

EVANGELICAL LUTHERAN CHURCH IN AMERICA CENTRAL STATES SYNOD SALARY GUIDELINES 2007

Compensation & Benefits for Clergy and Rostered Lay Professionals (Appendix G)

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**SALARY GUIDELINES TO BE PRESENTED FOR APPROVAL BY
THE CENTRAL STATES SYNOD ASSEMBLY
June 1-4, 2006**

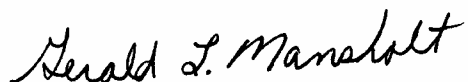
Dear Partners in Ministry,

These Salary Guidelines are to be used in the parish process for determining fair compensation for the Pastor and Rostered Lay Professionals. The Guidelines are prepared by a Committee of the Synod after studying the Guidelines from other Synods of the ELCA, especially those of the Synods adjacent to ours, and after taking into consideration the cost of living increases as predicted by economic analysts.

The Guidelines were presented to and approved by the Executive Committee in March, 2006. *They will be presented for approval to the Central States Synod Assembly in Lindsborg, Kansas in June, 2006.*

I encourage parishes to review the material contained on the following pages and thoughtfully consider the implementation of the Guidelines.

Sincerely,



The Rev. Dr. Gerald L. Mansholt
Bishop
Central States Synod
Evangelical Lutheran Church in America

INTRODUCTION

Every parish is concerned about fair compensation for their Pastor and other Rostered Leaders. How much should we pay? What are other parishes doing? These Guidelines are proposed as a means for parishes to begin to deal with these concerns.

The Compensation Guidelines for Associates in Ministry, Deaconesses, and Diaconal Ministers are similar to the Compensation Guidelines for Pastors. There is little difference in methods of determining compensation for ordained persons and Rostered lay professionals. The same considerations are important B salary, benefits, and reimbursements.

Parishes, Pastors, and Rostered Leaders are urged to participate in the process of salary determination in a spirit of cooperation. Often, the staff member sees the amount of dollars on the paycheck as total compensation. Parishes sometimes look at the bottom line of what it costs to maintain a staff member and view that as the staff member's income. Neither position is accurate.

There are at least three figures to consider regarding salaries:

- 1) What does the staff member receive?
- 2) What does it cost the parish to keep the staff member?
- 3) What is it worth?

The final item is the most crucial.

Parish expectations of Pastors have changed dramatically in the past generation. The Pastor is expected to be an effective preacher and teacher, as well as administrator, counselor, and friend. The Pastor must be available at all times and relate well with all people. Ministry is not a 9-to-5 job, or a five-day workweek. For these reasons, we urge parishes to study these Guidelines closely and take them into consideration as decisions are made regarding the salaries of Pastors and Rostered Leaders.

STRUCTURING A COMPENSATION PACKAGE

I. BASE SALARY GUIDELINES

These Guidelines are recommended as minimum base salary, based on number of years of parish experience. Local conditions may require adjustments. Adjustments should be made for workload, additional education, effectiveness, and accomplishments of the individual. Honoraria for weddings, funerals, etc., are never considered salary for tax purposes in establishing these guidelines. (See base salary schedules in appendix A & G.)

II. HOUSING

A. Parsonage or Housing Allowance

An adequate parsonage or housing allowance should be furnished. Parishes located in areas where real estate is more easily bought and sold should give serious consideration to granting their Rostered Leader the option of owning or renting his/her own home. There are special tax laws that apply to housing for ordained Pastors. Clergy who own or rent their homes must have an agreement on file clearly stipulating the amount of the housing allowance, before receiving housing allowance income. This is an IRS requirement. (See Appendix B for a sample agreement).

The Pastor should submit a request for a housing allowance to the church council prior and the Church Council must designate the amount of the housing allowance when a call is extended and at the beginning of each fiscal year. The amount may be changed from year to year, depending on the needs of the Pastor. In any event, the amount should be enough to cover the cost of housing, utilities, furnishings, taxes, upkeep, maintenance, etc. (The Pastor is not required to report as income an amount that does not exceed the fair rental value of the house and furnishings plus the cost of utilities, maintenance, repairs, services, etc., provided that those dollars are actually expended). (See Appendix B-1 for an explanation of these matters).

Parishes that provide a parsonage rather than a housing allowance should provide major appliances, regular maintenance and upkeep, and the full cost of utilities, including telephone.

Consideration should be given to providing insurance on the contents.

Parishes that provide a parsonage should also designate a portion of the Pastor's salary as a furnishings allowance. This is a simple tax saving for the Pastor that does not impose any financial burden on the parish. (See page 11).

B. Housing Equity Allowance

When a parsonage is provided, it is recommended that the parish provide for a Housing Equity Allowance. The purpose of this allowance is to provide financial resources for a Pastor to purchase housing upon retirement, or when a new call requires the purchase of a home. Each year, the parish should place an amount not less than \$75 per month into a fund to accumulate interest in the Pastor's name. The type of fund should be determined by the parish and the Pastor. The following are possibilities:

- 1) Savings account;
- 2) Optional pension contribution through ELCA Board of Pensions
- 3) Purchase of a separate tax-sheltered annuity program
- 4) Purchase of an endowment-type life insurance policy
- 5) U.S. Savings Bonds purchased by the parish and given to the Pastor as a gift.

(In the case of #1 and #4, the amount plus interest is subject to annual income tax. In the case of #2, #3, and #5, the total amount, including earned income, may be subject to income tax when withdrawn. In the case of #2, the amount may be designated a Housing Allowance For Clergy and therefore may be nontaxable to the extent that it is justified as housing allowance under Internal Revenue Code Section 107.) (Please consult your tax advisor).

The Housing Equity Fund is to provide for the Pastor's personal housing. When the Pastor leaves the parish to move to another call, the housing equity is to be transferred, either to be continued for the Pastor by his/her new parish, or to be used for the purchase of a home by the Pastor.

III. SOCIAL SECURITY

Since employers pay half of the total Social Security tax for employees, at least the same should be paid to the Pastor. Please note that a parish cannot pay the Pastor's Social Security tax directly, but designates the amount as an allowance, which is additional taxable income. As of January 2006, that share is 7.65% and 6.2% FICA; 1.45% Medicare.

IV. PENSION AND MEDICAL/DENTAL

The parish shall budget for and participate in the ELCA Pension, Medical and Dental plan. To determine the amount to be contributed, see Appendix C, or visit www.elcabop.org. Click on Resources and Tools, and use the Calculators options. The Synod recommends a minimum 12% pension contribution, regardless of the age of the Rostered Leader. Clergy couples are alerted to unique provisions applicable to them.

V. EMPLOYEE ASSISTANCE PROGRAM (EAP)

The Synod provides an EAP for all Rostered Persons and Parish Ministerial Assistants (PMAs) serving congregations. New Directions is a confidential help line for Rostered Leaders and their families. New Directions offers counseling and referrals at no cost to

the Rostered Leader or their dependents. New Directions may be contacted directly by calling 1-800-624-5544 or at www.ndbh.com.

Parishes may enroll additional staff members at a nominal fee by contacting John Kreidler in the Synod Office.

VI. AUTOMOBILE EXPENSE REIMBURSEMENT

Automobile expense and other work-related travel are business expenses of the parish, and should not be considered by the parish as part of the Rostered Leader's salary.

Automobile allowances should be sufficient to cover all parish-related activities. Car expense will include actual expense plus depreciation. The Internal Revenue Service requires accurate records to support automobile expenses incurred in connection with parish-related travel. The Leader is responsible for maintaining adequate records for every vehicle used for work-related travel.

Expenses for auto use may be handled in one of the following manners:

- A. The parish purchases or leases a vehicle and assumes the total expense.
- B. The parish provides a determined amount on an annual basis. For example, one who drives 15,000 miles per year on business will receive \$6,075 ($15,000 \times .445 = \$6,675$). Actual expenses will need to be documented for the IRS. Allowance in excess of expenses is taxable income.
- C. The parish reimburses for actual miles driven at a specific rate per mile. The rate might vary depending on where the vehicle is driven and how many miles are driven each year. The IRS allowance is 44.5 cents per mile for the year 2006.

VII. PROFESSIONAL EXPENSE ALLOWANCE

Professional expenses such as books, robes, periodicals, professional dues, entertaining, and hospitality costs incurred in the performance of the duties of the ministry should be shared by the parish. Here are three possible ways to fund this allowance:

- A. Pay amounts as they occur with no maximum.
- B. Set up a line item in the budget and pay these as the expenses occur.
- C. Set up a monthly or annual allowance.

VIII. ANNUAL VACATION

Because a Pastor is "on call" day and night and carries heavy responsibilities daily, the recommended annual vacation time is four weeks, including four Sundays. Pulpit supply is to be arranged for and paid for by the parish (\$125 for one worship service, plus \$30 each additional service and reasonable travel expenses is a recommended minimum). Vacation time should be used within the calendar year and not accumulated, except by special agreement with the Church Council. Vacation time is available during the first year of any call. Vacation time is a good investment in the health and well being of the Pastor and his/her family.

Time spent in outdoor ministries and retreats with parish youth and adults, or work on Conference, Synodical, or ELCA committees should not be considered vacation time or educational leave.

IX. WORK WEEK

At least one, and preferably two, full days off should be granted each week. It is understood that parish emergencies may require a change in schedule from time to time.

X. CONTINUING EDUCATION

The Lutheran Church has a history of an educated and well-trained leadership. The parish should expect its Rostered Leaders to be involved in continuing education programs which will provide opportunity for personal development, enrichment of devotional life, and growth in effectiveness and competency. The ELCA expects each pastoral leader to participate in an average of 50 contact hours of CE annually. Continuing education is regarded as an essential ongoing process that assists the leader in maintaining and sharpening the professional skills required for parish clergy in a rapidly changing world. Parishes and Synod staff should give consideration to a Rostered Leader's continuing education record when granting salary increases, and in the call process.

A. Continuing education is understood to be "professional growth" and "self renewal," as distinguished from program development, vacation, or a theological convocation. Both the leader and the parish will benefit from the leader's involvement in continuing education. It is therefore suggested that any continuing education program be mutually studied and agreed upon by the leader and the Church Council. Continuing education may include courses, seminary classes, workshops, or independent study when directed toward a goal.

Conferences and conventions provided by this Synod (such as the annual Bishop's Convocation) are not to be considered as part of the continuing education leave or allowance.

It is expected that the leader be granted at least two weeks, including two Sundays, and \$700 per year, cumulative up to three years. (This is the minimum recommended by the 1997 ELCA Churchwide Assembly. Rostered leaders are expected to contribute an additional \$300 annually toward their continuing education). It is recommended that the Pastor use at least one week per year. Each parish should develop an explicit written policy relating to the use of continuing education time and funds, especially relating to the termination of a call.

B. Sabbatical: Where a Rostered Leader has served a parish longer than five years, the parish is encouraged to grant sabbatical leave to permit participation in a longer program of continuing education. The leader should be encouraged to take at least a one- to three-month sabbatical leave for study every five years without reduction in salary. (See Appendix F).

In all study situations, it is important that the leader be expected to plan a program of study and present a detailed plan to the Church Council for approval. The nature of the sabbatical is ultimately a matter of agreement between leader and Council. The Synod office is available to assist in planning and can offer guidelines. (See Appendix F). The Synod staff and Area Ministry Deans are also available to assist in securing pulpit supply.

XI. HOLIDAYS

It should be noted that the Pastor is seldom able to take advantage of three-day weekends and other holidays such as Christmas and Easter. Consideration is to be given and the Pastor encouraged to take days off another time during the week to compensate for these holidays. Compensation time is not to be counted as vacation time.

XII. DISABILITY AND LEAVE

- A. TEMPORARY DISABILITY / SICK LEAVE. In the case of disability due to accident, illness, surgery, maternity, etc., it is expected that the parish continue to pay the full salary and housing for the first sixty days of disability, until the temporary disability benefits of the ELCA Pension Plan go into effect. (It is assumed that the parish will provide for necessary vacancy supply). After these sixty days, the ELCA Plan will pay 66-2/3% of "monthly defined compensation." (See Appendix C). It is recommended that parishes pay the remaining 33-1/3% until termination of call.
- B. PERMANENT DISABILITY. We recommend each parish develop an explicit written policy relating to permanent disability, and other contingencies not addressed by these Guidelines.
- C. LEAVES WITHOUT PAY may be requested for up to six months upon written application at least three months in advance of the time the leave is to begin.
- D. NEW PARENT LEAVE may be allowed by the congregation. It is recommended that up to six weeks for the primary parent and up to one week for the other parent.
- E. The Church Council and Pastor should contact the Synod Office and the Board of Pensions prior to taking actions related to disability.

XIII. ADDITIONAL COMPENSATION

Parishes that would like to reward faithful leaders for their service might consider a variety of means of additional compensation. A few ideas are included on an attachment. (See Appendix D).

XIV. MINISTRY SUPPORT PASTORS (INTERIM OR VACANCY PASTORS)

Guidelines for proper compensation of these positions are available from the Central States Synod Office.

Appendix A

CSS Salary Worksheet 2007

Year	Base Salary			FICA 7.65%	Housing 30.00%	Average Defined Compensation	Pension 12.00%	Health & Dental Insurance		Average Total Cost to Parishes	
	Low	Midpoint	High					11.9% MIN	29.6% MAX	Individual	Family
1	28472	30822	33172	2358	9247	42426	5091	5049	12558	52566	60076
2	28894	31278	33662	2393	9383	43054	5166	5123	12744	53344	60965
3	29315	31734	34153	2428	9520	43682	5242	5198	12930	54122	61854
4	29736	32190	34644	2463	9657	44310	5317	5273	13116	54900	62742
5	30156	32645	35134	2497	9793	44936	5392	5347	13301	55675	63629
6	30630	33158	35686	2537	9947	45642	5477	5431	13510	56550	64629
7	31051	33614	36176	2571	10084	46270	5552	5506	13696	57328	65518
8	31473	34070	36667	2606	10221	46897	5628	5581	13882	58106	66407
9	31894	34526	37158	2641	10358	47525	5703	5655	14067	58883	67295
10	32314	34981	37648	2676	10494	48151	5778	5730	14253	59659	68182
11	32998	35724	38444	2733	10716	49170	5900	5851	14554	60922	69625
12	33524	36291	39058	2776	10887	49955	5995	5945	14787	61894	70736
13	34050	36860	39670	2820	11058	50737	6088	6038	15018	62864	71844
14	34577	37431	40284	2863	11229	51523	6183	6131	15251	63837	72957
15	35103	38000	40897	2907	11400	52307	6277	6225	15483	64809	74067
16	35682	38627	41572	2955	11588	53170	6380	6327	15738	65878	75289
17	36209	39197	42185	2999	11759	53954	6475	6421	15970	66849	76399
18	36735	39766	42798	3042	11930	54739	6569	6514	16203	67821	77510
19	37261	40336	43411	3086	12101	55523	6663	6607	16435	68793	78620
20	37788	40906	44024	3129	12272	56307	6757	6701	16667	69765	79731
21	38366	41533	44699	3177	12460	57170	6860	6803	16922	70833	80952
22	38893	42102	45312	3221	12631	57954	6954	6897	17154	71805	82063
23	39419	42672	45925	3264	12802	58738	7049	6990	17387	72777	83173
24	39945	43242	46538	3308	12973	59523	7143	7083	17619	73748	84284
25	40472	42812	47152	3352	13144	60307	7237	7177	17851	74720	85394

Notes:

- 1) FICA optional, but strongly recommended. Computed FICA does not include FICA on housing allowance.
- 2) Health insurance percentages subject to change for 2007; the above figures are based on 2006 percentages.
- 3) For years 26 and above, add a minimum of \$500 for each year above the last 25-year level. No ordained clergy should be expected to serve for less than first-year.
- 4) 2007 scale reflects a 2% increased based on a projected cost of living increase.

Appendix B Housing Allowance Declaration

Parishes that pay their clergy a housing allowance must complete a form similar to this prior to the beginning of each calendar year. Both Pastor and parish should keep a copy for their files. The original should be in the records of the parish.

Council Secretary _____

Date _____

Resolution of _____ Lutheran Church, ELCA ,
_____ (location)

The Church Council of _____ Lutheran Church, ELCA (Central States Synod), on this (date), after discussing the amount to be paid to the Rev. _____ (name) as housing allowance , on a motion duly made and seconded, adopted the following resolution.

RESOLVED, that the Rev. _____ (name) will receive compensation of \$ _____ (amount) for the calendar year 2007, and a housing allowance of \$ _____ (amount) for the calendar year 2007.

Date: _____

(Name), Council Secretary

Original: Church Council Records

Copy: The Rev. _____ (name)

Note:

A housing allowance declaration needs to be submitted to the church council and voted on prior to the end of the calendar year. See IRS publication 517.

The amount of the housing allowance listed here need not agree with the amount listed in the Church budget. **Be sure to make this amount large enough that it will cover all possible costs for the coming year.** (Example: the budget may show a salary of \$30,000 and a housing allowance of \$10,000. This document might show a salary of \$25,000 and a housing allowance of \$15,000).

Information From Clergy Journal

HOUSING:

"The most important tax benefit available to ministers is the housing provided by the congregation, either as a housing allowance or a parsonage manse, parsonage or rectory. Section 107 of the Internal Revenue Code provides that the value of this housing is excluded from taxable income. That means that the portion of a minister's compensation that is designated as housing allowance is simply not subject to income tax (although it is subject to the self-employment Social Security tax). Thus, for example, the Pastor receiving a \$25,000 salary plus the "free" use of the parsonage includes in taxable income only the cash salary, not the value of the housing. The Pastor receiving a combined salary and housing of \$35,000 and who owns his/her own home, also includes only the cash salary portion as taxable income; that portion of the compensation designated as housing allowance may be excludable.

"All of which is to say that ministers pay less income tax on a \$35,000 salary, including housing, for example, than do lay leaders with the same total income. (Some non-ordained employees, however, may have the same tax advantage as ministers if they are provided housing by an employer on the premises of the employer. See Section 119 of the Internal Revenue Code). It is important, therefore, for congregations to help ministers maximize the use of this advantage.

ALLOWANCE OR PARSONAGE:

"Generally, ministers who receive a housing allowance have a greater financial advantage than those who live in a parsonage. This is true because the housing allowance offers much more flexibility in its use for tax purpose. Also, most of the time, ministers who are able to purchase their own home enjoy an increase in value when they sell.

"Ministers in the parsonage can exclude the value of that home from taxable income, but they have no flexibility in the amount. It is simply the fair rental value. Also, living in the parsonage is like renting a home – there is no opportunity to share in the equity of increased value. Still, as will be shown, ministers in a parsonage who own their own furniture, for example, do have an opportunity for utilizing a housing allowance.

CONGREGATION ACTION:

"It is important, as a first step, that the congregation take specific action in order to assure the minister of this tax advantage. When housing allowance is provided, the congregation or official board must officially designate the amount of allowance to be paid. This should be done on an annual basis. It cannot be done retroactively. If a proper designation is not made, the minister cannot exclude any amount for housing.

"In most situations, the congregation will have determined a cash salary of perhaps \$25,000, for example, and a housing allowance of \$10,000. Total to be paid is \$35,000. That distinction may be shown on the Church budget. However, if the minister can justify more housing allowance, the official board should change the designation according to the minister's request. The maximum amount of allowance permitted is the fair rental value of the house lived in by the minister,

furnished, plus the cost of utilities. That could be all salary, perhaps. But the amount is not limited to any specific percentage of salary. It is a dollar amount related to housing value.

"The congregation may believe that \$10,000 is enough allowance, but if the minister can justify more, then salary should be reduced and allowance increased. That action costs the congregation nothing more and the minister, not the congregation, is responsible for justifying the amount to the IRS.

"For example, using a familiar real estate appraiser's rule of thumb, a house valued at \$70,000 might rent for \$700 a month (1% of the fair market value per month). Add the rental value of furnishings, say \$200 a month, plus estimated \$300 a month cost for utilities, and the maximum housing allowance designation could be \$14,400. If \$35,000 is the total salary and housing to be paid, then housing could be increased to \$14,400 and salary reduced to \$20,600. If \$14,400 is spent for housing, all of it is excludable. Any unspent amount is taxable income. An over-expenditure is not deductible.

"Notice the difference? If \$14,400 in our example is spent but the original housing allowance is not changed, the minister can exclude from income only \$10,000. That means \$660 of income tax (15% times \$4,400) that would not have been required. If housing expenses are expected to be more than currently designated housing allowance, a minister can increase take-home pay just by having the allowance increased! It costs the congregation nothing.

"This action could be taken in mid-year, but only on a proportionate basis for the rest of the year. Retroactive action is not permitted. The amount of possible exclusion is the lesser of (1) the designated allowance; (2) the fair rental value of the home, furnished, plus the cost of utilities; or (3) the amount spent. It is important to remember that just because an allowance is designated, it is not automatically tax-free. It must be spent."

IN THE PARSONAGE:

"Ministers in the parsonage who own their own furniture may also receive a housing allowance (sometimes called a furnishings allowance). Assuming the congregation pays the utilities (as they should – after all, it is their house), an allowance equal to the fair rental value of the furnishings is appropriate.

"On the basis of the formula for maximum housing allowance, when the parsonage is provided, utilities paid, but the furniture owned by the minister, an allowance is proper. So, assuming the rental value of the furnishings is \$200 a month, an annual \$2,400 allowance could be designated. If salary is currently \$25,000 plus parsonage, the salary should be reduced to \$22,600 and \$2,400 designated as housing allowance. To the extent the \$2,400 is spent, it is excludable from taxable income. In the 15% tax bracket that is a potential cash savings of \$360 B and at no extra cost to the congregation."

SPENDING THE ALLOWANCE:

"It is not enough just to have the congregation designate the amount of an allowance. It must be spent to be excludable. For what items can the Pastor spend an allowance? According to the regulations, spending can be for anything required "to provide a home." This includes, but is not limited to, the down payment on purchase, mortgage payments (principal and interest), insurance, real estate taxes, furnishings, yard care (including mower, gas, etc.), snow removal,

utilities (not long distance phone calls), curtains, linens, pots and pans Y anything necessary to provide a home except for food and maid service.

"In addition, Pastors with a housing allowance who make mortgage payments on a home loan, may also deduct home mortgage interest on Schedule A of Form 1040. Of course, real estate taxes are also deductible on Schedule A. Both of these costs are, therefore, deductible a "second time," an advantage that neither ministers in parsonages nor any other taxpayer receives."

HOUSING AND UNREIMBURSED EXPENSES:

"Unfortunately, an increased housing allowance could reduce the amount of unreimbursed professional expenses your Pastor may deduct (as previously explained). A reinstated IRS rule now prevents a minister from including on Schedule A unreimbursed professional expenses. (It is equal to the percentage that housing is to total compensation).

This means, in the example above, that if housing is increased from \$10,000 (out of a total of \$35,000) to \$14,400, then 41% (\$14,400 divided by \$35,000) rather than 29% (\$10,000 divided by \$35,000) of unreimbursed professional expenses cannot be listed on Schedule A. Of course, any unreimbursed expenses listed on Schedule A are then subject to a further 2% of adjusted gross income limitation.

"Thus, while increasing the allowance allows more potential income exclusion, it also may reduce allowable expenses.

"As explained earlier, the obvious solution to that problem is for the congregation to adopt a principle of full reimbursement of all professional expenses. If the minister has no unreimbursed professional expenses (because the congregation is now paying all of them), raising the housing allowance while reducing salary does not also reduce deductible expenses. The minister has no deductible expenses when they are all paid by the congregation."

TAX PLANNING:

"Sometimes lay leaders are reluctant to take actions that will enhance the tax advantages of the minister. No one wants to be involved in a tax evasion scheme. But tax avoidance procedures are practiced by all taxpayers. We are not required to pay any more income tax than the law requires. Thus, if the law permits certain actions by employers that may reduce the employee's tax liability, it seems appropriate that such actions be taken. Designation of a housing allowance is one such action."

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For additional information on Housing Allowance, IRS Publication 517, Social Security and Other Information for the Members of the Clergy and Religious Workers at <http://www.irs.gov/pub/irs-pdf/p517.pdf>. Also please consult your tax advisor.

Appendix C

Pension & Health Worksheet

(Using midpoints as example)

1. The basic number to start with is **Defined Compensation Salary**.

For Pastors in Parsonages:

Defined Compensation Salary is determined by adding:

Base Salary + Social Security Allowance + 30% of the sum of Base Salary and Social Security (Parsonage Value) + Household Furnishings Allowance and Utility Allowance (if paid directly to the Pastor and a Parsonage is provided).

Example: \$30,822 (base) + \$2,358 (Social Security) + \$5,047 (Parsonage) + \$1,500 (Furnishings) + 2,700 (Utilities) x 30% = **\$ 42,427**

For Pastors in Their Own Homes:

Defined Compensation Salary is determined by adding:

Base Salary + Social Security + Housing Allowance

Example: \$30,822 (Base) + \$2,358 (Social Security) + \$9,247 (Housing) = **\$ 42,427**

- | | | |
|----|---|------------------|
| 2. | The amount for Medical/Dental ranges from 11.9% to 29.6% of the above (29.6% is used in this example) = | \$ 12,558 |
| 3. | The amount for Pensions is 12% of the figure in Step One. | \$ 5,091 |
| 4. | Disability/Survivors Insurance, plus Administration Fees = 3.2% of Defined Compensation | \$ 1,358 |
| 5. | Congregations may wish to provide additional pension payments through the Church or private programs | \$ 1,000 |
| 6. | Total of pension and health in this example (2, 3, 4 and 5 abo) | \$ 20,007 |
| 7. | Total Compensation Package cost to the parish (steps 1 and 6) | \$ 62,434 |

Assistance in determining any of these calculations can be found by visiting www.elcabop.org , clicking on "Resources and Tools," and opening the option marked "Calculators."

Appendix C (cont'd)

**For 2006 (These Rates will change for 2007)
PENSION & HEALTH CONTRIBUTION CHART
(as a percentage of defined compensation)**

Pension Contribution	Medical & Dental	Other*	Total
12 %	11.9 / 29.6%	3.6%	26.8/43.6%

*Other B Disability/Survivors Insurance (2.5%). Plus administration fees (0.7%).

MEDICAL & DENTAL CONTRIBUTION CHART

	Contribution as a Percent of Defined Compensation	Minimum Monthly Contribution	Maximum Monthly Contribution
Member	11.9%	\$430	\$594
Member & Spouse	20.8%	734	1,040
Member & Children	20.8%	734	1,040
Member, Spouse, & Children	29.6%	1,049	1,486
Waiver of Coverage	0%		

Total Required Contribution Ranges From 27.1% to 44.8%

Assistance in determining any of these calculations can be found by visiting www.elcabop.org, clicking on Resources and Tools, and opening the option marked "Calculators."

Appendix D

Parishes who wish may consider additional compensation for Pastors whose service is valued and appreciated. Some suggestions are:

1. Consideration may be given to granting the Pastor an occasional Sunday off (three or four times during the year) in addition to annual vacation.
- 2a. Provide 100% of the cost of Social Security, 15.3% of Total Compensation up to \$90,000 in 2006, one-half of which is deductible.
- 2b. In 1992 Medicare tax (1.45%) was separated from FICA tax (6.2%) and the Medicare Tax Limit is unlimited in 2006.
3. Pay Medical/Dental deductible.
4. Provide additional disability and/or life insurance.
5. Provide an education fund for children.
6. Provide additional contributions to the Board of Pensions as a Tax Sheltered Annuity, or make contributions to a private TSA.
7. Consideration may be given to providing expenses for the spouse to attend conventions and conferences of the Church.
8. Child care allowance may be granted.
9. Consideration may be given to deferred compensation arrangements.

Appendix F

Extended Study Leave (Sabbatical) Guidelines

Central States Synod

PREFACE

The Biblical witness is the story of God's continuing faithfulness to invest the Gospel into human hands and lives. The Apostle Paul speaks of it as pouring God's love into earthen vessels: "We have this treasure in earthen vessels to show that the transcendent power belongs to God and not to us." (11 Cor. 4-2). Earthen vessels are meant to be filled and emptied, again and again. But care must be taken that, once emptied, the vessels can be filled once again.

St. Paul cautions us that spiritual strength essential to effective ministry comes from God and does not come from ourselves. Both in the strength and in the filling, it is a transcendent power given to us, poured into us as God's people. This is true for all the baptized. It is equally true, perhaps even to a greater degree, of those we look to for filling and spiritual nurture B the Rostered persons who serve among us: Pastors, Associates in Ministry, Diaconal Ministers and Deaconesses.

The concept of wholeness and wellness in ministry is an important principle in the life of the Church. Healthy parishes and healthy Pastors and Associates in Ministry are essential to a healthy community of faithful people. It is our belief that an extended time of study and inward renewal for Rostered persons is an expression of mutual care for one another. The Central States Synod has developed the following guidelines for parishes, institutions, and agencies of the Church to make a Sabbatical Study Leave possible for the Rostered persons who serve among us.

An extended study leave provides an opportunity for Rostered persons to reflect on their call to ministry and relationship to God. While continuing education on an annual basis provides regular short-term opportunities for growth in learning, an extended study leave provides the needed opportunity for in-depth learning and renewal, free from current responsibilities, following a length of service to the parish, agency, or institution. An extended study leave should be holistic, including time for prayer, reflection, relaxation, and refreshment of body and spirit, as well as further developing gifts for future ministry.

EXTENDED STUDY LEAVE GUIDELINES

1. An extended study leave of one to three months be granted to Rostered persons, ordinarily after serving in a ministry site for five years.
2. The Rostered person is normally expected to serve the parish, agency, or institution for at least one year following completion of the study leave.
3. An Extended Study Leave Covenant is the centerpiece of the study leave plan and experience. It is developed through conversation with key leaders: executive committee, staff support committee, supervisor, or others that relate to the Rostered person's continuing education needs in light of the ministry emphases of the parish, institution, or agency.
 - a. Identify ministry highlights and give thanks for ministry accomplished.
 - b. Determine the ministry priority most affected by the Rostered person's leadership and ministry, and explore how s/he can become an even more effective leader through further study and renewal.
 - c. Develop a specific education plan and focus for the sabbatical. The focus of the sabbatical leave should be for in-depth study on one or two topics directly related to the regular call of the Rostered person, and should include time for personal and familial reflection.
 - d. Identify a specific means through which the parish, agency, or institution will share in the success of the sabbatical experience upon its completion.
 - e. Identify a specific means through which the parish, agency, or institution will share in the success of the sabbatical experience upon its completion.
4. The Rostered person will submit a report to the parish, agency, or institution s/he serves within a mutually agreed-upon period of time following completion of the study leave.
5. The parish, institution, or agency is encouraged to provide the Rostered person full pay and benefits during the extended study leave.
6. Proposals for extended study leave shall be presented to the Parish Council or governing body of the agency or institution not less than six (6) months prior to the beginning of the proposed leave. Careful consideration shall be given to all aspects of the proposal and implications for the parish, agency, or institution and the Rostered person.
7. Expenses incurred during the study leave will be borne by the Rostered person (i.e., tuition, books, supplies, travel, living expenses, etc.). Continuing education funds would normally be used to cover some of the expenses.
8. Realizing the parish, agency, or institution will be without the services of its regularly called person, it should consult with the Bishop regarding possible options for continuing coverage during the period of the study leave.
9. It is understood that the extended study leave and the terms of the Covenant are a mutually negotiated agreement between the Rostered person and the parish, agency,

or institution. The Covenant will be completed and filed with the Synod office ordinarily at least three months prior to the beginning date of the study leave.

(Adopted by the Synod Executive Committee on 4/18/97)

Appendix G

2007 Compensation Guidelines for Lay Rostered and Professionals

The guidelines for Associates in Ministry, Deaconesses, Diaconal Ministers, and other lay professionals are similar to the guidelines for Pastors. There is little difference in methods of determining compensation for ordained persons and Rostered lay professionals. The same considerations are important B salary, benefits, and reimbursements. The best approach is to make salary comparable to that of other professionals in the same locale with similar responsibilities and experience. Effective ministry should be adequately compensated. Parishes are encouraged to examine their giving and develop stewardship programs which enable adequate compensation. For more information and suggestions on benefits and reimbursements see the guideline for Pastors.

Years of Service	BA Degree		MA Degree	
	Low	High	Low	High
1	28472	33172	31319	36489
2	28894	33662	31783	37028
3	29315	34153	32247	37568
4	29736	34664	32710	38130
5	30156	35134	33172	38647
6	30630	35686	33693	39255
7	31051	36176	34156	39794
8	31473	36667	34620	40334
9	31894	37158	35083	40874
10	32413	37648	35654	41413
11	32998	38444	36298	42288
12	33524	39058	36876	42964
13	34050	39670	37455	43637
14	34577	40284	38035	44312
15	35103	40897	38613	44987
16	35682	41572	39250	45729
17	36209	42185	39830	46404
18	36735	42798	40409	47078
19	37261	43411	40987	47752
20	37788	44024	41567	48426
21	38366	44699	42203	49169
22	38893	45312	42782	49843
23	39419	45925	43361	50518
24	39945	46538	43940	51192
25	40472	47152	44519	51867

For 26 years and above, add a minimum of \$500 for each year above the 25-year level.