

APRIL 2010



**SALARY GUIDELINES
FOR
PROFESSIONAL CHURCH WORKERS**

**The Texas District of
The Lutheran Church – Missouri Synod**

**Texas District – LCMS
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FOREWORD

These **Guidelines** were developed to help Texas District congregations of The Lutheran Church - Missouri Synod make decisions about the salaries of their professional church workers (Pastor, Educator, Director of Christian Education, Deaconess, etc.). The **Guidelines** were originally prepared in 1992 by a Task Force on Professional Workers' Salaries and endorsed by the Texas District Board of Directors. They were reviewed and revised in 1995 and 2000 at former Texas District President Kieschnick's request. Legal questions addressed represent the best legal advice available and have the support of Synod's legal counsel.

A new Task Force has been appointed by President Hennings and will begin to review and update the Texas District Salary Guidelines in the fall of 2008.

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INTRODUCTION

These **Guidelines** have been prepared for use by a Salary Committee or by Church Councils as they annually review the compensation of the congregation's professional church workers.

Guidelines are never prescriptive, but are suggestive of an approach for the review of the compensation you are providing your professional workers, so that

- **God will be glorified;**
- **the ministries of your congregation will be honored, your congregation will feel that it is "doing right" by its professional workers and the congregation can celebrate its demonstration of love and respect for those called to serve;**
- **your church workers will experience a sense of appreciation and fulfillment in their ministry among you;**
- **young people will be encouraged to consider opportunities for full-time service in the church.**

It is a unique privilege for God's people to share in the important task of bringing the Good News of Jesus Christ to many. In His wisdom, God does call and lead some Christians to serve as full-time professional church workers. Truly these pastors, educators and other church workers are a special gift from God deserving of our love, support and care.

Rev. Ken Hennings, President
Texas District of The Lutheran Church – Missouri Synod

SCRIPTURAL PRINCIPLES

As your congregation considers the compensation it provides for its professional church worker, congregational leaders must review the nature of the office of the ministry and the Scriptural references and principles of that office.

Advising His disciples about their service, Jesus said,

"Stay in that house and eat and drink whatever they have, since a worker earns his pay." [Luke 10:7]

Paul wrote,

"Let spiritual leaders who lead well be considered worthy of double honor, especially if their work is preaching and teaching, because the Scripture says: `When the ox is treading out the grain, do not muzzle him and `a worker deserves his pay." [I Tim. 5:17-18]

In the Small Catechism Luther included a section called "Table of Duties". Under the heading, "What Hearers Owe their Pastors", Luther cites, in addition to the two Scripture references listed above, these additional references:

"In the same way the Lord has commanded that those who preach the Gospel should receive their living from the Gospel." [I Cor. 9:14]

"Let the person who is taught the Word share all good things with his teacher. Make no mistake about this; you cannot fool God. For whatever a person sows he will also reap." [Gal. 6:6-7]

"We ask you fellow Christians, to appreciate those who work with you and who lead you in the Lord and who warn you. Love them and think very highly of them on account of the work they are doing. Live in peace with one another." [I Thess. 5:12-13]

"Obey your leaders and submit to them for they must give an account of how they watched over your souls. Obey them so that they may be happy in their work and do not have to complain about you, for that would not be to your advantage." [Heb. 13:17]

It is the Gospel of peace with God through forgiveness in Christ [Romans 5:1] that motivates congregations and workers to deal faithfully and responsibly with and toward each other. God's promises are sure,

"...bring all your tenth parts into the storehouse so there will be food in My temple, and please test Me this way, says the Lord of armies, and see I will open the windows of heaven for you and pour out a blessing for you 'till there is more than enough..." [Malachi 3:10]

Summary

In summary, a professional church worker is called by God to be servant, leader, counselor, care giver, proclaimer, teacher, listener, evangelist and steward to your congregation. Your congregation is called to respond to these benefits and blessings. The response in part is demonstrated as a congregation provides its professional worker an equitable salary, housing, supplemental benefits, vacation time, financial assistance for spiritual and professional growth in a manner that reflects an attitude of genuine care, concern and love for the worker and the worker's family.

GUIDING PRINCIPLES

Based upon the Scriptural Principles, the following Guiding Principles are intended to assist your congregation in approaching the task of developing equitable and fiscally sound standards for the compensation of your professional church workers.

The approach taken by these **Guidelines** regarding the compensation of professional church workers is direct and uncomplicated. Because of a professional church worker's unique education, experience, and leadership responsibility, the professional worker is entitled to adequate compensation. Adequate compensation is defined as a level of compensation that provides for the physical well being of the worker and the worker's family, thereby, releasing the worker from undue financial concern. Removing from the worker undue financial concerns allows the worker the freedom to give full devotion and attention to the performance of assigned duties.

With this basic concept as a guide, your congregation will be led by Christian ethics to address the compensation issues and establish levels appropriate to community standards.

General factors to be considered in establishing adequate compensation for your professional church worker are:

Commitment - dedication of self and time to the study of the Scriptures and the teaching/preaching/living thereof; vigilance in caring for people; openness and availability; considering the assigned duties as a calling, not a "job".

Education - continued professional growth through seminars, workshops, clinics, institutes, conferences, graduate courses/classes, reading of relevant books/journals/publications, etc.

Experience - time in the ministry, leading, conducting, or participating in workshops, seminars, etc. for your parish or others; creative and/or innovative preaching, teaching, planning, organizing, administration, evangelism, assimilation, stewardship, worship, church growth, etc.

Responsibility - effective time management; conscientious in role of minister and responsibility; continued growth in understanding of self and own capabilities; delegation of appropriate responsibilities; awareness and attention to one's own spiritual needs; commitment to God, spouse, children, church - in that order; compassion; preparation for preaching, teaching, meetings.

Performance - doing the right job well; administering and delegating appropriately; good use of time, setting goals and objectives for self and congregation; seeing opportunity for ministry and seeking to meet the need; educating, stimulating, motivating, equipping the body of Christ for its ministry; utilizing gifts of people for the work of the church; seeking spiritual growth and development in God's people and the members of the staff.

The last item, **Performance**, is difficult to include in a scheme determining compensation for church professionals since they work in matters related to the work of the Spirit. The assessment of the degree to which your church worker meets the above qualities would be at best a subjective and personal judgment.

Congregations that wish to engage in a formal assessment or evaluation of their professional church worker are encouraged to develop a ministry description for their professional church worker. Useful ministry descriptions include not only a listing of the worker's responsibilities, but expected levels of performance. The worker and the congregation are well served when the "yard stick" to be used to measure performance is commonly known and understood.

The above listing is not included as a "rating sheet" for the assessment of your professional church worker's effectiveness. Rather, the listing is intended to assist you as a Salary Committee to gain a clearer perception of the scope of the responsibilities that a congregation assigns to its worker.

ESTABLISHING SALARY

What is Salary

The word salary is defined as "fixed compensation for services, paid to a person on a regular basis." The adjective **fixed** is important in the definition because beyond this constant, there are many variables to be considered. This portion of these guidelines is provided as an objective standard by which a Salary Committee and a congregation may determine what is an equitable salary for their professional workers.

Four qualifying statements should guide the Salary Committee's and the congregation's deliberations.

1. In practical matters District boards are advisory to the local congregation.
2. This manual is a guideline, not a directive. The District believes that our congregational leaders sincerely desire to fulfill their Christian duty that "everyone who is taught the Word, share all good things with him who teaches." (Galatians 6:6)
3. This manual is a guideline that should not inhibit a congregation from considering a higher salary for its faithful workers.
4. The **total cost** of providing for church professionals is not the same as **salary**.

This last point is perhaps the most misunderstood of the four. For example, in order for a congregation to provide adequately for a professional church worker, it must consider the cost of 1) a retirement program, 2) health care benefits, 3) professional growth opportunities and conference fees, 4) automobile allowance, 5) adequate salary. When these various items are grouped in a congregational budget, there is a temptation to add them together and announce that our worker is "Well Paid". From the worker's point of view, however, only the final item (salary) is available to clothe and feed the family, provide housing, furnish utilities, support children in college, etc. A fair salary comparison of a professional church worker to secular occupations must weigh what is benefit, what is necessary business expense and what is salary.

Salary

Cost of living varies within the state of Texas. The cost of housing alone varies hundreds of dollars between major cities, suburban, small town and rural property markets. For this reason, these Guidelines require the modification of the **Beginning Salary Multiplier** recommended by the Texas District Board of Directors. This modification takes into account the cost of living in each **Metropolitan Statistical Area**.

The American Chamber of Commerce Research Association on a quarterly basis reports the **ACCRA Cost of Living Index** that measures the relative price levels of consumer goods and services. The **ACCRA Index** does not measure inflation, but the differential between areas of the nation and state.

Annually (by April 1) the Texas District Board of Directors adopts and distributes a **COMPENSATION ADVISORY LETTER**. Included in the information of this letter is the latest applicable **ACCRA Index** for each circuit.

The **Beginning Salary Multiplier** is a bare minimum amount, not the optimum and certainly not the maximum.

Area Base Salary

The recommended **Area Base Salary** for a Church Professional of your congregation is computed by multiplying the current **Beginning Salary Multiplier** adopted by the District Board of Directors by the **ACCRA Index** for the congregation's area as found in the current **COMPENSATION ADVISORY LETTER**.

** **For Example**, if your congregation is in an area with a current **ACCRA Index** of 1.06 - and - if the current **Beginning Salary Multiplier** were \$28,400 per year, the computation to determine the **Area Base Salary** for your congregation's professional worker would be \$28,400 x 1.06; or \$30,104 per year.

\$30,200	Beginning Salary Multiplier
x 1.06	Area ACCRA Index
\$32,012	Area Base Salary

**These figures are utilized only as an example.

EDUCATION/EXPERIENCE AND RESPONSIBILITIES

It is recommended that the **Area Base Salary** be modified on the basis of other considerations. Here are some factors your **Salary Committee** or congregation will wish to consider.

Education and Experience

The effectiveness and proficiency of your professional church worker is expected to increase with each year of experience and with additional education. Therefore, congregations should consider including salary increments for experience, profession related college/seminary transcript credits and for degrees earned. The **Professional Experience and Education Table** that follows should be used as a reasonable approach to relating your professional worker's salary to Experience and Education.

Professional Experience & Education Table

-----Synodically Certified Professional Worker-----

(including Colloquy and PELT)

Years of Experi-	Lay Teacher Worker	Bachelor Degree	Bachelor Degree + 15 hrs	*Masters Degree	Masters Degree +15 hrs	Masters Degree + 30 hrs
				---- or equivalent --		
0	.900	1.000	1.100	1.200	1.300	1.400
1	.920	1.015	1.115	1.215	1.310	1.410
2	.940	1.030	1.130	1.230	1.320	1.420
3	.960	1.045	1.145	1.245	1.330	1.430
4	.980	1.060	1.160	1.260	1.330	1.440
5	.990	1.075	1.175	1.275	1.350	1.440
6	1.000	1.090	1.190	1.290	1.360	1.460
7	1.005	1.105	1.205	1.305	1.370	1.470
8	1.010	1.120	1.220	1.320	1.380	1.480
9	1.015	1.135	1.235	1.335	1.390	1.490
10	1.020	1.150	1.250	1.350	1.400	1.500
11	1.025	1.160	1.260	1.360	1.410	1.510
12	1.030	1.170	1.270	1.370	1.420	1.520
13	1.035	1.180	1.280	1.380	1.430	1.530
14	1.040	1.190	1.290	1.390	1.440	1.540
15	1.045	1.200	1.300	1.400	1.450	1.550
16	1.050	1.210	1.310	1.410	1.460	1.560
17	1.055	1.220	1.320	1.420	1.470	1.570
18	1.060	1.230	1.330	1.430	1.480	1.580
19	1.065	1.240	1.340	1.440	1.490	1.590
20	1.070	1.250	1.350	1.450	1.500	1.600
21	1.075	1.260	1.360	1.460	1.510	1.610
22	1.080	1.270	1.370	1.470	1.520	1.620
23	1.085	1.280	1.380	1.480	1.530	1.630
24	1.090	1.290	1.390	1.490	1.540	1.640
25	1.095	1.300	1.400	1.500	1.550	1.650
26	1.100	1.310	1.410	1.510	1.560	1.660
27	1.105	1.320	1.420	1.520	1.570	1.670
28	1.110	1.330	1.430	1.530	1.580	1.680
29	1.115	1.340	1.440	1.540	1.590	1.690
30	1.120	1.350	1.450	1.550	1.600	1.700
31	1.125	1.360	1.460	1.560	1.610	1.710
32	1.130	1.370	1.470	1.570	1.620	1.720
33	1.135	1.380	1.480	1.580	1.630	1.730
34	1.140	1.390	1.490	1.590	1.640	1.740
35	1.145	1.400	1.500	1.600	1.650	1.750

*Includes ordained ministers by colloquy

For Example, if your congregation calls an Educator with eight (8) years of experience who has earned 15 semester hours of College/Seminary credit beyond the Bachelor's degree, the **Area Base Salary** for your area would be multiplied by the factor of 1.220 as shown on the table. If the **Area Base Salary** for your congregation has been computed to be 30,104, the recommended salary of your new educator would be \$36,727. This salary includes housing. If your congregation provides a home, the salary should be reduced by multiplying the recommended salary by .80 [See special section on housing on page 13].

For Example

Computation:

\$30,200	Beginning Salary Multiplier
<u> x 1.06</u>	Circuit ACCRA Index
\$32,012	Area Base Salary [Excluding Benefits]
<u> x 1.22</u>	Factor for-8 yrs experience Bachelor's Degree + 15 hrs
\$39,054.64	Total Salary [including housing, not including benefits]

**Leadership
Factor**

Leadership Factor is assigned to some of a congregation's professional church workers. By recognizing this leadership or administrative responsibility as a factor in the determination of a worker's salary, a Christian congregation recognizes the additional work load of service required for effective leadership. Generally, as leadership and administrative responsibilities grow, so should the worker's salary. Two major factors that a Salary Committee or congregation should keep in mind in establishing a salary increment for leadership responsibility are the size of the congregation/school and the number and level of supervisory responsibilities.

**PASTOR –
Sole or Assistant
and Associate**

Pastoral responsibility for a sole pastor and for an assistant/associate pastor varies with the number of communicants and the responsibility as recommended in the following table:

**Sole and Assistant/Associate
Pastoral Administrative Factor Table**

Average Weekly Worship Attendance	<u>Experience at Your Congregation</u>		
	0-5 yrs	5-10 yrs	10 or more
0 - 100	1.175	1.200	1.225
101 - 200	1.200	1.225	1.250
201 - 350	1.225	1.250	1.275
351 - 600	1.250	1.275	1.300
601+	1.275	1.300	1.325

**PASTOR –
Senior or
Administrative**

Congregations served by multiple pastors usually designate one of their pastors as "Senior" or "Administrative" pastor. This special responsibility or leadership factor may be recognized by adding .15 to the appropriate factor in the Pastoral Administrative Factor Table.

For Example. if your congregation of 500 communicants is served by a new sole pastor who has earned a Master's degree, and has been a pastor for 12 years, the computation of his recommended salary would be as follows:

$$\begin{array}{r}
 \$30,200 \text{ Beginning Salary Multiplier} \\
 \underline{\times 1.06} \text{ Area ACCRA Index} \\
 \$32,012 \text{ Area Base Salary [Excluding Benefits]} \\
 \\
 \underline{\times 1.37} \text{ Factor for- 12 yrs experience} \\
 \text{- Master's degree} \\
 \$43,856.44 \\
 \underline{\times 1.25} \text{ Responsibility Factor - Cong. of 500} \\
 \text{- No experience at your} \\
 \text{congregation [new]} \\
 \\
 \$54,820.55 \text{ Total Salary} \\
 \text{[including housing, not including benefits]}
 \end{array}$$

If your congregation is served by two pastors or a large staff and the new pastor in the above example has been designated as the "Senior Pastor", the Responsibility Factor would have been 1.400 (.15 added to the 1.250 as found on the table).

**SPECIAL MINISTRIES –
DCE**

Minister of Music Congregations served by a DCE or by a Minister of Music or Minister of Education may modify the **Area Base Salary** by applying the factors of the table below.

DCE/Special Ministries Responsibility Factor Table

Communicant Membership	<u>Experience at Your Congregation</u>		
	0-5 yrs	5-10 yrs	10 or more
0 - 200	1.000	1.025	1.050
201 - 350	1.100	1.125	1.150
351 - 600	1.150	1.175	1.200
601 +	1.200	1.225	1.250

**School
Principal**

The school principal's leadership responsibility varies with the number of teachers supervised and experience in the leadership role as recommended in the following table:

Principal Leadership Factor Table

Number of Full-Time Teachers more	<u>Experience at Your Congregation</u>			or
	0-5 yrs	5-10 yrs	10	
Less than 4	1.150	1.175	1.200	
5 - 8	1.175	1.200	1.225	
9 - 12	1.200	1.225	1.250	
13+	1.225	1.250	1.275	

For Example, if your congregation has a school with 9 teachers and your principal of 6 years has a Master's degree with 15 years of total experience, the computation of the principal's salary would be as follows:

\$30,200	Beginning Salary Multiplier	
<u>x 1.06</u>	Area ACCRA Index	
\$32,012	Area Base Salary [Excluding Benefits]	
<u>x 1.40</u>	Factor for- 15 yrs experience - Master's degree	
\$44,816.80		
<u>x 1.225</u>	Leadership Factor	- School of 9 Teachers - 6 yrs experience
\$54,900.53	Total Cash Salary [including housing, not including benefits]	

Other Leadership Factors

In addition to the leadership roles detailed above, congregations assign to some of their classroom educators special part-time leadership roles such as Director of Music, Youth Ministry, Athletics, etc. Since the nature of such duties is varied, this Guideline has not attempted to develop a general criteria/standard for compensation of these leadership functions. By practice, congregations have added perhaps 1.10 as a special leadership/responsibility compensation factor for these duties.

Salary "Gaps"

As your committee carries out its task of determining what is an equitable salary for your professional worker, it may be found that your current salary is below the suggested amount. This differential within personnel workers is referred to as "**GAP**".

If your congregation has a GAP between current salary and what it would like to pay its worker, here is an approach to the situation. Tell your worker honestly and frankly that the congregation wants to pay the suggested salary, but currently the amount is beyond the means of the congregation. However, the congregation has determined to close the GAP in 2, 3 or 4 years by reducing the GAP by 50%, 33% or 25% each year. This approach sets a goal for the congregation and lets your worker know that there is a plan to bring compensation up to the recommended levels. The congregation can feel good about its action and the worker will feel good about the effort being made to increase compensation.

Ten-Month Contract Workers

Some called or contract professional workers serve their congregation for only ten months of the year. There are two approaches that congregations might take in the compensation of such persons.

One, consider the person a **full-time** worker with responsibilities clustered in ten months, but paid on a twelve month basis.

Two, consider the person a **quasi part-time** worker paid for the period of responsibility. If this second, less desirable approach from a ministry point of view is taken, it is suggested that the determination of salary for these persons be calculated as if they were serving for the entire year, and then discounted by 16.67% (2/12ths) to arrive at a suggested salary.

HOUSING Housing Allowance

Called, Ordained and Commissioned [both men and women] ministers of religion are eligible under Section 107 of the 1965 Internal Revenue Code and subsequent revision to exclude from gross income a rental allowance paid to them as part of their compensation to the extent used to rent or provide housing. Details on how a congregation should handle compensation to allow their professional workers to take advantage of this IRS ruling should be obtained by consulting the **Congregational Treasurer's Manual** available from the Texas District Office.

Caution: Your professional church worker has the opportunity to exclude from gross income, for IRS tax purposes, but not for Self-Employment tax (social security) a "housing allowance", but your congregation must, by Voters Assembly formal resolution prior to the beginning of a tax year, **designate** the amount of the cash salary that is "housing allowance" for your worker to take advantage of this exclusion. The **Congregational Treasurer's Manual** contains sample resolutions that might be used by your congregation.

EDUCATORS Called Husband and Wife

Commissioned Ministers, both men and women, are eligible under the IRS code to exclude salary designated as "housing allowance" from taxable income. When both a husband and wife are Commissioned Ministers, both may exclude a housing allowance from income, **but the same limitations apply.** The **Congregational Treasurer's Manual** explains the limitations on housing allowance.

All rostered Commissioned Ministers are considered by IRS definition to be **Self-Employed** and subject to Self-Employment Tax. To avoid the Self-Employment Tax, some Commissioned Ministers have elected to be "removed from the roster". This practice is discouraged.

Parish Owned Housing

The recommended salary guidelines and formulas listed above have been developed upon the assumption that your congregation does not provide your professional worker with a residence, but includes a "housing allowance" as part of cash salary. If your congregation provides a residence to your worker, the recommended salary must be discounted. If the utilities are provided in addition to the house, the recommended salary may be discounted by twenty percent (20%).

Caution: If your congregation provides your professional church worker with a residence, your Treasurer must determine the value of that residence, not for IRS purposes, but for SE [Self-Employment Tax] purposes. This is usually done by a comparison to rental property in the area and using perhaps 80% of the "going rate".

Home Equity Program

If your congregation provides housing to your professional church worker, that worker **is not** developing equity in a home. At the time for retirement, or if your worker should die in office, the worker is not able to provide his or her family with housing. Congregations can assist their worker in developing "equity" by setting aside funds (deferred income) in a Home Equity Program. When properly administered, neither the funds nor their earnings are taxable until the congregation pays them to you. A payout can only be made when you are called to another parish that provides no parsonage or in the event of retirement, death, or disability. This program is available through the Lutheran Church Extension Fund in St. Louis. **(Note: This is a supplemental benefit.)**

SE [Self-Employment Tax]

All called ministers of religion are considered to be **self-employed** for tax purposes. Therefore, unlike other congregational "employees", the congregation does not pay half of the FICA (Social Security) tax. The professional church worker is obligated to pay the entire tax. Because of this difference, a congregation may choose to give their worker the amount the congregation would have had to pay to the U.S. Government in FICA tax if the worker had not been classed as self-employed. This is taxable income for the worker, but it is a way of helping the worker off-set the high SE Tax he/she is required to pay.

Caution: Your **Congregational Treasurer's Manual** will help in making a decision on this matter. The manuals of the Concordia Plans will also provide helpful information on the question of Self-Employment Tax and the off-set program.

SUPPLEMENTAL BENEFITS

The spiritual, mental, emotional and physical well-being of the pastor, educator and other church workers is the responsibility of each congregation. In addressing this responsibility, each congregation is encouraged to establish a holiday schedule and adopt a vacation policy for all of its workers. It is important that your workers be encouraged to use their allotted vacation time for the enrichment of their ministry, their personal health and the welfare of their family.

Concordia Worker Benefit Plans

It is customary for congregations to enroll and support their workers in the **Concordia Worker Benefit Plans**. While these plans are a significant expense to the congregation, they do provide to your worker

the utmost of protection for health care and provide a retirement plan that is supplemental to what Social Security offers. The plans are "portable", that is, they are generally offered to workers of the Synod, and allow workers to accept a call to your congregation without benefit "voids" or penalty.

There are three programs/benefits within the **Concordia Worker Benefit Plans**:

- (1) The Concordia Health Plan
- (2) The Concordia Retirement Plan
- (3) The Concordia Disability & Survivor Plan

An optional program of All-cause Accident Insurance is also available.

Details on these plans are described in the bulletins and booklets available from the Concordia Plans, 1333 S. Kirkwood Road, St. Louis, MO 63122-7295.

Under the provisions of the **Concordia Worker Benefit Plans**, your congregation is required to pay the entire premium for the (2) Retirement and (3) Disability & Survivor Plans. The provisions for the (1) Concordia Health Plan are different and require only that your congregation pay the premium for your worker. However, most congregations have provided Concordia Health Plan coverage to a worker's spouse and dependents. If your congregation does not pay for the worker's spouse and dependents, the worker is making this payment from his taxable income. On the other hand, if the congregation provides this health care coverage insurance as a supplemental benefit, the amount is free of income tax for the worker.

Retirement Plan (Special Equalization Payment)

All ministers of religion enrolled in the Concordia Retirement Plan as a "new worker" on January 1, 1982, or after participate on the **Regular Basis**. Workers who enrolled in the CRP prior to that date, and whose CRP membership did not subsequently terminate, have the option to participate on either the **Regular or Full Basis**.

If an employer is contributing to the Concordia Retirement Plan on the **Regular Basis** for a minister of religion, that employer is to make the amount of the difference between the **Full Basis** rate and the **Regular Basis** rate available to that minister of religion. This "special payment" (often referred to as off-set payment) assures that all workers deemed "self-employed" by Social Security are treated equitably. This special payment must be reported as income for Federal income tax purposes. There is one exception to this special payment. If the employer is already helping a worker pay part of the self-employed S. S. tax (e. g., Social Security allowance of 7.65%), this special payment should not be paid.

Alternate Approach to Benefits

Some congregations in our Texas District have taken an alternative approach to supplemental benefits for their professional workers. This approach is detailed in Appendix I of this manual. Since the approach takes a significantly different tactic in providing for your worker's welfare, it should not be adopted without considerable congregational study and the worker fully understanding of the long-term impact of this decision.

Vacation

Your worker's need for renewal through planned vacation time is essential. As a congregation you are encouraged to insist that your worker take "time off" in a block of several days or a week. It has been proven that taking off a day or two once in a while does not provide the type of renewal needed. Listed below is a suggested vacation allowance.

<u>Total Years of Service</u>	Days of Vacation	
	[Includes Saturdays & Sundays]	
	<u>Commissioned Ministers</u>	<u>Ordained Ministers</u>
1 - 5 yrs	14 days * [2 wks]	21 days [3 wks]
5 - 15 yrs	21 days * [3 wks]	28 days [4 wks]
15 + yrs	28 days * [4 wks]	35 days [5 wks]

*In addition to these days, Commissioned Ministers may be allowed the Christmas Recess and Spring Break as "down time", not to be counted as vacation time.

The anniversary date of a worker's ordination or commissioning is normally used in calculating service for purposes of vacation time. Your congregation might find it necessary to prorate vacation time if your worker has not served for a full year.

Educators serving on a ten [10] month contract are not normally granted vacation time in addition to the time-off at Christmas and Spring Break.

Some congregations have allowed their pastor an "off-Sunday" on the fifth Sunday of the month as a week-end away. This practice is to be encouraged as "compensatory" time for the extra duties that are part of holiday seasons.

Days-off to attend required Texas District professional church worker conferences and meetings, and attendance at professional seminars and workshops are not vacation time, and congregations are discouraged from considering these professional growth meetings as part of the worker's vacation time.

Sick Leave

While it is not the purpose of this Manual to set the congregation's Personnel Policies, it should be acknowledged that providing for time-off due to illness is in the best interest of the congregation by protecting the health of your workers. Without such days, there is a risk of having your worker attempting to carry out responsibilities while seriously ill.

However, for a congregation to operate in a business-like manner, there is a need to limit the number of sick days allowed to a worker each year. It is suggested that sick leave be granted in accordance with the Concordia Disability and Survivor Plan, that is, fourteen [14] days per year. After fourteen days of illness, the Concordia Disability Plan provides wage replacement. It is suggested that a worker be allowed one day per month as sick leave with a maximum accumulation of fourteen [14] days.

The Concordia Health Plan encourages preventative health programs by providing an allowance for an annual physical examination. Your congregation is encouraged to insist that your workers avail themselves of this benefit and, if necessary, to supplement the allowance of the Concordia Health Plan to insure an on-going preventative health program for your workers.

Personal Leave Days

Personal business must occasionally be transacted during regular Monday through Friday business hours. In order to facilitate such transactions, congregations have found it reasonable to allow their professional workers two days a year.

Special Leave

To cover special cases of emergency, death in the immediate family, etc. a congregation may grant special leave at the discretion of the Board of Elders or Church Council. Special Leave should not be considered vacation, sick leave or personal leave.

Special leave might be granted by a congregation to meet civic responsibilities such as jury or military duty.

Pregnancy Leave

As a congregation committed to the Christian Family, it is imperative that a congregation provide for the emotional and financial support of an expectant mother through an adequate period of maternity leave without jeopardizing a staff position that may be needed to support the family. A policy of six to eight weeks is not an unreasonable time to hold a position for the new mother.

Your congregation is encouraged to adopt a policy that allows a pregnant woman to use accumulated vacation and sick leave to ensure an income stream. Workers are encouraged to coordinate time-off during pregnancy and post-natal time with the benefits offered by the Concordia Disability and Survivor Plan.

Military Duty

If your pastor is a reserve chaplain, or if one of the other professional church workers is a member of a military reserve unit, they will need time-off to meet their reserve obligations.

It is customary for reserve military personnel to be involved in weekend duty once a month and to be on active duty two weeks, usually during the summer.

The week-end duty usually does not interfere with the regular responsibilities of your worker. However, the two weeks of active duty in the summer will likely interfere with regular responsibilities.

It is suggested that, since the church worker is paid by the military for active duty, one week of the two weeks of summer active duty be considered vacation time [salaried], and the other as special leave [non-salaried].

If a substitute is required to handle regular responsibilities of your worker, it is expected that your worker will compensate that substitute in accord with the congregation's guidelines. It is also assumed that a pastor/chaplain will make arrangements and compensate a substitute pastor to handle emergencies.

Congregations served by pastors called to active duty are considered vacant if the call-up is for an extended period.

PROFESSIONAL EXPENSES

There are some expenses that your professional worker has that are related to assigned duties. Since these costs relate directly to service provided to the congregation, they are congregational costs although they are paid "out-of-pocket" by your worker.

Auto Travel Allowance

Auto and travel expenses of your professional church worker in the performance of his duties are a "business expense" of the congregation and should not be considered personal expenses to be paid by your worker. A program of reimbursement for auto/travel allowance to the worker can take several forms. Congregations may lease an auto, provide a "flat" allowance, reimburse for miles driven using rates currently allowed by the IRS, etc. Most tax consultants consider reimbursement for miles driven as the best approach to meeting IRS record keeping requirements.

Whatever method is adopted by the congregation for the reimbursement for auto/travel expenses, the workers should be reminded of their responsibility to maintain complete and accurate records to support tax claims should that become necessary. Any allowance provided that is not used to cover cost of transportation must be declared as personal income.

Congregations with several staff members are encouraged to recognize that not only the pastor is required to travel to carry out his ministry and to strive for equity and fairness to all staff members.

Meeting Expenses

Attendance by professional church workers at Synodical and Texas District approved conventions, retreats, conferences and workshops should be encouraged and considered to be part of the business of the congregation. Indeed, the attendance of all professional church workers at official Texas District Conventions is required by the **HANDBOOK** of the Synod.

Hence, the church worker should not be required to utilize vacation time to attend these events. Reasonable expenses [i.e. registration, travel, meals, lodging, etc.] related to these events should be congregational expenses.

Continuing Education

In order to fully understand the changing needs of the congregation and community, professional church workers should be encouraged to participate in a carefully designed and approved program of continuing education. Since the congregation will be the primary beneficiary of such a program, a set amount should be included in the congregation's budget to support this program.

It is suggested that an amount between \$250 - \$500 per year per worker be budgeted for this purpose. This is not a sum added to a worker's compensation, but held in a reserve account until needed. A worker should be asked to submit to the Budget Committee an annual plan for Continuing Education. If travel is required to participate in the Continuing Education experience, this expense and other incidental costs should also be paid from the reserve account. The worker should not be expected to use vacation time to attend such Continuing Education events.

Books, Periodicals

To facilitate a professional church worker being current in his or her approach to ministry, the congregation is encouraged to include an established amount in the annual budget to assist the worker in the purchase of professional journals, books and memberships in professional organizations.

Funds provided for Professional Books, Periodicals and Memberships should not be considered to be part of a church worker's salary.

Hospitality

From time-to-time your professional church worker may find it important to facilitate the congregation's ministry by having lunch with a prospective member or meet with elders or school board members for breakfast, etc. The cost of such hospitality is part of the business of the congregation, and should not be an item that your church worker should pay personally. The congregation should consider providing a fund in the budget from which your church worker might be reimbursed for hospitality extended in behalf of the congregation.

SUNDRY ITEMS

This section of the Guidelines includes a number of items of a Sundry nature that didn't fit appropriately into the previous sections, yet are important considerations for the Salary Committee of a congregation.

Vacancy Pastor

A vacant congregation is defined as a congregation that does not have a full-time called pastor.

A **vacancy pastor** should be adequately compensated for the important service that he provides to a congregation. It is suggested that a vacancy pastor be paid one-half to two-thirds of the previous pastor's salary [exclusive of housing], depending upon responsibilities assumed, plus all out-of-pocket expenses [auto mileage, postage, telephone, etc.].

Vacancy pastors serving during peak activity periods, such as Christmas and Easter, are normally compensated at the higher end of the suggested range.

Typical duties of a vacancy pastor may include preaching, conducting confirmation classes, calling on sick and shut-ins, church council and voters meetings, adult instruction, weddings, funerals. However, specific duties should be negotiated with the vacancy pastor and the Board of Elders.

Guest Pastor Fee

It is suggested that the congregation establish an honorarium for guest or substitute preachers of \$75 - \$150 plus expenses [auto mileage, telephone, meals, lodging]. The lower end of the range would be appropriate for a single service, and the higher end of the range reserved for multiple services including adult Bible class leadership.

Texas District congregations are encouraged to invite ordained District staff persons to preach upon occasion. If the preaching is related to the district staff person's responsibility in the District, the honorarium is discretionary, but travel and expense reimbursement is encouraged. If the District staff person is preaching because the pastor is absent or on vacation, the above paragraph applies.

Moving Expenses

If your congregation has called a professional church worker from another site, it is customary for the congregation to pay all necessary and reasonable moving expenses for the worker and family. The utilization of a commercial/ professional moving firm indicates to the worker that as a congregation you are concerned about the worker's welfare and the protection of his or her personal property.

To assist professional workers in managing a relocation, some congregations have adopted a **Relocation Allowance Approach**. Under such a plan, the congregation establishes an amount designated as a **Relocation Allowance**. The amount is established as a percent of annual cash salary. The amount might be 15% of salary for an in-state relocation; and 20% of salary for a worker coming from outside Texas.

The new worker is allowed to spend the **Relocation Allowance** to move personal effects [furniture, clothing, etc.]. The allowance, however, does not include the cost of the personal travel of the worker and family; that cost should be provided as travel cost by the congregation.

Under the **Relocation Allowance Approach**, the worker is permitted to submit bills for the relocation of personal effects to the limit of the allowance. If the worker manages well and there are funds unused after submitted bills are paid, these funds are given to the worker and become reportable income. In practice, this might mean, as an example, that the worker decides not to move an old washing machine, to save the weight cost of that item, or items might be packed by the worker rather than a professional mover. Since the new worker will receive the funds remaining in the account, they will be in a position to purchase a new washing machine or other items upon arrival.

Worker Education Debts

Many church professionals are graduating from the seminaries and colleges with significant educational debts. They have undertaken these debts in order to be equipped to serve you. A congregation might give serious consideration to assisting these young workers in the repayment of these debts. Such assistance is regular income for the worker and subject to IRS taxation.

Civic Club Membership

Many communities have civic clubs [Rotary, Lions, Optimists, etc.] that meet weekly and include significant community leaders. Having the pastor or school principal participate in such organizations provides community exposure and an increased community awareness of the ministry of your congregation. Congregations should consider assisting their leaders in the annual dues for such organizations as a part of the congregation's business.

Pastor's Fund

In the course of his ministry, your pastor will be asked to provide minor financial assistance to persons in need. These requests come to your pastor as your representative, and his financial assistance to persons in need should not be from his personal funds. Many congregations have provided their pastor with discretionary funds to be used in these emergency situations.

Pastors are encouraged to maintain complete personal records on the use of these funds and to report on a regular basis to the elders on the use of such funds.

APPENDIX I

ALTERNATIVE APPROACH TO FRINGE BENEFITS

The traditional approach to providing the church worker with Fringe Benefits is for the congregation to pay for these benefits and inform the worker of the benefits. That is, the congregation is billed directly by the Concordia Worker Benefit Plans for retirement, health insurance and disability/survivor insurance coverage for its worker.

This approach has likely been the pattern because if the congregation provides these benefits and pays the bills directly, the benefits are provided without the funds being considered as taxable income for the worker.

Congregations with multiple workers have found that there is a disparity between the total cost to the congregation for the fringe package, especially in health care insurance, between its single and married workers. Further, the spouses of some married workers are provided the health care coverage by their employer. In such instances the spouse has "double coverage".

The so-called "**ALTERNATIVE APPROACH**" to fringe benefits involves two basic steps:

(1) The congregation establishes an amount that it will spend in providing "fringe benefits" to each of its workers. The amount might be a fixed sum or a percentage of the worker's cash salary.

(2) The worker and the congregation agree on how the amount set aside for the worker is to be spent.

For Example, Faith Lutheran Church's pastor's cash salary, based upon the plan presented earlier in these **Guidelines**, has been set at \$51,000. In addition, Faith congregation has established as the "Fringe Allowance" for their pastor 30% of cash salary.

Pastor's Cash Salary	\$51,000
Fringe Allowance	<u>10,500</u>
Total Cong. Cost	\$61,500

Here is the plan the pastor and Faith congregation have developed for the use of the "Fringe Allowance"

Concordia Retirement Program [7.5%]	\$3,825
Disability/Survivor Program [1.3%]	663
Health Insurance [Class D]	5,280
Tax Sheltered Annuity	<u>2,140</u>
Total Allowance	\$11,908

Faith congregation requires that its pastor be enrolled in Concordia retirement, disability/survivor and health insurance programs. The decision of the Class of health insurance beyond Class A [worker only] is made by the worker. The decision to have a TSA rather than take the \$2,140 in cash to help pay SE [Self-employment tax] was made by the pastor.

Another Example, Faith congregation has a Christian Day School. One of the called teachers is single in the first year of teaching with a cash salary based upon the **Guidelines** of \$30,000. Faith congregation has established the fringe allowance for its teachers at 30% of cash salary.

Teacher's Cash Salary	\$30,000
Fringe Allowance	<u>6,300</u>
Total Cong. Cost	\$36,300

Here is the plan the teacher and Faith congregation have developed for the use of the "Fringe Allowance"

Concordia Retirement Program [3.2%]	960
Disability/Survivor Program [.7%]	210
Health Insurance [Class A]	2,676
Cash	<u>2,805</u>
Total Allowance	\$6,651

This teacher has decided to have the congregation include \$2,805 as additional income. Income tax will have to be paid by the teacher on this additional income, but this young teacher is in need of the cash to pay SE tax and to repay government loans obtained while in college.

WORKSHEET FOR DEVELOPMENT OF A WORKER'S SALARY

SALARY	Current Year 20_____	Proposed for 20_____
District Beginning Salary Multiplier (See current Compensation Advisory Letter)	(1)_____	_____
Area ACCRA "Cost of Living" Index	(2)_____	_____
Area Base Salary (Multiply Line 1 by the ACCRA Index in Line 2)	(3)_____	_____
Education/Experience Factor (See pages 7-9)	(4)_____	_____
Salary (Multiply Line 3 by Line 4)	(5)_____	_____
Leadership Factor (See page 9)	(6)_____	_____
Total Cash Salary (Multiply Line 5 by Line 6) (Including Housing, but not Benefits)	(7)_____	_____

BENEFITS

Home Equity Program (See page 14)	(8)_____	_____
Concordia Worker Benefit Plans		
Retirement Plan (9a) _____		
Health Plan (9b) _____		
Disability Plan (9c) _____		
Total Concordia Plans (Add Lines 9a through 9c)	(9)_____	_____
Special Equalization Payment (Off-Set) (See page 15)		(10)_____
-		
Total Benefits (Add Lines 8, 9 and 10)	(11)_____	_____

PROFESSIONAL EXPENSES

Auto (see page 18)	(12)_____	_____
Meeting Expenses (see page 18)	(13)_____	_____
Continuing Education (see page 19)	(14)_____	_____
Books and Periodicals (see page 19)	(15)_____	_____
Hospitality (see page 19)	(16)_____	_____
Civic Club Membership (see page 21)	(17)_____	_____
Total Professional Expenses (Add lines 12 through 17)	(18)_____	_____

TOTAL COST OF PROFESSIONAL WORKER
(Add lines 7, 11 and 18)

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