

**ASSOCIATE IN MINISTRY
DIACONAL MINISTER
DEACONESS
COMPENSATION AND BENEFITS
MANUAL 2010**

Adopted June 2009

The ELCA Board of Pensions Internet site provides a defined compensation calculator at www.elcabop.org/Home/Calculators/DefinedCompensation.aspx, and a contributions amount calculator at www.elcabop.org/Home/Calculators/ContributionAmounts.aspx. Use the defined compensation calculator to figure defined compensation, which is the basis for calculating ELCA health, retirement, disability and survivor benefit contributions. Use the contribution amounts calculator to determine ELCA contribution amounts that congregations pay to provide benefits for rostered persons, based on defined compensation.

**Lower Susquehanna Synod, ELCA
900 S. Arlington Avenue
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CONTENTS

	<u>Page No.</u>
Introduction	2
2010 Worksheet	3
<u>A. COMPENSATION</u>	4
A 1 Base Salary	4 - 5
A 2 If Housing is Provided	5
A 2 a Utilities Allowance	5
A 2 b Furnishings Allowance	5
A 2 c Housing Equity Contribution	5
A 3 Social Security Tax Expense	6
<u>B. ELCA PENSION AND OTHER BENEFITS</u>	6
B 1 ELCA Pension Contribution	6
B 2 ELCA Medical and Dental Insurance	7
B 3 a ELCA Disability, Survivor Benefits and Administrative Expense	7 - 8
B 3 b <u>Other Insurance or Benefits</u>	8
Disability Insurance Supplement	8
Medical and Dental Expense Reimbursement	8
Member Pre-Tax Contribution	8
Individual Retirement Account (IRA)	8
<u>C. AGREEMENT</u>	9
C 1 Vacation	9
C 2 Continuing Education - Time	9
C 3 Sick Leave	9
C 4 Parental Leave	9
C 5 Sabbatical Leave	9 - 10
C 6 Holidays	10
<u>D. EXPENSES</u>	10
D 1 Automobile Expenses	11
D 2 Other Professional Expenses	11
D 3 Assembly/Conference Expenses	11
D 4 Continuing Education - Funding	11
D 5 Book/Periodical Expenses	11
Resources	12
Appendix A - Determination of Defined Compensation	13
Appendix B - Rationale for Recommendations on 2010 Compensation	14
Appendix C - Flexible Spending Account	15
Appendix D - Health and Wellness	15

Introduction

One of the ways we think of the associate in ministry, diaconal minister, or deaconess is in terms of his or her efforts on behalf of the lay members of the congregation. In the same way, the ministry of the laity includes the care of these rostered persons and of his or her family. This concern for one another in the congregation is a witness to what we believe and practice in the life of the church.

Although this manual is primarily oriented to associates in ministry, diaconal ministers, or deaconesses serving in congregations, it also applies to all agencies and institutions of our synod. When the manual speaks of "congregations," it also means those agencies and institutions.

In many congregations, a specific group of people are asked to have primary concern for this ministry to these rostered persons and their families. This group is often called a "Mutual Ministry Committee."

One of the key tasks of such a committee is to discuss with these rostered persons a fair and equitable compensation package. Since these rostered persons depend on the Congregation Council and the congregation to make ample provision for his or her financial needs, they require an opportunity to discuss those needs in an open and supportive forum. The Mutual Ministry Committee is in a position to provide such a forum. The committee can gather data from the rostered person about his or her financial needs and subsequently make recommendations to the Finance Committee, Congregation Council and congregation for fair and equitable compensation.

There are reasons for the varieties of financial compensation packages within this synod and within other expressions of the Evangelical Lutheran Church in America. Some parishes have full-time rostered person while others have less than full-time service. Some parishes have several pastors and other rostered persons on the staff. Other parishes have one associate in ministry, diaconal minister, or deaconess serving more than one congregation. It is the intention of our synod's policy to affirm the reality of many congregational styles in terms of rostered ministries/congregational relationships while at the same time ensuring adequate and fair compensation.

This manual attempts to provide an additional resource to assist congregations and pastors in determining a compensation package; pension and other benefits; agreements relative to time off for continuing education, vacation, holidays, and sick leave; and appropriate reimbursement for professional expenses.

It is hoped that this manual also will assist congregations in their budget planning process by expanding upon the summary worksheet for 2010, "Parish Budget for Associate in Ministry, Diaconal Minister, or Deaconess" (page 3).

The information contained herein has been compiled by the Committee on Compensation and Benefits of the Lower Susquehanna Synod, ELCA. Questions and comments about this "Associate In Ministry's Compensation and Benefits Manual" should be directed to the Office for the Assistant to the Bishop or to the Office of the Treasurer. (1.800.692.7282 ext. 102 or 107 or 1.717.652.1852 ext. 102 or 107)

For Associate in Ministry, Diaconal Minister, or Deaconess Under Call ~ A congregation or multi-congregation parish may not reduce any part of compensation without negotiating such reductions with the Associate in Ministry, Diaconal Minister, or Deaconess. At the time of call, a congregation and rostered person entered into an agreement on the compensation package and signed the *DEFINITION OF COMPENSATION, BENEFITS, AND RESPONSIBILITIES*. For the congregation/parish to reduce the compensation without negotiating with the rostered person is to break the agreement. As a congregation/parish and rostered person are in a mutual ministry, so any decisions concerning reduction in compensation are to be done mutually.

2010 Worksheet Summary
Parish Budget for Associate in Ministry
Diaconal Minister or Deaconess

A. COMPENSATION

- | | | | |
|----|-----------------------------|----------|----------|
| 1. | Base Salary | \$ _____ | |
| 2. | If housing is provided: | | |
| a. | Utilities allowance | \$ _____ | |
| b. | Furnishings allowance | \$ _____ | |
| c. | Housing equity contribution | \$ _____ | |
| | Total Housing | \$ _____ | |
| | Total Cash Salary | | \$ _____ |
| 3. | Social Security Tax Expense | | \$ _____ |

B. PENSION AND OTHER BENEFITS

- | | | | |
|-----|--|----------------------|----------|
| 1. | ELCA Pension at _____% | Pension Contribution | \$ _____ |
| 2. | ELCA Medical and Dental Insurance (<i>circle one</i>) | Contribution | \$ _____ |
| | <i>a. Member only b. Member and spouse c. Member and children d. Member, spouse, and children</i> | | |
| 3a. | ELCA Disability, Survivor Benefits and Administrative Expense | | \$ _____ |
| 3b. | Other insurance or benefits: _____ | | \$ _____ |
| | _____ | | \$ _____ |

C. AGREEMENT

1. Vacation time of _____ per year, including _____ Sundays;
2. Continuing education time of _____ weeks per year (*minimum of two weeks per year that may be accumulated up to three years*);
3. Up to two months of continued salary, housing, and contributions to the ELCA Pension and Other Benefits Program in a 12 month period in the event that the associate in ministry is physically or mentally disabled¹; and
4. Where applicable, parental leave up to six weeks with full salary, housing and benefits.

D. EXPENSES

The congregation will provide for the following expenses related to this position.

- | | | |
|----|--|----------|
| 1. | Automobile Expenses | \$ _____ |
| 2. | Other professional expenses | \$ _____ |
| 3. | Expenses for official meeting of the synod | \$ _____ |
| 4. | Continuing education | \$ _____ |
| 5. | Other (_____) | \$ _____ |
| 6. | Pay the moving expenses to this field of service as follows: | |
| | _____ | |
| | _____ | |

TOTAL BUDGET FOR ASSOCIATE IN MINISTRY, DIACONAL MINISTER, OR DEACONESS FOR 2010

\$ _____

1. Provision may be made for further unpaid time for disability recovery as agreed by the congregation but with the stipulation that unused accumulated sick leave will not be compensated at the end of this call.

Congregations are encouraged to use the background and rationale contained in this manual (Appendix B, p. 14), in addition to the section on "Base Salary" (Section A.1) in communicating total compensation for budgeting purposes.

A. COMPENSATION

The beginning point of any compensation package is the base cash salary figure. The variety of circumstances, resources, and needs represented by rostered persons and congregations makes it extremely difficult to recommend one salary figure that would apply to every rostered person of this synod. This synod in assembly has adopted a minimum salary schedule below which no rostered person serving a full-time position ought to be paid. An actual salary amount beyond the minimum is expected and is a matter to be determined between rostered person and Congregation Council, hopefully with the assistance of a Congregation Mutual Ministry Committee. The care for the rostered person(s) and their families is a significant ministry of the congregation laity. This concern for one another is a witness to what we believe and practice in the life of the church.

A 1 Fill in the BASE SALARY that the congregation is presently paying. \$_____

Responsibility/Proficiency/Cost of Living Factors.

A fair rate of remuneration considers appropriate criteria or factors that are the basis for compensation.

The responsibility factor:

- The nature of the rostered person's task
- The size of the congregation
- Staff or team ministry

The proficiency factor or how well the rostered person accomplishes the task:

- Abilities of the rostered person as preacher, worship leader, shepherd, teacher, counselor, administrator
- Experience as a rostered person
- Length of service with this congregation

The cost of living factor or how much more it costs to maintain one's purchasing power:

- How much more does it cost to maintain purchasing power
- Length of service in the ministry and with this congregation

Fill in on this line the amount of the proposed increase for 2010. \$_____

For income tax purposes, Associates in Ministry, Diaconal Ministers, or Deaconess do not enjoy the same tax benefits as do clergy with provided housing. Ordained ministers but not lay employees may exclude from taxable income the rental value of the parsonage or any housing allowance received to the extent used to provide a home (IRS Section 107). In order to offset this clergy tax advantage, it is suggested that it would be appropriate for employers to add an amount, say 10%, to the rostered persons salary. This will act as a balance to the tax benefits that clergy have under present codes.

Housing Provision \$_____

Add together the above lines
(Carry this sum to page 5) \$_____

The minimum base salary for 2010 should exceed the following amounts depending on job description and qualifications.

Minimum Base Salary Should Exceed the Following Amounts
in 2010 Depending on Position Descriptions and Qualifications

Years Experience	RANGE	
0 - 4	32,190	40,240
5 - 9	35,070	43,830
10 - 14	38,570	48,220
15 +	40,500	50,630

Based on your rostered person's years of experience enter a base cash salary from the range in the schedule. \$ _____

Enter the sum from page 4. \$ _____

Base Salary: Compare the amounts above and enter larger amount here. \$ _____
(Carry this sum to page 3, A.1. Base Salary)

A.2. If Housing is Provided

A. 2. a & b Utilities & Furnishings Allowance

If housing is provided for your rostered person and his/her family, a cash amount could be paid to provide for the related expenses of utilities and furnishings.

An allowance should be determined by the rostered person, the Mutual Ministry Committee, and the council according to the fair rental value of a furnished dwelling including the cost of utilities.

Place the amount designated for utilities\ furnishings allowance here: \$ _____

(Carry this sum to page 3, A2 a & b Utilities\Furnishings Allowance)

A 2 c Housing Equity Contribution

When housing is furnished rent-free as a part of the rostered person's compensation, it must be remembered that the rostered person does not have the opportunity to build equity from the property appreciation, as do homeowners. The previous possibility of establishing a Housing Equity Allowance Agreement as a Non-Qualified Deferred Compensation Plan is no longer allowed under Internal Revenue Code, Section 409A. The alternative is to have the congregation make additional contributions to the ELCA Board of Pensions Retirement Account as Housing Equity Contributions (which are also restricted).

Housing equity contributions to the ELCA Retirement Plan are not taxed at the time they are contributed. These contributions are eligible to be withdrawn at any time and are designated as housing allowance when withdrawn. However, when a rostered person requests a withdrawal, they must justify to the IRS how much may be excluded as housing allowance, based on §107 tax code limits. If they cannot justify the entire withdrawal as eligible for housing allowance, they will be subject to income tax on the difference and, if under age 59 1/2, also subject to an IRS early withdrawal penalty.

If you have questions about this information, please contact the Board of Pensions Service Center at (800) 352-2876, email the Board of Pensions at mail@elcabop.org, or visit their website at www.elcabop.org.

Equity Contribution \$ _____
(Carry to page 3, A2c Housing Equity Contribution)

A 3 Social Security Tax Expense

For social security purposes rostered persons are considered employees and have 7.65% withheld from their salaries. The congregation employer matches the amount withheld and pays 15.3% to the IRS for employee FICA liability.

Social security expense paid by the congregation:

Multiply Base Salary plus Cash Allowances by 7.65%. \$ _____
 (Carry to page 3, A3 Social Security Tax Expense)

B. ELCA PENSION AND OTHER BENEFITS

The ELCA Pension and Other Benefits Plan provides the following benefits for enrolled members:

- ELCA Regular Pension Plan
- ELCA Medical and Dental Benefits Plan
- ELCA Disability Benefits Plan
- ELCA Survivor Benefits

Participation in Other Benefits is mandated for enrolled members in the ELCA Pension Plan. An ELCA congregation, at its option, may enroll any or all of its employees in the plan. The employer must contribute Required Contributions for each Eligible Employee whom the employer enrolls. The amount of the Required Contributions is determined as a percent of Defined Compensation. To calculate defined compensation use Appendix B.

B 1 ELCA Pension Contribution

Congregations agreeing to participate in the ELCA Regular Pension Plan on behalf of their employees contribute 10% to 12% of defined compensation to the employee's pension account, depending on the member's age on January 1, 1988. The congregation is encouraged by Synod Assembly action to use a contribution rate of 12% to the ELCA pension plan for all enrolled members. Additional contributions beyond the required percentage may be deposited in the ELCA Regular Pension Plan or the ELCA Optional Pension Plan. In deciding whether to make additional contributions to either of these two plans, the employing unit should contact the ELCA Board of Pensions (1-800-352-2876) for detailed information.

ELCA PENSION CONTRIBUTION RATES - 2010

<u>Attained Age on 12/31/87 if enrolled continuously from 12/31/87</u>	<u>Minimum Required Contribution Rate</u>	<u>Recommended Contribution Rate</u>
55 or older	12%	12%
45 through 54	11%	12%
Under 45	10%	12%
All Other Members		
Enrolled after 1/1/88	10%	12%

Defined Compensation (Appendix B) \$ _____
 Pension Contribution Rate _____ %
 Pension Contribution \$ _____
 (Carry to page 3, B.1 Pension Contribution)

B 2 ELCA Medical and Dental Insurance

Contributions for the Medical and Dental Benefits Plan are a percentage of Defined Compensation. Each year, the Board of Pensions sets the percentage, based upon its expectations of the cost of the plan. A minimum and maximum contribution applies and also is adjusted annually.

Sponsored members and/or their spouses and children who are eligible for medical benefits coverage through a spouse's employer or through a former employer may waive ELCA Medical and Dental Insurance coverage, while continuing to participate in the ELCA Regular Pension Plan, ELCA Disability Benefits Plan, and the ELCA Survivor Benefits Plan. Beginning in 2001, the contribution rate for waiver of coverage has been eliminated. Members and their families who waived coverage are able to re-enter the ELCA Medical and Dental Plan without a waiting period for pre-existing conditions.

The types of coverage elected will depend upon your associate in ministry's, deaconess', or diaconal minister's dependent coverage needs and the contribution rates vary accordingly.

ELCA MEDICAL AND DENTAL CONTRIBUTION RATES 2010:

Coverage	Contribution Rate (% of Def. Comp.)	Minimum Yearly	Maximum Yearly
Member Only	12.60%	\$5,928	\$8,004
Member/Spouse	22.10%	\$10,368	\$14,016
Member/Children	22.10%	\$10,368	\$14,016
Member/Spouse/Children	31.50%	\$14,808	\$20,028
Coverage Waived	0.0%	\$ 0	\$ 0
Defined Compensation (Appendix B)			\$ _____
Medical and Dental Contribution Rate			\$ _____
Medical and Dental Insurance Contribution (Subject to the minimums and maximums) (Carry to page 3, B.2 ELCA Medical & Dental Insurance)			\$ _____

B 3 a ELCA Disability, Survivor Benefits, and Administrative Expense

Your rostered person has Disability Insurance as a member of the ELCA Pension and Other Benefits Plan. The ELCA Disability Plan will pay 66 2/3% of defined compensation less any social security and worker's compensation disability benefits received.

As part of the plan, the parish will provide full compensation for the first two months of disability on a self-insured basis. The parish also is expected to pay the medical, dental and survivors insurance contributions during the first two months of disability.

The ELCA Survivor Benefits Plan provides for a lump sum life insurance program. Coverage is based on defined compensation and age factor, with a maximum benefit of \$50,000, minimum benefit of \$6,000.

DISABILITY, SURVIVOR BENEFITS & ADMINISTRATIVE EXPENSE RATES 2010:

<u>Benefits Plan</u>	<u>Contribution Rate</u> <u>% of Def. Comp.</u>
Disability	2.60%
Survivor	0.0%
Administration and Retiree Support	<u>0.7%</u>
Total	<u>3.30%</u>
Defined Compensation (Appendix B)	\$ _____
Disability, Survivor and Administrative Rate	<u>3.30%</u>
Disability, Survivor and Administrative Contribution	\$ _____
(Carry to Page 3, B.3.a. ELCA Disability, Survivor Benefits and Administrative Expense)	

B 3 b Other Insurance or Benefits
Disability Insurance Supplement

The parish should evaluate the need to provide additional supplemental disability coverage and the advisability of insuring its self-insured obligation. This coverage would be obtained apart from the ELCA plan.

Disability Insurance Supplement Premium \$ _____
(Carry to page 3, B.3.b. Other Insurance or Benefits)

Medical and Dental Expense Reimbursement

The ELCA Medical and Dental Benefit Plan contains cost sharing provisions. These provisions are too numerous and detailed to describe here; however, the parish and rostered person should review the rostered person's exposure to out-of-pocket medical and dental expenses and consider some form of reimbursement for these expenses, such as a congregational medical and dental expense reimbursement plan.

Medical and Dental Reimbursement \$ _____
(Carry to page 3, B.3.b. Other Insurance or Benefits)

Member Pre-Tax Contribution

Contributions made as a Member Pre-Tax Contribution on behalf of the rostered person are not taxable for Federal Income Tax purposes in the year made, but are taxable in the year funds are withdrawn, e.g. in retirement. Additional contributions up to the amount permissible by the Internal Revenue Service may be made to the Board of Pensions and/or other approved depositories. The IRS maximum annual contribution limit for additional member contributions is \$16,500 plus an additional \$5,500 for those age 50 and older.

If you have any questions about this information, please contact the Board of Pensions Service Center at (800) 352-2876, email the Board of Pensions at <mail@elcabop.org>, or visit their website at <www.elcabop.org>.

Member Pre-Tax Contribution \$ _____
(Carry to page 3, B.3.b. Other Insurance or Benefits)

Individual Retirement Account (IRA)

Contributions may be made in addition to ELCA pension contributions. IRA's are desirable as a means of accumulating retirement savings and for receiving a tax deferral on the earnings. Whether or not the yearly contribution qualifies for federal income tax exemption depends on

several factors. Please check the appropriate tax code or competent tax publications for details or consult with your tax advisor.

Individual Retirement Account

\$ _____

(Carry to page 3, B.3.b. Other Insurance or Benefits)

C. AGREEMENT

C 1 Vacation

The need for an annual vacation is self-evident. A rostered person is frequently under much stress in his/her profession and needs time away. The standard within our synod is to grant a minimum of one month or four weeks, including four Sundays. The congregation should consider granting additional vacation time based on the length of service in the ministry. The length of vacation time, the number of Sundays, and when vacation time is to be taken are all matters that need to be discussed openly with your rostered person and should be considered an important part of his/her compensation.

Further, a minimum of one day off each week is a necessity. After discussing with your rostered person, note the agreement in the space below.

The vacation agreement with our rostered person is as follows:

Vacation of _____ weeks per year, including _____ Sundays.

C 2 Continuing Education Time

The ELCA (1997 Assembly Action – “Life-Long Learning and Development for Faithful Leaders”) recommends that all rostered leaders participate in a minimum of fifty (50) hours of continuing education annually. Two (2) weeks of continuing education time (including Sundays) are to be provided. Such activities are geared to strengthen and enhance the rostered person’s ministry and are not intended or considered to be vacation. Continuing education time is understood to incorporate a holistic and systematic approach to life-long learning and development including but not limited to “spiritual disciplines, habits of personal study, regular worship, self care, involvement in the wider community, participation in intentional colleague groups, and peer review as appropriate for personal and vocational development.” (ELCA document “Life-Long Learning and Development for Faithful Leaders” – Appendix C.)

C 3 Sick Leave

The rostered person should be compensated for days of work missed due to illness as mutually agreed upon in advance.

C 4 Parental Leave

A specific Parental Leave Plan for rostered persons should be carefully drafted. This plan should include at least six weeks with full salary, housing, and benefits. The number of weeks of leave before and after the birth of a child should be specified in advance. Any other specific conditions should be clearly defined in a written document.

C 5 Sabbatical Leave

Congregations are encouraged to grant a sabbatical leave to a rostered person every seven years of service in that parish. This leave is granted to provide an opportunity for the rostered person to take an extended period of time for personal enrichment, study, spiritual growth, skill development,

research, and experimentation all for the purpose of enrichment for continued service in the church.

This leave would be granted for three months, with full pay, following each seven years of service in the same parish. After this sabbatical the rostered person will remain in his/her parish for at least one year.

Arrangements for the rostered person's coverage during this sabbatical will be made by both the rostered person and the Congregational Council and shall be satisfactorily completed prior to the beginning of the sabbatical leave.

C 6 Holidays

Time away from the parish must be made available in observance of recognized holidays. How many days and when they are observed must be mutually agreed to in advance to accommodate the needs of both the parish and the rostered person.

D. EXPENSES

A church is treated like any other organization by the Internal Revenue Service for the purpose of reimbursements to its church employees for expenses incurred while conducting church business. Reimbursements for business expenses are not included in gross income if the church's reimbursing arrangement is considered an "accountable plan." Alternatively, if the church reimburses business expenses under a "non-accountable plan," then the reimbursements are included in gross income and in the case of lay employees included in the employee's wages subject to FICA and income tax withholding.

An "accountable plan" is one that has a business connection, requires the individual to substantiate expenses, (receipts, other documentation), and requires the return of any excess reimbursement. The substantiation requirement is met by having the reimbursed individual submit sufficient information to the church that identifies the specific business nature of each individual expense. It is not sufficient to merely aggregate expenses in broad categories such as "travel" or to report individual expenses through the use of vague, non-descriptive terms such as "miscellaneous business expenses." For more information, please check with the IRS, one of the resources listed on page 12 of this manual or consult with your tax advisor.

D 1 Automobile Expenses

Probably the most common business expense is the reimbursement for automobile business mileage. There are three options available:

- Where extensive driving is required, a parish owned or leased car may be the most economical approach. The personal use portion is included as wages subject to income tax and Social Security.
- Accountable reimbursement plan based on the actual number of miles driven multiplied by the IRS mileage rate.
- A flat rate, regardless of mileage, that requires no substantiation, could be paid. This, however, constitutes a fully taxable "non-accountable plan," for income tax and Social Security tax purposes.

Generally, the amount of per mile reimbursement that a church pays if less than or equal to the IRS rate is treated as being substantiated and as paid under an accountable plan, providing that the employee documents the time, place, and business purpose of the reimbursement. If your congregation provides an owned or leased car or pays a flat rate that requires no substantiation, we

urge that you become knowledgeable if the IRS rules through competent tax publications or consult a tax attorney or CPA.

Enter Total Automobile Expenses \$ _____
(Carry to page 3, D1 Automobile Expenses)

D 2 Other Professional Expenses

Several of the most frequent expenses are: Travel expenses (including lodging and meals), books and subscriptions, periodicals, continuing education, vestments, and professional dues.

There may be additional professional expenses in your parish. This matter should be discussed with your rostered person.

D 3 Assembly/Conference Expenses

Your rostered person's attendance at Synod Assembly and conference meetings is an expense of the congregation. Attendance at the assembly of the synod is constitutionally mandated and expenses for registration, lodging, meals, transportation and other expenses are the responsibility of the congregation. The congregation is to support attendance at conference meetings by payment of registration fees and other expenses. Discuss with your rostered person his/her anticipated expenses in connection with assemblies and conference meetings in the coming year.

Enter the amount of the allowance for assembly and conference expenses here. \$ _____
(Carry to page 3, D.3. Expenses for official meeting of the synod)

D 4 Continuing Education Funds

The ELCA recommends that all rostered person's participate in a minimum of fifty (50) hours of continuing education annually. Two (2) weeks of continuing education time (including Sundays) are to be provided. Such activities are intended to improve ministry and are not considered vacations. The best way to encourage your rostered person's continuing growth is to provide the time (C.3.) and money (D.4.) that make continuing education activities possible. The rostered person and the congregation should put aside funds in a special account for continuing education. The congregation's share is \$700 or more per year, with the rostered person contributing \$300 annually.

Enter annual continuing education allowance \$ _____
(Carry to page 3, D.4 Continuing Education)

D 5 Books/Periodical Expenses

Your congregation may choose to provide a reimbursement for the purchase of books or subscription to periodicals, enabling the rostered person to keep abreast of developments within the church.

Enter amount of book/periodical expenses \$ _____
(Carry to page 3, D.5 Other)

RESOURCES

Church and Clergy Tax Guide (2010 Edition), Richard R. Hammar, Christian Ministry Resources, Telephone 1.800.222.1840, Website <www.ChurchLawToday.com>.

"Church Law and Tax Report" - A bimonthly review of legal and tax developments affecting ministers and churches. Edited by Richard R. Hammar, Christian Ministry Resources, Telephone 1.800.222.1840, Website <www.ChurchLawToday.com>.

Compensation Planning - A Guidebook for Lay Leaders of the ELCA for Planning Compensation for Rostered Leaders: Pastors, AiMs, Deaconesses and Diaconal Ministers. (DS 69-2322, revised Dec. 1994) Telephone 1.800.328.4648 Augsburg Fortress Distribution Service.

ELCA Document – “Life-Long Learning and Development for Faithful Leaders,” 1997 ELCA Assembly. <http://www.elca.org/leadership/resources/pdf/life_long_pdf>.

IRS Publication 505 - Tax Withholding and Estimated Tax (Rev. March 2009 – available to download from: <www.irs.gov/pub/irs-pdf/p505.pdf>).

IRS Publication 517 - Social Security and Other Information for Members of the Clergy and Religious Workers, (available to download from: <www.irs.gov/pub/irs-pdf/p517.pdf>).

Clergy Renewal: The Alban Guide to Sabbatical Planning, A. Richard Bullock and Richard J. Bruesehoff, Alban Institute Publication AL214, \$20.00. The Alban Institute, 2121 Coöperative Way, Suite 100, Herndon, VA 20171, Telephone 1.800.486.1318, Website: <www.alban.org>.

Zondervan 2010 Minister’s Tax and Financial Guide, Dan Busby CPA; Zondervan, Grand Rapids, MI. <www.Zondervan.com>

Minister’s Guide for Income Tax, Conrad Teitell. Available from Board of Pensions. ELCA Telephone 1-800-352-2876.

The ELCA Board of Pensions Internet site now provides an Annual Defined Compensation Calculator as well as an Annual and Monthly Contribution Calculator. To access the Defined Compensation Calculator go to <www.elcabop.org/Home/Calculators/DefinedCompensation.aspx>, and to access the Contribution Amounts Calculator go to: <www.elcabop.org/Home/Calculators/ContributionAmounts.aspx>.

APPENDIX A

DETERMINATION OF ANNUAL DEFINED COMPENSATION
for the
ELCA Pension and Other Benefit Program

This computation is defined by the ELCA Board of Pensions and is not to be confused with the computation for the Social Security Tax Allowance.

Determination of Annual Defined Compensation:

- | | | |
|----|---|-----------------|
| 1. | Annual Base Salary:
(Before reduction of salary for TSA) | \$ _____ |
| 2. | Household Furnishings and Utilities Allowance
(If paid directly to rostered person when a parsonage is provided) | \$ _____ |
| | <u>Total Cash Salary</u> | \$ _____ |
| 3. | Housing
30% of Cash Salary if housing is provided
for the convenience of the congregation | \$ _____ |
| | <u>ANNUAL DEFINED COMPENSATION</u> | \$ _____ |

Annual Defined Compensation should include:

- Annual base salary
- Clergy Social Security Tax Allowance, if provided
- Housing Allowance (cash or parsonage)
- Furnishings and/or utilities allowance, if the congregation pays them directly to the rostered person
- Additional tax-sheltered annuity (TSA) contributions made through a voluntary salary reduction agreement between the rostered person and the congregation (includes tax-sheltered contributions made to financial institutions other than the Board of Pensions)

Annual Defined Compensation should not include:

- Utilities paid directly by the congregation to the utility company
- Housing Equity contributions made by the congregation to the optional Pension Plan or to another financial institution in addition to salary.
- Additional contributions made to the Regular Pension Plan
- Automobile Allowance
- Book Allowance
- Continuing Education Allowance

APPENDIX B

RATIONALE FOR RECOMMENDATIONS ON 2010 COMPENSATION AND BENEFITS FOR ROSTERED PERSONS OF THE LOWER SUSQUEHANNA SYNOD

Frequently, congregations look to a synod for guidance in developing their compensation and benefits packages. The policy of the Evangelical Lutheran Church in America recognizes that compensation and benefits are in the purview of the congregation. This synod offers these recommendations in an effort to be supportive to congregations as they work through compensation negotiation with the pastor or staff person to come to mutual agreement.

The Synod Assembly has advocated by its adoption of these recommendations basic threshold amounts or minimums below which a congregation should not fall. It is the intention of the Synod Assembly that congregations not compensate any less than the table amounts.

The Compensation and Benefits Committee over the years since the inception of this synod has used the Consumer Price Index (CPI) as a basis for "cost of living" increases. Given the current economic conditions, the committee is recommending either a 2.0% increase or a 1.0% increase, depending upon year of ordination, for 2010 as a "cost of living" factor. This cost of living factor is derived from the U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index (CPI) for All Urban Consumers. The most recent data available at the time of the Committee's recommendation was December 2008. The December 2008 level was 0.7% higher than the December 2007 level. For calendar year 2008, the CPI ranged from a high of 5.7% in July to a low of 0.7% in December. The annualize rate is 4.0%. For 2010, the Committee is suspending any merit/experience factor adjustment per se. However, by applying a 2.0% cost of living increase for years of ordination 2010 through 2004, and a 1.0% cost of living increase for years of ordination 2003 and thereafter, the basic experience differential used in previous years is maintained. Remember that these increases are to be considered **minimum guidelines** for salary.

DEACONESSES, DIACONAL MINISTERS, AND ASSOCIATES IN MINISTRY

This policy recommendation is intended to apply to full-time deaconesses, diaconal ministers, and associates in ministry. The recommended minimum entry-level amount, in 2010, is \$32,190. This is derived from the minimum entry-level amount in 2009 of \$31,560. The increase is an adjustment for cost of living of 2.0% rounded to the nearest \$10. The minimum amounts of the range for experienced associates, with more than 4 years of experience, reflect a cost of living increase of 1%.

Too often, congregations view staff positions as partly volunteer. We are advocating full pay for full-time service as the responsible approach to good stewardship. By doing this, the congregation sets a better example for its own membership, as well as offers its staff the opportunity to develop good stewardship habits.

For those who feel compelled to compare compensation of pastors, deaconesses, diaconal ministers, and associates in ministry, the thinking of the committee is that a pastor's job description normally is much broader in scope and more comprehensive as it relates to the total ministry of a congregation. For this reason, the committee feels that advocating higher minimum base salaries with housing recognized for pastors is acceptable within our traditions. This is not to say that other rostered persons work less, nor does this policy prohibit a congregation from paying its other rostered persons more than recommended minimum.

APPENDIX C

FLEXIBLE SPENDING ACCOUNT

Many ELCA pastors, rostered laypersons and lay employees of ELCA congregations and organizations are looking for ways to help pay for rising out-of-pocket health care and/or dependent care expenses. One way to help soften the burden of these increasing costs is through flexible spending accounts.

A flexible spending account (FSA) is a type of “cafeteria plan.” With a FSA plan, ELCA congregations and organizations (i.e., employers) can enable their employees to set aside payroll dollars on a pre-tax basis to pay for certain out-of-pocket expenses, including:

1. certain health care expenses that are not paid for or reimbursed under the ELCA Health Benefits Plan or other health coverage, and
2. eligible dependent day care expenses

Individual congregations and organizations can administer an FSA plan. However, congregations and organizations are encouraged to work with an outside company that specializes in these types of plans. Because there are tax implications FSAs should be administered by someone who knows the rules. Confidentiality concerning reimbursements of health claims is also important. You can contact the ELCA Board of Pensions at (800) 352-2876 or https://www.elcabop.org/Home/UnderstandMyBenefits/Flexible_spending_accounts.aspx to ask questions about a FSA.

APPENDIX D

HEALTH AND WELLNESS

The health and wellness of those who serve this church is a concern of all congregations and institutions. Following its health and wellness initiative, the ELCA, through the Division for Ministry, is creating awareness of spiritual, emotional, interpersonal, vocations, intellectual and physical well-being. The Board of Pension’s health and wellness page offers information and resources to help those who serve this church achieve wholeness at www.elcabop.org/livewell.aspx.

This synod encourages all who serve their church to take care of themselves physically, mentally, spiritually and emotionally and encourages congregations to support their church leaders in this.