

**West Virginia-Western Maryland Synod
Pastoral Compensation/Expenses/Benefits Package Expectations For 2019**

The “normal” pastoral compensation/expenses/benefits package, as contained in most congregational budgets, usually looks something like this:

Defined Compensation:

- (1) Base Salary _____
- (2) Housing Allowance, Utilities, Furnishing Allowance _____
- (3) Educational Debt Reduction _____
- (4) Social Security Allowance _____

Expenses:

- (5) Automobile Allowance _____
- (6) Continuing Education Allowance _____
- (7) Publication & Media Resources _____
- (8) Official Meetings _____

Benefits:

- (9) Pension & Other Benefits _____
- (10) Additional Benefits _____
(e.g. Optional Pension, annuity, additional life insurance)

(1) **Synod Council's recommendation** for base salary pastors (minister of Word & Sacrament) is \$34,680 for a first call starting in 2019. This represents the factoring in of the 2% COLA. When reviewing an experienced pastor’s package, please consider also the years of service the pastor has given to the congregation. (see page 3 for years of service) A 2% increase is in order for all pastors currently serving based upon the 2% COLA. Merit increases may also be considered for pastors already serving. Annual increases should be based on what is realistic for the congregation. Alternatives such as (but not limited to) additional vacation time should be considered in cases of fiscal hardship.

(2) **The Synod Council expects** that the congregation will provide a Social Security Tax allowance for the pastor. Social Security Tax is based upon the addition of the Base Salary plus the Housing Allowance (and Home Furnishings Allowance). If a parsonage is provided, the fair rental value of the parsonage should be used in the calculation. This figure is multiplied by .082837 (8.2837%) to achieve a fair Social Security allowance. **For Social Security purposes, a pastor is considered to be self-employed and must pay that tax at the self-employed rate which is 15.3%. Frequently, that takes a giant bite out of the pastor's salary.**

(3) Educational debt reduction allowance could be considered in the amount of \$1,000 a year (if applicable). Please note: If a congregation establishes this allowance, it is considered taxable income by the IRS.

(4) We recommend pastors living in a parsonage have part of their income designated as a "Furnishings Allowance." As long as that money is spent for its intended purpose – and the pastor must be prepared to document this – it is not counted as taxable income. **Please note that pastors must report fair rental value of the parsonage as income subject to Social Security tax as well as on the furniture allowance.**

(5) For a pastor living in a parsonage, a congregation might also consider providing an equity allowance.

(6) **The Synod Council expects** that the congregation will review the automobile allowance provided the pastor. The IRS “optional standard mileage rates” used to calculate the deductible costs of operating an automobile for business purposes is 54.5¢ per mile for 2018; a different rate may be announced by the IRS later in the year for 2019.

(7) **The Synod Council expects** that the congregation will provide at least \$800 and 14 days for continuing education purposes. It is the expectation of the ELCA that pastors engage in a minimum of 50 hours of continuing education each year. The 2001 Synod Assembly adopted a Sabbatical Policy for all Rostered persons. The expectation is that all congregations will adopt a Sabbatical Policy using the synod policy as a guideline. Pastors in their first call are required to attend an annual retreat known as First Call Theological Education, which occurs in each of the first three years. The \$200 fee is the responsibility of the congregation; **it is matched by the synod for every first call pastor.** It is our expectation that this will be provided in addition to the \$800 recommended education allowance.

(8) **The Synod Council expects** that the congregation will grant four weeks, including four Sundays, vacation. **Congregations should consider giving one additional week of vacation for each 10 years of Rostered service.**

(9) **The Synod Council expects** that the contribution rate for the ELCA pension plan will be at the rate of 12%. **Because this number is different than the default rate of the ELCA, be certain that your pension rate is at 12%.** When a change of salary occurs, be certain that the correct percent is noted on the change of salary report form. (Item 1, page 2) If you have any questions, please consult www.Porticobenefits/supportcenter (there you will find a drop down menu that will provide you with contact information based upon your needs) or phone **the synod office at 304-363-4030.**

(10) **The Synod Council expects** that each congregation will provide a mutual ministry support committee. There is a book available from Augsburg Fortress entitled **Pastor and People: Making Mutual Ministry Work** for guidance.

The Synod Council approved a **minimum and entry-level salary and benefits package for 2019.** It appears on page four. You will want to review it carefully. **Remember:** this is the compensation/expenses/benefits package that will be offered in our synod next year to those newly ordained and beginning ministry in their first call. If your pastor's compensation and expenses and benefits package are below this, you should consider readjusting to meet the expectations.

On behalf of the pastors and associates in ministry of our synod, all faithful servants, **the Synod Council expresses its appreciation** to those congregations who have been taking the council's recommendations seriously each year and who have sought to implement them.

Years of Experience – Call Process Information

Congregations often ask if they are paying their pastor fairly for the number of years he or she has been in the ministry. The Synod Council recommends that for pastors with years of experience, \$400 per year should be added to the **minimum** base salary to determine the appropriate base salary.

For example:

- 1. A pastor who has 20 years in the ministry - \$400 x 20 = \$ 8,000
 Synod **Minimum** Base Salary = \$34,000
 Pastor should receive base salary of = \$42,000

- 2. A pastor who has 10 years in the ministry - \$400 x 10 = \$ 4,000
 Synod **Minimum** Base Salary = \$34,000
 Pastor should receive base salary of = \$38,000

The pension and health benefits, Social Security allowance, housing allowance, car allowance, and continuing education are in addition to the base salary.

Portico Health Plan – 2019

Annually congregations and Rostered Leaders will need to make selections related to their Health Plan and Pension Plans with the Synod Council recommending the Gold Level Plan in most cases. In some cases, however, the Silver Plan will provide equivalent coverage, especially if augmented with a health savings account (HSA). Compare plans closely. If equivalent coverage can be provided through the Silver Plan (with an HSA if necessary), the congregation may find it a better fiscal move.

Please note: Synod Council expects that congregations will cover the cost of the Portico Health Plan for their pastor, spouse and their children. Sometimes, a pastor's family has insurance through the pastor's spouse. In such cases, the pastor and the congregation should negotiate the optimal combination of Portico insurance with the other provider.

Disability

Portico's health plans include disability insurance, but Portico's disability plan kicks in at two months. The congregation is expected to provide full compensation (though allowances may be prorated) for the first two months of an illness or injury that results in either temporary or permanent disability. The pastor should, at the first suspicion that such an illness or injury (even if temporary), file a disability claim. Disability takes time to process. Waiting until the beginning of the second month is waiting too long.

**Expected Minimum Compensation/ Expenses/Benefits Package
For 2019 For First Year Of Ordained Ministry**

COMPENSATION

Base Salary	\$34,680
Years of service following ordination*\$400 _____	
Minimum Housing Allowance (If no parsonage is provided)	\$10,000
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	<i>Subtotal \$44,680</i>
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Social Security Tax Allowance (multiply Subtotal by .082837)	\$ 3,701
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Total Defined Compensation	\$48,381

EXPENSES

Automobile Allowance	\$4,400*
Continuing Education Allowance	\$ 800
First Call Theological Education	\$ 200

BENEFITS

Pension and Health Plan Benefits

We expect the contribution for Pensions to begin at 12% and that families are covered by the congregation's Health Plan through Portico.

The benefit programs from Portico will vary in nearly every situation. Please consult the calculations page from the Portico web site <https://myportico.porticobenefits.org/>

4 weeks of vacation

14 days continuing education (excluding Sundays)

*Automobile allowance can be replaced with reimbursement for actual miles driven at the IRS rate. If an allowance is provided, be sure that it is adequate to cover reasonable business travel.

Who should decide the pastor's salary?

In most congregations, the final recommendation to the congregation regarding the salary for the pastor will be made by the church council. Resource material for this decision should include the synod expectations, a local survey of pastors' salaries in the surrounding area, and any data one can find on merit increases currently being given in local industry. **Please keep in mind that in calculating base salary for the pastor, housing allowance is NOT included.**

If it is the practice for the pastor not to be present at the Finance Committee or Congregational Council meeting when the pastor's compensation is discussed or voted upon, the congregation should have a Pastoral Support or Mutual Ministry committee (which usually does not include members of the council), where the pastor would have an opportunity to indicate fully and confidentially any concerns in the area of his/her compensation. The Pastoral Support Committee can then pass on these concerns to the Congregational Council.

How do we use the synod expectations?

The first thing to recognize is that the expectations are designed to indicate minimum salary. Such things as average worship attendance, years since ordination, cost of living in your area, the knowledge and skill needed by the pastor, and the current salary of an incoming pastor should all be factored in to decide where your pastor should start. Once you have decided where the starting point should be, your plan each year should take the percent increase in the minimum expectations, add that to the pastor's salary and then add on any additional merit increase you feel is warranted. **These expectations only give you a starting point.**

If we cannot afford to pay at the current expectations, what should we do?

First of all, recognize that paying your pastor below the synod expectations often results in friction between the pastor and the council. Turnover may result, and you will be faced with difficulty in replacing your pastor. The best advice is to lay out a two to three year plan and work toward bringing your pastor's salary in line with synod expectations. Sharing this plan with the pastor will create an open environment based on trust and understanding; then, follow through with your commitment.

How do we get feedback from the pastor regarding his/her compensation?

The first thing to do is to build an atmosphere of trust and openness. We suggest that you form a Mutual Ministry committee, which includes the pastor. The purpose of this group is to look at all issues such as working with the congregation, spiritual needs of the pastor, physical needs, and family needs. The mutual ministry committee can be the advocate for the pastor and provide recommendations to the council. However, it is assumed that matters discussed with the pastor remain with the committee, and confidences must not be violated.

We have members in our congregation who believe that the total package is too high. How do we explain a total package in a way that makes sense?

You need to distinguish between cost to the congregation and what the pastor receives. A large part of the cost to the church comes in the form of pension, medical benefits, and travel expenses. For those of you who worked in industry, you probably received these same items, but never considered them part of your compensation. These are expenses to the congregation much like the expense a corporation has for the work of an employee. Therefore, it is not fair to consider them part of the pastor's salary. Base pay plus housing constitutes the bulk of what your pastor actually receives.

How do we reward the pastor for holidays worked or missed days off or days off interrupted by congregational emergencies?

- 1) Insist that your pastor take days off to compensate for the lost time. Make sure the congregation respects this time off. Pastors need time away to refresh themselves, and we need to respect that. Inform your congregation of the pastor's personal time and ask them to respect this need for time away.
- 2) Insist that your pastor take a sabbatical leave on a regular basis.
- 3) An alternative not preferred or to be encouraged, is to consider pay in lieu of vacation days.

In case of disability, what should we do?

Serious illness or injury may result in permanent or temporary disability. Portico's disability plan kicks in at two months. The congregation is expected to provide full compensation (though allowances may be prorated) for the first two months of such an illness or injury. The pastor should, at the first suspicion that such an illness or injury may result in disability (even if temporary), file a disability claim. Disability takes time to process. Waiting until the beginning of the second month is waiting too long.

In case of an illness longer than 20 days, but not catastrophic, what should we do?

Every case needs to be reviewed on its own merits. Your church council should be the final judge of what is right. They know the pastor best and the effort he or she extends on behalf of the congregation. Make a decision based on what is fair and appropriate for the circumstances and for everyone involved. Nothing can substitute for good judgment.

Do clergy expectations apply to Associate Pastors?

The basic intent of the expectations would stay the same, but the specifics need to be modified or factored to reflect the differing roles each staff member has in the church.