

~ 2017 COMPENSATION GUIDELINES ~

ORDAINED MINISTERS,

No Parsonage offered

A. BASE SALARY

Table 1 Shows the *Base Salary* figures for ordained ministers.

Year	2015 Base + 500/yr thru 19 400/yr 20 - 25 300/yr after 25	Housing Allowance @ 30% of Base	SECA @ 7.65% of Base + Housing	Defined Comp	Cash Comp
0	40,147	12,044	3,993	56,184	56,184
1	40,647	12,194	4,042	56,883	56,883
2	41,147	12,344	4,092	57,583	57,583
3	41,647	12,494	4,142	58,283	58,283
4	42,147	12,644	4,192	58,983	58,983
5	42,647	12,794	4,241	59,682	59,682
6	43,147	12,944	4,291	60,382	60,382
7	43,647	13,094	4,341	61,082	61,082
8	44,147	13,244	4,390	61,782	61,782
9	44,647	13,394	4,440	62,481	62,481
10	45,147	13,544	4,490	63,181	63,181
11	45,647	13,694	4,540	63,881	63,881
12	46,147	13,844	4,589	64,580	64,580
13	46,647	13,994	4,639	65,280	65,280
14	47,147	14,144	4,689	65,980	65,980
15	47,647	14,294	4,738	66,680	66,680
16	48,147	14,444	4,788	67,379	67,379
17	48,647	14,594	4,838	68,079	68,079
18	49,147	14,744	4,888	68,779	68,779
19	49,647	14,894	4,937	69,478	69,478
20	50,047	15,014	4,977	70,038	70,038
21	50,447	15,134	5,017	70,598	70,598
22	50,847	15,254	5,057	71,158	71,158
23	51,247	15,374	5,097	71,718	71,718
24	51,647	15,494	5,136	72,277	72,277
25	52,047	15,614	5,176	72,837	72,837
26	52,347	15,704	5,206	73,257	73,257
27	52,647	15,794	5,236	73,677	73,677
28	52,947	15,884	5,266	74,097	74,097
29	53,247	15,974	5,295	74,517	74,517
30	53,547	16,064	5,325	74,936	74,936
31	53,847	16,154	5,355	75,356	75,356
32	54,147	16,244	5,385	75,776	75,776
33	54,447	16,334	5,415	76,196	76,196
34	54,747	16,424	5,445	76,616	76,616
35	55,047	16,514	5,474	77,036	77,036
36	55,347	16,604	5,504	77,455	77,455

37	55,647	16,694	5,534	77,875	77,875
38	55,947	16,784	5,564	78,295	78,295
39	56,247	16,874	5,594	78,715	78,715
40	56,547	16,964	5,624	79,135	79,135

Notes about this table. The column labeled “Cash compensation” is what the pastor will actually be paid. The column “Defined Compensation” is a technical term used by Portico. It includes all compensation to the pastor and is used to calculate the cost of the pastor’s pension and health care plan. The Defined Compensation is the same for all pastors, parsonage or not, however when no parsonage is offered Defined and Cash Salary are the same. These figures can be broken down further as Table 1 shows.

HOUSING ALLOWANCE

United States tax law allows the congregation to designate a part of the pastor’s salary as housing allowance. The benefit to the pastor is that the housing allowance is not taxable for IRS purposes.

SELF EMPLOYMENT COMPENSATION ALLOWANCE (SECA)

Congregation should provide a minimum allowance that corresponds to the employer portion of social security taxes (7.65% of salary plus housing allowance for 2015) as is done by the Southern Ohio Synod. Congregations may further choose to provide for some or all of the remaining social security taxes (7.65% for 2015). The pastor reports it as salary regardless what is provided .

AUTOMOBILE EXPENSES

When a pastor is required to use her/his automobile in carrying out his/her ministry and responsibilities, the use of the automobile should be considered a business expense of the congregation. The congregation may negotiate with the pastor to:

1. Lease or purchase an automobile for use by the pastor and pay all related expenses; or
2. Pay a cents-per-mile reimbursement for actual business miles driven at the current IRS rate when the pastor uses his or her automobile (Check the IRS website at www.irs.gov for the latest mileage reimbursement rate.); or
3. Pay the pastor an equal monthly allowance sufficient, which is reported to the IRS as taxable income

It is recommended that the congregation budget \$3,000/ year as Automotive Expenses, depending on local conditions.

PROFESSIONAL EXPENSES

Professional expenses include books, professional journals, magazines, vestments and other costs that help a pastor carry on an effective ministry in the congregation. The congregation may negotiate with the pastor to either:

1. Pay all professional expenses as they occur with no maximum; or
2. Pay all professional expenses as they occur up to a maximum allowance; or
3. Establish an expense allowance paid in equal monthly installments, which must be reported as taxable income.

Reimbursing the pastor for the use of his/her personal phone in the conduct of day-to-day ministry needs to be considered as a professional expense.

It is recommended that the congregation budget professional expenses in these amounts:

\$400/ year — general expenses
\$1200/ year — single line cost of cell service. (\$100 per month)

Congregations may want to consider increasing professional expense allowances at certain times, such as after a move or during periods of increased continuing education. It shall be understood that purchases are the property of the pastor.

CONTINUING EDUCATION ALLOWANCE

Continuing education is important for pastors to improve or acquire skills, and experience personal and professional growth for a more effective ministry. The ELCA recommends that pastors have a minimum of 50 contact hours of continuing education per year. In addition to vacation, therefore, congregations are encouraged to make available at least two weeks per year (including two Sundays) for pastors to engage in continuing education.

It is recommended that the congregation budget a minimum of \$750.00 per year to assist the pastor in meeting the costs of tuition, books, supplies, travel and living expenses while on educational leave, as well as continue the pastor's regular compensation, defray the cost of pulpit supply and meet the expense of other pastoral services.

Continuing education time and allocated funds accrue to an individual pastor in relation to a call in a particular congregation. When a pastor leaves that specific call, accrued continuing education time and funds are forfeited. Additionally, continuing education time and funds may not be transferred to a pastor who replaces a pastor in a place where such time has accrued.

PENSION, HEALTH, SURVIVOR AND DISABILITY BENEFITS

Congregations shall sponsor the pastor in the Pension and Other Benefits Program of the ELCA, Portico Benefit Services, which provides retirement, disability, survivor, and medical-dental coverage. Sponsorship will include medical-coverage for the pastor's spouse and children unless

they have other employer-provided group medical insurance coverage and the pastor consents to waiving medical-dental coverage for them under the ELCA program.

Portico currently offers a range of plans to best match the pastor's healthcare needs. Some plans offer a healthcare spending account that allows both the pastor and the congregation to set aside money the pastor can spend on any medical expenses. Whichever plan the pastor believes is best fit to the pastors family, **the congregation should budget for Portico's GOLD level coverage.**

Portico Benefit Services adjusts contribution rates annually based on current economic and regional realities. The board sends a letter to each congregation in mid-August that delineates the figures for the next year. The most current contribution rates may be also acquired by visiting the Board of Pensions web site and following the instructions for its easy-to-use contribution rate calculator at <http://www.porticobenefits.org>. Portico Benefit Services is happy to answer questions about their benefits programs. Call them at their Service Center at 1-800-352-2876 or 1-612-333-7651.

SUMMARY

A congregation is calculating the salary and cost of the pastor's ministry who is a 12 year veteran. Using the figures in Table 1., they would arrive with the following.

Table 2: A simple Salary statment:

In this example, the congregation has chosen to designate \$13,844 as a housing allowance. This designation has to be made by a meeting of council or congregation that sets this amount by a recorded motion in the meeting. This can easily be done at adoption of Congregational Budget. Here, a SECA of \$4,589 has also been designated.

	Negotiated Comp	Cash Comp Guideline
Salary & Housing		
Salary	46,147	
Housing Allow	13,844	
FICA Reimb (SECA)	4,589	
Total	64,580	64,580
Benefits		
Health & Pension	29,577	
Continuing Education	750	750
Professional Exp	1,600	1,600
Automobile Exp	3,000	3,000
Total	34,927	
Total Compensation	99,507	

This congregation chose to budget \$750 for its pastor to participate in continuing education. They also chose to use the recommended amounts for professional expenses and cellphone usage, as well as for the Automobile Allowance.

In this example, the pastor has a family so the congregation has contacted Portico and has been quoted a cost of medical, pension, and survivor benefits of \$29,577. The total for the pastoral ministry budget line in this congregation would then be: \$99,507.

DETAILED CALCULATIONS

Though the above example is sufficient for understanding the salary of the pastor further detail is needed for the congregation's treasurer. Here the salary is broken down further so the proper filings with the internal Revenue Service can be made and so that the proper contributions to Portico can be calculated.

Table 3: Detailed Sample Calculations

Note, please, that SECA is calculated based on total salary in Line 8 and includes the portion of the pastors Cash Compensation that has been declared a Housing Allowance. Also note that Taxable Compensation does include the SECA allowance but excludes the Housing Allowance. However, when determining the Health and Retirement contributions to Portico, Total Defined Compensation, Salary plus Housing Plus SECA is used.

Ln	Item	Negotiated Comp	Guideline	Comment
1	Salary			
2	Guideline Base	46,147		
3	Merit Increase			
4	Local Cost of Living Adj			
5	Additional Negotiated Salary			
6	Total Salary	46,147		Sum of Lines 2 to 5
7	Housing Allow	13,844		
8	Salary plus Housing Allowance	59,991		
9	FICAREimb (SECA)	4,589		Recommended: 7.65% of Line 8
10	Cash Compensation	64,580	63,951	Line 8 + Line 9
11	Defined Compensation	64,580	63,951	Line 8 + Line 9
12	IRS Taxable Compensation	50,736		Line 6 + Line 9
13				
14	Benefits			
15	Health & Pension	29,577		Recommended: Portico Gold 10% Retirement using Line 11
16	Continuing Education	750	750	
17	Professional Exp	1,600	1,600	
18	Automobile Exp	3,000	3,000	
19	Total Benefits	34 927		
20	Total Compensation	99,507		Line 10 + Line 19

OTHER CONSIDERATIONS

Our congregations come in many sizes, yet these guidelines use years of service as the prime factor of setting the salary of the pastor. This is so because different size congregations require different skill sets, though these skill sets overlap to a certain degree. A larger congregation or one that finds itself financially well blessed might well afford to pay its pastors a higher salary than proposed in this document and can add an additional amount to line 5 in Table 3. Such a congregation is invited to prayerfully do exactly that.

Staff ministries require further consideration by the congregation. Invariable one pastor is designated as the “lead pastor.” The congregation should strongly consider paying the lead pastor at a rate equal or higher than the associate(s). For example: A newly called lead pastor with less experience may share ministry with a more experienced associate pastor.

The Southern Ohio Synod territory is economically highly diverse. In 2013 the Bureau of Labor Statistics reported that the average weekly wage in the synod’s territory ranged from \$560 at the low end to \$1,200 at the high end. The guidelines here offered are aimed at the average Lutheran pastor in Ohio. Both pastor and congregation need to look seriously and with prayer at the local realities to determine whether the call to and of the congregation is affordable or feasible.