

*Authorized Ministers'
Compensation
Guidelines
for a Part-Time Call*

2017-2018



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Introduction

If you are reading this document, then you may be working on opening a new and exciting chapter in your life or the life of your church. Don't be intimidated, there is more information here than you need, but we hope it will help to ease the stress of your transition and/or negotiations.

Faith Foundations

A building cannot stand without a firm foundation and your relationship with your Authorized Minister will not be able to last or be fruitful without a strong foundation as well.

As you enter into this covenant relationship, please keep the following cornerstones in mind.

Covenant. We are a church based in covenant. When a church calls a pastor, it covenants to compensate fairly, and the pastor covenants to serve faithfully.

Stewardship. We are accountable for the wise use of the church's resources, both human and material, therefore the church should be an intentional steward in the raising and the expenditure of funds, and the pastor should be an intentional steward in the use and renewal of his/her life in ministry.

Christian Love. Because the connection between pastor and people is a sacred trust, open, caring, healthy relationships are essential for the well-being of the local church. Salary and benefits negotiations, new and annual, should be carried out with candor and clarity, and with loving, supportive, mutual respect. As Christians, we are called to compensate all persons fairly, regardless of age, gender, gender identity, race, sexual orientation, disabilities, marital or family status.

Considerations

As the "Part-time" title suggests, you will not be offering your authorized minister a living wage, therefore, you must allow your authorized minister to have the ability (time/resources) to make up that difference as s/he chooses.

- Whether or not a part-time minister works at another job, the limitations of a part-time call will not allow the minister to be present whenever the church might wish. It is important to set realistic priorities and expectations, carefully exploring time allocated for each task.
- Be flexible: Health insurance, travel, continuing education, vacation time, etc. are all things that need to be considered prior to issuing a call, but individual clergy

may prefer to have their compensation packages constructed in unique ways. For instance, a semi-retired Authorized Minister may desire more time away in lieu of financial compensation to attend to family or travel. A younger Authorized Minister may need more help with health insurance costs, but not require the customary level of vacation time. Negotiable items can make a difference for both parties. Being flexible is important.

- **Stay in conversation:** Often congregations and Authorized Ministers agree on a package but discover issues as they live into the dynamic. Both parties should agree to discuss the package annually prior to setting the church budget.
- **Continue to communicate to the congregation:** It is crucial to regularly communicate any changes in compensation or priorities and expectations to the congregation. Transparency will help to promote a unified ministry of the congregation and the Authorized Minister.

Three Models of Part-time Ministry

Before we get into the details, it is important that we are all working with the same definitions of what part-time work for clergy means. Expectations should be clear for both the congregation and the clergy-person.

Definitions *(based on the UCC Ministerial Excellence, Support and Authorization Team Sample Call Agreement)*

Here are three generally accepted call descriptions reflecting reasonable expectations for a three-quarter time pastoral position, a half-time pastoral position and a one-quarter time pastoral position. The priorities of your congregation may be different from those reflected in these lists, but please remember that for every expectation you add, you need to find a way to reduce the original list.

THREE-QUARTER TIME PASTORAL POSITION (30-35 HOURS WEEKLY)

- **Sunday worship:** preparation and leadership, including scripture study, crafting of liturgy and bulletin, sermon preparation, guiding and sometimes finding lay liturgists, planning of music in coordination with musical staff or volunteers, preaching, offering of prayers, etc. *10 hours per week is customary*
 - **Continuing personal faith formation** through prayer, Bible study, and service, to improve skills for leading, teaching and preaching *Hours per week*
-

- **Identifying helpful resources for congregational and member enrichment and helping the congregation and lay persons use these**
Hours per week _____
- **Leadership and program development** by working with people in the church to create ministry and programs *Hours per week* _____
- **Pastoral care** in collaboration with lay people (at least to those who are sick, elderly, in crisis or grieving) *Hours per week* _____
- **Community engagement** and leading the way for the church to be an ambassador of God's love *Hours per week* _____
- **Weddings and funerals** for participants in the worshipping community
This time cannot be allocated weekly, but will be significant when weddings or funerals are part of the minister's work week.
- **Strategic planning for current and new directions in ministry** *Hours per week* _____
- **Church administration** including church meetings, staff support, oversight of church initiatives, preparation of reports and portions of newsletters, coordination with church lay leadership, etc. *Hours per week* _____
- **Participation in wider church activities** such as conference and association meetings as time permits *Hours per week* _____
- **Guidance of financial development and stewardship** *Hours per week* _____
- **Leadership of congregational education and spiritual development**
Hours per week _____
- **Being a faithful representative of the church** in the wider community
Hours per week _____

HALF TIME PASTORAL POSITION

(20-25 hours weekly)

- **Sunday worship:** preparation and leadership, including scripture study, crafting of liturgy and bulletin, sermon preparation, guiding and sometimes finding lay liturgists, planning of music in coordination with musical staff or volunteers, preaching, offering of prayers, etc. *10 hours per week is customary.*
- **Continuing personal faith formation** through prayer, Bible study, and service, to improve skills for leading, teaching and preaching. *Hours per week* _____
- **Identifying helpful resources for congregational and member enrichment and helping the congregation and lay persons use these.**
Hours per week _____

- **Pastoral care** in collaboration with lay people (at least to those who are sick, elderly, in crisis or grieving) *Hours per week* _____
- **Church administration** including church meetings, staff support, oversight of church initiatives, preparation of reports and portions of newsletters, coordination with church lay leadership, etc. *Hours per week* _____
- **Participate in wider church activities** such as conference and association meetings as time permits *Hours per week* _____
- **Leadership of congregational education and spiritual development**
Hours per week _____
- **Being a faithful representative of the church** in the wider community
Hours per week _____

ONE-QUARTER TIME PASTORAL POSITION

(10-13 hours weekly)

- **Sunday worship:** preparation and leadership including scripture study, crafting of liturgy and bulletin, sermon preparation, guiding and sometimes finding lay liturgists, planning of music in coordination with musical staff or volunteers, preaching, offering of prayers, etc. *10 hours per week is customary.*

Because the vast majority of a quarter-time pastoral position is comprised of preparing and leading Sunday worship, the rest of these responsibilities cannot be engaged in weekly. The church must also realize that if the minister has an extra worship service (such as Christmas Eve or Easter Sunrise), the minister has already worked almost twice as many hours that week as they are compensated for. The weeks most likely for a quarter-time minister to accomplish some of these tasks beyond worship leadership would be during regular pulpit relief weeks.

- **Continuing personal faith formation** through prayer, Bible study, and service, to improve skills for leading, teaching and preaching. *Hours per week* _____
- **Limited pastoral care**, primarily Sunday conversations and funerals
- **Church administration** limited to attending the monthly meeting of the governing board of the church, preparing an annual report and occasional newsletter articles. Church leadership must come from the laity, and the role of the authorized minister is primarily consultative.
- **Energizing and deepening the spiritual connections** and faith understandings of others in all they do
- **Being a faithful representative of the church** in the wider community

- **Occasional leadership of faith development programs**

Applying these definitions

As you enter into these negotiations please remember this is more than just a business deal. A foundation of faith should be a part of **all** you are doing.

Compensation and Reimbursements

The figures below reflect the 'salary basis' as defined by the UCC Pension Boards, which include both whatever the minister decides to designate as housing allowance and the remainder of the salary. (For tax purposes, ministers are allowed to designate a portion of their salary as 'housing allowance' as directed by IRS regulations.)

A minister's compensation package traditionally included a parsonage and related housing expenses, but these arrangements are much less common now, especially for part-time clergy. Therefore, these recommended salaries assume that no parsonage/expense package is offered. We give three levels of compensation, reflecting the value of compensation packages that had previously included a parsonage in communities of varying housing costs.

These guidelines apply to clergy who have a Masters of Divinity and are authorized for ministry by the United Church of Christ. If you are considering hiring someone who does not meet these qualifications, please talk with your regional minister about appropriate levels of compensation. The salary figures given below assume a minister with no previous experience. Churches should add to this compensation for years of experience, consulting the chart in appendix 1.

FOR ¾ TIME

¾ time: in a town with lower housing costs where a three bedroom house might cost \$200,000 *salary basis* = \$45,750

¾ time in a town with mid-range housing costs where a three bedroom house might cost \$275,000 *salary basis* = \$52,500

¾ time in a town with high housing costs, where a three bedroom house might cost \$400,000 *salary basis* = \$63,750

FOR ½ TIME

½ time: in a town with lower housing costs where a three bedroom house might cost \$200,000 *salary basis* = \$30,500

½ time in a town with mid-range housing costs where a three bedroom house might cost \$275,000 *salary basis* = \$35,000

½ time in a town with high housing costs, where a three bedroom house might cost \$400,000 *salary basis* = \$42,500

FOR ¼ TIME

¼ time: in a town with lower housing costs where a three bedroom house might cost \$200,000 *salary basis* = \$15,250

¼ time in a town with mid-range housing costs where a three bedroom house might cost \$275,000 *salary basis* = \$17,170

¼ time in a town with high housing costs where a three bedroom house might cost \$400,000 *salary basis* = \$21,250

Use the charts in *appendix 1* to calculate increases for years of pastoral experience.

If your church does offer a parsonage and covers related housing costs (ie, heat, light, water, refuse service, local phone service, maintenance, etc.), please see *appendix 2* for salary guidelines.

For more information about the regulations regarding designating a portion of the salary basis as 'housing allowance', please see *appendix 3*.

Benefits

In addition to this base cash salary, churches also provide:

SELF-EMPLOYMENT TAX OFFSET –

This offset is equal to 50% of SECA taxes (the same amount that the church would pay for lay employees). Authorized ministers must pay SECA (Self-employment tax rather than FICA)

FUNDING FOR A PENSION/ANNUITY FUND –

14% of salary basis (which is salary plus housing). Contributions to the Pension Fund are not limited to 14%. However, federal law limits contributions to a tax-sheltered annuity based on age—older persons may make larger contributions to tax sheltered annuities. Contributions beyond the limit are taxable. Participants should contact a financial advisor to determine the upper limit for contributions to annuity funds.

GROUP LIFE & DISABILITY INSURANCE –

Provided by the UCC Pension Boards, including life insurance, short-term disability insurance and long-term disability insurance. The premium is 1.5% of the salary basis. If the Authorized Minister is ineligible for this insurance through the UCC Pension Boards, this same amount should be used to find a similar alternative.

MEDICAL AND DENTAL INSURANCE–

These should be pro-rated so the church covers $\frac{3}{4}$, $\frac{1}{2}$, or $\frac{1}{4}$ the total cost to the clergy person, depending on the hours you are asking your minister to work.

- Health insurance – provided by the UCC Pension Boards.
- Dental insurance (available to churches through the Pension Board)
- Vision care insurance (available to churches through the Pension Board)

FLEXIBLE SPENDING ACCOUNT PLAN

This is available to churches participating in the UCC Medical Benefits Plan. Aside from a modest set-up fee, making this account available does NOT have a cost to the local church as it is funded by the authorized ministers' voluntary contributions to the account. This account provides participants with tax-savings related to medical deductibles, copays and dependent care expenses.

If the authorized minister already has health coverage through a spouse, the church should offer to apply the funds that would have been used for the health insurance to fund dental or vision insurance more completely, or add it to the minister's base cash salary or other benefits, depending on the needs and desires of the minister.

Contact the UCC Pension Boards at 1-800-642-6543 for the most recent options for health care benefits and their costs or access their website at www.pbucc.org.

Professional Expenses

These are **NOT** considered part of the authorized minister's compensation package. These are expenses that are paid out-of-pocket in advance by the Authorized Minister for the church's benefit and should be reimbursed.

The church is strongly urged to adopt an "Accountable Reimbursement Plan" (acceptable to the IRS—see IRS Publication 1828, "Tax Guide for Churches and Religious Organizations," available at <http://www.irs.gov/pub/irs-pdf/p1828.pdf>) as a means of reimbursing Authorized Ministers for professional expenses they incur on behalf of the congregation. The plan must be adopted in advance of the start of the fiscal year. These expenses may be for: transportation, overnight travel (including lodging and meals), entertainment, books, subscriptions, education, vestments and professional dues. The adoption of such a plan relieves the Authorized Minister of complicated tax reporting of such payments from a non-accountable plan. Under the accountable expense plan, the Authorized Minister provides the church with detailed documentation of the above items. Assuming that the nature and level of expenses falls within IRS guidelines, the reimbursement is not included as taxable income. The church must retain the documentation for seven years for audit purposes.

A non-accountable plan is not recommended.

TRAVEL

Automobile travel should be at the rate allowable by the IRS found in IRS publication 463 (available on line). Travel reimbursement also includes parking, tolls and other transportation costs such as airline, taxi, train, etc.

Estimated amounts:

\$1875 per year for $\frac{3}{4}$ time clergy

\$1250 per year for $\frac{1}{2}$ time clergy

\$625 per year for $\frac{1}{4}$ time clergy

MINISTRY EXPENSES

This may include journal subscriptions, professional dues, books, dry cleaning of vestments, etc.

\$900 per year for $\frac{3}{4}$ time clergy

\$600 per year for $\frac{1}{2}$ time clergy

\$300 per year for $\frac{1}{4}$ time clergy

CONTINUING EDUCATION

This may include conferences, workshops, required clergy training, clergy support groups, attendance at association, conference, and national UCC gatherings. Along with financial support, the church should also give the minister at least one week of continuing education time each year, including Sundays.

\$500 per year for $\frac{3}{4}$ time clergy

\$350 per year for $\frac{1}{2}$ time clergy

\$200 per year for $\frac{1}{4}$ time clergy

Time Benefits

VACATION –

Four weeks of vacation, including four Sundays. This vacation time represents the agreed-upon work week for a one-quarter time, half-time, or three-quarter time position. After each five years of continuous service, we recommend adding another week of paid vacation. We also recommend that the minister strives to take all his or her vacation time each year, but if – due to the unusual needs of the church or the clergy person – all the time cannot be taken in a given year, some time may be rolled over into the next year with the agreement of the church and the minister. We recommend limiting any roll-over to two weeks per year. Unused vacation should be paid at the conclusion of the minister's term.

PULPIT RELIEF SUNDAYS –

Four Sundays each year. The minister works a normal work-week, but has the Sunday off. These Sundays generally do not accumulate from year to year if not used.

SICK LEAVE –

In the event of illness, one week should be provided each year. One week may be 'banked' and, upon the approval of the church governing board, can accumulate up to 8 weeks for use during extended illness or short-term disability. Sick time is not meant to be utilized as additional vacation time. Unused sick leave is NOT payable when an authorized minister ends his or her work in their ministry setting.

CONTINUING EDUCATION –

At least one week per year, including Sunday.

PARENTAL, FAMILY AND COMPASSIONATE LEAVE –

We recommend 6 to 12 weeks which may be used for parental leave, family leave or compassionate leave subject to the approval of the governing board of the church.

SABBATICAL LEAVE –

Paid sabbatical leave is as important for part-time clergy as it is for full time ministers. It is a time for congregational and pastoral enrichment and renewal. The amount of time allowed and when it may be taken should be decided by the minister and the appropriate church body. We suggest three months to be taken after five years of service.

Sample Compensation Package

Example of a half-time clergy compensation package in a town with mid-range housing costs, for a minister with 7 years experience

Salary basis \$35,000 plus additional for 7 years experience

$\$414 \times 7 = \2898	\$37,898.00
Self-employment tax offset	\$2900.00
Pension/annuity funding	\$5305.72
Group life and Disability	\$ 567.00
Medical, dental and vision insurance	

Please note that these figures are from 2014. You should contact the pension boards for the most recent premiums for each plan.

As an example, this document will reference a premium for two adults between the ages of 35 and 39 without children on the pension board's 'Plan A'.

<i>50% of the Plan A premium</i>	\$4929.00
<i>Dental premium at 50% of total premium for two adults</i>	\$ 472.50
<i>Vision premium at 50% of total premium for two adults</i>	\$ 87.17
Salary and benefits	\$52,159.39

Professional Expenses

Travel reimbursement \$1250

Ministry expenses \$ 600

Continuing education reimbursement \$ 350

Appendices

Some helpful information is included in the following appendices. There is more information available in the “Clergy Compensation Guidelines” available on line at the ctucc.org site or through your regional minister.

Appendix 1 Experience Supplements

It is recommended that the minimum base salary be increased depending on years of experience using the formula below:

For 1-10 years of experience	\$828 for full time clergy per year \$621 for three-quarter time clergy per year \$414 for half-time clergy per year \$207 for quarter-time clergy per year
For 11-15 years of experience	\$621 for full time clergy per year \$466 for three-quarter time clergy per year \$311 for half-time clergy per year \$155 for quarter-time clergy per year
For 16-20 years of experience	\$414 for full time clergy per year \$311 for three-quarter time clergy per year \$207 for half-time clergy per year \$104 for quarter-time clergy per year
For 21-35 years of experience	\$311 for full time clergy per year \$232 for three-quarter time clergy per year \$155 for half-time clergy per year \$77 for quarter-time clergy per year
For 36 years +	\$207 per year for full time clergy \$156 per year for three-quarter time clergy \$104 per year for half-time clergy \$52 per year for quarter-time clergy

As an example, if you have a half-time minister with 37 years of experience, you would add \$414 to his or her salary for each of the first ten years of their ministry, \$311 for each of the next five years of ministry, \$207 for each of the 16th through 20th years of ministry, \$155 for each of the 21st through 35th years of ministry, and \$104 the 36th and 37th years of ministry, for total additions to the base salary of \$9063.

Appendix 2

Special considerations for a parsonage

Our church provides a parsonage. How do we determine the compensation package?

When a parsonage is provided, it should be attractive, conveniently located and well maintained. It should have adequate sleeping quarters, plus a guestroom and a study where the Authorized Minister can retreat from family activities, unless adequate office and study facilities are provided in the church itself. Along with the parsonage, the church may pay directly for parsonage utilities (heat, light, water, refuse service, local phone service, maintenance etc.) or provide a parsonage allowance to the Authorized Minister for those expenses.

For **federal income tax** purposes an Authorized Minister can exclude from gross income the fair rental value of the furnished parsonage, including utilities, as part of his or her earnings. However, the exclusion cannot be more than the reasonable pay for services. An Authorized Minister can also exclude any designated parsonage allowance, up to the actual cost incurred. However, for **self-employment tax** purposes, an Authorized Minister must report the fair rental value of a parsonage and the parsonage allowance (including an amount the church pays directly for utilities) and pay taxes on this. Half of this amount should be reimbursed by the church, since it is part of the minister's salary basis. See IRS Publication 517 *Social Security and Other Information for Members of the Clergy and Other Religious Workers* available online at <http://www.irs.gov/publications/p517/ar02.html#d0e410> for more information, and consult with a tax professional with experience in clergy taxes.

Appropriate clergy compensation for part-time clergy when a parsonage is part of the package is complicated. The best first step in assembling a compensation package is to talk with your regional minister.

Appendix 3

Housing allowance as part of salary

For IRS purposes the housing allowance is currently considered non-taxable income for all authorized ministers. See <http://www.irs.gov/taxtopics/tc417.html>. Housing allowance is subject to social security & medicare tax, paid through quarterly SECA payments.

The authorized minister determines the amount of his/her salary to be designated as 'housing allowance' following IRS guidelines. The amount must be designated in

advance in the church budget, and formally be approved by the official church board annually. The action must be recorded in official minutes and retained in the church files. The Authorized Minister must be able to show that his/her actual maintenance costs (e.g. property insurance, utilities, furnishing costs, and maintenance) do in fact equal or exceed the parsonage allowance.

The authorized minister does not have to pay *income* taxes on the portion of the salary specifically designated as housing allowance, but the housing allowance must be included in calculating self-employment taxes. The IRS allows the housing allowance to be the lesser of:

1. The fair rental value of the furnished home plus utilities.
2. The amount actually expended to provide a home
3. The amount officially designated by the church.

See IRS Publication 517 *Social Security and Other Information for Members of the Clergy and Other Religious Workers* available online at <http://www.irs.gov/publications/p517/ar02.html#d0e410> for more information.

Appendix 4

Creative ways of thinking about part-time ministry models.

Your church may be facing a financial situation that limits your ability to compensate an Authorized Minister adequately. Although you should be resolved to fairly compensate your minister for his or her skills, training and experience, you may need to think creatively to find ways to fit appropriate clergy compensation levels into a limited church budget.

You might consider reducing the minister's time commitment by reducing the number of weeks the minister works. Could you worship only three times each month, perhaps arranging lay worship leadership for one or two Sundays each month?

Does your church have a 'slow season' when many members are out of town? Could you decide to gather for worship for only nine months of the year, when the majority of your members will be present.

Consider partnering with a neighboring UCC church and sharing a clergyperson. Your regional minister can connect you with churches that are using this model.

Other helpful resources

The United Church of Christ Ministerial Excellence, Support and Authorization Team publishes a helpful sample call agreement. To download a copy, go to www.uccfiles.com/Sample-Call-Agreement.doc. There is also a call agreement workbook that can be ordered from UCC Resources. Go to www.uccresources.com/products/call-agreement-workbook.

Also helpful is a salary reverse calculator, available on the Connecticut United Church of Christ website, www.ctucc.org, search 'reverse calculator'.