

LEADERSHIP SUPPORT GUIDELINES

FOR
ELCA Associates in Ministry, Deaconesses, and
Diaconal Ministers
(Guidelines for Clergy are provided separately)

2013

FOR USE WITHIN
THE VIRGINIA SYNOD
OF THE ELCA

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The Virginia Synod of the Evangelical Lutheran Church in America

IN PARTNERSHIP WITH THE NEW GUINEA ISLANDS DISTRICT, ELC-PNG

TO: Lay Presidents/Vice Presidents of Congregations and Clergy
FROM: Synod Council, Virginia Synod
DATE: June 2012
SUBJECT: 2013 Recommended Minimum Compensation and Reimbursement Guidelines

We are pleased to share with you the 2013 recommended minimum compensation guidelines for Virginia Synod clergy. Separate guidelines are available for Associates in Ministry, Deaconesses, and Diaconal Ministers. These figures have been approved by both the Synod Council and the 2012 Synod Assembly. The complete Leadership Support Guidelines for Pastors and Lay Rostered Leaders are available on line at www.vasynod.org.

Step increases in the cash compensation tables (base salary, housing, and Self-Employment Tax compensation), based on years of experience for rostered leaders, are at 1% per year. The 2013 figures have been adjusted to include the full Self-Employment Tax amount of 15.3%

The Expense Worksheet combines last year's allowances for Continuing Education, attendance at the Gathering of the Ministerium, and Books & Periodicals in Item J. under Professional Expenses at a total of \$1000.

In addition to the information that we have provided, you will need information from the Board of Pensions regarding pension, health, and disability contributions for the coming year. That information, along with guidelines for pension contributions, will be sent directly to each parish. The Board of Pensions website is www.elcabop.org.

We encourage the formation of a Mutual Ministry Committee in every congregation. A power point presentation about Mutual Ministry Committees is available from our website www.vasynod.org. Click on Resources, then Committees, then Leadership Support. We also recommend *Pastor and People—Making Mutual Ministry Work*, in the Congregational Leader Series from Augsburg Fortress www.augsburgfortress.org.

If you need any assistance from our Synod Council, please contact:

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May God continue to bless your ministry and may you be able to see God's hand moving and guiding you in this process of compensation so that the partnership in your parish helps usher in the kingdom and brings glory to God.

Peace,
The Synod Council

2013 LEADERSHIP SUPPORT GUIDELINES

Table of Contents

Introduction - Compensation Planning	Page 2
Compensation Worksheet – Rostered Lay Leader	Page 5
Expense Worksheet.....	Page 7
Appendices	
A. Rostered Laity, Minimum Base Salary Chart	Page 8
B. Sabbatical Leave Guidelines	Page 9
C. Counseling for Rostered Leaders and Their Families.....	Page 10
D. Reimbursement Policy - Example	Page 11
E. Reimbursement Authorization - Example	Page 12
F. Defined Compensation for ELCA Board of Pensions.....	Page 13

COMPENSATION PLANNING

It is a special opportunity and responsibility of the Christian community for members of the congregation to work together prayerfully with their rostered leaders to provide a fair compensation. Both congregations and rostered leaders benefit when this process is characterized by openness, honesty and mutual care. The guidelines that follow are presented as an aid to your conversation.

The Guidelines reflect the reality of the distinct demands and stresses that impact those who work full-time in the church. Our rostered leaders are “on call” so that there are frequent interruptions to family life. Most of our rostered leaders have received graduate education. In addition similar preparation in any other profession would be remunerated with a considerably higher standard of living. Our rostered leaders are highly motivated by a strong calling to serve the Gospel of Jesus Christ and the needs of people with love and faithfulness. In order to fulfill their calling, it is essential that they receive sufficient financial resources to care for themselves and their families.

The modern context for ministry presents the church with a variety of challenges and opportunities that require creative and informed responses if congregations are going to serve and grow effectively. It is with this in mind that the Guidelines stress the importance of continuing education for rostered leaders. Furthermore, the demands upon a rostered leader’s time and energy require that they receive the compensations of adequate vacation time, sick leave, maternity/parent leave, and sabbaticals.

As you work through this document, please feel free to contact the Synod Office.

FREQUENTLY ASKED QUESTIONS

Q. Why do you use the term “rostered leaders”?

A. This is a comprehensive term to include pastors, associates in ministry, deaconesses, and diaconal ministers who are listed on the official rosters of the Evangelical Lutheran Church in America.

Q. Who determines compensation?

A. The responsibility for determining compensation rests with the Congregation Council. Yet it is difficult for the entire Congregational Council to undertake such a task. The annual appointment of a temporary **Compensation Committee** is recommended, with membership to include:

1. the Council President or Vice-President,
2. two members of the congregation agreed upon by BOTH the rostered leader and the Council,
3. the Chairperson of the Mutual Ministry Committee, and
4. the rostered leader.

Q. Should the rostered leader be on the Compensation Committee?

A. Making your rostered leader part of the group that deals with compensation will provide for a more satisfactory outcome. While there may be a portion of the discussion in which it may not be appropriate for rostered leaders to be present, there are also matters for which their help will be needed.

Q. Where does evaluation enter into our deliberations?

A. In formulating a recommendation to the Congregation Council, the **Compensation Committee** should use any past evaluation reports made to the Congregation Council. Regular evaluation of the relationship of the rostered leader with the parish helps to maintain a supportive, vital, growing partnership for both parties. This kind of mutually supportive relationship between the congregation and the rostered leader will directly affect the quality of the ministry in your parish in a positive way.

Q. What about the recommended Minimum Cash Compensation Levels for Rostered Leaders?

A. In order to be more equitable in the Virginia Synod, the Leadership Support Committee advocates the current synod guidelines as *minimum* cash compensation. We are aware that these recommendations may seem beyond the means of some of our parishes. It is particularly in these locations that we strongly encourage movement toward these levels of compensation. In addition to fair compensation for your current rostered leader, we want your parish the next time it calls a rostered leader pastor to be able to call the person you need for your ministry, and not to be guided simply by the monetary bottom line.

Q. What Salary Adjustment Factors need to be considered?

A. Appropriate adjustment factors include congregational size and complexity (staffing, etc.), the cost of living in the geographical area, previous experience and/or graduate work of the rostered leader, and continuing education. Additionally, previous work experience, and careers in the case of second career rostered leader, should be taken into account when establishing compensation.

Q. Is the lay rostered leader self-employed or an employee of the congregation?

A. Associates in Ministry, Deaconesses, and Diaconal Ministers are considered employees by the IRS for purposes of Social Security and income taxes and require standard withholdings from their salaries. A standard W-2 is issued. Congregations are encouraged to consider costs of local housing in determining compensation for all staff members. Moreover, housing allowances or parsonages are typically not available for lay rostered leaders, and so the guidelines are based on the need for these people to provide their own housing.

Q. Why should congregations establish “accountable reimbursement plans”?

A. Since the rostered leader is considered an employee for income tax purposes, any “allowances” are considered as income and will be subject to income tax. His or her business expenses, mileage, books are considered business expenses and deductible as miscellaneous itemized deductions, deductible only to the extent that they exceed 2% of adjusted gross income. An **accountable reimbursement plan** as described on the Expense Worksheet and in Appendices H & I not only avoids this problem, but gives the rostered leader 100% reimbursement for professional expenses.

Q. What about Maternity/Parenting Leave?

A. A specific **Maternity and Parenting Leave Plan** should be carefully drawn up in open consultation with your rostered leader. Maternity leave is directed towards the birth or adoption of a child. Such leave should include up to six weeks full salary, housing, and benefits. The number of weeks of leave before or after the birth or adoption of a child should be negotiated and specified in advance. Up to two weeks leave for the father is also desirable.

Parenting leave is directed towards illness or other special needs. Such leave should include up to two weeks full salary and benefits. Any other specific conditions should be clearly defined in writing.

Q. Who do we contact if we need further information?

A. Pensions Information at Portico [Board of Pensions] Web Site: www.elcabop.org (Site includes a new Pension Calculation program, updated annually.) Board of Pensions telephone: 800.352.2876

COMPENSATION WORKSHEET

CASH COMPENSATION

A. MINIMUM CASH COMPENSATION \$_____ (A)

B. COMPENSATION ADJUSTMENTS

 Merit Increase \$

 Skills Increase \$

 Other Adjustments \$

Total Adjustments \$_____ (B)

C. TOTAL CASH COMPENSATION \$_____ (A+B)

BENEFITS

D. PENSION \$_____

 (see www.elcabop.org for details)

E. HEALTH CARE \$_____

 (see www.elcabop.org)

F. VACATION _____ Days/Weeks

G. SICK LEAVE _____ Days/Weeks

H. CONTINUING EDUCATION _____ Days/Weeks

An example is found in Appendix D

EXPENSES \$_____

See Expense Worksheet on page 7

INSTRUCTIONS

Line A – See Appendix A for Chart of Minimum Cash Compensation based on years of service and degree/equivalent experience.

Line B – Adjustments to Compensation. Appropriate adjustment factors include congregational size and complexity, the cost of living in the area, and continuing education.

Line D – Pensions. Regarding pensions, we strongly recommend 12% of “Defined Compensation.” (The required rate for pension is determined by the ELCA.) **Please see the materials from Portico [Board of Pensions] to determine how to calculate the benefits amount.** Their website at www.elcabop.org contains a 2013 Pension calculator for your use. See Appendix F in this workbook for additional information.

Line E – Health Care. For health care, the percentage will vary according to needed coverage. The actual figures for 2012 will arrive from the Board of Pensions in August. Be aware that the Board of Pensions calculates the base on which health and pension benefits are based on their own definition of “Defined Compensation.” **Please carefully read the Portico [Board of Pensions] materials to determine the correct figure to use.** Also visit their website at www.elcabop.org for their 2013 Health Care Costs Calculator.

Line F - Vacation. We recommend four weeks of vacation which includes four Sundays to ensure that the rostered leader has ample time away to maintain personal and family health.

Line G - Sick Leave. Sick leave of up to two months with full salary, housing and benefits should be provided for the rostered person. (The ELCA Board of Pensions Disability Plan provides for 2/3 of defined compensation to be paid beginning in the third month. Each application for disability must be approved by the Portico [Board of Pensions.]

Line H - Continuing Education. ELCA guidelines suggest two weeks (including two Sundays) of continuing education for those in full-time calls.

EXPENSE WORKSHEET

Professional expenses can be reimbursed in a number of ways. The most desirable is a fully **accountable reimbursement plan** under which the rostered leader submits expenses to the Treasurer and is reimbursed. Under this arrangement the rostered leader need not include the reimbursement as income nor does he or she have to be concerned that the expenses might not be deductible. See Appendix H and Appendix I for details and examples.

A. AUTOMOBILE	\$
B. CONTINUING EDUCATION	\$
C. BOOKS & PERIODICALS	\$
D. OTHER PROFESSIONAL EXPENSES	\$
E. SYNOD EVENTS	\$

A. Automobile Expenses. If an automobile is not purchased or leased by the church for the use of the rostered leader, reimbursement should be made at the prevailing IRS allowable rate. (The current rate at the time of this printing is 55.5 cents/mile.)

B. Continuing Education. To facilitate the updating of skills, and thereby the strengthening of ministry, the congregation should provide at least two weeks each year, including two Sundays, (in addition to vacation time) **and** \$700 annually, both of which may accrue up to three years.

C. Books & Periodicals. We encourage at least \$300 annually to keep abreast of developments in the many facets of parish ministry.

D. Other Professional Expenses. See Appendix D & E for examples.

E. Synod Events.

1. Attendance at the **SYOND ASSEMBLY** is required. Therefore, all expenses (travel, lodging, and registration) should be paid. We also encourage the Congregation to pay the expenses of the spouse if he/she desires to attend.
2. **FIRST CALL THEOLOGICAL EDUCATION** is required. Documents outlining this program are available through the Synod Office.
3. We strongly encourage attendance at the **GATHERING OF THE MINISTERIUM**. This gathering is a time away with the bishop and other rostered leaders for worship, spiritual sharing, conversation, and to learn from gifted presenters.
4. For rostered leaders age 45-50, we also recommend participation in the **PRE-RETIREMENT SEMINAR**, held in this synod or a neighboring synod in cooperation with the Board of Pensions. See the Portico [Board of Pensions] website for dates and locations.
5. **A ROSTERED LEADERS SPOUSE RETREAT** is held each fall. We recommend that your congregation's budget cover the cost for this event.

Appendix A

Rostered Laity ~ Minimum Salary Guidelines for 2012

Years of Experience	2013 Salary with Bachelor's Degree or similar work experience	2013 Salary with Master's Degree or similar work experience	Years of Experience	2013 Salary with Bachelor's Degree or similar work experience	2013 Salary with Master's Degree or similar work experience
Year 1	37,673	38,158	Year 21	50,470	53,465
Year 2	36,297	38,452	Year 22	51,352	54,401
Year 3	36,932	39,125	Year 23	52,251	55,354
Year 4	37,579	39,809	Year 24	53,166	56,321
Year 5	38,236	40,506	Year 25	54,096	57,307
Year 6	38,905	41,215	Year 26	55,044	58,310
Year 7	39,530	41,936	Year 27	56,007	59,331
Year 8	40,280	42,670	Year 28	56,987	60,370
Year 9	40,985	43,418	Year 29	63,150	61,425
Year 10	41,702	44,176	Year 30	58,998	62,501
Year 11	42,431	44,950	Year 31	60,030	63,594
Year 12	43,173	45,736	Year 32	61,082	64,707
Year 13	43,930	46,537	Year 33	62,150	65,839
Year 14	44,699	47,351	Year 34	63,238	66,992
Year 15	45,480	48,180	Year 35	64,345	68,164
Year 16	46,277	49,023	Year 36	65,471	69,357
Year 17	47,087	49,881	Year 37	66,617	70,571
Year 18	47,910	50,755	Year 38	67,782	71,806
Year 19	48,749	51,642	Year 39	68,969	73,062
Year 20	49,602	52,546	Year 40	70,176	74,341

(This table includes the reflection of a 1.00% step increase from 2011)

Appendix B

Sabbatical/Extended Study Leave

It is important for rostered leaders as well as congregations and agencies to realize the value of continuing education through workshops, seminary courses, and personal study. ELCA Congregations have long been encouraged to provide time and financial assistance to enable rostered leaders to maintain and improve their skills. From time to time, however, these professionals may desire an extended period of time for study, personal growth, and reflection without the responsibilities of regular service — thus a sabbatical leave. These guidelines are provided to assist rostered leaders and congregations, synods, and agencies in the contemplation and negotiation of such sabbatical leaves.

1. Sabbatical leaves are intended for in-depth study of one or two topics directly related to the call of the rostered leader and should include time for personal and familial reflection.
2. The initial development will utilize the annual continuing education covenant between rostered leader and congregation, synod or agency.
3. The bishop will need to be consulted early in the process to ensure adequate interim ministry during the sabbatical leave.
4. Sabbatical leaves are normally for a period of three to six months.
5. Those who may present proposals are rostered leaders who have a minimum of seven years in the ministry and who have served in their current call for five or more years. A proposal shall include:
 - a. A rationale for the sabbatical, including personal goals, and potential value for the Church, congregation or agency.
 - b. A detailed outline of the intended course of study and use of time.
 - c. An outline of financial implications for the sabbatical, including pastoral coverage in their absence.
6. Proposals for sabbatical leaves shall be presented to the governing body of the congregation or agency not less than six months prior to the beginning of the leave.
7. Careful consideration shall be given to all aspects of the proposal and implications for the congregation or agency and the rostered leader.
8. Congregations or agencies may give sabbatical leaves as merit benefits.
9. Normally the financial considerations for the sabbatical shall be negotiated by the rostered leader and the congregation/agency. It is suggested, however, that the base salary, pension/health, and vacation be maintained at the current level, with the rostered leader assuming responsibility for all other personal and family expenses.

10. Sabbatical grants are available from the Lilly Endowment. You may access this information at www.lillyendowment.org/religion.
11. When a sabbatical leave is granted, a rostered leader shall normally agree to serve that congregation or agency for a minimum of one year following the completion of the leave.
12. Within six weeks of the completion of the sabbatical leave, the rostered leader shall present to the congregation/agency and the bishop a detailed reflection on the experiences of the leave.
13. Congregations and/or rostered leaders who want assistance in developing sabbatical plans should contact the synod staff.
14. A video resource *Why You Should Give Your Pastor a Sabbatical* by Roy Oswald is available from the Alban Institute for \$35 (\$26.25 for members). For more information go to www.alban.org.

Appendix C

Counseling for Rostered Leaders and Their Families

The Virginia Synod contracts with VIP Care to provide a limited amount of counseling for rostered leaders and their families. Those interested in using this service are invited to contact VIP Care directly at 1.804.282.8332. VIP Care direct bills the Virginia Synod while maintaining the client's anonymity.

Appendix D

Reimbursement Policy Example

REIMBURSEMENT POLICY

In accordance with Treasury Regulations 1.162-17 and 1.274-5(e) _____ (name) Lutheran Church hereby establishes reimbursement accounts and a reimbursement policy for the rostered leader(s) and staff members with the following terms and conditions:

1. A reimbursement account will be established with each rostered leader and staff member consisting of an amount designated by the congregation for the reimbursement of ministry expenses and any additional amount which the rostered leader or staff member wishes to add as a reduction of salary.**
2. The church will reimburse only ministry-related expenses incurred by a rostered leader or staff member. Such expenses will include:
 - Business use of automobile, up to the current IRS standard mileage rate. It is understood that one daily round trip's commuting miles between the rostered leader's or staff member's home and the church will not be reimbursed.
 - Business travel away from home; transportation, lodging, and meals.
 - Convention and conference registration expenses.
 - Educational expenses, if otherwise qualified as a business expense or itemized deduction.
 - Books, journals, magazines, tapes, computer software, internet access costs, and daytimer supplies if related to ministry or employment.
 - Membership in Professional Organizations.
 - Purchase and maintenance of clerical garments.
 - Children's sermon resources.
 - Entertainment/hospitality expenses, if business/ministry connection is met.
3. The rostered leader or staff member will account for each allowable expense in writing monthly. Documentation will include the amount, time and place, business/ministry purpose and relationship of each expense. A receipt will accompany the documentation.
4. The rostered leader or staff member will return advances or reimbursements that exceed actual business/ministry expenses.
5. Under this accountable arrangement, the church will not report amounts reimbursed as taxable income on the rostered leader's or staff member's Form W-2. Neither will the rostered leader or staff member report reimbursed amounts as income on Form 1040 for personal income tax purposes.

** Under a salary reduction plan, if the designated amount by which the salary is reduced is not used, that amount must be forfeited. It is strongly suggested that before adopting any plan your legal/tax advisor be consulted to be certain that your plan complies with the most recent regulations.

Appendix E

Reimbursement Authorization Example

Date _____

No. _____

_____ **LUTHERAN CHURCH**

Payment Authorization Form

Budget Account No. _____

Requested By: _____ Title _____

Approved By: _____ Title _____

ITEMS	COST
Auto - Mileage (_____ miles)	\$
Parking Fees/Tolls	\$
Books/Publications/Software	\$
Continuing Education Costs	\$
Maintenance of Professional Garments	\$
Professional Gifts/Cards/Postage	\$
Meals/Entertainment – Church Business	\$
Meals/Entertainment of Out-of-Town Speakers	\$
Children Sermons	\$
Cell Phone	\$
Library Fees/Copying Fees	\$
Hospitality/Social Ministry/Assistance - Needy	\$
TOTAL	\$

Date Bill Paid _____ Check No. _____ Amount _____

Appendix F

Defined Compensation for the ELCA Board of Pensions

For 2013 Pension calculations and Medical calculations, visit the Portico[Board of Pensions] website at www.elcabop.org to access their calculation programs.

Q. What is defined compensation?

A. Whether you are an ELCA pastor, rostered layperson or lay employee, annual defined compensation includes your base salary, before any pretax benefit contributions are deducted.

Defined compensation exclusions

Annual defined compensation does not include

- the cost of utilities paid to the utility company by your congregation or organization
- employer contributions including those made to the ELCA Retirement Plan or another eligible retirement plan
- non-taxable reimbursements or expense allowances (such as auto and mileage, continuing education, book or professional expenses)

Pretax benefit contributions include member pretax contributions to the ELCA Retirement Plan or another eligible retirement plan. They also include pretax contributions to qualified reimbursement accounts for medical, child care or transportation expenses.

SEE Portico [Board of Pensions] materials for worksheets which are usually received by congregations in August, or visit their website at www.elcabop.org for the latest information.