



2021 MINIMUM COMPENSATION GUIDELINES
For Pastors and Deacons Serving in Congregations in the Southeastern Iowa Synod, ELCA

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PART I SALARY INTRODUCTION – DETERMINING SALARIES

Conversations between congregational leaders and rostered ministers are essential for all aspects of healthy congregational life. This includes decisions regarding salaries and benefits. Because the congregation is too large a body to be deliberative on the facts and circumstances related to a rostered minister's compensation, it is strongly recommended that compensation be set by the congregation council. This is in keeping with the council's delegated responsibility and authority to manage the fiscal affairs of the congregation. The compensation for pastors and deacons requires careful study and deliberation. It is problematic and potentially embarrassing to any individual for their compensation to be debated at a meeting of the congregation.

When calling a rostered minister whose spouse is also rostered, the full spirit of these guidelines shall be applied in the formulation of each person's compensation package, irrespective of the compensation package of the spouse.

A Compensation Committee (i.e. Finance Committee/Council Executive Committee) is strongly recommended. (This is different from a staff support or mutual ministry committee.) Such a committee should be appointed by the congregation council and should provide input regarding compensation to the council or to the group developing the budget as requested. Compensation recommendations should take into consideration the annual performance review of the rostered minister. For the benefit of both the rostered minister and the ministry of the congregation, it is expected that a process for annual performance review be implemented if no review process currently exists.

Pastor's Salary

Base Salary: The calculation of compensation begins with the base salary figure. This base is the minimum salary for a new seminary graduate serving his or her first year in parish ministry. It has been established to provide fair and equitable compensation for pastors. The minimum base salary for Ministers of Word and Sacrament (pastors) is \$38,400.

Additional salary for years of experience: (see line 2 on worksheet) Pastors with experience should be compensated according to this schedule:

- a) Those with less than 10 years of experience are paid an additional 2% X the number of years of experience X the base salary. EXAMPLE: A pastor with 8 years of experience would receive an additional \$6,144 on top of the base salary (.02 X 8 X \$38,400).
- b) Pastors with 10 to 20 years of experience are paid an additional 1.5% per year increase for years 11 - 20. EXAMPLE: A pastor with 15 years of experience would receive an additional \$10,560: \$7680 for the first 10 years (.02 X 10 X \$38,000) plus an additional \$2,880 for years 11-15 of experience (.015 X 5 X \$38,000). Pastors serving more than 20 years are to be paid in light of their experience as negotiated with the congregation.

Each year pastors should receive a delineation of their compensation package, that includes the following:

- Base Salary
- Housing Allowance
- Social Security Allowance (if offered)
- Pension Contribution
- Health Benefits
- Disability
- Group Life



Retiree Support

Previous Experience: (see line 2 on worksheet) When an individual becomes a rostered minister as a "second career," establishing a fair and equitable salary requires additional considerations. These individuals may possess valued previous experiences which they carry with them into rostered ministry. Congregations are encouraged to consider these prior occupational experiences when determining compensation. For every three years of previous work, the pastor may be credited with one year of professional experience on the schedule, with a maximum of 15 years equaling 5 years of ministry experience.

Additional Salary Considerations: Factors which may differ from pastor to pastor and congregation to congregation may affect conversations about additional compensation. Examples of such factors include: increased professional competency; complexity of ministry; advanced degrees; size of staff, and area cost of living.

Part-Time Call: The salary for pastors serving part-time calls should be determined as a percentage of the full-time salary. This means that the full-time salary is calculated first according to: base salary, years of experience, previous experience, and additional considerations. The salary for a pastor who is called to serve part-time is pro-rated by the percentage nature of the call (e.g. 25%, 50%, 75%, etc.). Fifty hours and a minimum of one full day off per week normally constitutes full time ministry.

HOUSING PROVISIONS

Own Home: Where a parsonage is not provided the congregation shall offer a housing allowance computed on the basis of the average value of homes in the community with the minimum being 30% of salary.

When a pastor owns his/her own home, the congregation council may allow the pastor to designate a portion of base salary as additional housing allowance (beyond the 30%). The pastor rather than the congregation is responsible for justifying the allowable portion for tax purposes to the satisfaction of the IRS.

"A housing allowance provides a special tax benefit for the pastor. A housing allowance is exempted from 1040 income, (but not exempted from Social Security income) and the interest paid on a mortgage is deductible on Schedule A. Pastors 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. This housing allowance, recommended by the pastor, must be adopted by a congregation council resolution and must be set before each new calendar year begins.

Parsonage Provided: When housing is provided by the congregation (a parsonage), the congregation council should determine the value of this non-cash compensation. When determining the value of the parsonage, the congregation should use the greater of:

- a) The Total Base Salary multiplied by 30% or
- b) An estimate of the actual fair market rental value of the parsonage or
- c) An estimate of what the actual tax deductible housing expenses would be for a similar home.

Expenses related to essential furnishings, maintenance and utilities should be provided by the congregation. The Housing component of compensation includes: the fair market rental value of the house and included furnishings, plus utility expenses.



Housing Equity: When a parsonage is provided, it is appropriate for the congregation to consider an equity allowance. This equity would be applicable towards housing in the future upon a change in call. This equity allowance can be determined in various ways, but most common is a percentage of Total Base Salary. Unless the equity allowance is invested in a tax shelter account for the individual, it becomes taxable income when it is received.

SOCIAL SECURITY ALLOWANCE

IRS Regulations consider pastors as self-employed persons for Social Security purposes. Therefore, pastors are required to pay the full amount of their own self-employment Social Security tax at the rate of 15.3%. (In contrast, most employers are required to pay 7.65% for each employee, the way congregations are required to pay this percentage for employees who are not pastors.)

A congregation cannot pay the pastor's Social Security tax directly, but instead may pay an additional amount to the pastor, (an allowance), to offset this portion of the pastor's obligation. Such an allowance is *additional taxable income and must be reported on the pastor's W-2*. This portion of compensation is calculated as:

$$7.65\% \times (\text{Total Base Salary} + \text{Housing}).$$

However, note the following:

- a) *Pre-tax contributions to Flexible Spending Accounts (FSA) are NOT included in calculating Social Security tax.*
- b) *Pre-tax contributions to Portico Retirement Plan or other eligible plan are NOT included.*
- c) *A housing equity allowance is NOT included in calculating Social Security tax if the money was invested with Portico or other tax sheltered investment.*
- d) *A housing equity allowance IS included in calculating Social Security tax if the money was paid as cash compensation.*
- e) *The fair market value of a parsonage IS included.*
- f) *The actual cost of utilities paid by the congregation or the amount of the utilities allowance paid to the pastor IS included.*
- g) *A furnishings allowance IS included.*

Defined Compensation: Defined Compensation is the basis for calculating the ELCA benefits program contribution amounts. According to Portico Benefit Services, Defined Compensation includes all of the following:

- a) Total Base Salary BEFORE any pre-tax contributions have been deducted.
- b) Social Security tax allowance paid to the pastor.
- c) Value of the parsonage, calculated as: $30\% \times (\text{salary} + \text{Social Security tax allowance})$.
- d) Cash housing allowance paid to the pastor.
- e) Furnishings allowance or utilities allowance if it is paid to the pastor.

Defined Compensation does NOT include:

- a) The cost of utilities paid by the congregation directly to the utility company.
- b) Housing equity contributions made to the ELCA Retirement plan.
- c) Congregational (employer) contributions to the ELCA Retirement plan or other retirement plan.
- d) Reimbursements or expense allowances (mileage, books, continuing ed., etc.)



Deacon's Salary

Base Salary: As with pastors, calculation of compensation for deacons begins with the base salary. The base is the minimum salary for a deacon serving in a full-time, first call to rostered ministry. It has been established to provide fair and equitable compensation for deacons. The minimum base compensation for deacons with a bachelor's degree is \$38,400. The minimum base compensation for deacons with a master's degree is \$42,225.

For deacons, the base salary is the defined compensation used for figuring payments to Portico Benefit Services. Congregational leaders are reminded that income taxes and social security taxes must be withheld from salaries deacons (Ministers of Word and Service).

Each year deacons should receive a delineation of their compensation package, that includes the following:

- Base Salary
- Pension Contribution
- Health Benefits
- Disability
- Group Life
- Retiree Support

Additional salary for years of experience: (see line 2 on worksheet) Deacons with experience may be compensated accordingly by this schedule. \$700 X years of service between 1 and 7 years; \$600 X years of service between 8 and 15 years; and \$525 X years of service between 16 and 20 years.

EXAMPLE: A deacon with 5 years of experience would receive an additional \$3,500 ($\$700 \times 5 \text{ years} = \$3,500$). Deacons serving more than 20 years are to be paid in light of their experience as negotiated with the congregation.

Previous Experience: (see line 2 on worksheet) When an individual enters the Ministry of Word and Service as a "second career," establishing a fair and equitable salary requires additional considerations. These individuals may be compensated at a rate which recognizes the value of their work experience. Congregations are encouraged to consider these prior vocational experiences when determining compensation. For every three years of previous work, the deacon may be credited with one year of professional experience on the schedule, with a maximum of 15 years equaling 5 years of ministry experience.

Part-Time Call: The salary for rostered ministers serving part-time calls should be determined as a percentage of the full-time salary. This means that the full-time salary is calculated first according to: base salary, years of experience, and previous experience. The salary for a part-time call is pro-rated by the applicable percentage of full-time call (e.g. 25%, 50%, 75%, etc.).

Addendum: It remains unclear as to whether deacons are eligible for a housing allowance. This is ultimately a matter involving the deacon and the Internal Revenue Service. These guidelines assume that there will be no housing allowance for a deacon. If an employer chooses to grant a housing allowance, it should consist of a designated portion of the compensation already determined, (for instance, as listed in these guidelines), rather than providing additional income for that purpose.

NOTE: Deacons are considered employees for whom the employer's share of Social Security and Medicare is paid at the legally required rate of 7.65%.



PART II REIMBURSEMENT AND SUPPLEMENTAL BENEFITS FOR ROSTERED MINISTERS

A. REIMBURSEMENT OF PROFESSIONAL EXPENSES

Automobile

Automobile expense and other related travel are a work-related expense for the congregation and should not be reported to the congregation as a part of a salary package. Reimbursement for travel and car expense can be handled in one of three ways:

- a) Reimbursement for *actual* business miles driven at the IRS established rate per mile and paid in monthly installments (see www.irs.gov for current mileage rate). Note: mileage between the minister's home and work place is not included.
- b) Payment of a lump sum per year pro-rated to a monthly basis. This process requires the rostered minister to maintain accurate records of *actual* business mileage and provide that documentation for IRS inspection. Under this method the entire car allowance must be reported as income to all rostered persons on their W-2's. This would appear as an addition to the salary amount.
- c) The congregation purchases or leases a car and assumes the total automobile expense. All rostered ministers will assume some IRS liability for non-business use of the vehicle.

Continuing Education

Rationale:

A fundamental expectation for all rostered ministers in this church is to continually grow in competence and understanding in order to be faithful in discipleship.

Partnership:

Continuing education enriches both the ministry of the rostered minister, therefore, continuing education is a shared venture. Evaluation, planning and commitment of time and funds for continuing education should be shared by the rostered minister and the congregation.

Time:

Time for continuing education of two weeks per year coordinated with funding for it is recommended in the call document. The ELCA recommends a *minimum of 50 contact hours* annually in continuing education time. (A contact hour is defined as a typical 50-minute classroom session or the equivalent.) The congregation and rostered minister should reach a mutual agreement on the number of Sundays away and coverage of worship services during continuing education.

Continuing education may be accumulated for up to three years to make possible more extended study. The decision to enter a study program covering several weeks is to be **made jointly** by the rostered minister and the congregation council and how to handle congregational ministry during the absence of the minister should be negotiated.

Funds:

An expected *minimum* contribution of \$850 per year from the congregation and \$300 from the rostered minister is recommended to cover costs of continuing education. Funds may be accumulated for up to three years to cover costs for extended study.

Books, Periodicals and Other Expenses:

A congregation may provide a reimbursement of up to \$500 per year for the purchase of books, journals, vestments or other resources which remain the property of the professional. Allowances for these items are taxable, while a straight reimbursement of costs is not.



Sabbatical:

Some congregations allow for up to three months of sabbatical after 6 - 8 years of service in the congregation. Sabbatical time allowed should be carefully planned to benefit the rostered leader, the congregation and the wider church. All provisions should be negotiated well in advance of the sabbatical and clearly stated in writing. The congregation and the rostered minister should negotiate the way to handle congregational ministry during the absence.

Meetings and Events:

According to the synod constitution S14.25, all pastors and deacons under call are expected to attend meetings of the Synod Assembly and other called meetings by the bishop. Attendance at the annual Synod Assembly and the Fall Conference for rostered ministers is part of the ministry of a congregation. Expenses should be budgeted and paid by the congregation if they are not reimbursed by the agency or group calling the meeting.

B. OTHER BENEFITS

Vacation:

The congregation is to provide a minimum of four weeks per year (encompassing four Sundays) of vacation with full pay. This is different from time allotted for continuing education.

Time spent on churchwide or synodical committees, congregational retreats or congregational camping programs is not to be considered vacation time or time off.

Family-related Leaves:

- a. Parental leave: Ten (10) weeks of paid parental leave is available to a parent who is the primary caregiver following the birth or adoption of a child. Six (6) weeks of paid parental leave is available to the secondary caregiver. Accrued vacation may also be used to extend a parental leave. Professionals desiring additional leave, either prior to or following the birth of their child, may negotiate for unpaid leave.
- b. Family leave: Congregations should be sensitive to family needs such as extraordinary illness of children and parents of the professional and arrange proper leave time for these circumstances.

Sickness:

Sick leave recommendation is one day per month, cumulative to 60 days. The congregation assumes responsibility for the rostered leader's salary and benefits and pulpit supply during the illness.

Short Term Disability:

The congregation assumes responsibility for the rostered minister's salary and benefits until the short term plan becomes effective, which is the third month of disability. The employer is expected to continue full salary until that time. The congregation is to assume responsibility for pulpit supply during the disability.

Military Leave:

It is expected that any rostered minister interviewing for a new call who has commitments to the National Guard or a reserve component of the military will disclose this information in his or her initial interview. Negotiations for time off for these commitments should be done with the congregational leadership prior to extension and acceptance of a call. For more guidance in this matter, please refer to www.elca.org/federalchaplains/involuntarycallupguidelines on the ELCA website.



C. MOVING EXPENSES

The congregation is responsible for moving a rostered minister to the community. All reasonable moving expenses should be covered by the congregation and negotiated with the incoming leader. It is preferable to use a professional moving company. If other arrangements are made, they should be mutually agreeable to both parties.

See IRS guidelines for moving expenses for further guidance at www.irs.gov.

D. PART-TIME ROSTERED MINISTERS

Reimbursement and supplemental benefits for part-time rostered ministers are the same as for full-time rostered ministers.

PART III. PENSION AND OTHER BENEFITS ADMINISTERED BY PORTICO BENEFIT SERVICES

Information and an easy to use calculator are available on the Portico Benefit Services website:
www.porticobenefits.org

Regular Pension:

The minimum pension contribution for congregations is 10% of defined compensation. A level of 12% is recommended.

Congregations may choose to remit contributions at a higher level by making additional pension contributions for members.

Medical and Dental:

It is recommended that congregations and organizations in the Southeastern Iowa Synod provide either the Gold+ or the Silver + ELCA health plan. There may be situations where a rostered leader is better served by a plan other than the Gold + ELCA health plan when paired with an accompanying Health Savings Account (HSA). The selection of a health plan is most faithfully accomplished **when agreeable to the rostered leader and to the congregation or organization.**

Note: All rostered ministers and other covered employees at a congregation or organization who are electing to have health coverage through Portico Benefit Services must be covered under the same health plan option.

To determine the costs for medical and dental benefits go to:

<https://employerlink.porticobenefits.org/Home/Resources/Calculators.aspx>



PART IV INTERIM MINISTRIES

Full Time Interim:

An interim pastor serving full-time should be paid according to salary guidelines or should receive the same compensation as the pastor that most recently served the congregation. Note the provisions for additional salary considerations on page 4 of these guidelines. The interim may negotiate reimbursement for additional mileage if there is a considerable commute, or for temporary housing. An intentional interim may also negotiate for post-departure compensation for up to one month.

Part Time Interim:

A part-time interim pastor is one serving more than pulpit supply, and works an agreed upon number of days each week. The interim pastor would be paid based on these Minimum Compensation Guidelines, adjusted for the number of days worked per week. The pastor may stay in the parsonage if one is available, the congregation may provide housing, or the pastor and congregation can negotiate mileage if there is a considerable commute.

Mileage:

Mileage expense should be paid by the congregation according to the current *IRS Rate*. This can be found at <http://www.irs.gov/> and entering "mileage rate" in the search bar.

PART V PULPIT SUPPLY

The congregation should expect to pay no less than \$150 for preaching and presiding at one worship service and no less than \$25 for each additional service. The congregation should pay at least \$60 for each class that is taught. The congregation pays travel costs at the current IRS rate per mile and provides overnight lodging and/or meals as necessary.

Note, while both pastors and deacons can be engaged as supply preachers and leaders of worship, deacons shall not be authorized to preside at services of Holy Communion.

More Information on Interim Ministry and Pulpit Supply:

For additional information go to <http://seiasynod.org/for-congregations/call-process/> and select the document titled "*The Call Process for Congregation Councils*," updated January 2017. Pages 11-12 have additional information on Interim Ministry and Pulpit Supply.



WORKSHEETS
Pastor's Salary Worksheet 2021 without Parsonage
Southeastern Iowa Synod - ELCA

Base Salary

- 1. Synod guideline – seminary graduate’s recommended minimum base salary \$38,400

- 2. Additional salary for years of experience, including previous experience (see page 3 for explanation): \$ _____
 0-10 years of experience:
 2% per year of service since ordination X \$38,400 base salary line 1
 Years 11 - 20:
 1.5% per year of service (year 11 - 20) X \$38,400 base salary line 1

- 3. Additional Salary Considerations (see page 4 for explanation) \$ _____
 (____ % X \$38,400 or fixed amount).

TOTAL BASE SALARY (sum of 1, 2, and 3) \$ _____

Housing

Housing Allowance: When a pastor owns or rents a home, a housing allowance is paid based on housing expenses in the area. A good guide would be 30% in low-cost areas and 35% in high-cost housing areas. \$ _____

Social Security Allowance

Congregations are encouraged to provide a cash allowance to offset the portion of Social Security tax paid by an employer for most employees in other vocations. (See page 5 for a more detailed explanation of what components of salary and housing compensation are subject to Social Security tax.)
 7.65% x (Total Base Salary + Housing) \$ _____

PENSION AND OTHER BENEFITS

Defined Compensation: Defined Compensation is the basis for calculating the Portico benefits. Defined Compensation includes: Base Salary + Housing + Social Security. (Refer to page 5 for a more detailed explanation of what components of salary and housing are included in “Defined Compensation”.)

DEFINED COMPENSATION \$ _____

Portico Rates: Consult materials from Portico Benefit Services or go to www.porticobenefits.org to determine the current year’s rates for pension, medical, dental, disability and survivor benefits.

COST OF PENSION & OTHER BENEFITS (Portico rate %) x Defined Compensation \$ _____



Additional benefits:

Supplementary Insurance	\$ _____	
Additional disability Ins.	\$ _____	
Malpractice Insurance	\$ _____	
Other: _____	\$ _____	
Total additional benefits		\$ _____

Expenses:

Mileage	\$ _____	
Continuing Education	\$ <u>850</u>	
Fall Conference	\$ <u>300</u>	
Books/Publications	\$ _____	
Meetings/Events	\$ _____	
Total Expenses		\$ _____

TOTAL DEFINED COMPENSATION, BENEFITS, AND EXPENSES \$ _____



Pastor's Salary Worksheet 2021 with Parsonage
Southeastern Iowa Synod - ELCA

Base Salary

1. Synod guideline –seminary graduate’s recommended minimum base salary \$ 38,400

2. Additional salary for years of experience, including previous experience (see page 3 for explanation): \$ _____
 0-10 years of experience:
 2% per year of service since ordination X \$38,400 base salary line 1
 Years 11 - 20:
 1.5% per year of service (year 11- 20) X \$38,400 base salary line 1 \$ _____

3. Additional Salary Considerations (see page 4 for explanation) \$ _____
 (____ % X \$38,400 or fixed amount).

TOTAL BASE SALARY (sum of 1, 2, and 3) \$ _____

Housing

Parsonage: Refer to pages 12-13 for a detailed explanation. When a pastor lives in a parsonage, the congregation should either pay utilities directly or provide a utilities allowance. In addition, maintenance and furnishing allowance should also be provided. The congregation might also consider providing a home equity allowance.

- a) Fair market value rental value parsonage \$ _____
 - b) Utilities allowance (if congregation does not pay utilities directly) \$ _____
 - c) Furnishings and maintenance allowance \$ _____
 - d) Equity allowance (if received in cash) \$ _____
- Total parsonage package \$ _____

Social Security Allowance

Congregations are encouraged to provide a cash allowance to offset the portion of Social Security tax paid by an employer for most employees in other vocations. (See page 5 for a more detailed explanation of what components of salary and housing compensation are subject to Social Security tax.)

7.65% x (Total Base Salary + Housing) \$ _____

PENSION AND OTHER BENEFITS

Defined Compensation: Defined Compensation is the basis for calculating the Portico benefits. Defined Compensation includes: Base Salary + Housing + Social Security. (Refer to page 5 for a more detailed explanation of what components of salary and housing are included in “Defined Compensation”.)

DEFINED COMPENSATION \$ _____

Portico Rates: Consult materials from Portico or go to www.porticobenefits.org to determine the current year’s rates for pension, medical, dental, disability and survivor benefits.

COST OF PENSION & OTHER BENEFITS (Portico rate %) x Defined Compensation \$ _____



Additional benefits:

Supplementary Insurance	\$ _____	
Additional disability Ins.	\$ _____	
Malpractice Insurance	\$ _____	
Other: _____	\$ _____	
Total additional benefits		\$ _____

Expenses:

Mileage	\$ _____	
Continuing Education	\$ <u>850</u>	
Fall Conference	\$ <u>300</u>	
Books/Publications	\$ _____	
Meetings/Events	\$ _____	
Total Expenses		\$ _____

TOTAL DEFINED COMPENSATION, BENEFITS, AND EXPENSES \$ _____



Deacon's Salary Worksheet 2021
Southeastern Iowa Synod - ELCA

Compensation	BA Degree	MA Degree
1. Synod guideline – recommended minimum base salary	\$38,400	\$42,225
2. Additional salary for years of experience, including previous experience (see page 3 for explanation):	\$ _____	\$ _____
\$700 X _____years of service (years 1 - 7)	\$ _____	\$ _____
_____ X _____years of service (years 8 - 15)	\$ _____	\$ _____
_____ X _____years of service (years 15 - 20)	\$ _____	\$ _____
_____ (see page 4)		
3. Additional Salary Considerations (See page 4 for explanation.) (____% X line 1 or fixed amount).	\$ _____	\$ _____
Total Base Salary (Line 3 + 4)	\$ _____	\$ _____

The principal difference in determining compensation for pastors and deacons is that pastors receive a housing allowance and deacons do not. Salaries, benefits, and expense reimbursements should be similar. The best approach is to make salary comparable to other professionals in the same locale with similar responsibilities and experience. Congregational leaders are reminded that income taxes and Social Security taxes must be withheld from salaries of all employees who are not pastors.

PENSION AND OTHER BENEFITS (add 1,2 & 3)

Portico Rates: Consult materials from Portico or go to www.porticobenefits.org to determine the current year's rates for pension, medical, dental, disability and survivor benefits.

COST OF PENSION & OTHER BENEFITS (Portico rate %) x Defined Compensation	\$ _____	\$ _____
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Additional benefits:		
Supplementary Insurance	\$ _____	
Additional disability Ins.	\$ _____	
Malpractice Insurance	\$ _____	
Other: _____	\$ _____	
Total additional benefits	\$ _____	\$ _____

Expenses:		
Mileage	\$ _____	
Continuing Education	\$ <u>850</u>	



Fall Conference	\$ <u>300</u>		
Books/Publications	\$ _____		
Meetings/Events	\$ _____		
Total Expenses		\$ _____	\$ _____
TOTAL DEFINED COMPENSATION, BENEFITS, AND EXPENSES		\$ _____	\$ _____