



National Capital  
PRESBYTERY  
MISSIONAL · PASTORAL · PROPHETIC

# 2019 COMPENSATION AND PERSONNEL POLICIES FOR PASTORS

# **2019 COMPENSATION AND PERSONNEL POLICIES FOR PASTORS National Capital Presbytery**

These policies have been developed as a means of providing a uniform set of compensation and personnel policies to guide the Sessions of National Capital Presbytery in their relationships with their pastors. These policies are required for all installed Pastors, Associate Pastors, Organizing Pastors, Stated Supply Pastors, Associate Stated Supply Pastors, Interim Pastors and Interim Associate Pastors. These policies provide a compensation guideline for all other pastoral relationships. Annual calculations of minimum compensation requirements are set out in the Appendix. An executive summary provides an overview of the required elements in the policy.

These policies were developed at the request of the Coordinating Team of Committee on Ministry by special task force. COM reviewed and amended this policy in 2016.

In the policies the term "pastor" includes all ministers of the Word and Sacrament serving National Capital Presbytery congregations.

Where the terms "is", "required", "shall", or "will" appear, this shall be understood as mandatory. Where the term "may" appears, this shall be understood as suggestive only.

In those circumstances where a congregation does not have a personnel policy or session records which specify personnel decisions and the Committee on Ministry is required to adjudicate discrepancies between the Session's understanding and the Pastor's understanding, the COM will be inclined to regard the recommendations found in this document as being operative for the particular church.

**Originally Approved  
June 27, 2006  
Amended June 13, 2013  
Amended January 28, 2014  
Amended September 5, 2017  
Amended September 25, 2018**

## TABLE OF CONTENTS

		<b>Page</b>
I.	Salary.....	4
II.	Part time Pastorate.....	5
III.	Housing.....	6
IV.	Relocation Assistance.....	8
V.	Professional Expenses.....	8
VI.	Self-Employment Tax /Social Security.....	8
VII.	Pension-Major Medical.....	10
VIII.	Medical Reimbursement.....	10
IX.	Maternity-Paternity Leave.....	11
X.	Sick Leave.....	11
XI.	Disability Benefits.....	11
XII.	Worker’s Compensation.....	11
XIII.	Travel and Auto Expenses.....	11
XIV.	Performance Evaluation.....	12
XV.	Study Leave.....	12
XVI.	Sabbatical Leave.....	13
XVII.	Vacation.....	13
XVIII.	Weekly Time Off.....	14
IXX.	Holidays.....	14
XX.	Pulpit Supply Fee.....	14
XXI.	Moderating Session Meetings and Other Services .....	14
XXII.	Fees for Baptisms, Weddings, Funerals/Memorial Services and Counseling.....	14
XXIII.	Savings Plans and Annuities.....	14
XXIV.	Appendix.....	15

## INTRODUCTION

The called relationship between pastor and congregation is a unique employment situation. Presbyterian calls occur between pastors and congregations who have discerned God's direction in creating a relationship of mutual ministry, and who have had that call validated and affirmed by the presbytery. Like other members of the Body of Christ, pastors are called to be servants of God. God calls pastors into service in a variety of settings each of which, when faithfully discerned, ought to be honored regardless of size or wealth of the congregation or specialized ministry. At the same time, faithful discernment of a call includes a practice of good stewardship of the resources of the whole of the denomination, not solely consideration of the preferences of a particular congregation. The connectional nature of Presbyterian call, and its initiation by God, preclude a purely economic or marketplace approach to the topic of compensation for pastors.

## BASIC CONSIDERATIONS

When a pastor is called to a church, the local church, in the Call, promises the pastor a fair salary so that the pastor may "devote herself/himself full time to the ministry of the Word among us." The Session further promises and obligates itself "to review annually the minister's terms of call and shall propose for congregational action such changes as the session shall deem appropriate, provided that they meet the presbytery's minimum requirements." (Book of Order, G-2.0804).

This review shall be recorded in the Session and Congregation minutes. (Book of Order, G- 1.0503c). The Session Records Committee will note compliance in their annual review of Session minutes.

Please note the following considerations:

- 1) The church needs to recognize that the typical Presbyterian pastor has completed training equivalent to other professional graduate degrees.
- 2) Many pastors come from seminary carrying heavy tuition indebtedness. In such circumstance committees calling pastors should discuss with them the implication for repaying these loans and how that fits into proposed salaries.
- 3) Sessions of our Presbytery should recognize that the cost of living in the presbytery is among the highest in the nation.
- 4) Sessions must stress the importance of adequate stewardship by all members of the church to sustain a fair salary for the pastor. They should not make the pastor carry the burden of poor congregational stewardship.
- 5) Pastors affirm that their calls are calls to service and not for financial gain. There is a balance that pastors and churches must maintain between what is needed for the pastor to work in the ministry of the church, and what the local church can support.
- 6) The goal of the Presbytery policy is to provide every pastor with an adequate salary by which they can live in this area and be able to retire after 40 years of service to the church with adequate resources to see them to their life's end. These salary requirements are designed to place particular rules in place which will accomplish this particular goal.

Other creative approaches can certainly be considered for approval by the Committee on Ministry, however ordinarily the Committee on Ministry will follow these particular standards and will not approve salary packages that do not minimally meet these standards.

- 7) Sessions may request an exemption to any of these standards from the Congregational Transitions Commission.

## **I. SALARY**

The minimum salary for pastors working full time (40-50 hours a week) is 61.6% of the church-wide median effective salary as computed by the Board of Pensions. Part time pastors, those employed for 20 or more hours per week, may be prorated. This applies to both installed and temporary pastoral positions.

The median effective salary as calculated by the Board of Pensions can be found at <http://www.pensions.org>. To understand the Board of Pensions definition of “effective salary” refer to “Understanding Effective Salary” at: <http://www.pensions.org/AvailableResources/BookletsandPublications/Documents/pln-103.pdf#search=effective%20salary>

***Rationale:*** *The church-wide median effective salary includes housing which is computed by the Board of Pension formulas to be 30% of the salary. National Capital Presbytery’s minimum cash salary is 80% of the church-wide median effective salary less housing. This is, in effect, 61.6% of the church-wide median effective salary including housing. See Item 3 in the Appendix for a step-by-step guide to this calculation.*

### **GUIDELINES FOR SALARY LEVELS**

- 1) Each year when the data is available the Committee on Ministry communicates a minimum salary level generated by the formulas in this policy for all full-time pastors for the coming year. It is recommended that no salary be below this level. These standards shall be posted on the Presbytery website and updated annually (see Appendix for annual changes).
- 2) Annually the Committee on Ministry approves changes in every pastor’s terms of call and publishes a compensation report on range of pastor salaries within the Presbytery. This report is the “Salary Range Report” and can be found at this link: [https://www.thepresbytery.org/application/files/2815/0239/0488/2017\\_Pastor\\_Salary\\_Range\\_report.crFNL.pdf](https://www.thepresbytery.org/application/files/2815/0239/0488/2017_Pastor_Salary_Range_report.crFNL.pdf).
- 3) Part-time pastor compensation shall be proportional to the hours worked, based upon a 40-50-hour work week.
- 4) Normally church professionals, such as pastors, work 40-50 hours per week. If more time is required in a given week, additional time off may be taken during the following week. For the health and well-being of both the pastor and the congregation, attention shall be given to a proper work-life balance.
- 5) For retired minister-members already receiving BOP pension benefits, the church omits the BOP coverage from this calculation, but is required to pay the Board of Pensions required 12% post-retirement service dues if working

20 hours per week or more.

### **TAX REPORTING REQUIREMENTS**

Pastors have a dual tax status. For federal income taxes, pastors are ordinarily considered employees, but for social security purposes they are self-employed with regard to services performed in the exercise of their ministry. An IRS form W-2 should then be issued by the church for pastoral services (see additional tax resources referenced in the Appendix).

Pastors in manses are alerted that the fair market rental of the manse is included in the Social Security (FICA) salary amount. This can exceed the 30% amount added to calculate the BOP effective salary. Consult your tax advisor in this regard.

## **II. PART TIME PASTORATE**

Part-time (less than 20 hours per week) Temporary Positions (non-Installed Pastors)  
All pastors in the NCP will be provided BOP benefits if working 20 hours or more per week. This applies to both installed and temporary positions. Exceptions must be approved by the Congregational Transitions Commission.

- 1) **Non-installed** Teaching elders working less than 20 hours per week are not eligible to be included in the ordinary **BOP Benefits plan**. All installed pastors are required to be in the BOP plan regardless of the number of hours worked. Minimum BOP dues may apply.  
<http://www.pensions.org/MembersAndEmployers/TreasurersandAdministrators/Pages/DeterminingEligibility.aspx>
- 2) The minimum hourly rate to be used for all contracts of less than 20 hours shall then be the total minimum salary [1. effective salary, 2. BOP family coverage benefits amount (currently 38%) plus 3. The FICA offset] divided by 2200. See the appendix for this calculated amount for the current year. This shall be recalculated annually according to this formula.
- 3) No paid days off, vacation or study leave time are required. Any time off, vacation or study leave would be arranged on the pastor's non-working time. No sick leave would be accrued. The pastor shall have at least 6 Sundays off annually (unpaid) during which the church shall make other arrangements for worship leadership. Short-term contracts will allow one unpaid Sunday off for every two months served.
- 4) Any benefits the pastor chooses to take may be represented as a corresponding reduction of compensation at this hourly amount (medical, 403b, dental, etc.). Any reasonable amount (up to the full cost of housing) can be designated as housing allowance for the tax benefit of the pastor. This needs to be noted in the Session's minutes and reported to the Presbytery.
- 5) Any amount of time over and above the agreed upon hours to be worked by the pastor shall be paid at this hourly rate over and above the ordinary hourly agreement amounts. This additional work time shall be approved by the Session or by whomever the Session appoints to have this authority.

- 6) While this is the minimum amount to be paid, nothing in this standard prevents negotiations which would exceed these standards between a pastor and a Session.
- 7) Professional travel expenses shall be reimbursed at the IRS rate.

### III. HOUSING

The goal of a housing allowance is to provide (a) a means for adequate housing for the particular pastor and (b) sufficient resources whereby the pastor may be able to own a home (not necessarily in this area) after 40 years of service. Such arrangements should be designed for maximum tax advantage available to the pastor. Housing and salary are separate aspects of a pastor's call for tax purposes.

- 1) In the case of a pastor living in a manse with paid utilities, the church shall (a) place funds in a separate fund (deferred equity allowance, 403b, etc.) an amount of 1/40<sup>th</sup> of the "median house cost" or (b) pay the pastor/educator additional salary if the pastor has a long-term housing plan. The "median house cost" is established to be latest annual reported US median sales price of existing single-family homes for metropolitan areas as calculated by the National Association of Realtors. This information is available at <http://www.realtor.org>

OR

- 2) In the case of a pastor not living in a manse, the church shall pay the pastor a housing allowance
  - i. equal to or exceeding the median fair market rent as calculated by HUD for a three-bedroom intermediate rent in the church zip code (or an adjacent zip code not more than five miles from the church) for the Washington-Arlington-Alexandria, DC- VA-MD HUD Metro FMR Area. The HUD calculated Fair Market Rent for three bedrooms can be found at: <http://www.huduser.org>
  - ii. Utilities at 25% of this HUD FMR for three bedrooms.

Presbytery staff will generate this minimum salary amount for each congregation on request.

Creative housing alternatives such as equity sharing or investments are possible to help a pastor afford to live in the area. The only requirement in this regard is that the risk and the reward of such arrangements be proportionately shared between the pastor and the congregation or calling agency in the judgment of the Committee on Ministry. All equity sharing, investment agreements or other agreements related to housing are subject to the approval of the Committee on Ministry. Contact the Presbytery office for help with these matters.

The Presbytery has prepared an Excel worksheet for calculating salary and comparing to minimum standards. This worksheet is available upon request by email attachment. Contact Colette Ramm at: [cramm@thepresbytery.org](mailto:cramm@thepresbytery.org).

### IMPORTANT CONSIDERATIONS

- 1) The Session's Personnel Committee is encouraged to recognize housing costs in the Washington, DC, metro area are among the

- highest in the nation, both for rental and purchase.
- 2) There is great value in having the pastor living within and identifying with the same parish community in which most of the members live. The Session's Personnel Committee needs to think through carefully the question of what is equitable for a pastor and family to live within the geographical parish area.
  - 3) Most housing costs now consume more than 40% of the total family income.

### BASIC GUIDELINES

- 1) Under the Internal Revenue Code, an ordained pastor may exclude a housing allowance from income for tax purposes, if it is designated *in advance* and paid as part of compensation when that allowance is used for:
  - a. Rent of a home, or
  - b. Purchase of a home, including down payment, mortgage, legal fees, fees for searching the title, installment payments, interest, taxes, fire and home liability insurance premiums, repairs, etc., and
  - c. Expenses for maintaining a home (other than for costs of food) such as utilities, furnishings, repairs, and landscaping.
  - d. The Internal Revenue Service has ruled that an ordained pastor may exclude from her/his gross income "only an amount equal to the fair rental value of the home, including furnishings and appurtenances such as garage, plus the cost of utilities" or can exclude "the amount of compensation used for: (1) furnishings, running expenses and real estate taxes to the extent they do not exceed the fair rental value, and (2) utilities."
- 2) Prior to the last session meeting of each year, each pastor shall complete and submit to her/his Personnel Committee a request for an appropriate housing allowance for the coming year. Based upon this data the Personnel Committee and the Session will approve specific amounts to be designated for housing allowance for the up-coming year for each pastor. This action shall be recorded in the Session minutes subject to approval by the congregation.
- 3) If the total amount designated for housing allowance is not fully used for housing it is the pastor's responsibility to include the balance as gross income in computing tax liability for the year in which it is received.
- 4) If the church provides a manse, it shall be in good repair and large enough for the pastor's family needs. There should be a committee of the Session to work with the pastor to see that the manse is well maintained.
- 5) If a manse is provided, the Board of Pensions requires an amount be added to effective salary for the calculation of dues. This is normally calculated at 30% of cash salary though a higher percentage may be indicated in this presbytery.
- 6) The Session should encourage pastors occupying manses to check with their tax advisor on the impact this may have on their taxes. Though the BOP considers 30% of cash salary as the value of the benefit, the IRS may look instead at market rate rent.

#### **IV. RELOCATION ASSISTANCE**

The National Capital Presbytery requires congregations to pay the cost of all actual moving expenses (item “a.” below). The Presbytery recommends congregations extend reimbursement for items. b. through h. below.

- a. moving costs up to a limit of 12,000 pounds of packing and crating household goods and personal effects
- b. in-transit insurance
- c. temporary storage up to a limit of one year
- d. moving costs for one personal car
- e. house hunting travel expenses for the pastor and spouse (or partner) (one round trip covering a period not to exceed 5 days) including lodging and meals
- f. transfer travel expenses for final trip of the family (based on air travel)
- g. temporary housing expenses at the new location (not to exceed 30 days)
- h. If the church reimburses the pastor for the cost of selling old residence, cost of buying or leasing new residence and/or terminating old lease (up to \$4,000), it is a taxable reimbursement.

The expenses noted in “h.” above include attorney’s fees, escrow fees, appraisal fees, real estate agent’s commissions, title costs, and “points” paid for service other than interest. Consult with your tax advisor about which, if any, of these reimbursements are deductible.

#### **V. PROFESSIONAL EXPENSES**

Many pastors experience professional costs other than car expenses and study leave expenses. Sessions may want to establish a separate "professional expense" category which could include such items as:

- 1) Attendance at Presbytery, Synod, General Assembly,
- 2) Attendance at professional conferences and continuing education events,
- 3) Books and professional journals which are used as essential tools for ministry,
- 4) Administrative costs for such items as meetings, special retreats and personnel expenses for the staff when involved in carrying out their duties.

Congregations may choose to combine Continuing Education, Professional Expenses and Travel expenses into one-line item or in separate line items. IRS regulations require that these expenses be vouchered for reimbursement. Any expenses that are not vouchered are subject to taxation.

#### **VI. SELF-EMPLOYMENT TAX/SOCIAL SECURITY**

- 1) Pastors are considered by the Internal Revenue Service as "self-employed" for Social Security purposes, and therefore the entire Social Security tax is to be paid by the pastor. This is referred to as "Self-Employment Tax".
- 2) The base upon which a pastor pays Self-Employment Tax (Social Security) includes:
  - a. Cash salary

- b. Housing allowance and utilities
  - c. Other income
- 3) Since the pastor is self-employed, the church cannot withhold Social Security tax from the pastor's compensation. All congregations in National Capital Presbytery shall pay 7.65% of the BOP effective salary as a social security off-set to their pastors.
- 4) A pastor's social security off-set can be paid
  - a. in regular installments with other pay,
  - b. in quarterly portions corresponding to IRS deposit requirements (immediately prior to April 15, July 15, September 15, January 15); or
  - c. the pastor may direct the social security offset be included in the form of excess withholding tax.
- 5) 100% of any self-employment tax reimbursement amount paid to the pastor must be added to the total salary upon which income taxes and Self-Employment Taxes are to be paid. (include in line 1 of W-2 form)
- 6) For current rates and earnings limits for Self-Employment tax, contact the local Internal Revenue Service office.
- 7) Some pastors have filed with the Internal Revenue Service to be exempt from Social Security payments. It should be noted:
  - a. Participation in Social Security is now obligatory unless one objects to participation by reason of religious principle or conscience. Financial considerations are not a legal basis for waiving participation (i.e. feeling that one would be financially ahead by investing in another program.)
  - b. A member of the Presbyterian Pension Plan who does not participate in Social Security and is not eligible for Medicare Part A and Part B will not be eligible for the Board's Medicare Supplement coverage after retirement.

## VII. PENSION-MAJOR MEDICAL

The Call of each pastor requires that she/he shall be enrolled in the Board of Pension's pension and major medical plan of the Presbyterian Church (USA). Details of the plan can be found at [www.pensions.org](http://www.pensions.org).

The Board of Pensions calculates "Effective Salary" as the sum of these items:

- a. -----→ *Annual Cash Salary*
- b. -----→ *Housing Allowance*
- c. -----→ *Deferred Compensation*
- d. -----→ *Utility and Furnishing Allowances*
- e. -----→ *Bonuses, Unvouchered Allowances, Gifts from Employer*
- f. -----→ *Other Allowances (e.g., medical deductibles, SECA allowances in excess of 50% of estimated obligation, etc.)*
- g. -----→ *Manse amount (must be at least 30% of lines a-f for Members who qualify for the IRS housing allowance exclusion)*

These items are defined carefully on the Board of Pension instructions. ([www.pensions.org](http://www.pensions.org))

Failure to make the required payment seriously jeopardizes the pastor's retirement benefits. Aid-receiving churches which are in arrears two quarters or more, will have pension dues deducted from their monthly check.

The percentage of dues paid on the pastor's total salary is established by the Board of Pensions.

If the church pulpit is vacant due to the departure of a pastor, there is a fixed percentage established by the Board of Pensions which shall be remitted. This is referred to as Vacancy Dues and is currently 12% on the salary of the person last holding the now vacant position and payable for one year. Churches which are in arrears in vacancy dues or pension payments, will not be allowed to call an installed pastor. Under some circumstances these dues can be waived. Refer to [www.pensions.org](http://www.pensions.org). Such a request requires the approval of the COM.

Churches employing retired pastors should check with the Board of Pensions regarding required post-retirement payments.

All local churches and pastors should have a copy of the **Terms of the Benefits Plan of the Presbyterian Church (USA)**. This may be secured from the Board of Pensions.

Pastors are reminded that a Board of Pensions Service/Salary Change form (ENR-111) be completed any time there is a change in the terms of call.

## VIII. MEDICAL REIMBURSEMENT

Because the Major Medical Plan of the Board of Pensions does not fully reimburse a pastor for medical expenses, many churches have established a medical reimbursement fund upon which the pastors and their families/partners may draw each year. (Referred to as a "Cafeteria 125 fund," some IRS rules apply.) If a church wishes to follow this practice, the amount of the fund shall be established annually.

as a part of the annual compensation review. The fund shall be used only for the same type of deductibles which are covered by the Major Medical Plan of the Board of Pensions and other qualified medical and child care uses defined by IRS rules.

## **IX. MATERNITY-PATERNITY LEAVE**

In addition to other benefits, a session is encouraged to consider the inclusion of maternity and/or paternity leave in their personnel policies for all staff. Churches are required to address whether Maternity/ Paternity benefits are included in the church's Personnel Policies or in Session minutes. Churches can consult the National Capital Presbytery Personnel Policies if they care to see a sample policy in this regard.

## **X. SICK LEAVE**

The congregation shall provide at least 12 days of sick leave annually which can be accumulated up to 90 days total. Ordinarily, earned-but-not-used sick leave is forfeited at employment termination without compensation.

## **XI. DISABILITY BENEFITS**

If a pastor remains disabled by illness or injury after exhausting all accumulated paid sick leave benefits, the pastor will also be entitled to the following:

- 1) A pastor is eligible for disability benefits as a participating member of the Benefits Plan of the Presbyterian Church (USA). Disability benefits commence after 90 days of disability. See [www.pensions.org](http://www.pensions.org). Disability benefits (Board of Pensions and Social Security together) equal 60% of the pastor effective salary on the date disability began.
- 2) Churches are responsible for the pastor compensation for the first 90 days of disability. This should include pay for unused sick leave.
- 3) Refer to a particular state's disability statutes to ensure compliance.
- 4) For current information on disability benefits, contact the Board of Pensions area representative.

## **XII. WORKER'S COMPENSATION**

Consult local regulations regarding requirements in this regard.

## **XIII. TRAVEL AND AUTO EXPENSES**

A pastor work includes much travel for hospital and home visitations, as well as travel for governing body responsibilities. These travel costs shall be reimbursed as part of the terms of the Call to the pastor. Auto expenses are not to be added to the W-2 form if the reimbursement is done in accordance with an accountable reimbursement plan, but each pastor must account to the church for travel expenses.

Auto expenses are constantly increasing, and such reimbursements should reflect this. It is recommended that the current IRS mileage rate be established as the amount reimbursed. Reimbursement more than the IRS mileage rate, must be added to the pastor's W-2 as additional compensation.

As mentioned above in "Professional Expenses", Travel expenses, Continuing Page | 11

Education Expenses and Professional expenses may be combined into the same line item in the church's budget or as separate line items.

#### **XIV. PERFORMANCE REVIEW**

Every pastor shall have an annual performance review with the Session itself or the Session's Personnel Committee

The Session is also required by the **Book of Order** (G-2.0804) to review the adequacy of the pastor(s) salary. It is recommended this be done at a time separate from the performance review with several months between the two evaluations.

Such evaluations should be supportive and encouraging to help the effectiveness of the pastor. Criticism should be constructive. It is to be remembered that people function better under proper encouragement. The Committee on Ministry stands ready to aid any session in this regard.

Each church shall have a current job description for each pastor, against which the pastor may be evaluated for work completed and effectiveness of her/his ministry.

Evaluation tools may be secured from the Presbytery office.

#### **XV. STUDY LEAVE**

A study leave of at least two weeks per year (14 days including normal days off – see appendix for calculation examples) shall be provided for all full-time pastors as part of the terms of Call. This includes two Sundays. Normally the study leave should be taken each year. The study leave may be accrued up to six weeks (three years). Unused study leave funds may be accumulated up to three years. Contact the Presbytery office or see the appendix for the minimum study leave allowance

The purpose of the study leave is to enhance the professional abilities of the pastor which shall be mutually beneficial to both the pastor and the church. The goal is for self- development in the work of ministry and not for vacation, recreation, or leisure.

Study leave should equip a pastor for the work not only in the local church, but the whole Church. Hence a study leave may have immediate and direct relevance broader than the current pastoral position.

Each pastor shall present the plans and rationale for each study leave to the Session for discussion, approval, and the timing of the leave.

In the event of termination of service, any accumulated study leave time and allowance shall be forfeited. Pay in lieu of this study leave will not be provided.

A written report of each study leave shall be given to the Session at the next meeting following the conclusion of the study leave.

Provision must be made in planning the study leave to cover the pastor's work during the absence.

## **XVI. SABBATICAL LEAVE**

To enable pastor to devote significant time to their spiritual, technical or professional development, sabbatical leave may be granted within the following guidelines:

- 1) Ordinarily, the pastor must have completed six (6) years of credited service in the local church, with the sabbatical leave to be taken in the seventh year of ministry. At the discretion of the session, sabbatical leave may be granted earlier.
- 2) At least six years must have elapsed since any previous extended sabbatical leave.
- 3) A written plan with identified goals must be approved by the Session and by the Presbytery Committee on Ministry. This must be done long enough in advance so that budget and staff needs will be met.
- 4) Ordinarily the length of sabbatical leave will be three (3) months. Earned vacation within a particular year or accumulated study leave from previous years can be added to the sabbatical time with the approval of the session.
- 5) The local church may, but is not required, to be financially responsible for the pastor's expenses of sabbatical leave to a degree greater than the standard and accrued professional allowances.
- 6) It is recommended that the congregation reserve 4% of the amount of the pastor's annual salary package every year in a separate fund to accommodate additional leadership costs when the pastor is on Sabbatical leave. This amount is not a salary reduction.

## **XVII. VACATION**

- 1) A vacation with pay is provided for all pastors. It is a necessary time of rest, refreshment, and relaxation for health and work performance.
- 2) It is the responsibility of the Personnel Committee and the pastor to see that vacation time is used annually in order to have an effective ministry.
- 3) Vacation is to be kept separate from study leave, attendance at conferences, or weekly days off and sabbatical leave.
- 4) Pastors are encouraged to take vacation in a large enough block of time (at least one week) for the refreshment which is necessary for effective renewal.
- 5) Pastors in National Capital Presbytery shall have as part of their Call at least four weeks of vacation. This is to be defined as four times the number of working days in a standard work week. This includes four Sundays. (see appendix for example calculations)
- 6) The church is encouraged to provide one personal weekend in addition to the annual vacation.
- 7) The church shall be financially responsible for coverage of all pastoral functions including preaching.
- 8) The Presbytery encourages that up to but no more than 10 days of vacation time be rolled from one year into the next calendar year. The annual refreshment from vacation comes only if the pastor takes the vacation regularly. Excessive accumulation of vacation time does not provide for that regular refreshment. Unused vacation benefits are payable in full to the date of the dissolution of the call.

## **XVIII. WEEKLY TIME OFF**

- 1) Pastors are expected to take at least one full, uninterrupted day off each week.
- 2) When there has been an unusually heavy week, pastors are encouraged to take an extra day off during the next week to compensate. This is not considered a vacation day.
- 3) The Committee on Ministry of the Presbytery considers a normal pastoral week to be 40- 50 hours.

## **XIX. HOLIDAYS**

- 1) Churches shall provide the following paid holidays:
  - ✓ *New Year's Day*
  - ✓ *Martin Luther King, Jr. Birthday*
  - ✓ *President's Day*
  - ✓ *Easter Monday*
  - ✓ *Memorial Day*
  - ✓ *Independence Day*
  - ✓ *Labor Day*
  - ✓ *Thanksgiving Day and the following Friday*
  - ✓ *Christmas Day and the day after*
- 2) If a pastor works on a designated holiday, another day shall be recognized as a day off.
- 3) When a holiday falls on a Saturday or Sunday, it shall be observed as a holiday on the nearest Friday or Monday respectively.
- 4) When a holiday occurs on a pastor's day off, it may be observed either the day before or the day following.

## **XX. PULPIT SUPPLY FEE**

- 1) The church shall establish an adequate budget reserve to cover the costs of a substitute for the pastor when required during periods of vacation, study leave, and other absences.
- 2) A guest preacher shall be reimbursed for travel expenses in addition to a minimum honorarium of \$200.00.
- 3) A guest preacher shall be paid a minimum of \$50 for each additional worship service.

## **XXI. MODERATING SESSION MEETINGS AND OTHER SERVICES**

The minimum hourly rate set by the formula in Section II. 2. of this document shall be paid to guest ministers for moderating the Session, pastoral care coverage during vacations, sabbaticals, and any other agreed upon pastoral services provided in the absence of an installed or temporary pastor of a congregation. The amount of the minimum hourly rate for the current year can be found in the appendix (Section XXIV).

## **XXII. FEES FOR BAPTISMS, WEDDINGS, FUNERALS/MEMORIAL SERVICES AND COUNSELING**

Pastors shall not expect any compensation from church members for performing baptisms, weddings, funerals or memorials, or pastoral counseling.

## **XXIII. SAVINGS PLANS AND ANNUITIES**

The local church and pastor may wish to enter into some type of arrangement whereby money is withheld from the pastor's salary and placed into a tax deferred savings plan.

There are various tax-sheltered plans and annuities which are available for such purposes. The Board of Pensions has established a 403b with Fidelity. Another plan has been designated by the Internal Revenue Service as a "Tax-sheltered Annuity Program for Employees of Public Schools and Certain Tax-exempt Organizations." Yet another alternative is a "Rabbi Trust." Pastors are encouraged to consult with tax and investment professionals.

Tax code provisions of any such plan must be closely followed by the Session and the pastor.

## **XXIV. APPENDIX**

These calculations will change from year to year and sometimes from quarter to quarter depending on the formulas employed. The formulas stay the same, the raw data referenced will change. This raw data was last researched and entered on June 30, 2018. A summary of the compensation data for use in terms of call that take effect in 2019 is attached. Please contact Colette Ramm at [cramm@thepresbytery.org](mailto:cramm@thepresbytery.org) for the spreadsheet.

- 1) **The median effective salary** as calculated by the Board of Pensions can be found at: <http://www.pensions.org>. The church-wide median effective salary, announced for 2019 on June 26, 2018 has been established by the Board of Pensions at \$59,100. The minimum fulltime salary in National Capital Presbytery is \$36,405.
- 2) **To calculate the Presbytery's minimum salary figure** from the churchwide median effective salary:
  - a. Start with the median effective salary which for 2018 is \$59,100. This figure represents the middle salary and housing amount paid to pastors of Presbyterian churches nationwide.
  - b. Multiply the median effective salary by .77 to remove housing expenses as calculated by the Board of Pensions. Salary alone would then be \$45,507.
  - c. The minimum cash salary for National Capital Presbytery has been set at 80% of this figure. Multiply the median effective salary reduced by housing (\$45,507) by .80 to calculate the Presbytery's minimum cash salary.
  - d. The 77% and the 80% calculations together amount to 61.6% of the median effective salary (without housing).
  - e.  $\$59,100 \times .77 = \$45,507$   
 $\$45,507 \times .80 = \$36,405$   
 $\$59,100 \times .616 = \$36,405$
- 3) **The Presbytery** provides congregations with annual guidance concerning increases in the financial terms of call. This advice usually comes in the form of a percentage increase which is linked to the increase in cost of living (see #8 below). The cost of living is a good benchmark but should

not be used as the sole factor. Other considerations such as experience, length of service, and ratios to other staff members might also be considered. Use of an across the board percentage increase as the sole factor in determining salary increases leads to widening gaps between members of the pastoral staff, between pastoral staff and educators, and between professional staff and support staff which may not be intentional, faithful, or helpful. One possibility to consider is to give across-the-board fixed-cash amount as raises acknowledging that a dollar for one person buys the same thing as a dollar for another. Another possibility is to give a combination of a fixed-dollar amount and a percentage-of-salary amount together as the annual raise.

**The “median house cost”** is established to be latest quarterly reported US median sales price of existing single-family homes for metropolitan areas as calculated by the National Association of Realtors. This information is available at <http://www.realtor.org>. The annualized 2017 data places this figure at \$248,800, 1/40th of which is \$6,220.

- 4) The HUD calculated **Fair Market Rent** for three bedrooms can be found at: <http://www.huduser.org> This minimum is calculated by taking the 3br figure from the zip code list for the church address or an adjacent zip code not more than five miles from the church. Multiply that monthly amount by 12 for the annual minimum housing allowance. Add to that amount 25% of this amount for adequate the Utility allowance.

At the time a PNC or an Interim Search Committee is formed, or Stated Supply Pastor is sought, the COM Administrator or the Director of Business Affairs will generate the minimum compensation for that position.

- 5) **Vacation:** Vacation is four weeks. This includes four Sundays. The church is encouraged to provide one personal weekend in addition to the annual vacation.
- 6) **Study leave:** Study leave is two weeks. This includes two Sundays. The minimum study leave and book allowance for pastors is \$1,000 annually.
- 7) **The Cost of Living Index:** The “cost of living” is based on the percentage increase or decrease in the consumer price index, using data from the U.S. Bureau of Labor Statistics. (<http://data.bls.gov>). The Committee on Ministry calculates changes in the cost of living using data on the “Consumer Price Index for Urban Wage Earners and Clerical Workers” in the “Washington Baltimore” area. The difference between the January factors for the current and the previous year is divided by the January factor of the previous year. The Presbytery recommends that congregations adjust salary packages by this calculated cost of living percentage change. For 2019, the recommended increase is 2.5%. This was calculated by comparing the January 2017 factor of 250.567 and the January 2018 factor of 256.8, yielding a difference of 6.2330. 6.2330 divided by 250.567 yields

a percentage change of (0.02488), which is rounded to 2.5%.

8) The minimum hourly rate is \$44.80 (See section II. 2.)

**9) Tax resources**

a. Internal Revenue Service Publication 517, *Social Security and Other Information for Members of the Clergy and Religious Workers*

Available at <http://www.irs.gov/pub/irs-pdf/p517.pdf>

b. Internal Revenue Service Publication 17, *Your Federal Income Tax For Individuals*

Available at <http://www.irs.gov/pub/irs-pdf/p17.pdf>

c. Internal Revenue Service, *Tax Guide for Churches and Religious Organizations*

<http://www.irs.gov/pub/irs-pdf/p1828.pdf>

# SUMMARY OF 2019 CHANGES IN COMPENSATION AND PERSONNEL POLICIES FOR PASTORS

## National Capital Presbytery

In 2006, National Capital Presbytery adopted its Compensation and Personnel Policies for Pastors (the Policy). The full text of the Policy is available on the Presbytery website ([www.thepresbytery.org](http://www.thepresbytery.org)). However, certain elements of the Policy change annually, and these changes affect terms of call. The key changes are described below as guidance to churches developing or reviewing terms of call. For further information, please contact Colette Ramm at [cramm@thepresbytery.org](mailto:cramm@thepresbytery.org) or call 240-514-5351

### Annual Cost of Living Adjustment

The Presbytery provides congregations with a suggested percentage increase in the financial terms of call based on the increase in cost of living. For 2019 the cost of living percentage increase is 2.5%. This increase is applied to the total of the cash salary and housing allowance. While the cost of living is a good benchmark, it should not be used as the sole factor. Other considerations such as experience, length of service, and ratios to other staff members might also be considered. See Section XXII.3 of the Policy for further discussion.

### Equity Allowance

Pastors living in church owned manses shall receive an equity allowance. The minimum equity allowance for 2019 is \$6,220. For further information on paying equity allowances, please contact Colette Ramm at [cramm@thepresbytery.org](mailto:cramm@thepresbytery.org).

### Minimum Effective Salary for Board of Pensions\*

The Policy establishes a minimum effective salary for pastors. For terms of call in calendar year 2019 (Jan. 1 – Dec. 31, 2019), the minimum effective salary is:

Pastors renting or buying homes..... **\$67,445.60**  
(Estimated with a \$2070 3br monthly rent. Varies by church location.)

### Total Minimum Compensation

The total minimum compensation (which includes the required Board of Pensions Dues and FICA) for a pastor in calendar year 2019 is:

Salary and Housing.....	\$67,445.60
BOP Dues... (37%).....	\$24,958.57
FICA.....	\$5,160.35
(Estimated with a \$2070 3br monthly rent.) TOTAL	<b>\$98,574.53</b>

### Minimum Hourly Rate (less than 20 hours per week)

Total Minimum Full Time \$98,574.53  
Divided by 2200 hours equals a Minimum Hourly Rate of **\$44.80**