

THE PRESBYTERY OF ELIZABETH
 Compensation Committee of the Committee on Ministry
 Recommendations regarding Compensation for 2010

November 17, 2009
SECOND & FINAL READING

I. MINIMUM TERMS OF CALL FOR FULL TIME ORDAINED PERSONNEL

The Committee on Ministry, through its Compensation Committee, recommends the following minimum terms of call for ordained personnel during 2010. These terms reflect no change in effective salary nor in total package from 2009. If churches are concerned about meeting these minimums, please contact any member of the Compensation Committee.

	2010	2009	2008
A. EFFECTIVE SALARY/PENSION BASE	\$51,251	\$51,251	\$49,758
B. PENSION/ MEDICAL (31.5% OF A) *	\$16,144	\$16,144	\$15,674
C. TRAVEL/PROFESSIONAL REIMBURSEMENT	\$3,000	\$3,000	2,500
D. VACATION LEAVE WITH PAY	One Month	One Month	One Month
E. CONTINUING EDUCATION LEAVE	Two Weeks	Two Weeks	Two Weeks
F. CONTINUING EDUCATION ALLOWANCE	\$1,800	\$1,800	1,700
TOTAL PACKAGE	\$72,195	\$72,195	\$69,632

* (See explanation below in B.1.)

ELEMENTS OF THE CALL:

A. EFFECTIVE SALARY/PENSION BASE

1. Effective Salary/Pension Base includes cash salary plus housing and utilities. Housing is either the fair rental value of the manse as determined by a real estate appraisal or a housing allowance negotiated between the pastor and the congregation. In no case shall the housing allowance be less than 33% of the cash salary. In order to permit flexibility, no minima are suggested for utilities or other benefits, but the total must meet or exceed a total effective salary/pension base of \$51,251. The total effective salary/pension base is used to calculate the payment to the Board of Pensions.
2. **A minister living in a manse shall have a minimum cash salary in 2010 of \$34,337 (\$34,337 in 2009) PLUS FULL UTILITIES.** Whether the utilities are paid directly by the church or the minister receives money for utilities, the amount is taxable income.
3. Utilities are defined as heat, light, gas, water, and basic telephone service.
4. Housing must be determined prior to approval of the call by the Committee on Ministry.
5. Other financial benefits in the name of the pastor may be added and may or may not be included in pension calculations. Deferred compensation held in the name of the church need not be included in pension computations.
6. **Pastors serving as Interims should be compensated at a level of within 10% of the previous pastor's cash salary, provided the years in ministry and experience as an Interim are comparable.**

RECOMMENDATION FROM COMPENSATION COMMITTEE:

1. Pastors who have worked within a given church for a period of ten (10) years should be considered eligible for a 5% increase over and above the agreed upon increase for salary scales. (5 yrs. of continuous service = 2.5%)
2. Sessions and congregations should consider an increase in allowances as a means to increase effective salary. Congregations are also encouraged to explore the feasibility of such plans as the Flexible Spending Plan to assist in payments of medical deductibles, medical co-payments, childcare and/or elder care.

THE PRESBYTERY OF ELIZABETH

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November 17, 2009

Page 2

B. PENSION/ MEDICAL

1. The Board of Pensions requires a percentage of the TES (Total Effective Salary) for pension and medical dues payment. The 2010 percentage will be comprised of 11% for Pension, 19.5% for Medical coverage, and 1% for Death & Disability coverage for a total of 31.5%.

C. TRAVEL/ PROFESSIONAL REIMBURSEMENT

1. The Travel and Professional Reimbursement covers professional expenses paid by the church. Churches should adopt *Accountable Reimbursement Plans* whereby clergy are reimbursed for properly documented professional expenses. An *Accountable Reimbursement Plan* describes a plan that reimburses an employee for the employee's expenses of carrying out duties benefiting the employer. Such a plan must be administered by the church and will require record keeping by the pastor, use of vouchers supported by receipts and contemporaneous records, and following applicable Federal rules of reimbursement for expenses. Professional travel is reimbursed and documented in the same manner. They should be part of a reimbursement policy.
2. The auto use reimbursement may be actual expenses or the IRS mileage rate. The IRS allowance for business use of personal vehicle in 2009 is 55 cents per mile. The rate for 2010 is to be determined. **If the IRS business mileage rate is used, we suggest that the agreement not include the specific rate, as the IRS often changes the rate more than once in a particular year.**
3. Travel expenses not reimbursed by the church should be claimed as an income tax deduction. (Form 2106).

D. VACATION LEAVE WITH PAY

1. One-month vacation consists of thirty-one (31) days including five (5) Sundays.

E. CONTINUING EDUCATION LEAVE

1. Two weeks Continuing Education Leave consists of fourteen (14) days including two (2) Sundays.
2. Continuing Education Leave may be accumulated, with Session approval.
3. Time absent for Continuing Education Leave is paid as part of salary and does not extend or augment a call.

F. CONTINUING EDUCATION LEAVE ALLOWANCE

1. Continuing Education Leave Allowance is an Accountable Reimbursement item and includes the extra costs incurred for Continuing Education such as tuition, materials, travel and lodging.
2. Continuing Education Leave Allowance may be accumulated, with Session approval.

NOTE: Sabbatical leave is to be viewed as separate from regular vacation time, but in a given year may be combined with continuing education leave. During the sabbatical leave, the Pastor might not receive travel or continuing education reimbursement. (See Presbytery of Elizabeth *Guidelines for Sabbatical Leave*).

II. OPTIONAL ELEMENTS OF THE TERMS OF CALL

Medical Coverage for pastor(s) for medical expenses not covered by the Medical Plan of the Board of Pensions is optional. Such a benefit can be provided in different ways including self-insurance, the purchase of supplemental coverage, a Section 125 Plan (Cafeteria Plan, Flexible Spending Account, Salary Reduction Plan), or a Section 105 Plan. Each of these ways of providing benefits has implications with

THE PRESBYTERY OF ELIZABETH

Compensation Committee of the Committee on Ministry

Recommendations regarding Compensation for 2010

November 17, 2009

Page 3

respect to the calculation of IRS Withholding Tax, SECA tax, and Effective Salary for the Board of Pensions. Regulations regarding the provision of benefits equally for all employees must also be observed. Churches considering the provision of a supplemental medical benefit may wish to consult with a qualified tax advisor and with the Committee on Ministry Compensation Sub-Committee for further information.

Social Security Offset is intended to compensate pastors for the additional tax collected from them because they pay the self-employment tax which is calculated at 7.65% of item A, (\$3,921 for 2009), is fully taxable, and is not included in the Effective Salary. Clergy are considered self-employed by the Social Security Administration and are required to pay 15.3% of their salary. The Social Security Offset allowance, though taxed as income, alleviates this considerable tax burden. Social Security Offset allowance is not part of the calculation for pension/medical purposes.

Mortgage “Buy Downs” are extended by some churches that do not offer a manse. These creative mortgage arrangements are intended to offset the high cost of housing in the Elizabeth Presbytery. Such arrangements have implications with respect to the calculation of IRS Withholding tax, SECA tax, and Effective Salary computations for the Board of Pensions. Churches considering the provision of creative mortgage arrangements should consult with a qualified mortgage advisor. The Mission Investment Fund managed by the Trustees of the Presbytery of Elizabeth can provide bridge loans for clergy needing cash for down payments on homes or for congregations helping pastors obtain affordable housing.

Retirement Escrows or Annuities held in the name of the pastor or the church are additional allowable benefits.

Seminary Debt Assistance Policy

When a congregation with fewer than 150 members and an annual budget of \$150,000 or less calls a pastor in the first seven years of their ministry to a full-time position and the pastor has a college or seminary debt to pay, the pastor is eligible to receive a grant up to \$2,500 a year for 4 years. This additional compensation is provided by the Board of Pensions under special circumstances and is limited to the time there are funds available for this purpose. Applications must be made through the presbytery.

III. PULPIT SUPPLY FEE

The minimum fee for Pulpit Supply shall be \$200 with \$50 for each additional service on the same day.

IV. MODERATOR FEE

Any Clergy or Elder assigned or invited pursuant to Book of Order section G-10.0103 to moderate Session or Congregational meetings in the absence of the pastor shall be paid by the host church at the rate of \$100 per meeting.

First Reading: September 22, 2009

Second Reading: **November 17, 2009**

Questions regarding the content of these terms should be submitted to one of the following Compensation Sub-Committee members:

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