist congregations and other Lutheran organizations to develop and maintain a financial compensation package for rostered leaders of our synod that is both fair and competitive. These guidelines represent the minimum compensation package that a congregation must offer a minister before the Bishop will recommend a full time candidate to a congregation. It is understood that these Guidelines provide contextual guidance and that in each individual call the Office of the Bishop may need to factor in considerations specific to the individual congregation’s or the individual minister’s situation. This could result in a final compensation package that looks different from these guidelines.

A congregation that finds it cannot meet the compensation amount called for in these guidelines and therefore, cannot compensate its minister fairly and adequately, must consider alternatives such as merging with another congregation, a shared pastorate, a part-time pastorate, etc.

Provision *c9.05.a. of the congregation constitution notes that a call is a “mutual relationship.” As such a call can be changed by mutual agreement of the minister and the council or congregation and in consultation with the synod. In a mutual agreement to reduce a pastor’s call to less than full time, the call does not need to be re-issued. The compensation and other aspects of the call are amended when the congregation acts on its budget. Congregations facing any of these situations, including when minister and congregation are not in mutual agreement, must contact the Office of the Bishop for advice and assistance.

PART A: COMPENSATION FOR MINISTERS OF WORD AND SACRAMENT

In the Upstate New York Synod the normal number of hours for a Minister of Word and Sacrament in a full-time call is an average of 50 hours/week. The 2018 Minimum Compensation Guidelines maintain a number of changes put forth in the 2017 Guidelines as we sought to better clarify language and to address various questions that have been raised by congregations and rostered leaders in the call process in recent years.

Consideration has also been given to our awareness of the significant debt load with which new rostered leaders struggle and concern that experienced rostered leaders may at times be less attractive to congregations because, while they have more experience, they are more expensive than some congregations would like or can afford. These considerations are reflected in the Compensation Increases section and accompanying chart. The pay increments would decrease even further in the later years of ministry which, in addition to offering more call flexibility for experienced rostered leaders, would compensate for the fact that older rostered leaders will be receiving increased compensation in the form of health care benefits than they did in their younger years.

¹ Language adopted from the NE Iowa Synod Compensation Guidelines

I. **DEFINED COMPENSATION**

The minimum *recommended* Total Defined Compensation package for a new minister of Word and Sacrament (0 years of experience as an ordained minister) is **\$56,616**, an increase of **2.5%** over the 2017 amount.² Total Defined Compensation consists of three components: the current base salary, housing (housing allowance or parsonage) and social security allowance combined. Total Defined Compensation is used for calculating the minister's pension, health, and other benefits through the ELCA. The reason for having these three different components has to do with the intricacies of U.S. tax law for clergy.⁷ The Total Defined Compensation for a minister with additional years of experience would be increased by an amount equal to \$350/year of experience. (See Appendix I for a chart.)

Social Security Allowance

While most clergy are considered employees for income tax and retirement plan purposes, they are considered self-employed for purposes of Social Security and Medicare taxes, which means they carry the full burden of those taxes themselves, currently 15.3% Social Security/FICA tax on the Total Defined Compensation. The congregation or calling organization is to provide a social security allowance, even though it is taxable, to their minister(s) for ½ (7.65%) of the self-employment tax.

Clergy who are living in employer-provided housing, such as a parsonage, are also liable for self-employment tax on the fair rental value of such housing. Use this formula to determine half of the tax: Social Security Allowance = (salary + (housing allowance or 30% of salary for parsonage) + furnishings allowance + utilities allowance) x 7.65%. Or alternately for clergy living in a parsonage the synod recommends using a Social Security/FICA Tax rate of 9.94% to allow for this additional taxable value of the parsonage.

If there is a difference between the housing, furnishings, auto or professional allowances and the actual expenses in those areas, Social Security Tax will also be owed on the amount that is over actual expenses. It is up to the minister of Word and Sacrament to pay this difference to Social Security.

Base Salary

When a parsonage is provided, the value of the parsonage and the social security allowance are subtracted from the Total Defined Compensation to calculate the minimum base salary.

When a housing allowance is provided, subtract the housing allowance and the social security allowance to determine the base salary.

Housing Allowance

A housing allowance is provided when a minister of Word and Sacrament resides in his/her own home. **The minimum recommended housing allowance is \$15,600.** Congregations located in areas of the synod where housing is more costly should consider an additional amount. Such an additional amount is added in to the

² Based on 2.5% Consumer Price Index increase for period January 2016 compared to January 2017.

Total Defined Compensation and does not reduce the base salary component. When there is historical information on actual housing costs, the congregation may in consultation with the pastor, use the data to help determine the split of Total Defined Compensation between base salary, and housing allowance.

Official designation by the congregation council or employing church body of the payment of a housing allowance must be done in an annual resolution that is documented in the congregation council's minutes before payment is made. It is recommended that a housing amount be determined using average housing costs in the community. The individual minister is ultimately responsible for any tax implications of the housing allowance.

The amount that can be excluded from taxable income as housing allowance is always the smallest of the:

- Amount officially designated in advance as "housing allowance" by the Congregation Council or
- Amount spent for the minister's primary residence (mortgage principal and interest, utilities, taxes, insurance, furnishing, appliances, maintenance, etc.) or
- Fair rental value of the minister's home, including furnishings and cost of utilities and maintenance (whether owned or rented).

Parsonage

When the congregation provides a parsonage, a "fair market value" must be determined. Fair market value can be calculated based on annual rental value of such a property or 30% of base salary plus social security allowance. When a parsonage is provided the congregation is responsible for all utility costs, maintenance expenses, and replacement items (e.g. light bulbs, furnace filters, etc.) A value for the parsonage is calculated according to IRS regulations for U.S. tax benefits for the pastor and to determine the Total Defined Compensation.

Congregations providing a parsonage are encouraged to contribute to a housing equity fund for their pastor(s). Housing equity is a trust fund for retirement housing or a down payment on a domicile. This suggested annual contribution is 3% of "salary" plus housing, over and above base salary compensation. The housing equity can be done through Portico Benefit Services.

Furnishing Allowance

A Furnishing Allowance of up to 1% of the base salary is allowable for persons in a parsonage and must be negotiated with the congregation council. If the congregation does not supply a separate furnishing allowance, the minister of Word and Sacrament may designate a portion of their cash salary as furnishing allowance. This provides a tax advantage to the minister and must be done in an annual resolution of the congregation council's minutes before payment is made. The individual pastor is ultimately responsible for any tax implications of the furnishing allowance.

Compensation Increases

- ***Cost of Living***
A congregation with a minister of Word and Sacrament currently under call and where the compensation guidelines have been met may wish to calculate increases based on the congregation's budget from the previous year. The Upstate New York Synod recommends using the Consumer Price Index in determining the minimum cost of living increase. The 2018 cost of living increase recommended for the minister's Total Defined Compensation is 2.5% based on an increase in the Consumer Price Index as calculated for the Northeast U.S. comparing January 2016 to January 2017.³
- ***Increases above Synod Minimums for Experience***
For pastors with *up to 20* years of experience, \$350 for each year of experience should be added to the *previous year's* Total Defined Compensation to determine the appropriate Total Defined Compensation. (For example, to calculate the 2018 Total Defined Compensation, first add the recommended 2.5% cost of living increase to the 2017 Total Defined Compensation and then add \$350 to that number to reach the 2018 compensation for the rostered leader.) Beginning with 20 years of experience an additional week of vacation should be added and thereafter, the \$350 experiential increase is to be added every five years. Congregations should still provide the recommended cost of living increase to the Total Defined Compensation.

An additional amount may be added to reflect factors such as added responsibilities and/or exceptional proficiency. Additional compensation should be considered for the experience and needs of second career pastors. Congregations that are able to raise their minister's compensation above synodical minimums are encouraged to do so.

II. PROFESSIONAL EXPENSES (Reimbursable costs)

Auto Reimbursement

Automobile and other work-related travel is an expense of the congregation and, as such, is not usually reported as taxable income and should not be considered part of a salary package. Reimbursement for travel expense may be handled in one of three ways:

1. Reimbursement for miles driven according to the current IRS allowance plus tolls and parking for congregation related travel (not commuting to/from work). Recommend congregation budget a minimum of \$3,500. (2017 IRS rate is *\$.535/mile*.)⁴
2. Furnish a car and all related expenses (gas, maintenance, insurance, tolls, parking, etc.)

³ The adjustment in the Consumer Price index (CPI) was 2.5% higher in January 2017 than in January 2016 calculated for the NE states of NY, NJ, CT and PA. The Synod Council approved a 1.5% salary increase for synod staff in the 2017 budget and a 2.5% increase for 2018.

⁴ IRS mileage reimbursement rates for the new calendar year are published each year in December. 2018 rates are anticipated to be available in December 2017.

3. Provide an auto allowance of not less than \$3,500 annually. (Ministers receiving an auto allowance should be aware that it is taxable income for which the minister must account to the IRS.)

Continuing Education

Quality holistic continuing education for the rostered leader provides a source for challenging ideas, useful programs, and spiritual and professional renewal. It is not vacation time. Because both benefit, congregations and the rostered leader share expense for continuing education. The ELCA Conference of Bishops recommends 50 contact hours of continuing education annually.

Funding for continuing education can be done through annual contribution to a continuing education fund or by maintaining an annual budget line from which the minister draws for continuing education expenses. The establishment of a fund enables money to be carried over to subsequent years so that the minister will be able to participate in more expensive continuing education events. Registration fees, materials, lodging, meals and travel expenses are included in continuing education expenses. Congregations are to contribute \$1,000. Rostered persons are expected to contribute additional funds as well. Additional reference, Upstate New York Synod Continuing Education Policy available at:

<http://upstatenysynod.org/download/documents/policies/continuing%20education%20policy%2010-11.pdf>

Leadership Guild (formerly First Call Theological Institute)

All persons newly ordained in the Evangelical Lutheran Church in America are **required** to participate in Leadership Guild for three years. In Region 7 (includes the Upstate New York Synod) the congregation will be billed for this expense. It is intended that the Leadership Guild fee be taken from the minister's Continuing Education fund. In rare exceptions this is waived. It is understood to be a requirement for both the congregation and the rostered leader.

Publications, Books, Vestments and Media Resources

Congregations should also take into account other expenses that the minister may incur related to church business. These expenses may include, for example, the cost of vestments, clerical attire, purchase of books and magazines or attendance at meetings.

An annual budget of \$ 750 from which such items can be reimbursed is recommended.

If the congregation does not provide a professional expense line, a minister in conversation with the congregation council may choose to move some of their Total Defined Compensation into a professional expense line and thereby reduce their taxable income.

Synod Assembly and Conference Assemblies, Other Synodical events

Through the letter of call, all ministers of Word and Sacrament are required to attend the Synod Assembly and Conference spring and fall assemblies. It is also the responsibility of the congregation to provide the financial support necessary for the minister to attend the Synod Assembly each year.

Additionally, all rostered ministers are strongly encouraged to participate in their respective conference ministeriums, bishop's convocation and in the annual fall Synod Ministerium.

III. BENEFITS

Congregations are expected to enroll their ministers, spouse, and children as applicable in the ELCA Pension, Health and Dental, Disability and Survivor Plans, presently Portico Benefit Services. Calculations of contributions to pension, health and dental, disability and survivor plans are based upon “Total Defined Compensation” and calculated using the Portico online calculator which is revised annually in early fall. In order to participate in the Portico Benefit Services benefit plan ministers of Word and Sacrament and ministers of Word and Service serving under call are eligible to enroll if employed by an eligible employer and are scheduled to work at least 15 hours per week for six or more months per year.

Pension

All calls issued on the territory of the Upstate New York Synod require a minimum pension payment of **12.0%** of “Total Defined Compensation.”

Health/Dental

Full family coverage is to be provided unless another situation applies. Portico Benefit Services establishes annually the contribution amounts required to fund the Health and Dental, Disability, and Survivor Plans. Contribution rates for the next year are normally available in the fall.

Rostered ministers may decline health coverage for themselves and/or for their family members if they can demonstrate comparable coverage under another employer-provided group plan (i.e. through a spouse) or Medicare or other governmental coverage. Congregations are encouraged to contact the synod office for guidance. The federal Affordable Care Act went into effect in 2014. The law mandates everyone to have health coverage or pay a penalty, and it prevents insurers from excluding individuals due to pre-existing conditions.

Health Coverage Offset: In some situations a minister is covered under the employer-provided group health insurance of a spouse, which makes the minister eligible to waive the Portico medical/dental health coverage and still participate in the other Portico benefits. Most members who waive coverage will incur additional costs to cover the contributions required by the spouse’s plan, and to cover higher out-of-pocket costs if benefits under the spouse’s plan are not as generous. In these situations up to 50% of what the Portico medical/dental costs would have been, can through conversation with the minister and the office of the bishop, be applied in other ways including: other benefits, i.e. a medical deductible allowance, HSA/FSA/HRA, increased pension, or added income to offset costs such as health care under spouse’s plan and co-pays. Examples of ways this may be done include: health savings account toward insurance costs/deductibles on spouse’s plan, or additional dollars added to pastor’s pension. The remaining 50% is a savings to the congregation. Additionally, the health care costs should be reviewed annually to ascertain if the spouse’s insurance plan is still the most cost efficient. For the current waiver options the minister and the congregation should consult Portico Benefit Services.

Portico, along with the state and federal health care exchanges, offers the recommended four health benefit options, grouped into four “metallic levels” (bronze, silver, gold, and platinum) based on the percentage of health care costs paid by the plan and the member.

Under the law health care premiums are calculated using three factors - salary, geography, and age. The Upstate New York Synod 2018 minimum compensation level recommendation is the Gold+ option. Additional information and contribution rates for 2018 can be determined on the Portico website at <https://employerlink.porticalbenefits.org/home> and <https://myportico.porticobenefits.org/healthotherbenefits/>.

PLAN OPTION	COST PAID BY PLAN/EMPLOYER	COST PAID BY PLAN MEMBER
Platinum+	90%	10%
Gold+	80%	20%
Silver+	70%	30%
Bronze+	60%	40%

Additional information for New York State Health Exchanges is available at <http://healthbenefitexchange.ny.gov/>. Health Exchanges are an alternative place to purchase health care for persons who do not have employer provided health coverage or for whom coverage may be more affordable than an employer plan. Clergy who can find comparable coverage through the NYS Health Exchange, and qualify for the Affordable Care Act subsidy, **may** be able to purchase health care through an exchange and maintain their other Portico benefits.

Disability, Basic Group Life and Retiree Support

Contributions for disability benefits, basic group life, and retiree support are required by the ELCA Pension and Other Benefits Program. The retiree support contribution helps provide health coverage in retirement for members who served on^e of the ELCA Predecessor church bodies.

Disability	3.0%
Survivor Benefits Plan	0.3%
Retiree support and Administration	0.7%
TOTAL	4.0% (2017 <u>rates</u>)

Disability

The ELCA Disability Benefits Plan provides a monthly income if you become partially or totally disabled as defined by the plan. While you are disabled, the plan also makes contributions to your retirement account and pays to continue your health and survivor coverage.⁵ In general disability insurance policies, including the ELCA plan, begin after the first 60 days of disability and will pay 66 2/3% of defined compensation less any amounts received from social security and worker’s compensation disability benefits after two months of disability. [SEE SHORT TERM DISABILITY NOTE BELOW.]

⁵ Available on Portico Benefit Services website at <https://employerlink.porticobenefits.org/Home/Resources/EmployeeNeedsBenefits.aspx>.

SHORT TERM DISABILITY NOTE: For the first 60 days of disability the employer/congregation is expected to continue to pay full salary and benefits contributions, until the disability benefits of the ELCA Pension Plan go into effect. Any period of disability (beginning date, length, and return to active duty) should be based on a physician's recommendation. It is important to remember that the employee can only apply for disability while they are still employed. To avoid awkward and hardship situations, both for clergy families and for the congregation, congregations may wish to consult with an insurance company to arrange for short-term disability coverage for the first 60 days. Having short-term disability insurance is a benefit to the church as the employer. The annual cost is minimal and may help to avoid being faced with major expenses should a disability occur. If a congregation needs assistance in understanding and/or locating short term disability, contact the synod bookkeeper [315.299.4955].

Clergy Couples: When a married couple both receive separate calls within the synod, the synodical bishop will assist congregations in establishing equitable considerations for the married couple. The Medical and Dental Benefits premiums are shared by a formula available from Portico Benefit Services, (<https://porticobenefits.org/>) unless both congregations mutually agree to some other formula. Both congregations pay retirement, survivor, disability and administration premiums.

Workers Compensation Insurance

Congregations are also responsible for providing Workers Compensation Insurance for the minister. A handy Church Mutual Insurance document, "Insuring Your Ministry Points to Consider"⁶ states the following:

"In all but a few states, religious organizations, like any business, are required to carry workers' compensation insurance for their employees. Even where insurance is not required, the benefits must still be paid, and these can be extremely expensive. Failure to pay benefits can lead to fines and other legal action. . . Don't overlook your clergy. The federal government may classify some clergy as "self-employed" for tax purposes, but most state industrial commissions consider them to be employees, and subject to the laws and benefits of the Workers' Compensation Act."

Under NYS Workers Compensation Law §2[4] and WCL §3 Group 18, not-for-profits that are compensating individuals for their services are required to obtain a workers' compensation insurance policy with the following exceptions:

- Paid clergy and members of religious orders are exempt from mandatory coverage (but can be covered voluntarily). To be exempt the clergy and members of religious orders must be performing only religious duties.⁷

IV. PAID TIME OFF

⁶ Available at <http://www.churchmutual.com/index.php/choice/coverage/page/insuring/id/0>

⁷ P. 37, NYS Workers' Compensation Board Employers Handbook to Workers' Compensation in NYS. www.wcb.ny.gov/.../main/Employers/EmployerHandbook.pdf - 966k - 2013-12-13

Days off per week: The Upstate New York Synod's recommendation is that all ministers of Word and Sacrament be provided with a minimum of 1.5 days off per week.

Vacation: A minimum of four weeks, including four Sundays, per year. ***For clergy with 20 or more years of experience a fifth week of vacation should be added beginning with year 20.*** This does not include time for continuing education.

Holidays: Congregations should provide appropriate time off for holidays. If the actual day cannot be taken, another day should be designated. For example, if the congregation holds worship services on Christmas, it is recommended that the minister receive an alternate day off in lieu of the Christmas holiday.

Study Leave: Two full weeks, including Sundays, paid leave per year is expected. An option that may be considered under advance agreement between the congregation and the minister would allow these two weeks to be accumulated over a three-year period, up to 6 weeks, allowing the minister the opportunity for a more extended study leave.

Sick Leave: Sick leave of up to eight (8) weeks per year with full salary, housing and benefits and provision for disability thereafter as coordinated with the congregation and Portico is the minimum recommendation. Sick leave may be taken for the purpose of personal or family illness.

In the event of extended illness, the congregation shall assume the responsibility for providing full salary and benefits for the first eight (8) consecutive weeks of illness, at which time the ELCA Disability Plan as administered through Portico Benefit Services will take effect. It is also recommended that in times of extended illness the congregation contact the synod office for guidance. The congregation is to assume responsibility for pulpit supply during the disability.

Sick leave benefits will begin January 1 of each calendar year.

Family/Maternity/Parental Leave:

- Leave of up to eight (8) weeks is recommended when a child is born or adopted.
- Congregations should be sensitive to family needs such as extraordinary illness of children and parents of the rostered leader and negotiate leave time with or without pay for these circumstances. During any parenting leave period, supply ministers are to be paid by the congregation.
- In the event of a death of his or her immediate family (to include spouse, children, parents, stepchildren, stepparents, brother, sister, grandparents, step grandparents, grandchildren, step grandchildren, mother-in-law, father-in-law, or legal guardian), the minister will be allowed five (5) days leave, with pay.
- In cases where there is a special need related to circumstances, generally assumed to be the sudden death of an immediate family member or cases requiring extensive travel, additional working days may be granted in consultation with the Congregation Council. A rostered person desiring additional leave may use vacation time or negotiate to use unpaid leave.

V. OTHER

Sabbatical Leave

Congregations and other organizations are strongly encouraged to provide for and grant their rostered leaders and/or professional workers a sabbatical or renewal leave of up to six (6) consecutive months after every seven (7) years of service in that setting. Details regarding policy, rationale, suggested procedures, and additional resources can be found in the synod's Continuing Education document.⁸

Severance

The synod Bishop should be consulted whenever the termination of a call is being considered. In situations where a call is terminated by the minister, Congregation Council, or appointing institution, without another call or other employment being in place, the congregation is encouraged to consider a severance package of two to six months. Unless covered by another employer, medical and pension benefits are to be included as well. Excluded would be any other allowances, e.g. auto, book, education. For further information see the Upstate New York Synod Severance Guidelines, May 15, 2015.⁹

Moving Expenses

The congregation is responsible for the moving expenses of the minister they have called. This cost can be significant. (Recent experience indicates that costs could easily be \$8,000 - \$15,000) It is a one-time expense. Some congregations work to set aside a sufficient amount during the pastoral transition. Others have had a special offering to assist with this expense.

Transitional Minister of Word and Sacrament Compensation (SC10.10.08.) -

\$550 compensation for 20 hours per month

\$25 per each additional hour per month [effective January 1, 2011]

Supply Preaching Compensation (SC.12.04.04.) - in April 2012 the Synod Council approved synod wide regular supply preaching minimum compensation to become effective July 1, 2012:

\$125	Supply for one service
\$175	Supply for two services on the same day
\$ 50	Add per service over two services on the same day
\$125	Supply an extra day
\$100	Add for Saturday in same weekend

Mileage reimbursement at the current IRS rate (\$0.535/*mile* in 2017) for daily transportation expenses between your residence and the temporary work station outside the metropolitan area where you live as outlined in the IRS Publication 463.¹⁰

⁸<http://upstatenysynod.org/download/documents/policies/Severance%20Policydraft%20SC%20adopted%205.2.2015.pdf>

⁹<http://upstatenysynod.org/download/documents/policies/Severance%20Policydraft%20SC%20adopted%205.2.2015.pdf> for a copy of the guide.

¹⁰ <https://www.irs.gov/uac/about-publication-463>

B: COMPENSATION FOR MINISTERS OF WORD AND SERVICE

Ministers of Word and Service or Deacons serve in congregations and other ministries of the ELCA, including family ministries, youth, administration, volunteer ministry, social services, music or parish nursing. Deacons connect the church with the needs of the world and work to equip others to lead a living, active and caring Christian life.

- I. **GENERAL COMPENSATION** Guidelines for Ministers of Word and Service are outlined in Appendix III and are based on a value called “defined compensation.” The recommended 2018 minimum Gross Salary for full-time (40 hours/week) lay rostered minister is **\$44,134** annually.¹¹ With the exception of an offset in the guidelines approximately equal to the additional amount that a minister must pay in social security tax, the guidelines for Ministers of Word and Service (deacons) are essentially identical to those provided for ministers of Word and Sacrament (clergy).
 - a. Years of Experience/Additional Education - A leader who enters ministry later in life should be given additional credit for experience gained in another profession. Education beyond a master’s degree also should be considered.
 - b. Responsibilities/Merit - When performing an evaluation of a minister’s compensation, additional factors should be considered. First, has the minister’s responsibilities changed? Second, has the minister met the expectations of the congregation (employer)? Performance is a critical consideration when evaluating compensation. A minister who is exceeding the expectations of the congregation should be rewarded through what commonly is referred to as “merit increases.”
 - c. Cost of Living/Community Life Style

Social Security and Housing

Because Ministers of Word and Service are not ordained, they and the congregation/employer each pay half (7.65%) of the total social security tax (15.30%). The minister’s half is deducted from his/her pay as is done for employees of other companies and organizations. For the same reason, the government does not grant any tax-free housing allowance for non-clergy rostered leaders. If housing is provided, the value of this housing, in terms of fair rental value, may be subtracted from the general compensation to arrive at a cash salary. However, the value of the housing must be reported as income for tax purposes.

II. PROFESSIONAL EXPENSES (reimbursable costs)

Auto Reimbursement

Automobile and other work-related travel is an expense of the congregation or employing organization and, as such, is not usually reported as taxable income and should not be considered part of a salary package. Reimbursement for travel expense may be handled in one of three ways:

¹¹ Reflects a 2.5% increase over the 2017 minimum gross salary based on 2.5% Consumer Price Index increase for period January 2016 compared to January 2017.

1. Reimbursement for miles driven according to the current IRS allowance plus tolls and parking for work related travel (not commuting to/from work). The current IRS rate (2017 - \$0.535/mile) should be used plus tolls and parking.¹²
2. Furnish a car and all related expenses (gas, maintenance, insurance, tolls, parking, etc.)
3. Provide an auto allowance of not less than \$3,500 annually. (Ministers of Word and Service receiving an auto allowance should be aware that it is taxable income for which the employee must account to the IRS.)

Continuing Education

Quality holistic continuing education for the rostered minister provides a source for challenging ideas, useful programs, and spiritual and professional renewal. It is not vacation time. Because both benefit, congregations and the rostered minister share expense for continuing education. The ELCA Conference of Bishops recommends 50 contact hours annually.

Funding for continuing education can be done through annual contribution to a continuing education fund or by maintaining an annual budget line from which the rostered leader draws for continuing education expenses. The establishment of a fund enables money to be carried over to subsequent years so that the rostered minister will be able to participate in more expensive continuing education events. Registration fees, materials, lodging, meals and travel expenses are included in continuing education expenses. Congregations are to contribute \$1,000. Rostered ministers are expected to contribute additional funds as well. Additional reference, Upstate New York Synod Continuing Education Policy available at

<http://upstatenysynod.org/download/documents/policies/continuing%20education%20policy%2010-11.pdf>

Leadership Guild (Formerly First Call Theological Institute)

All persons newly consecrated in the Evangelical Lutheran Church in America, are required to participate in Leadership Guild for three years. In Region 7 (includes the Upstate New York Synod) the congregation will be billed for this expense. It is intended that the Leadership Guild fee be taken from the minister's Continuing Education fund. In rare exceptions this is waived. It is understood to be a requirement for both the congregation and the minister.

Publications, Books and Media Resources

Employers should also take into account other expenses that the minister may incur related to church business. These expenses may include, for example, the cost of vestments, purchase of books and magazines or attendance at meetings. An annual budget of \$750 from which such items can be reimbursed is recommended. If the congregation does not provide a professional expense line, a minister in conversation with his/her supervisor may choose to move some of their salary into a professional expense line and thereby reduce their taxable income.

¹² IRS mileage reimbursement rates for the new calendar year are published each year in December. 2018 rates are anticipated to be available in December 2017.

Synod Assembly and Conference Assemblies and Other Synodical Events

Through the letter of call, all rostered ministers are required to attend the Synod Assembly and Conference spring and fall assemblies. It is also the responsibility of the congregation to provide the financial support necessary for the pastor to attend the Synod Assembly each year.

Additionally, all rostered ministers are strongly encouraged to participate in their respective conference ministeriums, bishop's convocation and in the annual fall synod ministerium.

III. BENEFITS

Congregations/organizations are expected to enroll their rostered minister, spouse, and children as applicable in the ELCA Pension, Health and Dental, Disability and Survivor Plans, presently Portico Benefit Services. Calculations of contributions to pension, health and dental, disability and survivor plans are based upon a percentage of "Total Defined Compensation" and calculated using the Portico online calculator which is revised annually in early fall. Contribution rates for the next year are normally available late summer to early fall. In order to participate in the Portico Benefit Services benefit plan minister of Word and Service must work a minimum of 15 hours/week to receive benefits.¹³

Pension

All ministers of Word and Service calls issued on the territory of the Upstate New York Synod require a minimum pension payment of 12.0% of "Total Defined Compensation."

Health/Dental/Vision

Full family coverage at the synod recommended Gold + health benefit plan is to be provided unless another situation applies. Portico Benefit Services establishes annually the contribution amounts required to fund the Health and Dental benefit.

Rostered ministers may decline health coverage for themselves and/or for their family members if they can demonstrate comparable coverage under another employer-provided group plan (i.e. through a spouse) or Medicare or other governmental coverage. Congregations are encouraged to contact the synod office for guidance. The federal Affordable Care Act went into effect in 2014. The law mandates everyone to have health coverage or pay a penalty, and it prevents insurers from excluding individuals due to pre-existing conditions.

Health Coverage Offset: In some situations a minister is covered under the employer-provided group health insurance of a spouse which makes the minister eligible to waive the Portico medical/dental health coverage and still participate in the other Portico benefits. Most members who waive coverage will incur additional costs to cover the contributions required by the spouse's plan, and to cover higher out-of-pocket costs if benefits under the spouse's plan are not as generous. In these situations up to 50% of what the Portico medical/dental costs would have been, can through conversation with the minister and the office of the bishop, be applied in other ways including: other benefits, i.e. a medical deductible allowance, HSA/FSA/HRA, increased pension, or added income to offset costs such as health care under spouse's plan and co-pays.

¹³ <https://employerlink.porticobenefits.org/Resources/EnrollmentCenter/EligibilityEstimatingCost>.

Examples of ways this may be done include: health savings account toward insurance costs/deductibles on spouse’s plan, or additional dollars added to pastor’s pension. The remaining 50% is a savings to the congregation. Additionally, the health care costs should be reviewed annually to ascertain if the spouse’s insurance plan is still the most cost efficient. For the current waiver options the minister and the congregation should consult Portico Benefit Services.

<u>PLAN OPTION</u>	<u>COST PAID BY PLAN/EMPLOYER</u>	<u>COST PAID BY PLAN MEMBER</u>
Platinum+	90%	10%
Gold+	80%	20%
Silver+	70%	30%
Bronze+	60%	40%

Additional information for New York State Health Exchanges is available at <http://healthbenefitexchange.ny.gov/>. Health Exchanges are an alternative place to purchase health care for persons who do not have employer provided health coverage or for whom coverage may be more affordable than an employer plan. Rostered leaders who can find comparable coverage through the NYS Health Exchange, and qualify for the Affordable Care Act subsidy, **may** be able to purchase health care through an exchange and maintain their other Portico benefits.

Disability, Basic Group Life and Retiree Support

Contributions for disability benefits, basic group life, and retiree support are required by the ELCA Pension and Other Benefits Program.¹⁴ The retiree support contribution helps provide health coverage in retirement for members who served on of the ELCA Predecessor church bodies.

Disability	3.0%
Survivor Benefits Plan	0.3%
Retiree support and Administration	0.7%
TOTAL	4.0% (2017 rates)

Disability

The ELCA Disability Benefits Plan provides a monthly income if you become partially or totally disabled as defined by the plan. While you are disabled, the plan also makes contributions to your retirement account and pays to continue your health and survivor coverage. In general disability insurance policies, including the ELCA plan, begin after the first 60 days of disability and will pay 66 2/3% of defined compensation less any amounts received from social security and worker’s compensation disability benefits after two months of disability.

¹⁴ Available on Portico Benefit Services website at <https://employerlink.porticobenefits.org/Home/Resources/EmployeeNeedsBenefits.aspx>.

SHORT TERM DISABILITY NOTE: For the first 60 days of disability the employer/congregation is expected to continue to pay full salary and benefits contributions, until the disability benefits of the ELCA Pension Plan go into effect. Any period of disability (beginning date, length, and return to active duty) should be based on a physician's recommendation. It is important to remember that the employee can only apply for disability while they are still employed. To avoid awkward and hardship situations, both for clergy families and for the congregation, congregations may wish to consult with an insurance company to arrange for short-term disability coverage for the first 60 days. Having short-term disability insurance is a benefit to the church as the employer. The annual cost is minimal and may help to avoid being faced with major expenses should a disability occur. If a congregation needs assistance in understanding and/or locating short term disability, contact the synod bookkeeper [315.299.4955].

Workers Compensation Insurance

Congregations/organizations are also responsible for providing Workers Compensation Insurance for the lay-rostered leader. A handy Church Mutual Insurance document, "Insuring Your Ministry Points to Consider" states the following:

"In all but a few states, religious organizations, like any business, are required to carry workers' compensation insurance for their employees. Even where insurance is not required, the benefits must still be paid, and these can be extremely expensive. Failure to pay benefits can lead to fines and other legal action. . . Don't overlook your clergy. The federal government may classify some clergy as "self-employed" for tax purposes, but most state industrial commissions consider them to be employees, and subject to the laws and benefits of the Workers' Compensation Act."

While paid clergy are exempt under NYS Workers Compensation Law §2[4] and WCL §3 Group 18, Ministers of Word and Service are not exempt. Employers need to obtain a workers' compensation insurance policy for Ministers of Word and Service.¹⁵

IV. PAID TIME OFF

Vacation: A minimum of two full weeks per year with increases offered in subsequent years per congregation/organization policy.

Holidays: Congregations/organizations should provide appropriate time off for holidays and offer the same holidays as offered other employees. If the actual day cannot be taken, another day should be designated.

Study Leave: Two full weeks paid leave per year is expected. An option that may be considered under advance agreement between the congregation/organization and the rostered minister of Word and Service would be to allow these two weeks to be

¹⁵ P. 37, NYS Workers' Compensation Board Employers Handbook to Workers' Compensation in NYS.
www.wcb.ny.gov/.../main/Employers/EmployerHandbook.pdf - 966k - 2013-12-13

accumulated over a three-year period, up to 6 weeks, allowing the minister the opportunity for a more extended study leave.

Sick Leave: Sick leave of up to eight (8) weeks per year with full salary, housing and benefits and provision for disability thereafter as coordinated with the congregation/organization and Portico is the minimum recommendation. Sick leave may be taken for the purpose of personal or family illness.

In the event of extended illness, the congregation/organization shall assume the responsibility for providing full salary and benefits for the first eight (8) consecutive weeks of illness, at which time the ELCA Disability Plan as administered through Portico Benefit Services will take effect. It is also recommended that in times of extended illness the congregation/organization contact the synod office for guidance. The congregation/organization is to assume responsibility for costs associated with supply staffing during the disability.

Sick leave benefits will begin January 1 of each calendar year.

Family/Maternity/Parental Leave:

- Leave of up to eight (8) weeks is recommended when a child is born or adopted.
- Congregations/organizations should be sensitive to family needs such as extraordinary illness of children and parents of the rostered leader and negotiate leave time with or without pay for these circumstances. During any parenting leave period, supply ministers are to be paid by the congregation.
- In the event of a death of his or her immediate family (to include spouse, children, parents, stepchildren, stepparents, brother, sister, grandparents, step grandparents, grandchildren, step grandchildren, mother-in-law, father-in-law, or legal guardian), the pastor will be allowed five (5) days leave, with pay.
- In cases where there is a special need related to circumstances, generally assumed to be the sudden death of an immediate family member or cases requiring extensive travel, additional working days may be granted in consultation with the Congregation Council. A rostered minister desiring additional leave may use vacation time or negotiate to use unpaid leave.

Rostered Leader Couples: When a married couple both receive separate calls within the synod, the synodical bishop will assist a congregation/organization in establishing equitable considerations for the married couple. The Medical and Dental Benefits premiums are shared by a formula available from Portico Benefit Services, (<https://porticobenefits.org/>) unless both congregations/organizations mutually agree to some other formula. Both congregations/organizations pay retirement, survivor, disability and administration premiums.

Sabbatical Leave

Congregations and other organizations are strongly encouraged to provide for and grant their rostered leaders and/or professional workers a sabbatical or renewal leave of three consecutive months after every seven (7) years of service in that setting. Details regarding policy, rationale, suggested procedures, and additional resources can be found in the synod's document.

Severance

The synod Bishop should be consulted whenever the termination of a call is being considered. In situations where a call is terminated by the rostered minister, Congregation Council, or appointing organization, without another call or other employment being in place, the congregation/organization is encouraged to consider a severance package of two to six months. Unless covered by another employer, medical and pension benefits are to be included as well. Excluded would be any other allowances, e.g. auto, book, education. For further information see the Upstate New York Synod Severance Guidelines, May 15, 2015.

<http://upstatenysynod.org/download/documents/policies/Severance%20Policydraft%20OSC%20adopted%205.2.2015.pdf>

Reporting Change in Compensation to Portico Benefit Services

Annually a Change in Salary Report form must be filed with Portico Benefit Services or the change annotated in the appropriate section of the congregation/employer's monthly bill. While the Congregation Treasurer is typically the person who files the form, the rostered Leader, Congregation Council and Congregation Treasurer all bear responsibility to be sure that this information is filed accurately and in a timely manner each year. Submit the Change of Salary Report to:

Portico Benefit Services
800 Marquette Ave., Suite 1050
Minneapolis, MN 55402-2892
Phone: 800.352.2876
Email: mail@PorticoBenefits.org
<https://porticobenefits.org/>

APPENDIX I: Years of Experience Minimum Compensation Chart for Ministers of Word and Sacrament

The Synod recommendation is that \$350 be added for each year of experience for pastors up to 20 years of experience. Beginning with 20 years of experience an additional week of vacation should be added and thereafter, the \$350 experiential increase is to be added every five years, i.e. 25, 30, 35, etc. Congregations should still provide the recommended cost of living increase each year to the Total Defined Compensation.

Experience	Total Defined Comp	Experience	Total Defined Comp
0	\$56,616	18	\$62,916
1	\$59,966	19	\$63,266
2	\$57,316	20	\$63,616
3	\$57,666	21	\$63,616
4	\$58,016	22	\$63,616
5	\$58,366	23	\$63,616
6	\$58,716	24	\$63,616
7	\$59,066	25	\$63,966
8	\$59,416	26	\$63,966
9	\$59,766	27	\$63,966
10	\$60,116	28	\$63,966
11	\$60,466	29	\$63,966
12	\$60,816	30	\$64,316
13	\$61,166	31	\$64,316
14	\$61,516	32	\$64,316
15	\$61,866	33	\$64,316
16	\$62,216	34	\$64,316
17	\$62,566	35	\$64,666

APPENDIX II: 2018 Minister of Word and Sacrament Compensation Calculation Document

This document is set up to reflect the minimum total defined compensation amount in the Upstate New York Synod for 2017 for a first year pastor. A congregation where a pastor is currently under call and where the compensation guidelines have been met for the previous year may wish to calculate increases based on the congregation’s budget from the previous year. The Upstate New York Synod recommends using the Consumer Price Index in determining the minimum cost of living increase. The 2018 recommended cost of living increase for a pastor’s Total Defined Compensation is 2.5% based on the Consumer Price index(CPI) being 2.5% higher in January 2017 than in January 2016 calculated for the NE states of NY, NJ, CT and PA. An additional amount of at least \$350 should then be added for another year of experience in ordained ministry. This number would then be the number to use on Line 1 in either A or B below.

A. Compensation Package with Housing Allowance (full-time – 50 hrs/wk)

1. Minimum Total Defined Compensation	\$56,616¹⁶
2. Line 1 X 0.92894	_____
3. Housing Allowance	_____
4. Minimum Base Salary (Line 2 minus Line 3)	_____
5. Social Security (Line 1 minus Line 2)	_____

B. Compensation Package with Parsonage

1. Minimum Total Defined Compensation	\$56,616¹⁷
2. Minimum Base Salary (0.69968 X Line 1)	_____
3. Social Security (Line 2 X .0994)	_____
4. (Line 2 plus Line 3)	_____
5. Housing Value of Parsonage	

¹⁶ To be adjusted to reflect actual Total Defined Compensation of your pastor – this number reflects minimum.

¹⁷ Ibid

6. (Line 1 minus Line 4)

APPENDIX III: 2018 Minimum Compensation Package for Ministers of Word and Service (numbers for first call minister)

Gross Salary¹⁸ \$44,134.00
Benefits

- Employer Social Security/FICA (7.65%) \$ 3,376.25

ELCA Portico Benefits Package¹⁹

- Retirement Pension (12%) \$ 5,296.08
- Medical/Dental (single person)²⁰ \$ 5,136.00
- Survivor, Disability, Admin. (4.0%) \$ 1,765.36

TOTAL Portico Benefits \$12,297.44

GRAND TOTAL COST OF POSITION \$59,707.69

Other Benefits

- Vacation Leave – two weeks after one year, increases in later years.
- Holidays – per the holiday schedule offered by the employer for all other employees.
- Study Leave – up to two full weeks paid leave per year.
- Sick Leave – up to eight (8) weeks per year with full salary and benefits and provision for disability thereafter as coordinated with the employer and Portico Benefit Services.
- Family Leave including Medical, Bereavement and Personal Days as approved per synod policy or policy of the calling congregation and/or organization

Reimbursements

- Reimbursement for business travel according to the current IRS allowance plus tolls and parking (2017 IRS rate is \$.535/mile)²¹
- Reimbursement for publications, books, media resources as related to position.

¹⁸ Synod Council approved June 24, 2017

¹⁹ Portico Health Care benefits need to be calculated using the on-line Portico EmployerLink calculator. Rostered leaders date of birth, date of commission or consecration along with gross salary are also needed for rate calculation. www.porticobenefits.org.

²⁰ Number in this document is a sample health cost calculated at the 2017 rates for a first call lay rostered person in their twenties who is single. Married rate for same age individual would be \$8,988 and married with children would be \$12,840.

²¹ IRS mileage reimbursement rates are adjusted annually with the next year's rate announced typically in December. The 2018 rate is expected to be available in December 2017.

Appendix IV: Compensation Worksheet for Ministers of Word and Service

This document is set up to reflect the minimum Gross Salary amount in the Upstate New York Synod for 2018 for a first year minister of Word and Service. A congregation/organization where a rostered leader is currently under call and where the compensation guidelines have been met for the previous year may wish to calculate increases based on the organization’s budget from the previous year. The Upstate New York Synod recommends using the Consumer Price Index in determining the minimum cost of living increase. The 2018 recommended cost of living increase for a lay rostered minister’s Gross Salary is 2.5% based on the Consumer Price index(CPI) being 2.5% higher in January 2017 than in January 2016 calculated for the NE states of NY, NJ, CT and PA. It is recommended that an additional amount should then be added for another year of experience in ministry.

C. Compensation Package with Housing Allowance

1. Gross Salary	<u>\$44,134</u>
2. Social Security (7.65%)	_____
3. Subtotal (line 1 + 2)	_____
4. Benefits²²	
i. Pension (12% of Gross salary)	_____
ii. Medical/Dental²³	_____
iii. Disability/Basic Survivor/Retiree (4.0% of Gross salary -2017 rate)	_____
iv. Subtotal Benefits	_____
5. Reimbursable Expenses	
i. Travel (mileage + tolls/pkg.)	<u>\$3,500.00</u>
6. Total Cost to Congregation/Organizations (Total of line 3 plus 4.iv. plus 5.i.)	_____

²² Portico Health Care benefits need to be calculated using the on-line Portico EmployerLink calculator. Rostered leaders date of birth, date of commission or consecration along with gross salary are also needed for rate calculation. www.porticobenefits.org.

²³ Number in this document is a sample health cost calculated at the 2017 rates for a first call lay rostered person in their twenties who is single. Married rate for same age individual would be \$8,988 and married with children would be \$12,840.