

**~ COMPENSATION GUIDELINES for 2020 ~**  
**Ministers of Word and Sacrament Parsonage provided**

A. SALARY Table 1 Shows the *Salary* figures for ordained ministers.

Year	Base	Housing Allowance	SECA	Defined Comp	Cash Comp	Housing Equity
0	42,375	12,712	4,214	59,301	46,589	1,779
1	42,888	12,866	4,265	60,019	47,153	1,800
2	43,400	13,020	4,316	60,736	47,716	1,822
3	43,913	13,173	4,367	61,453	48,280	1,843
4	44,425	13,327	4,418	62,170	48,843	1,865
5	44,938	13,481	4,469	62,888	49,407	1,886
6	45,450	13,635	4,520	63,605	49,970	1,908
7	45,963	13,788	4,570	64,321	50,533	1,929
8	46,475	13,942	4,621	65,038	51,096	1,951
9	46,988	14,096	4,672	65,756	51,660	1,972
10	47,500	14,250	4,723	66,473	52,223	1,994
11	48,013	14,403	4,774	67,190	52,787	2,015
12	48,525	14,557	4,825	67,907	53,350	2,037
13	49,038	14,711	4,876	68,625	53,914	2,058
14	49,550	14,865	4,927	69,342	54,477	2,080
15	50,063	15,018	4,978	70,059	55,041	2,101
16	50,575	15,172	5,029	70,776	55,604	2,123
17	51,088	15,326	5,080	71,494	56,168	2,144
18	51,600	15,480	5,131	72,211	56,731	2,166
19	52,113	15,633	5,182	72,928	57,295	2,187
20	52,523	15,756	5,223	73,502	57,746	2,205
21	52,933	15,879	5,264	74,076	58,197	2,222
22	53,343	16,002	5,304	74,649	58,647	2,239
23	53,753	16,125	5,345	75,223	59,098	2,256
24	54,163	16,248	5,386	75,797	59,549	2,273
25	54,573	16,371	5,427	76,371	60,000	2,291
26	54,880	16,464	5,457	76,801	60,337	2,304
27	55,188	16,556	5,488	77,232	60,676	2,316
28	55,495	16,648	5,518	77,661	61,013	2,329
29	55,803	16,740	5,549	78,092	61,352	2,342
30	56,110	16,833	5,580	78,523	61,690	2,355
31	56,418	16,925	5,610	78,953	62,028	2,368
32	56,725	17,017	5,641	79,383	62,366	2,381
33	57,033	17,109	5,671	79,813	62,704	2,394
34	57,340	17,202	5,702	80,244	63,042	2,407
35	57,648	17,294	5,733	80,675	63,381	2,420
36	57,955	17,386	5,763	81,104	63,718	2,433
37	58,263	17,478	5,794	81,535	64,057	2,446
38	58,570	17,571	5,824	81,965	64,394	2,458
39	58,878	17,663	5,855	82,396	64,733	2,471
40	59,185	17,755	5,885	82,825	65,070	2,484

Notes about this table: The column “Defined Compensation” is a technical term used byPortico. 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.

Table 1 outlines how it is arrived at. The column labeled “Cash compensation” is what the pastor will actually be paid. As the congregation provides a parsonage however, the Cash Compensation is different from the Defined Compensation. It is reduced by the amount that would otherwise be housing allowance but leaves the Self Employment Compensation Allowance in place.

Why so complicated? The housing that is supplied by the congregation has a cash value to the pastor. The pastor's Cash Salary is therefore reduced. It is reduced by an amount that represents the cost of housing the pastor and family. But, for purposes of calculating pension and health insurance, a common figure, the Defined Compensation, is used. This figure is the same for pastors with or without a parsonage. This rather complicated accounting maneuver is necessary to make sure that a pastor who has spent many years in a parsonage will have sufficient pension funds on which to retire.

### **HOUSING EQUITY ALLOWANCE**

When a pastor lives in a parsonage some benefits of homeownership go unrealized. One benefit of home ownership is increased equity in the house owned. To adjust for this, since the pastor might one day need to purchase a house upon retirement or departure to another call, is to establish an Equity Allowance.

**The amount of this Equity Allowance is 3% of the Defined Compensation per year.**

The congregation needs to establish an account into which the 3% allowance is deposited in regular intervals. When the pastor departs from the congregation the pastor has the rights to these funds.

### **SELF EMPLOYMENT COMPENSATION ALLOWANCE (SECA)**

A congregation should provide a minimum allowance that corresponds to the employer portion of social security taxes (7.65% of column 1 plus column 2 in Table 1 for 2019) 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 2019). 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](http://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 an investment in the ministry of our pastors. It 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 \$1,200 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 pastor's family, **the congregation should budget for Portico's GOLD level coverage, regardless of which plan the pastor chooses.**

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 also be 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.

## AN EXAMPLE

As an example, let us consider a congregation, which is calculating the salary and cost of the pastor's ministry, who is 40 years old and a 12 year veteran. Using the figures in Table 1., they would arrive with the following.

**TABLE 2: A SIMPLE SALARY STATEMENT**

	<b>Negotiated Comp</b>	<b>Guideline</b>
Salary & Housing		
Salary	48,525	48,525
FICA Reimb (SECA)	4,825	
Total	53,350	53,350
Utilities Allowance		
Furnishings Allowance		
Total Cash Compensation	53,350	
Benefits		
Housing Equity	2,037	2,037
Health & Pension	30,470	
Continuing Ed	1,200	750
Professional Exp	1,600	1,600
Automobile Exp	3,000	3,000
Total	38,307	
Total Compensation	91,657	

In this example, a SECA of \$4,708 has been designated and the amount actually paid to the pastor is \$53,350, as seen in Table 1.

The congregation will add \$2,037 to a savings account as Equity Allowance. The congregation budgeted \$1,200 to invest in its pastor's continuing education. They did chose to use the recommended amounts for professional expenses and cellphone usage as well as 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 \$30,470. The total for the pastoral ministry budget line in this congregation would then be: \$91,657.

## 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 (Table 3 on the next page) 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**

Ln	Item	Negotiated Comp	Guideline	Comment
1	Salary			
2	Guideline Base	48,525		
3	Merit Increase			
4	Local Cost of Living Adj			
5	Additional Negotiated Salary			
6	Total Salary	48,525		Sum of Lines 2 to 5
7	Housing			
8	Housing Allow	14,557		Not paid to Pastor
9	Utilities Allowance			If paid directly to Pastor
10	Furnishings Allowance			If paid directly to Pastor
11	Housing Equity Allowance			If paid directly to Pastor
12	Total Housing	14,557		Sum of Lines 8 to 11
13	Salary plus Housing Allowance	63,082		Line 6 + Line 12
14	FICA Reimb (SECA)	4,825		Recommended:7.65% of Line 13
15	Cash Compensation	53,350	50,242	Line 6 + Line 14
16	Defined Compensation	67,907	63,951	Line 13+ Line 14
17	IRS Taxable Compensation	53,350		Line 6 + Line 14
18				
19	Benefits			
20	Health & Pension	30,470		Recommended: Portico Gold 10% Retirement using Line 16
21	Housing Equity Allowance	2,037	1,988	If Tax Deferred
22	Continuing Education	1,200	750	
23	Professional Exp	1,600	1,600	
24	Automobile Exp	3,000	3,000	
25	Total Benefits	38,307		
	<b>Total Compensation</b>	<b>91,657</b>		<b>Line 10 + Line 19</b>

A few comments on this example.

Yes, a housing allowance has been calculated and has been included in the calculations. But, as noted in the table, it is not paid to the pastor. It is used as the value of housing that is supplied by the parsonage. Why? When the Recommended Compensation Guidelines are assembled, we begin with a Baseline Salary. We add to that Baseline an amount of 30% of the baseline, which is then considered Housing Allowance.

SECA Allowance is calculated based on the sum of those figures. When the SECA Allowance is added to the total we arrive at the Defined Compensation that will be used for Pension and Health Benefit calculations.

If two congregations, one with a parsonage and one without, were to both follow these guidelines, they would arrive at identical Defined Compensations, which is the goal of these guidelines. However, as the example above shows, your congregation, with a parsonage available, would actually pay the pastor a cash salary that has been reduced by the amount of the housing allowance. As housing is tax deductible for Ordained Ministers, the Taxable Compensation is also the Defined Compensation minus the housing allowance. This taxable income is also identical for a congregation that follows guidelines to another parsonage or not.

## **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. Invariably, 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 diverse. In 2018, the Bureau of Labor Statistics reported that the average weekly wage in the synod’s territory ranged from \$576 at the low end to \$1,205 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.

## **ADDITIONAL CONSIDERATIONS FOR ALL ROSTERED MINISTERS**

The church recognizes that its Rostered Ministers are gifts from God and, like all such gifts, require careful stewardship. Such care is the responsibility of every expression of the church. This section discusses the ways in which the congregation cares for its Rostered Ministers, and promotes the careful stewardship of their energies and gifts. Such careful stewardship is intentional care not only of the rostered minister, but also of the congregation and the larger church. People grow best in their discipleship in healthy congregations, and are best served by healthy leaders.

### **HEALTHY LEADERS: Resilient Leaders Shape Healthy Faith Communities**

Healthy, resilient leaders shape healthy, resilient faith communities. Congregation members and organizations are called upon to provide their leaders with sustainable livelihoods as well as time to tend their well-being.

- The ELCA has long advocated for a careful stewardship of our Rostered Ministers health and wholeness.
- A 2002 ELCA study on Ministerial Health and Wellness found that many Rostered Ministers are currently suffering from stress, being overweight, high blood pressure and/or high cholesterol, much of which stems from their vocational responsibilities. These unhealthy conditions not only reduce their effectiveness and quality of life, but also contribute directly to the rising cost of the congregation’s cost for healthcare benefits.
- To ensure healthy ministers and to help control rising insurance costs, Rostered Ministers are encouraged to participate in Portico’s annual wellness program.
- Rostered Ministers and congregations are encouraged to work together to identify methods of safeguarding and improving the physical, emotional, social, intellectual, vocational, and spiritual health and well-being of their Rostered Ministers.
- Such a discussion should define specific and mutually beneficial practices that respect a Rostered Minister’s personal time, establish reasonable work schedules, and encourage a healthy lifestyle.
- Additionally, congregations are encouraged to promote self-care to ensure healthy congregations and healthy leaders.

## **WORK WEEK**

It often seems that the work of ministry is “never done” and that there are never enough hours in the week. However, Rostered Ministers, like anyone else, need time off from work to replenish and re-energize.

- Rostered Ministers should have two full days off per week. These days off should be granted and encouraged to be free from ministry-related responsibilities.
- For the well-being of the rostered minister and health of the congregation, Rostered Ministers should not schedule work that exceeds 50 hours in a single work week.
- The Rostered Minister’s schedule (days/hours) may be negotiated as necessary.

## **HOLIDAYS**

The responsibilities of Rostered Ministers often means that they are unable to take advantage of the three-day weekends and other holidays, such as Christmas and Easter, that most other people are able to observe.

- It is recommended, therefore, that the nine to eleven holidays observed by the general public, plus three floating personal days, should be designated as observed holidays by the congregation.
- Considerations should then be given, and Rostered Ministers should be encouraged, to take these days off at another time during the week whenever they cannot be observed because of pastoral responsibilities.

## **VACATION**

- A minimum of four weeks of paid Vacation (including four Sundays) per year is recommended.
- Additional vacation time may be considered and negotiated between the rostered minister and their congregation.

## **CONTINUING EDUCATION, PERSONAL LEAVE FOR FAITH, AND SABBATICAL LEAVE**

Rostered Ministers shall engage in Continuing Education each year. This time is for both professional and personal faith formation and development for more effective ministry.

- The ELCA recommends 50 contact hours each year for Continuing Education.
- This time is in addition to any other vacation time and should include two-weeks per year, including two Sundays.

Other time for Personal Leave for Faith or Sabbatical Leave may be offered by the Congregation for all Rostered Ministers.

- For Rostered Ministers serving in the Southern Ohio Synod please see the Personal Leave for Faith document for guidance in planning for this special time away for faith renewal.
- Personal Leave for Faith for faith renewal is designed to offer means for planning for time away for faith renewal in congregations that do not have Sabbatical leave policies or for whom extended leave may not be feasible.
- Personal Leave for Faith is as a means for faith renewal and does not override any Sabbatical leave policies a congregation may already have in place.
- Some congregations offer guidelines for Sabbatical Leave for Rostered Ministers. This time away is to be negotiated and planned in these congregations between the Councils and the Rostered Ministers.

## **HEALTH AND FAMILY LEAVE**

Rostered Ministers shall be provided with six work-weeks (additional time may be negotiated) of paid leave, per year, with full salary and benefits for any of the following reasons:

- For the birth of a child, and to care for the newborn child,
- For the adoption of a child, and to care for the newly adopted child,
- For the care of an immediate family member with a serious health condition, and
- For a personal serious health condition in which the Rostered Minister is unable to work,
- Bereavement Leave to grieve and heal from the loss of a family member.\*

\*Rostered Ministers self-care is important to maintaining personal and professional health, therefore, it is recommended that Rostered Ministers take one week to ten days, per incident.

## **CHURCHWIDE AND OTHER COMMITMENTS**

It is important to remember that Rostered Ministers are called by and to the whole church for service in both the church and in the world; this is the connectional nature of our church, serving together.

- Examples may include church-related activities such as serving as a Bible study leader or chaplain at a church camp, or on a synodical or ELCA committee or task force.
- In any case, this “extended ministry” should be carefully and prayerfully considered with the congregation council so that these duties do not disrupt the care for the congregation.
- This time should be regarded as an extension of the congregation's ministry and should not be considered as vacation time.
- Additional responsibilities outside the congregation may include, National Guard/Reserve duty, or a teaching assignment at a college or seminary, are not seen as an extension of the congregational ministry, but a personal responsibility of the Rostered Minister.
  - These responsibilities are often not negotiable in time and scope. The Rostered Minister and the ministry setting will need to address these in a case-by-case basis to ensure that leadership and pastoral care coverage is available during these times.