

**2023**

**ROSTERED PERSONS'**

**COMPENSATION AND BENEFITS**

**GUIDELINES MANUAL**

**SECTION A – Pastor's Compensation and Benefits Guidelines**  
**SECTION B – Deacon's Compensation and Benefits Guidelines**

**Upper Susquehanna Synod**  
**Evangelical Lutheran Church in America**

**Recommended by Synod Council – April 30, 2022**  
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## Introduction

This manual is intended to be used as a tool for rostered leaders – pastors (Ministers of Word and Sacrament) and deacons (Ministers of Word and Service) -- and congregations as they work together in budgeting for the rostered leader's compensation and benefits.

We often think of ministry in terms of a rostered leader's efforts on behalf of the members of a congregation. In the same way, the ministry of the laity includes the care of the rostered leader and the rostered leader's family. This mutual concern for one another is a witness to what we believe and practice in the life of the church. A committee should provide an open and supportive forum for discussing compensation and benefits with the rostered leader. The committee can make recommendations to the finance committee, congregation council, and/or congregation for fair and equitable compensation for the pastor and other rostered leaders.

The Leadership Support Team of the Upper Susquehanna Synod reviewed this manual and made recommendations to the Synod Council. In formulating recommendations, the Leadership Support Team considered cost of living factors based on national and local economic conditions, demographics, and compensation in neighboring synods of our region. The compensation guidelines normally are voted upon at each Synod Assembly.

In preparing these guidelines, the Upper Susquehanna Synod seeks to keep in mind the needs of our rostered leaders, as well as current economic conditions and the financial resources of our congregations. It is also recognized that there is a variety of congregational settings and staffing arrangements throughout our synod.

While rostered leaders in the ELCA do not expect to afford a lavish lifestyle, they also do not take a "vow of poverty" – nor should they be expected to do so. It is our synod's hope that congregations will care for their rostered leaders in a manner that shows recognition for their education, their dedication to their calling, their skills, and the responsibilities that are placed upon them. Pastors and other rostered leaders understand that their work is a call from God and a mandate to serve. That work is also expected to be their livelihood.

It should be noted that the compensation guidelines are adopted as "minimum" guidelines. In recognizing that our synodical guidelines are among the lowest of the 65 synods of the ELCA, we encourage congregations that financially are able to raise their compensation above the synod minimums to do so.

## SECTION A: PASTORS' COMPENSATION AND BENEFITS GUIDELINES

### PART I. Determining Compensation

#### A - Base Salary

The Synod Assembly annually adopts a minimum base salary schedule below which no pastor serving a full-time position ought to be paid. Normally the bishop will not recommend candidates to congregations not meeting this minimum. When planning for your 2023 congregation budget and salary recommendations, congregation leaders are asked to begin their consideration with the minimum figure (per years of service) for your pastor. Congregations are encouraged to move beyond this recommended minimum figure as an expression of Christian responsibility within the Church, giving consideration to the needs of the pastor and family as well as merit increases.

Step 1: Fill in line (A<sub>1</sub>) with the BASE SALARY  
you are presently paying

A.1     \$ \_\_\_\_\_  
Present Base Salary

Step 2: Responsibility/Proficiency/Cost of Living Factors.

A fair rate of remuneration should consider what amount is appropriate to add to the amount in line (A<sub>1</sub>).

1. The responsibility factor:
  - a. The nature of the pastor's task
  - b. The size of the congregation
  - c. Staff or team ministry
2. The proficiency factor or how well the pastor accomplishes the task:
  - a. Abilities of the pastor as preacher, worship leader, shepherd, teacher, counselor, administrator
  - b. Experience as an ordained pastor
  - c. Length of service with this congregation
  - d. Continuing education
3. The cost of living factor (the rate of inflation during previous 12 months)

Fill in line (A<sub>2</sub>) with the proposed increase for this year.

A.2 \$ \_\_\_\_\_  
Proposed Increase

Step 3: Add lines (A<sub>1</sub>) and (A<sub>2</sub>)

A.3 \$ \_\_\_\_\_  
Total of 1 & 2

Step 4:            The Minimum Base Salary recommended for 2023 is based on the pastor's year of ordination as follows (next page):

<b>2023 CLERGY SALARY GUIDELINES</b> <b>FOR THE UPPER SUSQUEHANNA SYNOD, ELCA</b>			
<b>Adopted 2022 Upper Susquehanna Synod Assembly</b>			
Years Ordained	Year Of Ordination	2022 Minimum Salary Guidelines	2023 Minimum Salary Guidelines
0	2023	N/A	\$37,600
1	2022	\$36,150	\$38,025
2	2021	\$36,575	\$38,450
3	2020	\$37,000	\$38,875
4	2019	\$37,425	\$39,300
5	2018	\$37,850	\$39,725
6	2017	\$38,275	\$40,150
7	2016	\$38,700	\$40,575
8	2015	\$39,125	\$41,000
9	2014	\$39,550	\$41,425
10	2013	\$39,975	\$41,850
11	2012	\$40,400	\$42,275
12	2011	\$40,825	\$42,700
13	2010	\$41,250	\$43,125
14	2009	\$41,675	\$43,550
15	2008	\$42,100	\$43,975
16	2007	\$42,525	\$44,400
17	2006	\$42,950	\$44,825
18	2005	\$43,375	\$45,250
19	2004	\$43,800	\$45,675
20	2003	\$44,225	\$46,100
21	2002	\$44,650	\$46,525
22	2001	\$45,075	\$46,950
23	2000	\$45,500	\$47,375
24	1999	\$45,925	\$47,800
25	1998	\$46,350	\$48,225
26	1997	\$46,775	\$48,650
27	1996	\$47,200	\$49,075
28	1995	\$47,625	\$49,500
29	1994	\$48,050	\$49,925
30	1993	\$48,475	\$50,350
31	1992	\$48,900	\$50,775
32	1991	\$49,325	\$51,200

2023 CLERGY SALARY GUIDELINES FOR THE UPPER SUSQUEHANNA SYNOD, ELCA			
Adopted 2022 Upper Susquehanna Synod Assembly			
Years Ordained	Year Of Ordination	2022 Minimum Salary Guidelines	2023 Minimum Salary Guidelines
33	1990	\$49,750	\$51,625
34	1989	\$50,175	\$52,050
35	1988	\$50,600	\$52,475
36	1987	\$51,025	\$52,900
37	1986	\$51,450	\$53,325
38	1985	\$51,875	\$53,750
39	1984	\$52,300	\$54,175
40	1983	\$52,725	\$54,600
41	1982	\$53,150	\$55,025
42	1981	\$53,575	\$55,450
43	1980	\$54,000	\$55,875
44	1979	\$54,425	\$56,300
45	1978	\$54,850	\$56,725
46	1977	\$55,275	\$57,150
47	1976	\$55,700	\$57,575
48	1975	\$56,125	\$58,000
49	1974	\$56,550	\$58,425
50	1973	\$56,975	\$58,850

Based on your pastor's year of ordination, enter  
the minimum base salary from the schedule above

A.4. \_\_\_\_\_  
Minimum Base Salary

Step 5: Compare the amounts entered in A.3. and  
A.4. and enter the larger amount here

A.5. \_\_\_\_\_  
2023 Base Salary

### **Determining the Housing Equity Allowance or Housing Allowance**

*Use only one section, B or C below*

If your parish provides a PARSONAGE for the use of your pastor and his/her family, complete Section B immediately below, and omit Section C which follows. If your parish provides the pastor with a HOUSING ALLOWANCE, omit Section B and complete Section C.

#### **B - Housing Equity Allowance (with parsonage)**

When a parsonage is furnished rent-free as a part of the pastor's compensation, it must be remembered that the pastor does not have the opportunity to build equity as do homeowners. Some parishes choose to compensate for the lack of equity by making housing

equity payments (a housing equity allowance) to their pastor's ELCA Retirement Plan account or another qualified deferred plan. (Only church plans, however, like the Portico Benefit Services plan, allow funds to be treated as a "housing allowance" when distributed.)

Housing equity contributions:

- are not considered income for either federal income taxes or Social Security taxes,
- can be withdrawn any time and used to purchase a home. (See IRS regulations (sec. 107) for rules on how to handle withdrawals from housing equity funds.)

The following suggested contractual provisions are recommended in support of a housing equity allowance for a pastor whose congregation provides a parsonage:

1. the housing equity allowance be an amount equal to at least 3% of Line E1 (Defined Compensation);
2. the congregation pay this amount in regular installments to a depository agreed to by the congregation and the pastor;
3. use of the funds be limited to the provision of housing whenever it is needed, specifically at the time of retirement, disability or death or when a congregation disposes of its parsonage;
4. provision be made for changes of depository when required by relocation provided that the original contractual limitations for the use of funds be maintained.

Enter amount to be paid here.

**B. \$ \_\_\_\_\_**  
**Equity Allowance**

### **C - Housing Allowance (without parsonage)**

If your parish provides a Housing Allowance for your pastor and family, this amount should be sufficient to provide adequate housing as well as care for the related expenses of utilities and upkeep. Your pastor may exclude the Housing Allowance from taxable income up to the "fair rental value" of a furnished home plus utilities, to the extent that the allowance is actually expended for housing (see IRS publications for limits on housing allowances). Expenses which qualify to be used for a Housing Allowance include payments on purchase, principal and interest payments on mortgages, taxes, utilities, maintenance, insurance, furnishings, landscaping, etc.

The Housing Allowance for 2023 is to be an amount that accurately reflects local conditions. The minimum housing allowance range recommended by the synod for 2023 is \$16,025 to \$19,485. Congregations located in areas of the synod where housing is more costly should consider the higher amount in this range as the minimum. In addition, a pastor may want designate a portion of salary as additional housing allowance (see Sample Forms, p. 15).

Place the amount designated for Housing Allowance here:

**C. \$ \_\_\_\_\_**  
**Housing Allowance**

### **D - Social Security Allowance**

For Social Security purposes, pastors are taxed as if they are self-employed. In addition, section 3121(b)(8)(A) of the Federal tax code prohibits the church from withholding FICA tax (Social Security and Medicare tax) on the wages earned by a minister.

In general, self-employed persons are required to pay an effective rate of 15.3% which reflects an employee's share of 7.65% and an employer's share of 7.65%. As of this writing, the 2023 rate is

assumed to be 15.3%.

Synod policy is that congregations assume an amount at least equivalent to the "employer's" share of the Social Security tax which the pastor is required to pay, or a similar amount if the pastor has opted out of Social Security. This allowance is to be paid as additional compensation.

Step 1: Determine what portion (at least 50%)  
you will pay your pastor as a Social  
Security Allowance.

D.1. \_\_\_\_\_ %  
Portion to be paid by parish

Step 2: Figure the salary on which Social  
Security will be paid next year by  
adding the amounts of Base Salary  
and Housing.

Base Salary (line A5)

\$ \_\_\_\_\_

Housing: If you provide  
a parsonage, use 30% of base  
salary (which the church uses  
to represent annual fair  
rental value)

\$ \_\_\_\_\_

OR

If you provide a Housing  
Allowance, insert the  
total amount here  
(line C)

\$ \_\_\_\_\_

Add Base Salary and Housing and enter amount here. D.2. \$ \_\_\_\_\_

Estimated Salary Subject to Social Security

Step 3: Effective Social Security Rate for 2023

D.3. \_\_\_\_\_

Step 4: Multiply (D2) by (D3)

D.4. \$ \_\_\_\_\_  
Social Security Tax

Step 5: Multiply (D4) by (D1)

D.5. \$ \_\_\_\_\_  
**Social Security Allowance or  
its Equivalent**

## PART II. Determining Cost of Benefits

### E - Pension Contribution

In the Upper Susquehanna Synod, the recommended minimum contribution rate is 12% of Defined Compensation as calculated below.

**DEFINED COMPENSATION:** This figure is used by the Portico Benefit Services in calculating all benefit contributions.

- |  |          |
|--|----------|
| 1. Base Salary (line A5)               | \$ _____ |
| 2. Social Security Allowance (line D5) | \$ _____ |
| 3. Total Cash Salary (1 + 2)           | \$ _____ |
| 4. With Parsonage (30% x 3)            | \$ _____ |
| 5. Without Parsonage (line C)          | \$ _____ |
| 6. Total (3 + 4 or 5)                  | \$ _____ |

DEFINED COMPENSATION -

Enter Total from Line 6 here

E.1 \$ \_\_\_\_\_

The parish's pension contribution rate is:

E.2 12%

Multiply line E.1 by E.2 - Pension Contribution

E.3 \$ \_\_\_\_\_

## F - Health Benefits Plan, Disability, Survivor Benefits

On May 5, 2020, the Executive Committee of the Synod adopted a resolution recommending Portico Benefits Services “Gold +”, or the “Silver +” with a fully funded\* Health Savings Account (Silver+ Level A), for health benefits. Help in understanding the choices can be found at <https://benefitchoices.porticobenefits.org/>.

Most congregations will use the 2023 benefits calculator on Portico’s website to determine the cost of health benefits for 2023. Look for the calculator on Portico’s EmployerLink website at: <https://employerlink.porticobenefits.org/home>  
<https://employerlink.porticobenefits.org/> Click on the link for ELCA Traditional Benefits Calculators.

F. \_\_\_\_\_

**Portico Benefits Coverage**

### Waiver of Medical-Dental Coverage Possible

The ELCA Church Council has approved a balance of cost-sharing between congregations and plan members. Portico offers a choice of ELCA-Primary health benefit options that fit this approved balance: Gold+, or Silver+ with either Level A or B employer HSA contribution. Each fall, congregations should engage in conversation with their sponsored plan members to determine the option that best fits their needs, and then make their selection during annual enrollment. Current contribution rates are available on at [EmployerLink.PorticoBenefits.org](https://EmployerLink.PorticoBenefits.org) or by calling Portico at 800.352.2876.

The ELCA Medical and Dental Benefits Plan provides for necessary health benefits coverage for rostered leaders, lay employees, and their families and discourages unnecessary duplicate coverage. 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 plan coverage, while continuing to participate in the ELCA disability, survivor, and pension plans. The option of waiving coverage is particularly attractive for members who can obtain medical coverage at subsidized rates through a spouse’s employer plan. Nevertheless, congregations should budget for the full cost of health benefits for the rostered leader (spouse and family) in the event the alternate coverage is cancelled.

Rostered leaders and congregations may share in conversation on waiving health coverage if coverage can be obtained in another way (spouse employer, military service etc.). Financial incentives may be offered in these cases.

***Unless the rostered leader's spouse and/or children are covered under some other group insurance plan, the congregation/ministry is expected to provide their coverage.***

### **Disability Insurance, Survivor Benefits**

As a benefit of participation in the ELCA Benefits Plan, your pastor has Disability Insurance. The Disability Plan will pay 66 2/3% of defined compensation less Social Security and Worker's Compensation disability benefits.

The parish provides full compensation, including housing, for the first two months of disability on a self-insured basis. The parish is also expected to pay the medical, dental, and survivors insurance contributions during the first two months of disability. Thereafter, the Disability Plan would pay these premiums, and the pastor becomes eligible for the three types of benefits listed below as long as the pastor is considered partially or totally disabled (as defined by the plan), up to the pastor's full benefit retirement age, as defined by the Social Security Administration:

1. monthly benefit,
2. continuation of contributions to the Retirement Plan, and
3. continuation of health and survivor benefits coverage.

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

Additional life insurance coverage for member, spouse, and children is available as an option via payroll deduction. If the parish elects to pay for additional coverage, it must be included in the employee's tax reporting on form W-2.

### **H - Flexible Spending Account (FSA) and Health Savings Account (HSA)**

A Flexible Spending Account (FSA) is a type of "cafeteria plan." With an FSA plan, 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 Health Benefits Plan or other health coverage, and
2. eligible dependent day care expenses

While individual congregations and organizations can administer an FSA plan, it is a complicated process necessitating the navigation of the relevant legalities. Portico Benefit Services can provide assistance through its plan.

A Health Savings Account (HSA) is a type of savings account that lets the employee set aside money on a pre-tax basis to pay for qualified medical expenses. Using untaxed dollars in a Health Savings Account (HSA) to pay for deductibles, copayments, coinsurance, and some other expenses, enables the employee to lower overall health care costs.

Contributions to an HSA may be made only when the employee has a High Deductible Health Plan (Silver+ or lower). Congregations that offer Silver+ or below are encouraged to contribute to a HSA to the full amount allowed. Information on establishing and contributing to a HSA can be found on the Portico EmployerLink website.

## PART III. Professional Expenses

Inasmuch as changes in the federal tax code have eliminated deductions for professional expenses (books, other published resources, business entertainment expenses, professional organization dues, vestments, etc.), it is recommended that first the congregation adopt the principle that all professional expenses incurred by the pastor and other employees will be reimbursed through an accountable plan. Adequate allowances, in addition to salaries, should be provided in the church budget to cover these anticipated costs. Finally, the Congregation Council should frequently review the allowances and their use to be certain that the rostered leaders are submitting reimbursement requests on a timely basis and are being fully reimbursed.

Four of the most frequent expenses are:

5. Automobile expenses
6. Continuing education
7. Book/Periodical expenses
8. Assembly expenses

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

### I - Automobile Expenses

The largest single church-related expense for the pastor is the cost of transportation, which includes fuel, repairs, insurance, tolls, etc. In the business world such expense is commonly covered by the employer. Check with the IRS to determine the current rate ([www.irs.gov/tax-professionals/standard-mileage-rates](http://www.irs.gov/tax-professionals/standard-mileage-rates)). The travel allowance should be adequate to cover all transportation costs to the pastor including automobile expenses.

Parishes should pay the full cost of car expenses incurred in the fulfillment of pastoral duties.

There are three options available:

1. Where extensive driving is required, a parish owned or leased car may be the most satisfactory approach
2. Reimbursement can be based on the actual number of miles driven.
3. A flat rate, regardless of mileage driven, could be paid; however, the parish and rostered leader must be careful how this is structured for income tax purposes.

Enter the Automobile/Transportation Allowance  
or mileage rate here

I. \$ \_\_\_\_\_  
Auto Allowance

### J - Continuing Education

Rostered leaders need to have opportunities for continued growth in competence and understanding as they utilize their gifts in ministry. Continuing education is the way the leader enhances ministry abilities, acquires new skills, and experiences personal growth for a more

effective ministry. It is the expectation of the ELCA that each rostered leader participate in 50 contact hours of continuing education annually. A contact hour is interpreted as a period of 50 minutes in which the individual actively engages in learning under the supervision of another person or co-learning with colleagues.

Rostered leaders should develop a Continuing Education Covenant with their Congregation Council. This is an excellent step in developing a sense of shared ministry. The ELCA recommends that congregations contribute a minimum of \$700 each year for continuing education and that the rostered leader provide a minimum of an additional \$300 each year.

Congregations also are expected to cover the expenses of first call theological education for the first three years following a pastor's ordination. In past years this amount has been \$200.

Enter the allowance here.

**J. \$ \_\_\_\_\_  
Continuing Education**

### **K - Book/Periodical Expenses (Optional)**

Your congregation may choose to provide an allowance for the purchase of, or subscription to, books and periodicals, enabling the pastor to keep abreast of developments in the profession.

Enter the amount of Book/Periodical Expenses here.

**K. \$ \_\_\_\_\_  
Book/Periodical Expenses**

### **L - Assembly/Conference Expenses**

Your pastor's attendance at official assemblies and conferences is a professional expense. Attendance at the assembly of the synod is expected; and all expenses for registration, lodging, and meals should be paid by the congregation or agency. Attendance at conferences should also be supported by the congregation or agency by payment of registration fees and other expenses. Discuss with your pastor any anticipated expenses in connection with assemblies and conferences in the coming year.

Enter the amount of allowance for assemblies and conference expenses here.

**L. \$ \_\_\_\_\_  
Assembly/Conference Expenses**

## PART IV. Additional Benefit Items

### Sabbatical Leave

Consideration should be given to granting a sabbatical leave to a pastor every seventh year. Sabbaticals provide pastors and other rostered leaders the opportunity to reflect on their call to ministry and their relationships with God and God's people. While the concept of a sabbatical in the business and academic world is tied to research and finishing advanced degrees, a sabbatical in the church is provided as time away from the busyness of daily ministry in order to nourish one's relationship with God for the sake of the ministry to which one has been called.

A thorough explanation of sabbaticals, the specific policy adopted by the synod council, and guidelines and suggestions for providing them, is available from the office of the Upper Susquehanna Synod.

### Vacation

The need for an annual vacation is self-evident. A pastor is frequently under much professional stress and needs time away. The synod recommends a minimum of one month or four weeks vacation. 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 which need to be discussed openly with your pastor and should be considered an important part of compensation.

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

The Vacation Agreement with our pastor is as follows:

Vacation of \_\_\_\_\_ per year, including \_\_\_\_\_ Sundays.

### Family Leave

A specific family leave plan should be carefully drawn up in consultation with the congregation council. A paid maternity leave of six to eight weeks is encouraged for the pastor or deacon giving birth. A paid paternity leave of up to six weeks is encouraged. A minimum of two and up to six weeks of paid parenting leave is encouraged when welcoming a newly-adopted or foster child. This leave is recommended to be available for a period of twelve months following the birth or adoption of a child. This time may be taken as either Block or Intermittent Leave (described below). In some situations, additional leave time (salaried or unsalaried) may be approved by the congregation council.

Care for a family member with a serious health condition (e.g., any illness, injury or condition involving inpatient hospital care or requiring continuing in-home treatment by a physician or other health care provider): A paid leave of up to eight weeks in any given twelve-month period is recommended. The time may be taken as either Block or Intermittent Leave. In some situations, additional unsalaried leave time may be approved by the congregation council.

To offset the expenses of any family leave, the Upper Susquehanna Synod will provide reimbursement of supply pastors for a maximum of three weeks or will provide coverage by a member of the synod staff. Pastoral care for the congregation will be provided by local pastors under the auspices of the Dean of the Conference.

The congregational council is encouraged to give prayerful consideration to other family situations and use the above guidelines as guidance in their deliberations.

### **Block Leave:**

Leaves taken in one or more continuous periods of time. For example, leaves of two to eight weeks fall within this category.

### **Intermittent Leave:**

Leaves taken on an intermittent basis, or where the pastor or deacon works a reduced work week according to a prearranged schedule. The reduced work schedule can include full or partial days of leave.

*(This Family Leave Policy was adopted by the Upper Susquehanna Synod Assembly, June 18, 2011)*

### **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 pastor.

### **Sick Leave**

The pastor should be allowed a certain number of days of work missed on account of illness as mutually agreed in advance. Such leave is in addition to vacation time.

### **Tax Sheltered Annuity (TSA)**

Contributions made to an approved Tax Sheltered Annuity on behalf of the pastor are not taxable in the year made, but are taxable in the year they are withdrawn, e.g. in retirement. Additional contributions up to the amount permissible by the Internal Revenue Service may be made to Portico Benefit Services. While congregations or agencies may use an approved depository other than Portico Benefit Services, it is a complicated process that requires legal plan documents. The pastor should contact Portico Benefit Services for details on the exact amount of additional TSA eligibility. TSA contributions may be made in addition to Individual Retirement Account (IRA) arrangements.

\$ \_\_\_\_\_  
**TSA**

### **Household Expenses and Furnishings Allowance**

*(Applicable only to pastors whose congregations provide parsonages. For pastors who receive a Housing Allowance, this is included in the Housing Allowance.)*

An allowance may be designated out of base salary which may be used by the pastor for purchasing and repairing furnishings, and for certain other household expenses. The amount is determined by the pastor on anticipated expenses. To the extent that it is actually used for furnishings, etc., it is excludable from Federal Income Tax.

\$ \_\_\_\_\_  
**Furnishings Allowance**

## Sample Forms

The following forms may be utilized in developing a Housing Allowance Program for the pastor.

- No. 1. Form for presentation of pastor's estimate of expenses qualifying under the pastor's housing allowance.
- No. 2. Draft language for action on a housing allowance by the Congregation Council.
- No. 3. Draft notification to the pastor by the congregation (Congregation Council) of approved housing allowance.

### PASTOR'S ESTIMATE OF HOUSEHOLD EXPENSES

TO: (Name of Congregation)

DATE

FROM: (Name of Pastor)

SUBJECT: Housing allowance for year extending from \_\_\_\_\_, 20\_\_, to \_\_\_\_\_, 20\_\_.

The amounts set forth below are the amounts I expect to spend during the period \_\_\_\_(as above) to rent or otherwise provide a home for me and my family.

#### Item

- |   |                |
|---|----------------|
| 1. Rent on leased property or payments on purchase of a home (including down payment, acquisition costs, mortgage payments of principal). | \$ _____       |
| 2. Garage rental (if not included above)  | \$ _____       |
| 3. Utilities (gas, electricity, water, sewer, oil, telephone, refuse removal charges, firewood, TV cable)                                 | \$ _____       |
| 4. Insurance (homeowner's, fire, extended coverage, liability, contents, flood).  | \$ _____       |
| 5. Repairs and maintenance  | \$ _____       |
| 6. Furnishings and improvements   | \$ _____       |
| 7. Interest and Taxes (may want to itemize these separately)  | \$ _____       |
| 8. Other housing expense (list in detail).  | \$ _____       |
|   | Total \$ _____ |

Pastor's Signature \_\_\_\_\_

### DRAFT LANGUAGE FOR CONGREGATION COUNCIL ACTION ON HOUSING ALLOWANCE

The \_\_\_\_\_ Committee advised the Council that under the tax laws an ordained minister of the Gospel is not subject to Federal Income Tax with respect "to the rental allowance paid as part of compensation to the extent used to rent or provide a home." Where the pastor owns a home, this amount of the allowance will be an amount equal to the fair rental value of the home,

including furnishings and appurtenances such as a garage, plus cost of utilities.

The Council, after considering the statement of The Rev. \_\_\_\_\_ setting forth estimates of the amount expected to be spent to rent or otherwise provide a home during the period \_\_\_\_\_, 20\_\_, to \_\_\_\_\_, 20\_\_, and in light of the Federal Income Tax law and of the established salary level, on motion duly made and seconded, and adopted the following resolution:

Resolved that The Rev. \_\_\_\_\_ receive a salary of \$\_\_\_\_\_ for the year \_\_\_\_, and a housing allowance of \$\_\_\_\_\_ for the year, the housing allowance to be so designated in the official records.

\_\_\_\_\_  
(Congregation Council Secretary's Signature)

## NOTIFICATION OF HOUSING ALLOWANCE BY CONGREGATION (EMPLOYER)

Date \_\_\_\_\_

Dear Pastor \_\_\_\_\_,

This is to advise you that at a meeting of the Congregation Council held on \_\_\_\_\_, 20\_\_, your housing allowance for the year \_\_ was officially designated and fixed in the amount of \$\_\_\_\_\_. Accordingly, \$\_\_\_\_\_ of the total compensation payable to you during the year \_\_\_\_ will constitute housing allowance and the balance will constitute "salary" (as interpreted by the Income Tax Law).

\_\_\_\_\_  
(Congregation Council Secretary's Signature)

## 2023 Worksheet: Parish Budget for Pastoral Ministry

Pastor:\_\_\_\_\_

Parish:\_\_\_\_\_

### Synod Policy

Reference from  
Attached Supplements

#### **PART I. Compensation**

*Base Salary (including one month vacation)	\$_____ (A5)
**Housing Equity Allowance (with parsonage)	\$_____ (B)
*Housing Allowance (without parsonage)	\$_____ (C )
*Social Security Allowance or equivalent	\$_____ (D5)
	\$_____
	Total Compensation

#### **PART II. Cost of Benefits**

***Pension Contribution	\$_____ (E3)
***Health Benefits Contribution	
***Disability, Survivor	\$_____ (F)
	\$_____
	Total Benefits Cost

#### **PART III. Professional Expenses**

***Automobile Allowance	\$_____ (I)
***Continuing Education	\$_____ (J)
**Book/Periodical Expenses	\$_____ (K)
**Assembly/Conference Expenses	\$_____ (L)
	\$_____
	Total Professional Expenses

\* By mutual agreement of pastor and parish, but should be at least equal to minimum base amounts approved by synod in assembly.

\*\* By mutual agreement of pastor and parish.

\*\*\* Required through official call and by mutual agreement of pastor and parish.

**PART IV. Tax Advantageous Redistribution of Compensation**

The amount of Cash Salary which would be subject to income tax may be adjusted as follows:

Base Salary	\$_____ (A5)
Housing Allowance	\$_____ (B or C)
Social Security Allowance	\$_____ (D5)
	\$_____
	<b>Total Compensation</b>

**Tax Advantageous Amounts**

Adjusted Housing Allowance	\$_____
Tax Sheltered Annuity	\$_____
Furnishings Allowance	\$_____
Flexible Spending Account or HSA	\$_____
Optional Pension Plan Contributions	\$_____
	\$_____
	<b>Total Amount Sheltered</b>

Subtract Total Amount Sheltered from Total  
Compensation

\$\_\_\_\_\_

**Adjusted Cash Salary  
for Income Tax  
Purposes**

*Portico financial planners can help ELCA Retirement Plan members understand and make choices related to taxes, Social Security, housing allowance, housing equity, base salary, other compensation, insurance. The ELCA Retirement Plan member must initiate the phone call and provide her or his Portico Benefit Services Member ID.*

## SECTION B: DEACONS COMPENSATION AND BENEFITS GUIDELINES

### PART I. Determining Compensation

#### A - Base Salary

The Synod Assembly annually adopts a minimum base salary schedule below which no deacon serving a full-time position ought to be paid. Normally the bishop will not recommend candidates to congregations not meeting this minimum. When planning for your 2023 congregation budget and salary recommendations, congregation leaders are asked to begin their consideration with the minimum figure (per years of service) for your deacon. Congregations are encouraged to move beyond this recommended minimum figure as an expression of Christian responsibility within the Church, giving consideration to the needs of deacon and family as well as merit increases.

Step 1: Fill in line (A<sub>1</sub>) with the BASE SALARY  
you are presently paying

L.1 \$ \_\_\_\_\_  
Present Base Salary

Step 2: Responsibility/Proficiency/Cost of Living Factors. A fair rate of remuneration should consider what amount is appropriate to add to the amount in line (A<sub>1</sub>).

1. The responsibility factor:
  - a. The nature of the deacon's task
  - b. The size of the congregation
  - c. Staff or team ministry
2. The proficiency factor or how well the deacon accomplishes the task:
  - a. Abilities of the deacon in his/her area of ministry
  - b. Experience as a deacon
  - c. Length of service with this congregation
  - d. Continuing education
3. The cost of living factor (the rate of inflation during previous 12 months)

Fill in line (A<sub>2</sub>) with the proposed increase for this year.

L.2\$ \_\_\_\_\_  
Proposed Increase

Step 3: Add lines (A<sub>1</sub>) and (A<sub>2</sub>)  
Total of 1 & 2

L.3 \$ \_\_\_\_\_

Step 4: Based on your deacon's years of experience,  
enter the minimum base salary from the schedule at the top of page 22.

L.4 \$ \_\_\_\_\_  
Minimum Base Salary

Step 5: Compare amounts in line A.3. and A.4.  
Enter the larger amount here.

L.5. \$ \_\_\_\_\_  
Next Year's  
Base Salary

Ministers of Word and Service minimum salary recommendations for 2023\*  
or those with masters degrees or equivalent experience.

<u>Years of Experience</u>	<u>2023 Recommended Salaries</u>
0	\$41,635 - \$43,758
5	\$43,758 - \$45,880
10	\$45,880 - \$48,001
15	\$48,001

Increase for each year of service approximately \$424.50

\* Based on not receiving a housing allowance.

**Matters of professional expenses need to be considered for deacons as well as pastors. Such expenses are determined by the Congregation Council and the deacon as appropriate to the situation.**

## **PART II. Determining Cost of Benefits**

**REFER TO:**

**SECTION A, PART II, Determining Cost of Benefits. This entire section applies to deacon salary packages as well as pastors.**

## **PART III. Professional Expenses**

**REFER TO:**

**SECTION A: Part I, Sub-Section C, housing allowance. Housing allowances, although taxable, may be included in the deacon salary package as negotiated between your Congregation Council and the deacon.**

**SECTION A, Parts III and IV, Professional Expenses and Additional Benefit Items. Professional expenses and Additional Benefit Items may be included in the deacon's salary package as negotiated between the Congregation Council and the deacon.**

**PLEASE NOTE: CONTINUING EDUCATION EXPENSES ARE REQUIRED THROUGH THE OFFICIAL CALL AND BY MUTUAL AGREEMENT OF THE DEACON AND THE CONGREGATION.**

**SAMPLE FORMS, Pages 21 & 22. If such benefits are applicable to your deacon salary package, you may adapt these forms for your use with your deacon.**

## 2023 Worksheet: Parish Budget for Deacon

Deacon:\_\_\_\_\_

Parish:\_\_\_\_\_

Synod PolicyReference from  
Attached Supplements

### PART I. Compensation

\*Base Salary (including \_\_\_\_ weeks vacation) \$\_\_\_\_\_(L.5)  
Total Compensation

Housing Allowance

OR

If housing is provided (see SECTION A, Part C)

a. Utilities allowance \$\_\_\_\_\_

b. Furnishings allowance \$\_\_\_\_\_

(taxable benefit) \$\_\_\_\_\_ (C )

### PART II. Cost of Benefits

\*\*\*Pension Contribution \$\_\_\_\_\_(E3)

\*\*\*Health Benefits Contribution \$\_\_\_\_\_(F)

\*\*\* Disability, Survivor \$\_\_\_\_\_(G3)

\$\_\_\_\_\_

Total Benefits Cost

### PART III. Professional Expenses

\*\*Automobile Allowance \$\_\_\_\_\_(I)

\*\*\*Continuing Education \$\_\_\_\_\_(J)

\*\*Book/Periodical Expenses \$\_\_\_\_\_(K)

\*\*Assembly/Conference Expenses \$\_\_\_\_\_(L)

\$\_\_\_\_\_

Total Professional Expenses

\* By mutual agreement of deacon and parish, but should be at least equal to minimum base amounts approved by synod assembly.

\*\* By mutual agreement of deacon and parish.

\*\*\* Required through official call and by mutual agreement of deacon and parish.

**PART IV. Tax Advantageous Redistribution of Compensation**

The amount of Cash Salary which would be subject to income tax may be adjusted as follows:

Base Salary	\$_____ (A5)
Housing Allowance (or rental value of hsg provided)	\$_____ (B or C)
Social Security Allowance	\$_____ (D5)
	\$_____
	<b>Total Compensation</b>

**Tax Advantageous Amounts**

TSA	\$_____
Flexible Spending Account or HSA	\$_____
Optional Pension Plan Contributions	\$_____
	\$_____
	<b>Total Amount Sheltered</b>

Subtract Total Amount Sheltered from Total Compensation	\$_____
	<b>Adjusted Cash Salary for Income Tax Purposes</b>

*Portico financial planners can help ELCA Retirement Plan members understand and make choices related to taxes, Social Security, housing allowance, housing equity, base salary, other compensation, insurance. The ELCA Retirement Plan member must initiate the phone call and provide her or his Portico Benefit Services Member ID.*