



**2023 COMPENSATION GUIDELINES**  
**Ministers of Word and Sacrament (Pastors),**  
**with Parsonage Provided**

*SUMMARY OF CHANGES FROM 2022*

- Increased salaries by 4% (vs. Cost-of-Living increase of 7%)
- Added suggestion of an Internet Allowance
- Placed reorganized example tables in appendices

Year	Defined Compensation	Base Salary & Furnishings Allowance)	Housing Value (for Benefit Calculations)	SECA	Cash Compensation
0	\$63,787	\$45,580	\$13,674	\$4,533	\$50,113
1	\$64,558	\$46,131	\$13,839	\$4,588	\$50,719
2	\$65,330	\$46,682	\$14,005	\$4,643	\$51,325
3	\$66,101	\$47,234	\$14,170	\$4,697	\$51,931
4	\$66,873	\$47,785	\$14,336	\$4,752	\$52,537
5	\$67,644	\$48,336	\$14,501	\$4,807	\$53,143
6	\$68,415	\$48,887	\$14,666	\$4,862	\$53,749
7	\$69,187	\$49,439	\$14,832	\$4,917	\$54,355
8	\$69,959	\$49,990	\$14,997	\$4,972	\$54,962
9	\$70,728	\$50,540	\$15,162	\$5,026	\$55,566
10	\$71,501	\$51,093	\$15,328	\$5,081	\$56,174
11	\$72,273	\$51,644	\$15,493	\$5,136	\$56,780
12	\$73,044	\$52,196	\$15,657	\$5,191	\$57,386
13	\$73,815	\$52,747	\$15,824	\$5,246	\$57,992
14	\$74,587	\$53,298	\$15,989	\$5,300	\$58,598
15	\$75,359	\$53,849	\$16,155	\$5,355	\$59,204
16	\$76,131	\$54,401	\$16,320	\$5,410	\$59,812
17	\$76,901	\$54,952	\$16,485	\$5,465	\$60,416
18	\$77,672	\$55,503	\$16,651	\$5,520	\$61,022
19	\$78,445	\$56,055	\$16,816	\$5,575	\$61,630
20	\$79,062	\$56,496	\$16,949	\$5,619	\$62,114
21	\$79,678	\$56,936	\$17,081	\$5,662	\$62,598
22	\$80,295	\$57,377	\$17,213	\$5,706	\$63,083

Year	Defined Compensation	Base Salary & Furnishings Allowance)	Housing Value (for Benefit Calculations)	SECA	Cash Compensation
23	\$80,913	\$57,819	\$17,346	\$5,750	\$63,569
24	\$81,531	\$58,260	\$17,478	\$5,794	\$64,054
25	\$82,148	\$58,701	\$17,610	\$5,838	\$64,539
26	\$82,610	\$59,031	\$17,709	\$5,871	\$64,902
27	\$83,073	\$59,362	\$17,809	\$5,904	\$65,266
28	\$83,537	\$59,693	\$17,908	\$5,936	\$65,629
29	\$83,999	\$60,024	\$18,007	\$5,969	\$65,993
30	\$84,462	\$60,354	\$18,106	\$6,002	\$66,357
31	\$84,924	\$60,685	\$18,206	\$6,035	\$66,720
32	\$85,389	\$61,017	\$18,305	\$6,068	\$67,085
33	\$85,851	\$61,346	\$18,404	\$6,101	\$67,447
34	\$86,313	\$61,677	\$18,503	\$6,134	\$67,811
35	\$86,778	\$62,009	\$18,603	\$6,167	\$68,176
36	\$87,239	\$62,339	\$18,702	\$6,200	\$68,538
37	\$87,701	\$62,669	\$18,801	\$6,232	\$68,902
38	\$88,165	\$63,000	\$18,900	\$6,265	\$69,265
39	\$88,627	\$63,331	\$18,999	\$6,298	\$69,629
40	\$89,092	\$63,663	\$19,099	\$6,331	\$69,994

**Table 1** Shows the *Cash Compensation and Defined Compensation* for Ministers of Word and Sacrament (Pastors) for whom the congregation provides a parsonage.

## Part 1: Salary, Housing Allowance, and SECA

### SALARY

#### Definitions & Explanations:

- “Cash Compensation” is the amount of compensation actually paid to the pastor
  - Cash Compensation includes the SECA allowance
  - When no parsonage is offered, Cash Compensation will include a Housing Allowance to cover the pastor’s housing expenses.
- “Defined Compensation” is a technical term used by Portico (the ELCA benefits provider) to calculate the cost of the pastor’s pension and health care.
  - When no parsonage is offered, Cash Compensation and Defined Compensation are the same.
  - When a parsonage is part of the compensation package, Defined Compensation uses a formula to calculate the value of the parsonage for benefits.

Why so complicated? The housing that is supplied by the congregation has a value to the pastor that is not represented in his/her cash compensation. For purposes of calculating pension and health insurance, the pastor’s cash compensation is increased by a standard

formula that estimates the value of the provided 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 at retirement.

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

Pastors are considered as self-employed by the IRS and are, therefore, required to pay the full 15.3% tax for Social Security and Medicare. Congregations are asked to provide a minimum allowance that corresponds to the employer portion of social security taxes (7.65% of salary plus Housing Allowance for 2023). Congregations may further choose to provide for some or all of the remaining social security taxes (7.65% for 2023). The IRS considers any SECA as additional salary, and it should be reported as such by the congregation.

**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 should establish a Housing Equity account with Portico Benefit Services and deposit the allowance monthly with the pastor’s other benefit payments.

Year	Housing Equity (3% of Defined Compensation)	Defined Compensation
0	\$1,914	\$63,787
1	\$1,937	\$64,558
2	\$1,960	\$65,330
3	\$1,983	\$66,101
4	\$2,006	\$66,873
5	\$2,029	\$67,644
6	\$2,052	\$68,415
7	\$2,076	\$69,187
8	\$2,099	\$69,959
9	\$2,122	\$70,728
10	\$2,145	\$71,501
11	\$2,168	\$72,273
12	\$2,191	\$73,044
13	\$2,214	\$73,815
14	\$2,238	\$74,587
15	\$2,261	\$75,359
16	\$2,284	\$76,131
17	\$2,307	\$76,901
18	\$2,330	\$77,672

Year	Housing Equity (3% of Defined Compensation)	Defined Compensation
19	\$2,353	\$78,445
20	\$2,372	\$79,062
21	\$2,390	\$79,678
22	\$2,409	\$80,295
23	\$2,427	\$80,913
24	\$2,446	\$81,531
25	\$2,464	\$82,148
26	\$2,478	\$82,610
27	\$2,492	\$83,073
28	\$2,506	\$83,537
29	\$2,520	\$83,999
30	\$2,534	\$84,462
31	\$2,548	\$84,924
32	\$2,562	\$85,389
33	\$2,576	\$85,851
34	\$2,589	\$86,313
35	\$2,603	\$86,778
36	\$2,617	\$87,239
37	\$2,631	\$87,701
38	\$2,645	\$88,165
39	\$2,659	\$88,627
40	\$2,673	\$89,092

### HOUSING (FURNISHINGS) 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 the pastor will be expected to pay income taxes on that amount. The pastor must pay self-employment Social Security taxes on the full amount of the housing allowance.

Pastors who live in parsonages may experience tax savings through use of a furnishings allowance to be used for furnishings or other housing expenses not paid by the congregation. Typically, the pastor requests that a certain amount of their salary be designated by the church council or congregation as a furnishings allowance. This designation must be made prior to the tax year in which the allowance will be received, and the action must be recorded in the minutes of the meeting when the designation is approved. Pastors should seek advice from a tax professional to determine what can be included as housing expenses.

**Sample Council Resolution:** *RESOLVED: That [Name of Church] designate [ \$ amount ] of Pastor [Name of Word and Sacrament Minister]'s salary as Housing Allowance for calendar year \_\_\_\_\_*

*and that the treasurer be instructed to report that amount in Box 14 on any W-2 forwarded to the Internal Revenue Service.*

## Part 2: Expenses

### **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 business mileage reimbursement rate.); or
3. Pay the pastor a monthly allowance, which is reported to the IRS as taxable income.

**It is recommended that the congregation budget \$3,000–\$4000 per year as Automotive Expenses/Reimbursement, 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 \$400 per year as 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. The congregation may negotiate with the pastor to either:

1. Provide the pastor with a cell phone for church business, or
2. Pay the cost of the pastor's adding an additional cell phone for church business, or
3. Reimburse the pastor for the use of their personal cell phone.

**It is necessary that the congregation budget \$1200 per year — single line cost of cell service (\$100 per month) — as communication expenses.**

### **SUGGESTED INTERNET ALLOWANCE<sup>1</sup>**

The Internet is an essential piece for carrying on the ministry of the church. At least a portion of the pastor's Internet costs should be covered by the congregation. It is suggested that the congregation reimburse the pastor monthly for an agreed upon amount.

**It is necessary that the congregation budget basic internet expenses as described above or \$1080 per year.**

### **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.<sup>2</sup> 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.

## **Part 3: Benefits**

### **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.**

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<sup>1</sup> The 2021 Synod Assembly approved the 2023 Compensation Guidelines pending a cost-of-living increase. Since no other changes are permitted, an Internet Allowance is simply suggested here.

<sup>2</sup> 1997 Churchwide Assembly minutes, p 171.

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 Portico Benefit Services 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.

## Part 4: Other Considerations

### **ADDITIONAL SALARY 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 salary. Such a congregation is urged prayerfully to do exactly that.

When a **vacancy** occurs in a staff ministry the remaining rostered ministers 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 ministers' 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.

## **PERSONAL LEAVE FOR FAITH AND SABBATICAL LEAVE**

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<sup>3</sup> for guidance in planning for this special time away for faith renewal.
- Personal Leave for Faith for the purpose of 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 workweeks (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,

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<sup>3</sup> <https://southernohiosynod.org/wp-content/uploads/2021/06/personal-leave-of-faith-approved-by-synod-council-2017.pdf>

- 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,
- For bereavement Leave to grieve and heal from the loss of a family member. Because self-care is essential for rostered ministers to maintain their personal and professional health, 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 (which 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

### Budgeting Overview

<b>1</b>	<b>CASH COMPENSATION / Defined Compensation</b>	
2	Base Salary	See Table 1
3	Merit Increase	Congregations determine
4	Local Cost of Living Increase	Congregations determine
5	Additional Negotiated Salary	Congregations determine
6	SECA Reimbursement	7.65% of all salary
7	<b>Subtotal – Cash Compensation</b>	
8		
<b>9</b>	<b>BENEFITS</b>	
10	Health & Pension	Determined by Portico based on Defined Compensation
11	Continuing Education	See recommendations above
12	Professional Expenses	
13	Cell Phone Expenses	
14	Internet Expenses	
15	Automobile Expenses	
16	<b>Subtotal – Benefits</b>	
17		
18	<b>Total Compensation Package</b>	

Appendix B  
SIMPLE EXAMPLE

As an example, let us consider a congregation that is calculating the salary and cost of the ministry of a pastor who has been in ordained service for 12 years, and who has a spouse and child. Using the figures in Table 1., they would arrive at the following simple breakdown.

	Negotiated Compensation	Guideline
<b>Cash Compensation</b>		
Base Salary & Furnishings Allowance	52,196	52,196
SECA Reimbursement	5,191	5,191
<b>Subtotal - Cash Compensation</b>	<b>57,387</b>	
<b>Benefits</b>		
Housing Equity Allowance	2,191	2,191
Health & Pension	37,094	
Continuing Education	2,000	1,200
Professional Expenses	400	400
Cell Phone Expense	1,200	1,200
Internet Expense	1,080	1,080
Automobile Expenses	3,000	3,000
<b>Subtotal - Benefits</b>	<b>46,965</b>	
<b>TOTAL COMPENSATION</b>	<b>104,352</b>	

**TABLE 2: A SIMPLE SALARY STATEMENT for a Pastor (with Parsonage) with 12 years of service**

In this example, a SECA of \$5,191 has been designated and the amount actually paid to the pastor is \$57,387, as seen in Table 1.

The congregation will add \$2,191 to a Housing Equity Allowance account with Portico Benefit Services. The congregation budgeted \$2,000 to invest in its pastor’s continuing education. They chose to budget the recommended amounts for professional expenses, cell phone usage, Internet, as well as automobile expenses. 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 \$37,094. The total for the pastoral ministry budget in this congregation would then be: \$ 104,352.

## Appendix C

### Detailed Example

Though the simple example in Appendix B above is sufficient for understanding the total compensation of the pastor, further detail is needed for the **congregation's treasurer**. Below, the compensation 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.

Ln	Item	Calculations	Negotiated Compensation	Guideline	Comment
	<b>Table Calculations – Shows how guideline base salary is determined</b>				
1	Guideline Total Salary	73,044	73,044	73,044	Table 1, Year 12
2	Housing Value		15,657	15,657	Table 1, Year 12, but <u>not paid to pastor</u>
3	FICA Reimbursement (SECA)	5,191	5,191		Table 1, Year 12
4	Guideline Base Salary		52,196		Subtract Lines 2 and 3 from Line 1
	<b>Preliminary Calculations</b>				
5	Guideline Base		52,196	52,196	Table 1, Year 12 (Line 4)
6	<i>SAMPLE Furnishings Allowance</i>		3,000		<i>Negotiated Allowance—a portion of Line 5</i>
7	<b>Initial Base Salary</b>		49,196		Subtract Line 6 from Line 5
	<b>Negotiated Base Cash Salary</b>				
8	Initial Base Salary	49,196	49,196		Copied from Line 7
9	Merit Increase				
10	Local Cost of Living Adj				
11	Additional Negotiated Salary				
12	Negotiated Base Salary	49,196	49,196		Sum: Lines 8 through 11
	<b>Final Salary Calculations</b>				
13	Negotiated Base Salary	49,196	49,196		Copied from Line 12
14	Furnishings Allowance		3,000		Copied from Line 6
15	Housing Value for Benefits	15,657			30% of (Line 13 + Line 14)
16	Salary plus Housing	67,853			Line 13 + Line 14 + Line 15
17	SECA	5,191	5,191		7.65% of Line 16
18	IRS Taxable Compensation		54,387		Line 13 + Line 17
19	Furnishings Allowance		3,000		Copied from Line 6
20	<b>Total Cash Compensation paid to Pastor</b>	57,387	57,387		Line 18 + Line 19
21	<b>Total Defined Compensation</b>	73,044	73,044		Line 15 + Line 20

Ln	Item	Calculations	Negotiated Compensation	Guideline	Comment
	<b>Benefits</b>				Benefits
22	Health & Pension	37,094	37,094		Recommended: Portico Gold, 10% Retirement, using Line 19
23	Housing Equity Allowance	2,191	2,191		Housing Equity Allowance if deferred to account
24	Continuing Education	2,000	2,000	1,200	An additional \$800 provided
25	Professional Expenses	400	400	400	
26	Cell Phone Expense	1,200	1,200	1,200	
27	Internet Expense	1,080	1,080	1,080	
28	Automobile Allowance	3,000	3,000	3,000	
<b>29</b>	<b>Total Benefits</b>	<b>46,965</b>	<b>46,965</b>		
<b>30</b>	<b>Total Compensation</b>	<b>104,351</b>	<b>104,351</b>		<b>Line 20 + Line 29</b>

**TABLE 3: DETAILED SAMPLE CALCULATION for a Pastor (with Parsonage) with 12 years of service.**

**Notes:**

**SECA** is based on Negotiated Base Salary (Line 13) + Furnishings Allowance (Line 14) + Housing Value for Benefits (Line 15)

**Taxable Compensation:** Negotiated Base Salary (Line 13) + SECA (Line 17)

**Defined Compensation:** Portico uses this figure to calculate Health and Retirement benefits: Negotiated Base Salary (Line 13) + all Housing Allowances (Lines 14 + 15) + SECA (Line 17)

A few comments on this example. Yes, a *Housing Value* 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 is this? 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 the value of the housing. The *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 Compensation* figures 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 Value*. As housing is tax deductible for ordained ministers, the *Taxable Compensation* is also the *Defined Compensation* minus the *Housing Value*. This taxable income is also identical from congregation that follows guidelines to another, parsonage or not. 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 at retirement.