

~ COMPENSATION GUIDELINES ~

Ministers of Word and Sacrament (Pastors), No Parsonage provided

A. SALARY

Table 1 Shows the *Cash Salary* figures for Word and Sacrament ministers.

Year	Cash Comp
0	61,334
1	62,075
2	62,817
3	63,559
4	64,301
5	65,042
6	65,784
7	66,526
8	67,268
9	68,009
10	68,751
11	69,493
12	70,235
13	70,976
14	71,718
15	72,460
16	73,203
17	73,943
18	74,685
19	75,428
20	76,021
21	76,614
22	77,207
23	77,801
24	78,395
25	78,988
26	79,433
27	79,878
28	80,324
29	80,768
30	81,213
31	81,659
32	82,105
33	82,549
34	82,993
35	83,440
36	83,884
37	84,328
38	84,774
39	85,219
40	85,665

Notes about this table. The column labeled “Cash compensation” is what the pastor will actually be paid. In this document it is equal to “Defined Compensation” which is a technical term used by Portico, the ELCA health coverage provider. 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. More detailed calculations that explain how this table is constructed can be found in APPENDIX A.

HOUSING ALLOWANCE

United States tax law allows pastors to report part of their salary as Housing Allowance. The benefit to the pastor is that the Housing Allowance is not taxable for income tax purposes, however, any portion of the allowance not spent on housing purposes is considered taxable income and that the pastor will be expected to pay taxes on that amount. The amount of Housing allowance is negotiated with the pastor and designated by the church council or congregation. It is important to note that Housing Allowance is not added to the Compensation in Table 1 above. Rather, it is a declaration that part of the pastor’s salary will be used for housing purposes. Pastors should seek advice from tax professional to discover what can be included in Housing Allowance but typically it is the cost of the mortgage, utilities, and repairs, but it is not necessarily limited to these.

Housing Allowance is only available to a specific number of professions in specific situations. Congress chose to add Clergy to that number. The benefit to the congregations is that salaries can be kept reasonable as tax benefits increase real income.

SELF-EMPLOYMENT COMPENSATION ALLOWANCE (SECA)

Congregations should provide a minimum allowance that corresponds to the employer portion of social security taxes (7.65% of salary plus Housing Allowance for 2021). Congregations may further choose to provide for some or all of the remaining social security taxes (7.65% for 2021). The IRS considers any SECA as salary and should be reported as such by the pastor.

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 are necessary for the pastor to 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.

It is recommended that the congregation budget professional expenses in the amount:

\$400/ year — professional expenses

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.

CELL PHONE ALLOWANCE

It is common today that the pastor is reachable by cell phone and that, in fact, much of the phone communication between pastor and the congregation will take place via cell service. As a result, the congregation needs to compensate the pastor for the use of their cell phone plan.

It is necessary that the congregation budget communication expenses in the amount:

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

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.

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.**

As pastors and their covered spouses age they will eventually enter Medicare. Before this happens, the congregation is strongly urged to contact Portico Benefit Services and negotiate a plan for both pastor and family to be properly covered, including Medicare gap 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.

AN EXAMPLE

As an example let us consider a congregation which is calculating the salary and cost of a 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:

	Negotiated Comp	
Salary & Housing		
Salary	70,235	
Housing Allow		Designated by Cong. 15,056
FICA Reimb/ SECA		Declared by Cong. 4,991
Total Salary	70,235	Guideline 70,235
Benefits		
Health & Pension	30,470	
Continuing Education	2,000	Guideline 1,200
Professional Exp	1,600	Guideline 1,600
Automobile Exp	3,000	Guideline 3,000
Total	37,070	
Total Expense to the Congregation	107,305	

In this example, the congregation has chosen to designate \$15,056 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 \$4,991 has also been designated.

This congregation chose to budget \$2,000 to invest in its pastor's 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 \$30,470. The total for the pastoral ministry budget line in this congregation would then be: \$107,305.

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. Note: The column Headings and calculations here rely on the figures in **APPENDIX A**. Please consult the Appendix for further information how they are arrived at.

TABLE 3: DETAILED SAMPLE CALCULATION

Ln	Item	Calculations	Negotiated Comp	Guideline	Comment
	Preliminary Calculations				
1	Guideline Total Salary	70,235	70,235	70,235	
2	Housing Allowance	15,056	(15,056)		Based on (negotiated) percentage of guidelines salary. (30% in this example)
3	FICAReimb (SECA)	4,991	(4,991)		Recommended:7.65% of Line 10
4	Initial Base Salary		50,188		Subtract Lines 2 & 3 from Line 12
	Negotiated Base Cash Salary Calculations				
5	Initial Base Salary	50,188	50,188		Copied from Line 4
6	Merit Increase	0	0		
7	Local Cost of Living Adj	0	0		
8	Additional Negotiated Salary	0	0		
9	Negotiated Base Salary	50188	50188		Sum: Lines 5 to 8
	Final Salary Calculations				
10	Negotiated Base Salary	50188			
11	Housing Allowance	15,056			(copied from Line 2)
12	Salary plus Housing Allowance		65244		Sum: of Lines 10 and 11
13	FICAReimb (SECA)	4,991	4,991		(copied from Line 3)
14	Cash Compensation (= Annual Cash Salary)		70235		Sum: Lines 12 and 13
15	Defined Compensation (for Portico)		70235		Sum: Lines 12 and 13
16	IRS Taxable Compensation	55179			Sum: Lines 10 and 13
18	Benefits				
19	Health & Pension	30,470			Recommended:Portico Gold, 10% Retirement using Line 15
20	Continuing Education	2,000		1,200	
21	Professional Exp	1,600		1,600	
22	Automobile Exp	3,000		3,000	
23	Total Benefits		37,070		
24	Total Compensation		107305		Sum: Lines 14 and 23

Notes:

SECA is based on Negotiated Base Salary (line 10) + Housing Allowance (Line 11)

Taxable Compensation: Negotiated Base Salary (Line 10) + SECA (Line 13)

Defined Compensation (Portico uses this figure to calculate Health and Retirement benefits:

Negotiated Base Salary (Line 10) + Housing Allowance (Line 11) + SECA (Line 13)

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 urged to prayerfully do exactly that.

When a vacancy occurs in a staff ministry the remaining rostered leaders are naturally asked to shoulder extra duties and work extra hours to sustain the ministry of the congregation. At such time a bonus for extra work is appropriate and needs to be added to the remaining rostered leaders' salaries for the duration of the vacancy.

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 highly diverse. In 2020 the Bureau of Labor Statistics reported that the average weekly wage in the synod's territory ranged from \$607 at the low end to \$1,307 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.

SUPPORTING ROSTERED MINISTERS HEALTH AND WELLBEING

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. As stated on the ELCA website regarding health and wellness: "Physical and mental health is an essential component of a Christian vocation and is God's intention for every human being. It is vital to our well-being and helps strengthen relationships and enhance our Christian service in our communities and world. Promoting good health is our shared endeavor with God, just as caring for our neighbor's health is an expression of Christian love and service."
- Many Rostered Ministers suffer from stress, 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 exceed 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 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.

- Rostered Ministers may be called to serve in ways that take them beyond the congregation.
- 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.

APPENDIX A.

Detailed Computations

Year	Base	Housing Allowance	SECA	Defined Comp	Cash Comp
0	43,828	13,148	4,358	61,334	61,334
1	44,357	13,307	4,411	62,075	62,075
2	44,887	13,466	4,464	62,817	62,817
3	45,418	13,625	4,516	63,559	63,559
4	45,948	13,784	4,569	64,301	64,301
5	46,477	13,943	4,622	65,042	65,042
6	47,008	14,102	4,674	65,784	65,784
7	47,538	14,261	4,727	66,526	66,526
8	48,068	14,420	4,780	67,268	67,268
9	48,597	14,579	4,832	68,008	68,008
10	49,128	14,738	4,885	68,751	68,751
11	49,658	14,897	4,938	69,493	69,493
12	50,188	15,056	4,991	70,235	70,235
13	50,718	15,215	5,043	70,976	70,976
14	51,248	15,374	5,096	71,718	71,718
15	51,778	15,533	5,149	72,460	72,460
16	52,309	15,692	5,202	73,203	73,203
17	52,838	15,851	5,254	73,943	73,943
18	53,368	16,010	5,307	74,685	74,685
19	53,899	16,169	5,360	75,428	75,428
20	54,323	16,296	5,402	76,021	76,021
21	54,746	16,423	5,444	76,613	76,613
22	55,170	16,551	5,486	77,207	77,207
23	55,595	16,678	5,528	77,801	77,801
24	56,019	16,805	5,571	78,395	78,395
25	56,443	16,932	5,613	78,988	78,988
26	56,761	17,028	5,644	79,433	79,433
27	57,079	17,123	5,676	79,878	79,878
28	57,397	17,219	5,708	80,324	80,324
29	57,715	17,314	5,739	80,768	80,768
30	58,033	17,409	5,771	81,213	81,213
31	58,351	17,505	5,802	81,658	81,658
32	58,670	17,601	5,834	82,105	82,105
33	58,987	17,696	5,866	82,549	82,549
34	59,305	17,791	5,897	82,993	82,993
35	59,624	17,887	5,929	83,440	83,440
36	59,941	17,982	5,961	83,884	83,884
37	60,259	18,077	5,992	84,328	84,328
38	60,577	18,173	6,024	84,774	84,774
39	60,895	18,268	6,055	85,218	85,218
40	61,214	18,364	6,087	85,665	85,665

When the Taskforce on Compensation calculates the salaries for Word and Sacrament Ministers

the table above is used. To equalize the salary of ministers receiving Housing Allowance and those in parsonages a base figure is drawn up, it is then increased by 30% which represents Housing Allowance. Please, note that the 30% is a typical estimate and should never be interpreted as a binding figure. Pastor and congregation, with the aid of the pastor's tax professional, should develop a figure that represents a realistic amount for the Housing Allowance at the actual location of service.

A SECA allowance is added and the final Defined compensation is arrived at.

For those who are curious, in the case where a congregation owns a parsonage and the pastor and congregation agree that it will be occupied by the pastor, the Housing Allowance in the table above would be eliminated and replaced with a Housing Equity Allowance of 3% of the Cash Compensation per year.