

2018 Guidelines for Pastoral Compensation

(Instructions to complete the Eastern Regional Conference Pastoral Agreement Form (PAF))

- The base range cash salary for full-time pastors (See Guidelines–Pg. 5) is - \$ _____
 \$25,500.00 to \$35,700.00 based upon a mutual agreement between the church and the pastor.
- Additional Considerations
 (For 2017 guidelines each factor is worth \$675)
- Experience \$ _____
 Add one factor for each year of accumulated pastoral experience.
 For example, if the pastor has completed 10 years of pastoral experience, 10 would be multiplied by \$675 for a total experience factor of \$6750.
 The maximum experience factor may be 10.
- Education \$ _____
 Add one factor for each completed year of college, seminary, or post-graduate work at an accredited institution of higher education.
 Check with the pastor to determine educational factor or the commission on church vocations if assistance is needed in determining the level of education.
Factors for undergraduate education: *Factors for graduate education:*
 Completed 50% of P.T.I. = 1 At seminary (seeking MDiv)= 5
 AA = 2 MA = 6
 Enrolled in diploma program = 2 MDiv, BD = 7
 Completion of P.T.I. = 4 STM = 8
 Seminary Diploma = 4 Ph.D., ThD, DMin = 10
 B.A./B.S./B.A.R.S. = 4 (with BA and MA/MDiv)
 The maximum education factor is 10.
- Responsibility \$ _____
 Add factors according to the following chart for levels of responsibility based on worship attendance. Circuits will need to combine their worship attendance numbers to determine their responsibility factor.

Worship Attendance	1-99	100-199	200-399	400+
Solo Pastor Co-Pastor	1	2	3	5
Senior Pastor w/ Associate (s)	1	3	4	5
Associate Pastor	0	1	2	3
Church Planter	2	3	4	5

Maximum responsibility factor may be 5.

- Location \$ _____
 Add 1 to 10 factors related to the local cost of living.
 This information is included in this packet. It is based on *Sales and Marketing Management* magazine annual supplement.
 Maximum geographical factor is 10.
- Other considerations \$ _____
 The church may choose to add factors for ministerial effectiveness. Essentially this would be an acknowledgment for a job well done. Consideration might be given for increases in attendance or giving and quality service in areas of preaching, visitation, pastoral care, administration, etc. Generally this factor would be determined through an annual review process conducted by the elders or an appointed committee. The commission on church & pastor as well as

the conference office can provide forms and help to conduct the evaluation process. In the event of a 10% decline in attendance or giving the church should contact the commission on renewal. Other concerns about ministry should be directed to the commission on church and pastor. The elders shall be responsible for these contacts. The maximum effectiveness factor may be 10.

1. Remuneration Total: Add all previous lines (Enter PAF Line 1)

\$ _____

Breakdown of Remuneration

A. Total Cash Salary: Line 1 minus B through E above (Enter PAF, line 1f) \$ _____

NOTE: Total of A through F needs to equal line 1 above.

B. Housing Allowance (PAF, line 1b) \$ _____

If the pastor provides his/her own housing, a housing allowance must be provided for the pastor. Only the lowest of the following factors may be used as a salary exclusion for income tax purposes: (1) the amount designated as a housing allowance by the church; (2) the amount actually used for housing and related costs. The pastor should request the amount to be designated as a housing allowance, and the church council must take official action to confirm the amount. This action should be taken for the coming year prior to January. The designated amount may be adjusted at any time with the agreement of the pastor and the official action of the board.

C. Parsonage Rental Value (PAF, line 1c) \$ _____

If a parsonage is provided, it is part of remuneration. This line represents the local rental value of the parsonage. Normally, it should not be less than \$450 per month nor more than 25% of the remuneration total (Line 1).

D. Parsonage Expense Allowance (PAF, line 1d) \$ _____

If a church provides a parsonage, a portion of the pastor's salary may be designated as a parsonage expense allowance. This is a tax advantage as long as it is actually used for expenses involved in maintaining the parsonage; such as tenant insurance, furniture, cleaning supplies, rugs, etc. The pastor will need to keep an accurate and complete record of such expenses to justify the allowance. This allowance may not be used with a housing allowance.

2. Supplemental Benefits Total: Add A through I below (Enter PAF, line 2)

\$ _____

A. Health Insurance (PAF, line 2a) See current Conference Guidelines \$ _____

For pastor's enrolled in a qualifying group plan or in a Single Participant Plan. All other churches may not pay or reimburse their pastor for health insurance and must include all remuneration in cash salary.

B. Pension (PAF, line 2b) \$ _____

The pension is based on line 1; multiply line 1 by .12 (12%). This amount is not to be included as income on the pastor's W-2 so long as the plan meets IRS guidelines. The present Conference pension program is a 403b plan into which not more than 25% of cash salary (line 1e) may be added. It is strongly suggested that all pastors be involved in the conference pension plan. Generally the pension contribution may not be paid directly to the pastor. If this is done, it is understood to be taxable income in the year it is given. If this is done a waiver (www.cggc.org) should be signed by the pastor, the pastor's spouse and the elders of the church. The commission on church and pastor will provide waiver upon request.

C. Housing Equity Fund (PAF, line 2c) \$ _____

If a parsonage is provided, a housing equity fund may be established through the General Conference Pension Fund. Contact the fund administrator.

This amount shall be up to 5% of the remuneration subtotal (line 1) or 2% of the tax assessed parsonage value. Essentially this is an addition to the regular pension contribution in order to provide funds for the pastor to purchase a home for retirement. As such these funds will be subject to the guidelines of the pension fund. In addition, the pastor may reduce cash salary and place additional funds into this account as long as the pastor follows IRS guidelines for deferred funds. Include any voluntary salary deduction by the pastor on line 1d of the Pastoral Agreement Form (PAF).

- D. Social Security Allowance (PAF, line 2d) \$ _____
 Since the pastor must pay 15.3% social security tax instead of the 7.65% most persons pay, the church is encouraged to give the pastor a social security allowance equal to ½ the pastor’s social security tax. Multiply line 1 by .0765 to calculate this allowance. This is a taxable income to be reported on the pastor’s W-2.
- E. Disability Insurance (PAF, line 2e) \$ _____
 This coverage is carried on all full time pastors in the conference. Currently premiums are being paid by the Conference from Eastern Regional tithes and offerings. The amount of benefits is based on the most recent pastoral agreement on file at the time of need.
- F. Malpractice Insurance (PAF, line g) \$ _____
 The local churches should contact their insurance agent to secure this coverage. Contact the conference benefit’s coordinator for more information. The premium should be shown on the PAF, line 2g.
- G. Workman’s Compensation (PAF, line h) \$ _____
 By Pennsylvania law, the local church must provide coverage for the pastor under a workman’s compensation policy. The rate is based on payroll. If your church is in a state other than Pennsylvania, Contact your insurance agent for specifics or the Conference Treasurer for more information. If you are a residence of another state please check with the appropriate state agency. The premium should be shown on the PAF, line h.
- H. Other (PAF, line i) \$ _____

3. Reimbursement for Expenses Total: Add A through E below (Enter PAF, line 3)
 \$ _____

To give the pastor a set amount of money per month or at any other interval is not reimbursement, but taxable income. Reimbursement requires the pastor to pay the expense and then submit appropriate documentation to receive payment from the church for expenses incurred. Such documentation must qualify under IRS guidelines.

- A. Travel Allowance (PAF, line 3a) \$ _____
 Auto expenses for church related travel should be reimbursed at the current level of allowance as set forth by the IRS guidelines. The church may purchase or lease a vehicle for the pastor/staff.
- B. Continuing Education, Books and Subscriptions (PAF, line 3b) \$ _____
 The minimum amount for continuing education, books and subscriptions should be \$500.00.
- C. Clergy Couple’s Retreat (PAF, line 3c) \$ _____
 This amount is to reimburse the pastor for the cost in part or whole.
- D. Ministry expenses (PAF, line 3d) \$ _____
 Such expenses could include, but are not limited to: meal costs that are related to ministry; clerical clothes; miscellaneous church purchase and ministry related purchases; and miscellaneous church office expensive. The church may choose to make available a church credit card for pastor.

NOTE: Other income

- **Honoraria**
On occasion pastors may receive honoraria/income or bonuses for weddings, funerals and other services they render. It is understood that such income may be taxable income. It is the responsibility of the pastor to keep accurate records of such gifts and report all taxable income.
- **Non cash income**
Benefits received in kind from the employer are considered income and should be reported on the appropriate tax forms. Such compensation basically includes any expense paid by the employer that benefits the employees and is not business related. For example, non-cash income might include such items as the personal use of a car provided by the church for ministry, or meal and lodging expenses paid by the church that are not ministry related.

Non-Financial Considerations**4. Vacation**

The pastor shall receive vacation time each year according to the cumulative years of full-time pastoral or church related services. All licensed pastors serving full-time automatically receive at least two weeks vacation time per year. All licensed pastors serving under permanent license receive at least two weeks vacation time per year for the first seven years, and three weeks beginning with the eighth year of service. All ordained pastors receive at least two weeks vacation per year for the first five years after ordination. Those pastors serving for a period of five to ten years (after ordination) receive at least three weeks vacation per year. All pastors serving ten or more years since ordination receive four weeks of vacation per year. Additional vacation time may be given upon the mutual agreement of the church and the pastor. The local church will compensate supply pastors during vacation weeks.

5. Holidays

The pastor may have the following holidays: New Year's Day, Martin Luther King Jr. Day, President's Day, Easter Monday, Memorial Day, Independence Day, Labor Day, Thanksgiving, Christmas and the pastor's birthday. If a holiday falls on a Sunday, the pastor may have the following Monday as a vacation day. Another day shall be given if a ministry emergency occurs on a designated holiday.

6. Sick Leave

The pastor shall be allowed sick leave of 30 days per year. It may only be used for actual sickness of the pastor or immediate family. Sick leave may be accumulated at a rate of 5 unused days per year up to an additional 30 days. (It would take 6 years to reach the maximum number of accumulated sick days.) In the event of family death or crisis, sick leave may be used. In case of sickness beyond these provisions, the commission on church and pastor will work with the local church to determine appropriate compensation.

Note: The conference provides a disability insurance program which is based upon the most recent pastoral agreement form on file at the conference office. Check with the conference benefit's coordinator for additional information.

7. Professional Leave

The church may agree to grant the pastor one to three weeks for ministry at Camp Yoliwja, evangelistic ministry, conference ministry, continuing education, consultation ministry, and other ministries. The church will compensate the supply pastor for any Sunday(s) the pastor is involved in these ministries.

8. Sabbatical Leave

For every two years a pastor serves within one local parish, one week of sabbatical leave may be granted, but not used until the completion of the tenth year of ministry in that location. At the completion of the tenth year, a sabbatical to sharpen ministry skills of up to 5 weeks may be granted upon request by pastor. The pastor shall submit a written proposal to the local church leaders and the commission on church and pastor for approval. The pastor shall receive his/her full salary while on sabbatical. The commission on church and pastor will assist the local congregation in securing pastoral services during this time. The local church shall pay for such services. Following the sabbatical, the pastor agrees to provide a minimum of one additional year of service to this congregation, with the understanding that repayment of the sabbatical salary and benefits will be made to the church for

failure to do so. Other methods for sabbaticals may be arranged upon mutual agreement between the church and the pastor and the written approval of the commission on church and pastor.

9. Scheduled Day-off

The pastor shall be permitted 1 to 1 ½ days off per week. It is understood that Sundays are excluded under this provision. This day will be determined by the pastor in consultation with the elders. The congregation shall be notified of this time off. Emergencies may disrupt this scheduled day-off. If an emergency happens, a substitute day may be taken when available.

10. Personal Well-Being

The council shall annually designate a care team to minister to the pastor and his/her family. The team could be the elders or an appointed committee from the congregation. The team ought to meet with the pastor at least quarterly to monitor physical, spiritual and emotional health and to provide support and counsel regarding personal and professional concerns. The pastor's spouse may be included in the meetings if the spouse desires. If mutually agreed upon by the committee and pastor they may meet more often. An important part of the team's work should be intercessory prayer.

General Guidelines

- **Full-time pastoral service is provided for the church when the pastor works at least 50 hours per week.** It is not suggested that a full-time pastor have a time card to determine these 50 hours. The pastor should provide the church with a monthly pastoral report. A conversation should be held between the pastor and the lay leaders to determine what type of report will be helpful for both parties. If help is needed in preparing such a report, please contact the Director of Church Health or your district representative of credentials and placement. This salary package has been designed for full-time pastors only. To apply these salary and benefit guidelines to persons in part-time employment, the guidelines should be figured as if full-time. Then the part-time percentage should be applied to determine a fair salary and benefit package. This money may be distributed in a manner that is acceptable to the pastor and the church. For example, some pastors may want a cash salary and others may want these funds to use for additional benefits – i.e. housing, retirement, health insurance, etc. The commission on church and pastor can assist churches to negotiate appropriate compensation.
- **If the church is not able to pay the full package as outlined in this document,** it is understood that the pastors may be free to seek outside employment. There needs to be a mutual agreement between the pastor, the local church and the commission on church and pastor in determining appropriate compensation. If the pastor is not able or willing to work 50 hours per week, the total compensation package shall be reduced by a percentage equal to numbers of hours the pastor works. For example, if the pastor works 40 hours there shall be a 20% reduction in total compensation package.
- **If the church is receiving pulpit supply,** it is recommended the speaker should receive \$100.00 for each service in which he/she brings a message. In addition to this fee, a travel allowance will be provided from the home of the speaker to the local church and back for each service and/or meeting the person attends. This travel allowance will be the rate as established by IRS guidelines. If assistance is needed in determining IRS guidelines contact the district representative. The church may determine a maximum amount for such travel, but once this amount is reached pastoral services may end until this amount is renegotiated. If the speaker is serving a yoked parish the individual churches may divide these amounts.
- **If the church is receiving intentional interim pastoral service,** it is suggested that the church and the pastor begin negotiations with the full-time package based on the pastor's experience, education, responsibility, geography, and the amount that was paid to the previous pastor of the church. Then determine the number of hours the church wants the pastor to work. Using the fifty hours per week as the full-time pastor model, determine what percentage the pastor is to be compensated. I.E. – If the church wants 25 hours of work/service, the interim pastor would receive 50% compensation. This money may be distributed in a manner that is acceptable to the pastor and the church. For example, some pastors may want a cash salary and others may want these funds to use for additional benefits – i.e. housing, retirement, health insurance, etc. The commission on church and pastor can assist churches to negotiate appropriate compensation.
- **If the church is receiving tent maker/part-time pastoral services,** it is suggested that the church and the pastor begin negotiations with the full-time package based on the pastor's experience, education,

responsibility, and geography. Then determine the number of hours the church wants the pastor to work. Using the fifty hours per week as the full-time pastor model, determine what percentage the pastor is to be compensated. I.E. – If the church wants 25 hours of work/service, the tent-maker pastor would receive 50% compensation.

- **If a church is receiving pastoral services from a retired pastor,** it is suggested that a pastoral agreement be completed between the church and the retired pastor. This agreement should include a brief job description, the numbers of hours the pastor is to work and the compensation the retired pastor is to receive. Refer to the above mentioned guidelines for full-time pastors as a place to start this discussion. Some attention needs to be given to Social Security limits on salary for a retired pastor. It is suggested that a reimbursement plan be established so that ministerial expenses may be paid to the retired pastor without incurring additional taxes.

The following list includes all counties in the Eastern Regional Conference, Churches of God in which a Church of God congregation is located. Units are assigned based on the median household "Effective Buying Income" for each county from the 2008 Demographics USA County Edition. To use this table, find the county in which your congregation is located. Write the number of units in the space provided under location on the first page.

MARYLAND

Carroll 11
Frederick 11
Washington 7

MASSACHUSETTS

Middlesex 11
Norfolk 11
Suffolk 6

NEW YORK

Allegany 3
Bronx 2
Erie 5
Jefferson 4
Kings 4
Lewis 4
Monroe 6
Montgomery 4
NY (Manhattan) 8
Onondaga 5
Queens 6
Richmond 9
Schoharie 5
Steuben 5
Washington 5
Wayne 6

PENNSYLVANIA

Adams 7
Bedford 4
Berks 7
Blair 4
Bucks 11
Chester 12
Clearfield 5
Crawford 4
Cumberland 7
Dauphin 6
Delaware 8
Fayette 3
Franklin 6
Fulton 5
Huntingdon 4
Jefferson 4
Lackawanna 4
Lancaster 7
Lawrence 4
Lebanon 6
Luzerne 4
McKean 4
Mifflin 4
Monroe 7
Montgomery 11
Montour 6
Northampton 7
Northumberland 3
Perry 3
Philadelphia 3
Schuylkill 4
Snyder 5
Sullivan 3
Union 6
York 7