



**Metropolitan New York Synod**  
**Evangelical Lutheran Church in America**  
God's work. Our hands.

# Clergy Compensation Guidelines for 2021

October 14, 2020  
v.1.2

# Clergy Compensation Guidelines

## Table of Contents

INTRODUCTION	1
MUTUAL MINISTRY CONCEPT	2
CALCULATING COMPENSATION	3
Determining The Salary	3
Determining The Parsonage Or Housing Allowance	4
Determining The Supplemental Benefits	6
Professional Expenses	11
Tax Advantageous Redistribution	13
APPENDIX I: 2021 Minimum Base Salary Guidelines For The Call Process	13
APPENDIX II: Parsonage/Housing Allowance Designation	14
APPENDIX III: Disability Insurance	16
APPENDIX IV: Supply, Vacancy And Interim Pastors	17
APPENDIX V: Guidelines For Sabbatical Leaves	18
COMPENSATION WORKSHEET	20

## INTRODUCTION

The *2021 Clergy Compensation Guidelines* provide explanations and aids for determining the various parts of the pastor's compensation in a progressive manner.

Highlights of the *2021 Clergy Compensation Guidelines* are:

- **Starting Base Salary** has been increased from \$43,798 to \$44,630.
- **COLA** – the Synod Council is recommending a **Cost of Living Adjustment (COLA) of 1.9% for 2021**. This recommendation is based on the Bureau of Labor Statistics as of October 13, 2020 in the Consumer Price Index for all urban consumers in the New York-New Jersey metropolitan area.
- **Minimum Salary** - as it relates to years of service is shown in [Appendix I](#), page 15. Keep in mind that these are minimums and are not to be used as ceilings.
- **Housing Allowance** - The minimum Housing Allowance for 2021 remains at **\$21,000**.

Pastoral ministry is the single highest program expense in many congregations. Effective pastoral ministry should be adequately compensated, as should the ministry of all paid church workers. Congregations are encouraged to examine their giving and develop stewardship programs that enable adequate compensation, rather than merely set their sights at minimum compensation for their paid staff. Synod staff is prepared to respond to calls from congregations for assistance to improve congregational stewardship and/or discuss alternative ministry possibilities.

If you have any questions about these guidelines, please contact Donna-Mari J. Fieldsa, Director for Finance, Administration and Grant Management at (212) 870-2378 or [dfieldsa@mnys.org](mailto:dfieldsa@mnys.org).

Metropolitan New York Synod, ELCA  
475 Riverside Drive, Suite 1620  
New York, NY 10115

# MUTUAL MINISTRY CONCEPT

Our Lutheran understanding of the Church sees ministry as being shared by all the baptized people of God. At no time can we assume that only pastors and ELCA deacons are responsible for Christian ministry. Out of this theological awareness emerges the rationale behind a congregational Staff Support, Pastor-Parish Relations, Mutual Ministry or Personnel Committee.

The ministry of any pastor, ELCA deacon, and congregation is strengthened when a small group of people exist who act out of mutual concern for their pastor, ELCA deacon, and congregation. This mutual ministry becomes specific by providing for:

- Open communication concerning the attitudes and conditions within the congregation.
- Early warnings of misunderstanding within the congregation.
- A “listening post” for the pastor, ELCA deacon, and the congregation.
- Appraisal of ministry of the pastor, ELCA deacon and the congregation.
- A sounding board for the pastor and ELCA deacon in times of personal, family or professional stress.
- Identification of continuing education that would assist the ministry of the pastor and ELCA deacon and the goals of the congregation.
- Concerns for the spiritual, emotional, and physical needs of the pastor, ELCA deacon and their families.

Through listening, interpreting, advising, conferring, evaluating, recommending, affirming, and forgiving, the ministry of the pastor and ELCA deacon is strengthened as well as that of the congregation.

Considering these benefits and drawing upon the experiences of many synods and congregations, every congregation is urged to consider establishing a Mutual Ministry Committee, as proposed in the ELCA Model Constitution for Congregations. It is suggested that the Committee be made up of six (6) members to be appointed jointly by the Congregation Council and the pastor and/or ELCA deacon. The terms of office should be two (2) years, with three (3) members to be appointed each successive year. If you’re interested in more information on the mutual ministry concept, there is a resource available from Augsburg Fortress: *Pastor and People: Making Mutual Ministry Work*. This book offers key insights on the relationship between a pastor and their congregation and covers such topics as the role of the pastor, performance evaluations, and ministry reviews.

## CALCULATING COMPENSATION

### DETERMINING THE SALARY

**Salary** is that portion of the compensation provided to sustain the pastor who is called to carry out the Lord's work through the congregation or organization. Salary does not include housing, benefits or professional expenses but does include tax advantaged savings.

<b>1</b>	<b>Enter present Salary.</b>	<b>1</b>	\$
<b>2</b>	<i>For 2021, the Synod Council recommends a Cost of Living Adjustment (COLA) of 1.9%. Multiply line 1 by 1.019.</i> <b>Enter the salary adjusted for the COLA.</b>	<b>2</b>	\$
<b>3</b>	<i>The minimum starting salary for a newly ordained pastor recommended for 2021 is \$44,630 plus an amount for the pastor's years of service since ordination. Determine the number of years your pastor has been ordained. Enter the number of years here: _____.</i> Consult <i>Appendix I (page 13)</i> to determine the recommended minimum base salary based on years of service. <b>Enter the minimum base salary amount from Appendix I.</b>	<b>3</b>	\$
<b>4</b>	<b>Enter the greater of line 2 or line 3.</b>	<b>4</b>	\$
<b>5</b>	<i>If your congregation provides a Salary that is equal to or greater than the recommended synod base minimum for your pastor's years of service (line 3), proceed to line 6.</i> <i>If the Salary is less than the recommended synod base minimum, enter the difference here \$_____.</i> Your congregation is encouraged to increase to or beyond the synod base minimum, or as close to the synod base minimum as possible. <b>Enter the amount of the increase decided on here.</b>	<b>5</b>	\$
<b>6</b>	<i>An important factor in determining your pastor's salary is a merit increase. This is a salary adjustment made in response to the quality of service your pastor has given. The Synod Council recommends consultation with your Mutual Ministry Committee with respect to an appropriate merit increase.</i> <b>Enter the amount of merit increase.</b>	<b>6</b>	\$
<b>7</b>	<b>Add lines 4, 5 and 6.</b> This is your pastor's salary for 2021. <b>Enter amount here and on line 13, page 6, line 19, page 7 and line 31, page 20.</b>	<b>7</b>	\$

**DETERMINING THE  
PARSONAGE – Section A (page 4)  
OR HOUSING ALLOWANCE – Section B (page 5)**

If your congregation provides a **parsonage** for your pastor and their family, complete Section A only. If your congregation provides the pastor with a **Housing Allowance**, complete Section B only.

**SECTION A: PARSONAGE AND ALLOWANCES**

<b>8</b>	<i>A congregation providing a church owned or rented parsonage should cover the full cost of utilities, e.g. electricity, fuel, rubbish removal, water/sewer, basic telephone service. Are utilities covered in full?</i>	<b>8</b>	YES <input type="checkbox"/> NO <input type="checkbox"/>
<b>9</b>	<i>Congregations are encouraged to designate a <b>Household Expenses and Furnishings Allowance</b> from the pastor’s salary as a tax benefit. The pastor may use this allowance for purchasing and repairing furnishings and other household expenses. See Appendix II for further information. Is a <b>Household Expenses and Furnishings Allowance</b> to be designated?</i>	<b>9</b>	YES <input type="checkbox"/> NO <input type="checkbox"/>

**Housing Equity Allowance**

<b>10</b>	<i>A <b>Housing Equity Allowance</b> is used by congregations to deal with the situation where a pastor has spent his/her career in congregations with parsonages and has essentially been prevented from building up the kind of home-owner’s equity over the years. Because parsonages are generally provided more for the economic benefit and convenience of the congregation than for that of the pastor, the equity allowance is an appropriate response to the situation by the congregation. This is best accomplished by establishing a (pre-tax) 403b retirement account or contribute to an existing 403b retirement account for the pastor with Portico Benefit Services. Contact Portico Benefit Services for more information. The housing allowance (or the value of living in a church-owned parsonage) is always excluded from federal income. This means the congregation treasurer excludes this value from Box 1 of the W-2. The treasurer can however put this amount in Box 14 of the W-2, which is merely an information box. <b>It is recommended that congregations provide a Housing Equity Allowance of at least \$3,000 per year in monthly installments and review the amount periodically.</b> <b>Enter the amount for Housing Equity Allowance here and on line 32, page 20.</b></i>	<b>10</b>	\$
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**SECTION B: HOUSING ALLOWANCE**

<p><b>11</b></p>	<p><i>If your congregation provides a Housing Allowance for your pastor and family, this amount should be sufficient to provide decent and safe housing as well as care for the related expenses of upkeep and utilities, e.g. electricity, fuel, rubbish removal, water/sewer, and basic telephone service. <b>A minimum of \$21,000 annually is recommended.</b> Local circumstances may require a higher amount. Your pastor may exclude the housing allowance from taxable income, to the extent that the housing allowance is actually expended for housing. The pastor should provide the council with a written estimate of housing expenses expected for the calendar year. Expenses which qualify to be used for a housing allowance include rent, property insurance, down payments on purchase, principal and interest payments on mortgages, taxes, utilities, maintenance, furnishings and appliances, landscaping, repairs and remodeling, etc. See Appendix II for a resolution to be used in designating a housing allowance. Thorough consultation with the pastor is required regarding the total housing costs and the amount of housing allowance needed to sufficiently cover the costs of housing within the community in which your congregation is located.</i></p> <p><b>Enter the amount designated for Housing Allowance here and on line 14, page 6; line 19, page 7 and line 32, Page 20.</b></p>	<p><b>11</b></p>	<p>\$</p>
<p><b>12</b></p>	<p><i>After the Housing Allowance has been established as part of compensation, the pastor may wish to defend to the IRS that the Housing Allowance, or even a larger amount, represents his/her actual housing costs, which, with formal acknowledgement of the congregation council becomes the <b>Exempted Housing Allowance</b> which the congregation will report to the IRS as excluded from income tax. The pastor must consider his/her entire compensation, including Housing Allowance (line 11), as taxable amount for self-employment tax purposes.</i></p> <p><b>Enter Exempted Housing Allowance amount here and on line 39, page 20.</b></p>	<p><b>12</b></p>	<p>\$</p>

## DETERMINING THE SUPPLEMENTAL BENEFITS

An important part of compensation that you pay your pastor comes in the form of **Supplemental Benefits**. These benefits include:

- **Social Security/Medicare Allowance**
- **ELCA Pension, Medical & Dental and Other Benefits Program**
- **Continuing Education**
- **Vacation**

Your congregation should consider each of these Supplemental Benefits carefully. Each is discussed below with instructions for computing the amounts.

### SOCIAL SECURITY/MEDICARE ALLOWANCE

Pastors are considered “self-employed” by the federal government for Social Security/Medicare tax purposes and must pay 15.3% of their total annual cash salary and housing allowance (or the fair rental value of the parsonage) as Social Security/Medicare tax. A Social Security/Medicare Allowance shares the burden of this tax by providing the employer’s portion (7.65%) of the Social Security/Medicare tax. Congregations are strongly encouraged to reimburse at least 7.65% of their pastor’s Social Security/Medicare tax liability. **NOTE: This allowance is taxable income to the pastor and must be reported as part of their salary in box 1 on their W-2 form (“Wages, Tips and Other Compensation”).**

Use lines 13 through 17 below to calculate the Social Security/Medicare allowance.

<b>13</b>	Enter Salary from line 7, page 3.	<b>13</b>	\$
<b>14</b>	Enter either 30% of Salary if you provide a parsonage <b>OR</b> the amount from line 11, page 5 if you provide a Housing Allowance.	<b>14</b>	\$
<b>15</b>	Add lines 13 and 14. <i>(This is the pastor’s includable compensation for purposes of calculating the Social Security contribution.)</i>	<b>15</b>	\$
<b>16</b>	Multiply line 15 x .9235. <i>(Per IRS guidelines, the Social Security/Medicare tax is calculated on only 92.35% of includable compensation for self-employed persons.)</i>	<b>16</b>	\$
<b>17</b>	Multiply line 16 by .0765. <i>(Some congregations may choose to pay more than 50% of the pastor’s Social Security/ Medicare Tax. Discuss with your pastor the amount of Social Security Contribution you will offer as a benefit.) This is your pastor’s Social Security/Medicare Allowance.</i> <b>Enter this amount here and on line 33, page 20.</b>	<b>17</b>	\$



## ELCA PENSION AND OTHER BENEFIT PLANS

Materials containing full details of the benefit plans provided by the ELCA’s Portico Benefit Services may be found at [www.porticobenefits.org](http://www.porticobenefits.org).

### DEFINED COMPENSATION

“Defined Compensation” (line 21) is the amount that Portico Benefit Services uses to determine the cost of benefits (health insurance, pension, disability, survivor and retiree support). It includes actual gross taxable cash compensation (including the Social Security/Medicare Allowance), plus the amount of any salary reduction contribution made to a tax sheltered annuity plan by the employer on the member’s behalf (see p.13), plus the amount of the pastor’s cash housing allowance or an additional 30% of base salary if housing is furnished by the congregation/organization. It also includes furnishings and utility allowances paid directly to the pastor.

### CALCULATING ANNUAL DEFINED COMPENSATION

<b>18</b>	Add up: <ol style="list-style-type: none"> <li>1. Salary (line 7, page 3)</li> <li>2. Housing Equity Allowance (only if paid directly to pastor) (line 10, page 5)</li> <li>3. Social Security/Medicare Allowance (line 17, page 6)</li> </ol> <b>Enter total here.</b>	<b>18</b>	\$
<b>19</b>	Enter the amount from Housing Allowance line 11, page 6 <b>OR</b> 30% of line 7, page 3 if parsonage or other housing is provided.	<b>19</b>	\$
<b>20</b>	Enter Household Furnishings and/or utilities allowance (only if parsonage is provided and allowance is paid directly to the pastor.	<b>20</b>	\$
<b>21</b>	<b>Total Annual Defined Compensation</b> (Add lines 18, 19, and 20). Enter total here.	<b>21</b>	\$

### PENSION

The minimum pension contribution that a congregation must make is 10% of the pastor’s “Defined Compensation.” **The Synod Council recommends that the pension contribution be 12% for all pastors.**

### MEDICAL AND DENTAL BENEFITS

Portico Benefit Services provides four plan options for health insurance: Platinum+, Gold+, Silver+, and Bronze+. Congregations may choose to provide medical insurance either through Portico or through the New York health care exchange. The Synod Council recommends that congregations offer their pastors Portico’s Gold+ plan, which most closely reflects the insurance that was offered by Portico prior to the Patient Protection and Affordable Care Act of 2013. Portico provides a custom comparison report for each member when you log into the employer section of their website ([www.porticobenefits.org](http://www.porticobenefits.org)). Congregations should carefully review this information. As before, coverage is also available for the member’s spouse (including a separated spouse) and eligible children. The employer is responsible for remitting the contributions for coverage for spouses and children who are covered under the Plan.

**The Synod Council recommends the payment of the premium for the pastor’s family.**

Health coverage for a plan member may be waived if the spouse’s employer provides coverage.

In the case of couples in ministry serving two different congregations/agencies, health benefits contribution will be allocated by Portico Benefit Services to both employers rather than the entire amount being billed to the employer paying the higher salary.

If coverage for the pastor is waived because he/she is covered by her/his spouses’ insurance, congregation should consider reimbursing the spouse for their portion of any health insurance premiums paid to their employer.

In planning for their budgets congregations should remember the cost of health insurance benefits. If benefits are not being provided for the current pastor, provision should be made to ensure that these costs are included in some way in the congregational budget. In this way a congregation will not find itself under a financial burden if the next pastor is not covered by his or her spouse.

**OTHER BENEFITS AND CHARGES**

There are other benefits and charges (line 24) for which set percentages of defined compensation must also be paid to Portico Benefit Services:

Disability Benefits	1.5 %
Survivor Benefits (Life Insurance)	0.7 %
Retiree support	0.7 %

**CALCULATING ELCA PENSION AND OTHER BENEFITS CONTRIBUTIONS**

<b>22</b>	<b>Pension Contribution</b> <i>(12% recommended by Synod Council)</i> of Annual Defined Compensation (line 21, page 7).	<b>22</b>	\$
<b>23</b>	<b>Medical and Dental Plan</b> <i>(Contact Portico for the annual premium amount to be paid based upon the plan you choose.)</i>	<b>23</b>	\$
<b>24</b>	<b>Other Benefits and Charges: Disability (1.5 %), Survivor Benefits (0.7 %), Administration and Retiree Support (0.7 %) (Total = 2.9 % of Annual Defined Compensation (line 21, page 7))</b>	<b>24</b>	\$
<b>25</b>	<b>Total ELCA Pension, Medical and Dental, and Other Benefits Contributions</b> (Add lines 22, 23, and 24). <b>Enter total amount here and on line 34, page 20.</b>	<b>25</b>	\$

## PERIODIC HEALTH EXAMINATION

Periodic health examinations are encouraged. These are provided for under the Managed Care Program of Portico Benefit Services. Check to ensure that your congregation provides coverage for periodic health examinations.

## CONTINUING EDUCATION

Continuing education benefits the rostered leader, the congregation and the ministry that they do together. It is advisable for a continuing education agreement to be developed by the rostered leader and the congregation council to ensure mutual benefit.

The ELCA (1997 Assembly Action – “Life-Long Learning and Development for Faithful Leaders”) recommends that all rostered leaders participate in a minimum of fifty (50) hours of continuing education annually. Two (2) weeks of continuing education time (including Sundays) should be provided. Such activities are geared to strengthen and enhance the rostered leader’s ministry and are not intended or considered to be vacations. Continuing education time is understood to incorporate a holistic and systematic approach to life-long learning and development including but not limited to spiritual disciplines, habits of personal study, regular worship, self-care, involvement in the wider community, participation in intentional colleague groups, and peer review as appropriate for personal and vocational development.

The synod encourages congregations to contribute a minimum of \$1,000 annually to continuing education for pastors. This contribution should be set aside in a reserved fund for this purpose. Although pastors are strongly encouraged to participate in some form of continuing education each year, congregations may consider allowing unused funds to accumulate for a period of up to three years in order to help underwrite more costly continuing education programs. The number of years the annual contribution is allowed to accumulate should be specified in writing.

**When a pastor leaves a congregation, any continuing education funds that have accumulated should NOT be transferred to their new congregation, nor should they be paid in cash to the pastor.**

26	Congregation’s annual contribution for <b>Continuing Education</b> . Enter amount here and on <b>line 35, page 20</b> .	26	\$
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## VACATION/DAYS OFF

Four weeks of vacation time per year, including four Sundays, is considered the minimum. The congregation should consider granting additional vacation time based on length of service in the ministry. The length of vacation time, including the number of Sundays off, and when the vacation time is to be taken are all matters that need to be discussed openly with your pastor and is an important part of compensation.

Two days off each week is a requirement. This promotes health and wellbeing for the pastor, his/her family and congregation.

The pastor and the congregation council should approve a written agreement regarding vacation time and days off. Such agreement should be reviewed at least biannually.

### **FAMILY LEAVE**

The Department of Labor has published guidelines for family leave please refer to: <https://www.dol.gov/general/topic/benefits-leave/fmla>. The FMLA guidelines only require unpaid leave however, the law permits an employee to elect, or the employer to require the employee, to use accrued paid vacation leave, paid sick or family leave for some or all of the FMLA leave period. An employee must follow the employer's normal leave rules in order to substitute paid leave. When paid leave is used for an FMLA-covered reason, the leave is FMLA-protected. A specific Family Leave plan should be carefully drawn up in open consultation with your pastor. It is recommended that Maternity leave should include up to six weeks full salary, housing and benefits. The number of weeks leave before and after the birth or adoption of a child should be negotiated and specified in advance. It is recommended that Parenting leave should include up to two weeks full salary, housing and benefits. Any other specific conditions should be clearly defined in a written agreement.

### **SABBATICALS**

It is recommended that congregations consider a sabbatical leave for their pastor. See Appendix V ("Guidelines for Sabbatical Leaves," p. 18 and 19).

## PROFESSIONAL EXPENSES

It is recommended that congregations adopt the principle that all professional expenses incurred by the pastor will be reimbursed in full. The most frequent expenses are:

- **Automobile Expenses**
- **Other Professional Expenses**

### AUTOMOBILE/TRANSPORTATION EXPENSES

It is very important that congregations reimburse pastors as fully as possible for travel expenses. It is recommended that this be discussed with the pastor so that adequate reimbursement will be provided. Costs for fuel, repairs, depreciation, insurance, tolls, parking, subway, bus and cab fares, etc. should be included. Keep in mind that reimbursements are taxable income unless they are made under an accountable plan as defined by the IRS and documented under IRS regulations. For more information, please consult IRS publication 463.

- A fixed monthly allowance is the least desirable arrangement because it generally has no relationship to actual costs and probably would result in an extra tax liability for the pastor.
- The congregation could provide the pastor with a car. The pastor would then reimburse the congregation for personal use of the car. (IRS regulations require that a mileage log be kept).
- The congregation could reimburse the pastor on a cents per mile basis for business use if the pastor owns a car. It is the recommendation of the synod that the IRS standard mileage rate (set at \$0.575 per mile for 2020) be used to calculate the reimbursement amount. The IRS normally sets the rate for the next calendar year in December.
- The congregation could also reimburse actual Automobile/Transportation Expenses. Using this method, the pastor must save all receipts for the costs listed above and is reimbursed at the agreed rate for the percentage of business use. A contemporary log of mileage driven must be kept.

<b>27</b>	Anticipated <b>Automobile/Transportation Expenses</b> to be reimbursed. <b>Enter amount here and on line 36, page 20.</b>	<b>27</b>	\$
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### OTHER PROFESSIONAL EXPENSES

There may be other professional expenses your congregation may consider covering for your pastor. Examples include: an allowance for the purchase of books, subscriptions to periodicals, a telephone allowance, and internet access.

<b>28</b>	Anticipated annual amount for <b>Other Professional Expenses</b> . <b>Enter amount here and on line 37, page 20.</b>	<b>28</b>	\$
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## TAX ADVANTAGEOUS REDISTRIBUTION

Base Salary may be redistributed to enable the pastor to take maximum income tax advantage under the IRS code. The information that follows may assist you in this endeavor. However, the IRS code is complex and qualified professional assistance should be sought.

Determine the amounts you wish to designate under any or all of the items below:

### TAX SHELTERED ANNUITY

Contributions made on behalf of the pastor to an approved **Tax-Sheltered Annuity (TSA)**, also referred to as a **Tax Deferred Annuity (TDA)**, are not taxable in the year made, but are taxable in the year they are withdrawn, e.g. in retirement. Pension contributions paid directly by the employer are already credited to **TSA/TDA**. Additional contributions up to the amount permissible by the IRS code may be placed in Portico Benefit Services' Optional Pension Plan and/ or other depositories. Write or call Portico Benefit Services for details on **TSA/TDA**, especially regarding:

- The exact amount of additional **TSA/TDA** for which your pastor is eligible, and
- The tax benefit received by retired clergy with respect to withdrawals from the ELCA **TSA/TDA** which are designated and used for housing allowance.

These contributions may be made in addition to Individual Retirement Account (IRA) deferrals.

<b>29</b>	Annual amount designated for <b>TSA/TDA</b> <b>Enter here and on line 38, page 20.</b>	<b>29</b>	\$
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### HOUSEHOLD EXPENSES AND FURNISHINGS ALLOWANCE

(This section is applicable only to pastors whose congregations provide parsonages. These expenses are already included in the Housing Allowance for pastors who own or rent their own home.) Your pastor may exclude the household expenses and furnishings allowance from taxable income to the extent that it is actually used for that purpose. The pastor should provide the council with a written estimate of household expenses anticipated for the calendar year. Expenses which qualify to be used for household expenses and furnishings allowance include property insurance, utilities, furnishings and appliances, repairs and remodeling, yard maintenance and improvements, maintenance items, etc. See [Appendix II](#) for a resolution to be used in designating household expenses and furnishings allowance.

<b>30</b>	If you answered Yes on lines 8 and 9, of page 4, enter the annual amount designated for <b>Household Expenses and Furnishings Allowance</b> . <b>Enter on line 40, page 20.</b>	<b>30</b>	\$
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**APPENDIX I**  
**2021 MINIMUM BASE SALARY GUIDELINES**  
**FOR THE CALL PROCESS**  
*(In addition to Housing Allowance, if provided)*

Use this table to find the pastor’s minimum base salary for 2021. **Enter the amount on line 3, page 3.**

Complete the worksheet on page 3 to determine your pastor’s salary for 2021. Keep in mind that the figures on this chart are guidelines and are not to be used as ceilings. You may also wish to consider the pastor’s years of applicable prior experience in an allied profession.

<b>YEARS ORDAINED</b>	<b>MINIMUM BASE SALARY</b>
Newly ordained	\$ 44,630
1	\$ 45,565
2	\$ 46,500
3	\$ 47,435
4	\$ 48,370
5	\$ 49,305
6	\$ 50,240
7	\$ 51,175
8	\$ 52,110
9	\$ 53,045
10	\$ 53,880
11	\$ 54,715
12	\$ 55,550
13	\$ 56,385
14	\$ 57,220
15	\$ 58,055
16	\$ 58,890
17	\$ 59,725
18	\$ 60,560
19	\$ 61,395
20	\$ 62,130
21	\$ 62,865
22	\$ 63,600
23	\$ 64,335
24	\$ 65,070
25	\$ 65,805
For more than 25 years multiply the additional years of service by \$735, add \$65,805 and enter.	

## APPENDIX II

### PARSONAGE/HOUSING ALLOWANCE DESIGNATION

The congregation council or agency governing board must record its action designating the provided parsonage or housing allowance in its official minutes and notify the pastor in writing of this designation. IRS requires that this be done annually always before the fact, never retroactively.

The following is one form the resolution could take if no parsonage is provided:

The following resolution was adopted by the congregation council of *First Lutheran Church* at a regularly scheduled meeting held on *December 15, 2020*, a quorum being present:

Section 107 of the Internal Revenue Code permits a minister of the gospel to exclude from gross income (in computing federal income taxes) a church-designated allowance paid as part of compensation to the extent used for actual expenses in owning or renting a home; and

The Rev. *John Smith* is compensated by *First Lutheran Church* exclusively for services as a minister of the gospel; and

*First Lutheran Church* does not provide The Rev. *Smith* with a parsonage; it is therefore

Resolved, that the total compensation paid to The Rev. *John Smith* for calendar year *2021* shall be \$60,350, of which \$22,000 is hereby designated to be an **exempted housing allowance** pursuant to section 107 of the Internal Revenue Code; and it is further

Resolved, that the designation of \$22,000 as an **exempted housing allowance** shall apply to calendar year *2021* and all future years unless otherwise provided.

The following is one form the resolution could take if a parsonage is provided:

The following resolution was adopted by the congregation council of *First Lutheran Church* at a regularly scheduled meeting held on *December 15, 2020*, a quorum being present:

Section 107 of the Internal Revenue Code permits a minister of the gospel to exclude from gross income “the rental value of a home furnished as part of compensation,” or a church-designated allowance paid to as part of compensation to the extent used for actual expenses incurred in maintaining a church-owned parsonage; and

The Rev. *Jane Smith* is compensated by *First Lutheran Church* exclusively for services as a minister of the gospel; and

*First Lutheran Church* provides The Rev. *Smith* with rent-free use of a church-owned parsonage as compensation for services rendered to the church in the exercise of ministry; and

Whereas, as additional compensation to The Rev. *Smith* for services rendered to the church in the exercise of ministry, *First Lutheran Church* also desires to pay The Rev. *Smith* for expenses incurred in maintaining the parsonage; it is therefore

Resolved, that the annual compensation paid to The Rev. *Smith* for calendar year *2021* shall be \$50,000, of which \$5,000 is hereby designated to be a household expenses and furnishings allowance pursuant to section 107 of the Internal Revenue Code; and it is further



Resolved, that the designation of \$5,000 as a household expenses and furnishings allowance shall apply to calendar year 2021 and all future years unless otherwise provided by this congregation council; and it is further

Resolved, that as additional compensation to The Rev. *Smith* for calendar year 2021 and for all future years unless otherwise provided by this congregation council, The Rev. *Smith* shall be permitted to live in the church-owned parsonage located at *123 Main Street, Lake Galilee, NY* and that no rent or other fee shall be payable by the Rev. *Smith* for such occupancy and use.

The secretary of the Congregation Council shall provide the pastor with a copy of the resolution.

## APPENDIX III DISABILITY INSURANCE

Portico Benefit Services Disability Benefits Plan does not pay a benefit during the first two months of disability. During the first two months, the congregation/organization provides full compensation, including housing and other benefits. Beginning with the third month the employee is entitled to receive the following from Portico Benefit Services:

- Two-thirds of your *monthly benefit compensation* (one-twelfth of the amount of defined compensation received during the 12 full months immediately preceding the disability) before you became disabled), less severance payments, Social Security disability, workers' compensation, or other government benefits you're receiving due to your disability (excluding veterans' disability benefits).
- Health benefits for you and eligible family members
- Contributions to your retirement account at an amount based on your current basic benefit, multiplied by the *minimum required employer retirement contribution rate*, which may be less than your current rate
  - Basic group life insurance
  - Supplemental and dependent life insurance you purchased prior to your date of disability
  - The option to contribute to a health flexible spending account (FSA)
- If you are partially disabled (see page 14), your benefits are reduced by the percentage of time you are able to work.

In general, the monthly benefits continue until the employee recovers from the disability. However, if the employee has not recovered by the 65<sup>th</sup> birthday, the monthly benefits will stop, and pension benefits begin. During the first 12 months of the disability, the employer is responsible for continuing to pay the monthly contribution to the Medical and Dental Benefits Plan and the Survivor Benefits Plan. If coverage has been continued during the first 12 months, then thereafter the Disability Benefits Plan will pay the cost of continued coverage under the Medical and Dental Benefits and Survivor Benefits Plans.

Please see Portico's publication, "ELCA Disability Benefits Plan" found at [www.porticobenefits.org](http://www.porticobenefits.org).

Since the above disability insurance would seem to be adequate congregations may decide not to enroll their pastor(s) in Workers' Compensation. For detailed information on disability benefits call the NYS Workers' Compensation Board at 877-632-4996. Ask for their brochure "Off-the-Job Injury or Illness". You can also visit [www.wcb.state.ny.us](http://www.wcb.state.ny.us).

## **APPENDIX IV**

### **SUPPLY, VACANCY AND INTERIM PASTORS**

#### **SUPPLY PASTORS**

Supply Pastors are compensated based upon the number of worship services:

One Worship Service (morning or evening)	\$175
Two Worship Services (same day)	\$225
Three Worship Services (same day)	\$250

In addition, mileage should be reimbursed at the same rate as documented under PROFESSIONAL EXPENSES, (beginning on page 11) plus parking, bridge and tolls. Supply pastors should be paid on the day they provide the service. (For example, a supply pastor serving at a Saturday evening worship service and two Sunday morning worship services should receive \$175 + \$225 = \$400 + travel)

#### **COVERAGE PASTORS**

The Congregation Council should provide compensation for the services of a Vacancy Pastor at the rate of \$175 per week for congregations up to 250 active confirmed members, and \$225 per week for congregations over 250 active confirmed members, exclusive of pulpit supply which shall be the rate for Supply Pastors. The Vacancy Pastor should also be reimbursed for travel (at the recommended IRS rate), telephone, postage, etc., on a monthly basis.

#### **DISCERNMENT PASTORS**

The Congregation Council should provide compensation for the services of a Discernment Pastor at a rate of \$225/week for congregations up to 250 active confirmed members, and \$275/week for congregations over 250 active confirmed members, exclusive of pulpit supply which shall be the rate for Supply Pastors. The Discernment Pastor should also be reimbursed for travel (at the current IRS mileage reimbursement rate), telephone, postage, etc. on a monthly basis.

#### **INTERIM PASTORS**

Pastors who serve congregations in designated Interim Ministry shall be compensated in accordance with special arrangements made in consultation with the bishop's office. The compensation shall normally be in keeping with the synod's compensation guidelines.

## APPENDIX V

### GUIDELINES FOR SABBATICAL LEAVES

It is important for both ordained minister and the congregation/organization to realize the importance of the minister's continuing education through workshops, seminary courses, and personal study. Lutheran congregations have long been encouraged to provide time and financial assistance to enable pastors to maintain and improve their skills. From time to time, however, a minister may desire an extended period of time for study, personal growth, and reflection without the responsibilities or regular service – a sabbatical leave. **The Synod Council recommends that congregations and organizations consider sabbatical leaves for pastors as a privilege to be granted.**

These Guidelines are provided to assist ministers and congregations/organizations in the contemplation and negotiation of such sabbatical leaves.

- A. Ordained ministers and congregations/organizations contemplating sabbatical leaves should consult with the bishop early in the process.
- B. Sabbatical leaves are intended for in-depth study on one or two topics directly related to the regular call of the minister and should include time for personal and familial reflection.
- C. Sabbatical leaves will normally be for a period of not less than three months and not more than twelve months.
- D. Ministers who have a minimum of seven years in the active ordained ministry and who have served in their current call for five or more years may present proposals for sabbatical leaves. A proposal shall include:
  - 1. A rationale for the sabbatical, including personal goals, and potential value for the congregation or organization.
  - 2. A detailed outline of the intended courses of study and use of time.
  - 3. An outline of the financial implications of the sabbatical.
  - 4. An indication of the use of vacation time during the sabbatical. At least one half of the period normally granted as annual vacation leave should be so designated in sabbatical leaves of three (3) – six (6) months. In proposals for sabbaticals of seven (7) – twelve (12) months the entire annual vacation leave shall be included.
- E. Proposals for sabbatical leaves shall be presented to the congregation council/governing body of the congregation or organization not less than six months prior to the beginning of the leave.
- F. Careful consideration shall be given to all aspects of the proposal and implications for the congregation or organization and the ordained minister.
- G. Congregations or organizations may give sabbatical leaves as merit benefits.

- H. Normally, the minister and the congregation/organization shall negotiate the financial considerations for the sabbatical. It is suggested, however, that Base Salary, Housing Allowance, and ELCA Pension and Other Benefits program be maintained at the current budget level, with the minister assuming responsibility for all other personal and family expenses.
- I. When a sabbatical leave is granted, a minister shall normally agree to serve that congregation or organization for a minimum of two years following the completion of the leave.
- J. Realizing the congregation or organization will be without the services of its regularly called pastor during the sabbatical, the pastor and the congregation/organization shall seek the counsel and consent of the bishop before finalizing the agreement.
- K. Within six weeks of the completion of the sabbatical leave, the minister shall present to the congregation/organization and the bishop a detailed reflection on the experiences of the leave.

## PASTOR'S COMPENSATION PACKAGE OFFICIAL RECORD FOR THE YEAR \_\_\_\_\_

PASTOR \_\_\_\_\_ DATE \_\_\_\_\_

CONGREGATION \_\_\_\_\_

PART I - BASE SALARY			
<b>31</b>	Enter base salary from line 7, page 3.	<b>31</b>	\$
PART II – PARSONAGE AND ALLOWANCES			
<b>32</b>	If parsonage is provided check here <input type="checkbox"/> and enter amount from line 10, page 4 <b>OR</b> If parsonage is not provided enter amount from line 11, page 5.	<b>32</b>	\$
PART III - SUPPLEMENTAL BENEFITS			
<b>33</b>	Enter Social Security/Medicare Allowance from line 17, page 6.	<b>33</b>	\$
<b>34</b>	ELCA Pension and Other Benefits from line 25, page 8.	<b>34</b>	\$
<b>35</b>	Enter Continuing Education from line 26, page 9.	<b>35</b>	\$
PART IV – PROFESSIONAL EXPENSES			
<b>36</b>	Enter Automobile/Transportation Expenses from line 27, page 11.	<b>36</b>	\$
<b>37</b>	Enter Other Professional Expenses from line 28, page 11.	<b>37</b>	\$
PART V – TAX ADVANTAGEOUS REDISTRIBUTION			
<b>38</b>	Enter TSA/TDA from line 29, page 12.	<b>38</b>	\$
<b>39</b>	Enter Exempted Housing Allowance from line 12, page 5.	<b>39</b>	\$
<b>40</b>	Enter Household Expenses and Furnishings Allowance from line 30, page 12.	<b>40</b>	\$
<b>41</b>	Add lines 38, 39 and 40.	<b>41</b>	\$
CASH SALARY FOR INCOME TAX PURPOSES			
<b>42</b>	Add lines 31 and 33	<b>42</b>	\$
<b>43</b>	Enter the amount from line 41	<b>43</b>	\$
<b>44</b>	Subtract line 43 from line 42. <b>Total salary for income tax purposes</b>	<b>44</b>	\$