

Supporting Our Ministers

**Clergy Compensation Guidelines for
2015**



The Northern Plains Conference
United Church of Christ

www.npcucc.org

Compensation Guidelines:

These guidelines are for Ministry within the Northern Plains Conference of the United Church of Christ.

In the United Church of Christ, final salary decisions are made by the local churches in dialogue with their ministers. The following guidelines are designed to assist churches to strengthen their ministries by providing adequate compensation packages for their ordained ministers.

All policies and salary levels should be reviewed annually. In addition, churches should be aware of all Internal Revenue Service allowances that provide advantages for ordained ministers.

These guidelines are primarily concerned with the ordained ministers of the church. These guidelines are presented by the Church and Ministry Committee of the Northern Plains Conference.

Introduction:

The church of Jesus Christ is divinely ordained to be the instrument for perpetuating Christ's mission in and to the world. Within each local church, this is accomplished through a cooperative ministry of laity and clergy. This cooperative ministry is enhanced when the local church acts responsibly, and with sensitivity, in compensation and related contractual matters toward those it calls to paid positions.

A local church, being a community of faith, should approach the vital subject of compensation concerns from a Christian perspective. Preparations for compensation decisions should include prayer, mediation, and Bible study. An awareness of Christ's presence in the midst of such discussion will provide the ideal conditions for fair and equitable decisions.

The following concepts serve as guidelines for a church in the determination of its compensation policies.

- † Covenant Relationship
- † The Concept of Stewardship
- † The Concept of Spiritual Obligation
- † The Concept of Justice

Covenant Relationship: When a church calls an ordained minister or pastor, it covenants to compensate him/her fairly. Those called; covenant to serve faithfully without making excessive demands upon the church's resources. Annual review of remuneration is a Covenantal renewal, and should be seen in that context.

The Concept of Stewardship: As stewards we are trustees of God’s resources. This includes the church’s resources, both human and material. A local church should be responsible in raising and allocating funds. It needs to keep in mind the ministry of the larger church. Our Church’s Wider Mission, which includes the outreach of the local church to the work of our national and conference ministries, should be of primary concern. A church ought to measure the values of expenditures on a building against benefits of spending on programming. A local church should exemplify good stewardship in its usage of its human resources. This includes love and support for its professional and volunteer church workers. When workers in the church realize there are healthy stewardship attitudes present, including concern for them and their families, they are further inspired toward a higher commitment of servant hood.

The Concept of Spiritual Obligation: The Apostle Paul made reference to the spiritual obligation in providing an adequate salary for those who labor in the local church. He also discussed the concept of “tent-making” ministry that allowed for the minister to pursue a secular vocation while serving a church when adequate funds are not available. Paul, however, clearly indicates that this style of ministry should not eliminate the idea of spiritual obligation in providing an adequate salary, if possible.

The Concept of Justice: The concept of justice reminds us that all should be treated equitably in matters of compensation. For the church to admonish the world in paying workers fairly, while maintaining inadequate levels of compensation for its own employees, presents a hypocritical posture. Justice further commands that employees be compensated equitably regardless of race, sex, or other social distinctions.

I. Ordained Ministers’ Compensation

Actual compensation paid to ordained ministers by their local churches includes cash base salary and housing.

- A. Cash Base Salary:** Cash base salary is the money provided for services rendered, not including housing. This booklet provides a chart of minimum suggested clergy salaries according to church size. The church should also consider the experience and performance of the minister, the cost-of-living index, and salaries of other professions with comparable education.

A portion of the cash base salary may be designated as a furnishings allowance as a tax advantage for ministers living in parsonages.

According to federal law, ministers must pay Social Security on total clergy compensation as self-employed persons. The IRS, for income tax purposes, considers clergy as employees; therefore, clergy pay the highest Social

Security rate. The Northern Plains Conference recommends that churches place a Social Security Offset line item in their budgets equal to 50% of the Self-Employment Social Security tax. This amount, which is reduced from total cash income, is to be paid quarterly to the minister to help underwrite part of the Social Security expense. This is not considered as salary by churches, but must be reported as taxable income. To satisfy IRS requirements, when any house furnishing allowance and/or Social Security offset is given, the decision-making body of the church must vote annually on the part of the minister's salary to be treated as an allowance, and include those figures in the official records.

- B. Housing:** Churches usually provide either a church-owned parsonage or a housing allowance that permits the minister to purchase a house. A parsonage should be well maintained by the church, and it is recommended that all utilities, except personal long distance telephone calls, be paid by the church. The parsonage should compare favorably with the average housing in the community.
- C. Benefits:** Fringe benefits are those for ministers that involve expenses to the church, but are not considered part of the cash base salary. These include the Annuity Fund, the Family Protection Plan, and health insurance.
- 1. Annuity:** The United Church of Christ Annuity Fund is a form of “tax-sheltered annuity” as described by the IRS code. Payments to this fund are not taxable until benefits are received after retirement. Local churches normally pay the amount equal to 14% of the total of the cash base salary plus 30% of the cash base salary (i.e. 130% of cash base salary) when a parsonage is provided, or 14% of the total of the cash base salary plus housing allowance when a housing allowance is provided. This payment is made directly to the Pension Boards. A percentage more than 14% may be agreed upon by the church, the ordained minister, and the Pension Board.
 - 2. Family Protection Plan:** The Family Protection Plan of the United Church of Christ provides disability income insurance equal to a portion of the cash base salary and decreasing term life insurance. It is recommended that churches buy this insurance for their ministers, because it relieves the church of liability in case of disability or death. Family Protection Plan costs 1% of cash salary base (use same formula as for Annuity). Many churches purchase short-term disability insurance to cover expenses during the period before the Family Protection Plan takes effect. Additional life insurance is available through an optional part of the Family Protection Plan.

3. **Health Insurance:** The United Church of Christ Health Insurance Program provides medical and dental insurance to ministers and their families. It is recommended that the church pay the total premium.

D. Church Business Expense: Church business expenses are incurred by pastors as they carry out the work of their churches. These expenses are not considered salary and should be fully reimbursed by the church. Churches and ministers should establish accurate accounting procedures for reimbursement. Church business expenses include travel, professional expenses, continuing education, and Conference and Association meetings.

1. **Travel:** Travel expenses of the church staff may be a negotiated fixed amount based on the number of miles expected in performing church duties, plus an estimate of other expenses involved, or an actual mileage rate. Churches should be aware of the current rate set by the IRS.
2. **Professional Expenses:** Professional expenses include, but are not limited to the following:
 - † Book and Magazines allowance
 - † Entertaining visiting church leaders
 - † Housing and entertaining local church members and groups
 - † Dues to Professional Associations of Clergy and other professional organizations.
3. **Continuing Education:** Both churches and ministers benefit from programs of continuing education. Time used for continuing education should not be considered vacation. Churches should provide a specific amount for continuing education in their annual budgets. The appropriate church board and the minister should negotiate attendance at all programs.
4. **Conference and Association Meetings:** Churches should pay all unreimbursed expenses of ministers attending Conference and Association Annual and special meetings.
5. **Worker's Compensation:** Churches are allowed by law to provide worker's compensation coverage for ministers, and are required by law to provide coverage for other employees.
6. **Malpractice Insurance:** It is strongly recommended that each church have malpractice insurance to protect both the church and its minister

in the event of a lawsuit due to counseling. This insurance is included in the United Church of Christ Conference Insurance Program.

7. **Pulpit Supply:** The cost of providing for pulpit supply in the pastor's absence is considered a church business expense.

II. Vacations and Leaves of Absence:

- A. **Vacations and Days Off:** It is recommended that clergy have at least four weeks paid vacation per year, with the church providing pulpit supply. Clergy should also have at least one full regularly scheduled day off each week. No church activities should be planned, and except for emergencies, the minister should not be contacted on that day.
- B. **Sick Leave:** The Conference recommends that churches give their ministers sick leave accumulated at a rate of one day per month up to thirty days. In cases of prolonged illness or disability, it is recommended that churches continue to provide compensation and fringe benefits for 90 days until the Family Protection Plan takes effect. It is recommended that travel expenses be paid for the first month, and parsonage use or housing allowance continue for the three-month period and afterwards be negotiated month by month. In the case of a minister's death, the church might consider providing base salary, housing, and benefits to the family for three months. Continued use of the parsonage thereafter would be considered on an individual basis. Some churches have found it prudent to buy short-term insurance to cover their ministers during the 90-day period before the Family Protection Plan takes effect. In case of prolonged illness or death of a minister, the Conference Minister should be notified by the church.
- C. **Maternity/Paternity Leave:** The maternity process is considered as sick leave, as described above. Maternity/Paternity childcare leaves are negotiated personal leaves and may or may not be with pay.
- D. **Personal Leaves:** Personal leave includes illness or death, weddings, graduations, and personal emergencies within the immediate family. It is recommended that paid personal leaves be limited to approximately five days per year, except where compassion dictates further extension.
- E. **Other Leaves:** Participating in activities beyond the local church such as serving as staff at camp or attending regional or national meetings is not considered vacation. Churches of the Conference are urged to encourage attendance at these activities.

- F. **Sabbatical Leave:** Sabbatical leaves enable ministers to experience the kind of sustained training and renewal they need to be of greatest service to the church. Before the leave is granted, the minister should present a proposal outlining the benefits to both the church and minister. Upon return, the sabbatical experiences should be shared with the congregation. Sabbatical leaves are from three to six months and are granted with full compensation and fringe benefits after four to six years of service. Churches may wish to build a reserve fund to meet the cost of pastoral replacement services during the leave. If the minister does not stay long enough to take the sabbatical, the church may use this fund for moving expenses for the next minister, or continue to build the sabbatical reserve fund. Details of sabbatical leaves should be negotiated by the minister and the church.

III. Other Considerations:

- A. **Written Contracts:** It is expected that all churches have written contracts with their pastors specifying the details of their employment agreements. Contracts should be written at the time of the pastoral call. Churches that do not have contracts should take immediate steps to complete them. The Conference Minister will give assistance on request.
- B. **Annual Evaluation:** The Northern Plains Conference recommends that all churches and their ministers participate in annual evaluations. Such evaluations will consider the needs of both ministers and churches to clarify their priorities and goals. Churches and ministers desiring assistance in this process are encouraged to seek guidance from the Conference Minister or a member of the Church and Ministry Committee.
- C. **Periodic Review:** The Church and Ministry Committee of the Northern Plains Conference will conduct periodic reviews, as recommended by the Committee's policy and the United Church of Christ Manual on Ministry, of all ministers holding standing in the Conference. Local churches are urged to reimburse ministers for costs incurred in this process, and to allow the time to participate.
- D. **Pastoral Relations Committee:** Local churches are strongly urged to form a Pastoral Relations Committee to ascertain the needs and wishes of church members, ministers, and other professional church workers.

IV. Special Settings of Ministries:

- A. **Churches with Multiple Staff:** Conditions described in this document pertaining to ordained pastors also apply to ordained Associate/Assistant

ministers. While salaries vary with responsibilities, experience and training, no minister should be expected to serve for less than the minimum Conference recommended salary. Salaries of Associate/Assistant ministers will depend not only on their own experience, training, and responsibilities, but on the salary, experience, training, and responsibilities of the senior minister. All these and other appropriate factors need to be considered in setting the salary and total compensation packages of Associate/Assistant Ministers.

- B. Ordained Minister with Multiple Churches:** When ministers serve more than one church, salary arrangements depend on the relationship between the churches, normally developed as part of a yoking agreement. Extra compensation should be considered when ministers are expected to participate fully in the activities of each church, and in more than one denomination.
- C. Part-Time and Co-Ministers:** Part-time and co-ministers have special concerns that have to be considered on an individual basis in consultation with the ministers, the churches, and the Conference Minister.
- D. Interim Ministry:** Churches are increasingly realizing the benefits of having an Interim Minister for the time between the departure of a minister and the calling of a new minister. The need for “sabbatical interim minister” is also growing as churches increasingly give their ministers sabbatical leaves. Ministers who are career interim ministers have special training and experiences to help the churches during these periods. In addition, they have special skills that enable churches to work through some of the concerns that congregations need to deal with when their minister leaves. It is expected that full-time interim ministers be paid at the same scale as other full-time ministers. If the church has a part-time minister for its interim, it needs to figure the percentage of the time that person serves and give that percentage of a full-time salary, benefits, and expenses. Because of frequent moves, interim ministers often have higher personal expenses than other ministers.
- E. Occasional Pulpit Supply:** As in salary guidelines, a certain minimum is suggested: \$75.00 for the first service, \$35.00 for each additional service on the same day, plus mileage. Many churches give an Honorarium to Conference staff who may preach in local churches on occasion. Certainly, when a Conference Minister acts as a supply preacher, the congregation may provide an Honorarium.
- F. Authorized Lay Worship Leaders:** Our Conference has a service available for churches that will simplify your efforts to obtain pulpit supply. This service will be helpful in times of emergency, pastoral vacation, and vacancy.

All you need to do is call the coordinator, and she will find an authorized lay worship leader for the service you need a minister for. To use the Authorized Lay Worship Leader program, call the conference office. The authorized lay worship leaders are fully trained laity from our local churches. The fees follow the guidelines above: \$75.00 for the first service, \$35.00 for each additional service, plus mileage. This is paid directly to the preacher.

- G. **Social Security Offset:** Pastors pay social security on the housing allowance and cash salary. The Congregation is encouraged to provide a social security offset for both items. The Social Security Offset is figured at 7.65%.

How the Pastor’s Compensation Might Appear in a Local Church Budget

This sample shows how a church might categorize sections of its budget to communicate clearly the role of pastor’s compensation, church expenses, etc. This can be used as a checklist to see that the various items have been discussed and agreed upon. Each church will need to determine the budget lines and amounts that fit its own situation.

Cash Base Salary

⌘ Cash Salary \$28,143.13

Church Business Expenses

- ⌘ Other Fringe Benefits
- ⌘ Mileage Reimbursement (10,000 miles @ 57.5 cents a mile) or \$5,750.00
- ⌘ Conference & Assoc. Expenses \$ 300.00
- ⌘ Worker’s Compensation \$ 260.00
- ⌘ Pulpit Supply \$ 400.00
- ⌘ Social Security Offset (7.65%)

⌘ Annuity ⌘ Family Protection Plan ⌘ Health and Dental Package for Family

Minimum Cash Base Salaries for 2015

Pastoral Experience	1-150 members	151-300 members	301-450 members	Above 450
0-3 years	\$ 28,143.13	\$ 29,548.81	\$ 31,025.89	\$ 32,577.50
4-7 years	\$ 29,547.76	\$ 32,075.69	\$ 32,577.50	\$ 34,206.79
8-11 years	\$ 31,025.89	\$ 32,577.50	\$ 34,205.74	\$ 35,915.87
12-15 years	\$ 32,873.54	\$ 34,206.79	\$ 35,915.87	\$ 37,712.09
16-19 years	\$ 35,915.87	\$ 37,135.74	\$ 39,598.58	\$ 41,576.41
20 years and over	\$ 37,712.09	\$ 39,598.58	\$ 41,576.41	\$ 43,657.12

- ⌘ Pastoral Experience means experience in all churches, not just in present position.
- ⌘ Merit increases should also be considered in determining base salary.
- ⌘ The mileage reimbursement rate currently allowed by IRS is 57.5 cents per mile.
- ⌘ These guidelines are effective January 1, 2015.