

~COMPENSATION ~

Word and Service Ministers

A. BASE SALARY

Table 1 Shows the *Salary* figures for Rostered ministers.

Year	Master's Degree	Bachelor's Degree
0	\$48,370	\$40,147
1	\$48,955	\$40,647
2	\$49,540	\$41,147
3	\$50,125	\$41,647
4	\$50,710	\$42,147
5	\$51,295	\$42,647
6	\$51,880	\$43,147
7	\$52,465	\$43,647
8	\$53,050	\$44,147
9	\$53,635	\$44,647
10	\$54,220	\$45,147
11	\$54,805	\$45,647
12	\$55,390	\$46,147
13	\$55,975	\$46,647
14	\$56,560	\$47,147
15	\$57,145	\$47,647
16	\$57,730	\$48,147
17	\$58,315	\$48,647
18	\$58,900	\$49,147
19	\$59,485	\$49,647
20	\$59,953	\$50,047
21	\$60,421	\$50,447
22	\$60,889	\$50,847
23	\$61,357	\$51,247
24	\$61,825	\$51,647
25	\$62,293	\$52,047
26	\$62,644	\$52,347
27	\$62,995	\$52,647
28	\$63,346	\$52,947
29	\$63,697	\$53,247
30	\$64,048	\$53,547
31	\$64,399	\$53,847
32	\$64,750	\$54,147
33	\$65,101	\$54,447
34	\$65,452	\$54,747
35	\$65,803	\$55,047
36	\$66,154	\$55,347
37	\$66,505	\$55,647
38	\$66,856	\$55,947
39	\$67,207	\$56,247
40	\$67,558	\$56,547

Notes about this table

How were these figures arrived at? The Figure for the Master's Degree is 90% of the recommended compensation, including housing, for an Ordained Minister. The Batchelor's salary figure is calculated off the Master's degree salary. It is 83% of the Master's Degree salary.

SOCIAL SECURITY (FICA) COVERAGE

IRS identifies lay rostered leaders as employees. Congregations are responsible, therefore, to see that the appropriate FICA obligation is met.

AUTOMOBILE EXPENSES

When a Rostered Leader 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 Rostered Leader to:

1. Lease or purchase an automobile for use by the Rostered Leader 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 Rostered Leader uses his or her automobile (Check the IRS website at www.irs.gov for the latest mileage reimbursement rate.); or
3. Pay the Rostered Leader 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, assembly expenses, and other costs that help a Rostered Leader carry on an effective ministry in the congregation. The congregation may negotiate with the Rostered Leader 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 Rostered Leader for the use of his/her personal phone in the conduct of day to day ministry needs to be considered of 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 Rostered Leader.

CONTINUING EDUCATION ALLOWANCE

Continuing education is important for Rostered Leaders to improve or acquire skills, and experience personal and professional growth for a more effective ministry. The ELCA recommends that Rostered Leaders 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 Rostered Leaders to engage in continuing education.

It is recommended that the congregation budget a minimum of \$750.00 per year to assist the Rostered Leader in meeting the costs of tuition, books, supplies, travel and living expenses while on educational leave, as well as continue the Rostered Leader's regular compensation.

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

PENSION, HEALTH, SURVIVOR AND DISABILITY BENEFITS

Congregations shall sponsor the Rostered Leader 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 Rostered Leader's spouse and children unless they have other employer-provided group medical insurance coverage and the Rostered Leader consents to waiving medical-dental coverage for them under the ELCA program.

Portico currently offers a range of plans to best match the Rostered Leader's healthcare needs. Some plans offer a healthcare spending account that allows both the Rostered Leader and the

congregation to set aside money the Rostered Leader can spend on any medical expenses. Whichever plan the Rostered Leader believes is best fit to the Rostered Leaders family, **it is recommended that the congregation 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 a 36 year old Rostered leader's ministry who is a 12 year veteran with spouse and child. Using the figures in Table 1., they would arrive with the following.

Table 2: A simple Salary statement:

	Negotiated Comp	Guideline
Salary	55,390	55,390
Benefits		
Health & Pension	24,728	
Continuing Education	750	750
Professional Exp	1,600	1,600
Automobile Exp	3,000	3,000
Total	30,078	
Total Compensation	85,468	

As the congregation begins the discussion with this Lay Rostered Leader it might begin looking at this table to consider the financial implications of calling this Rostered Minister. After Rostered Leader and congregation have come to agreement on this salary the congregation must remember that it will be responsible for further costs associated with FICA.

DETAILED CALCULATIONS

Though the above example is sufficient for understanding the salary of the Rostered Leader 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 and FICA can be made and so that the proper contributions to Portico can be calculated.

Table 3: Detailed Sample Calculations

Ln	Item	Negotiated Comp	Guideline	Comment
1	Salary			
2	Base	55,390	55,390	
3	Merit Increase			
4	Local Cost of Living Adj			
5	Additional Negotiated Salary			
6	Total Salary	55,390		Sum of Lines 2 to 5
7	Defined Compensation	55,390	55,390	Line 6
8	IRS Taxable Compensation	55,390		Line 6
9				
10	Benefits			
11	Health & Pension	24,728		Recommended: Portico Gold 10% Retirement using Line 7
12	Continuing Education	750	750	
13	Professional Exp	1,600	1,600	
14	Automobile Exp	3,000	3,000	
15	Total Benefits	30,078		
16	Total Compensation	85,468		Line 6 + Line 15
17	FICA (Payroll Tax)	4,237		7.65% of Line 6
18	Total Cost incl Payroll Tax	89,705		Line 16 + Line 17

As noted above, the Payroll tax has to be calculated and paid to the Social Security Administration. This cost needs to be considered when determining the total cost of the call to the congregation.

OTHER CONSIDERATIONS

Our congregations come in many sizes, yet these guidelines use years of service as the prime factor of setting the salary. 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 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.