



*Virginia Synod, Evangelical Lutheran Church in America*

# 2020 LEADERSHIP SUPPORT GUIDELINES

For  
Rostered Ministers of Word and Sacrament

(Guidelines for Rostered Ministers of  
Word and Service are provided separately)

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# The Virginia Synod

*of the Evangelical Lutheran Church in America*

IN PARTNERSHIP WITH THE ISLANDS DISTRICT, PAPUA NEW GUINEA

TO: Council Presidents/Vice Presidents of Congregations and Rostered Ministers  
 FROM: Synod Council, Virginia Synod  
 DATE: August 2019

SUBJECT: 2020 Recommended Minimum Compensation and Reimbursement Guidelines

We are pleased to share with you the 2020 recommended minimum compensation guidelines for Virginia Synod Rostered Ministers of Word and Sacrament. Separate guidelines are available for Rostered Ministers of Word and Service. These figures have been approved by both the Synod Council and the 2019 Synod Assembly. The complete Leadership Support Guidelines for Pastors and Deacons are available on line at [www.vasynod.org/resources/compensation-guidelines/](http://www.vasynod.org/resources/compensation-guidelines/).

The 2020 beginning salary recommendation has been increased by 1% over the 2019 level. Step increases in the cash compensation tables (base salary, housing, and Self-Employment Tax compensation), based on years of experience for rostered ministers, continue to be set at **1.75%** per year. All figures include the full Self-Employment Tax amount of 15.3%

The Expense Worksheet recommendation for Continuing Education, attendance at the Gathering of the Ministerium, and Books & Periodicals under Professional Expenses totals \$1,000.

In addition to the information that we have provided, you will need information from Portico Benefits 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 Portico website is [www.porticobenefits.org](http://www.porticobenefits.org)

We encourage the formation of a Mutual Ministry Committee in every congregation. We also recommend *Pastor and People—Making Mutual Ministry Work*, in the Congregational Leader Series from Augsburg Fortress [www.augsburgfortress.org](http://www.augsburgfortress.org).

If you need any assistance from our Synod Council, please contact The Synod Office: 540-389-1000.

May God continue to bless your ministry, and may you be able to see God's presence 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



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## COMPENSATION PLANNING

It is a special opportunity and responsibility of the Christian community for members of the congregation to work together prayerfully with their pastor to provide fair compensation. Both congregations and rostered ministers 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 pastors are “on call” with frequent interruptions. Moreover, all ELCA pastors have received at least four years of graduate education. Similar years of preparation in any other profession would be remunerated with a considerably higher standard of living. Nonetheless, our pastors 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 pastors. Furthermore, the demands upon a pastor’s time and energy require adequate vacation time, sick leave, parental leave, family leave, and sabbaticals.

## FREQUENTLY ASKED QUESTIONS

### **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 pastor and the Council
  3. the Chairperson of the Mutual Ministry Committee
  4. the pastor

### **Q. Should the pastor be on the Compensation Committee?**

- A.** Making your pastor 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 pastor to be present, there are also matters for which this 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 consult with the congregation’s **Mutual Ministry Committee**. Regular evaluation of the relationship of the pastor and parish helps to maintain a supportive, vital, growing partnership for both. This kind of mutually supportive relationship between the congregation and the pastor will positively affect your quality of the ministry.

**Q. What about the recommended Minimum Cash Compensation Levels for Pastors?**

- A. The Compensation Guidelines recommend a minimum "Cash Compensation" instead of a minimum "Salary" for pastors in an effort to overcome the wide disparities in the synod in total compensation, especially when it comes to housing allowances and the rate at which the Social Security Tax is compensated.

In order to be more equitable in the Virginia Synod, the Synod Council 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 pastor, following the recommended guidelines will expand the pool of available candidates in a future call process.

**Q. How do we determine Base Salary, Housing, and Social Security components from the Minimum Cash Compensation guidelines for pastors?**

- A. The Cash Compensation figure should be seen as a "pie" which may be divided in whatever way seems fair and beneficial to the pastor. For example, pastors with a Housing Allowance will want to maximize this amount for tax purposes up to the limits that are set by the Internal Revenue Service. Regarding Social Security and Medicare contributions, the federal government considers pastors to be self-employed persons who must pay their own self-employment tax at a rate of 15.3% (Social Security 12.4% and Medicare 2.9%).

Most congregations and agencies provide an allowance to cover the additional amount that the pastor pays under this self-employed designation. Recognizing that several congregations pay 100% Social Security; congregations are encouraged to move toward that goal with 75% being the congregation's minimum contribution. (Reminder: any Social Security Allowance is included as income when figuring income tax.)

To derive the various components from the Minimum Cash Compensation figures in Appendix A, perform the following operations:

**PASTOR WITH HOUSING ALLOWANCE**

- 1) Minimum Cash Compensation (Appendix A)
- 2) Multiply by .8673
- 3) Subtract to obtain the self-employment tax allowance which is figured here at 15.3%
- 4) Multiply line 2 by .7407 for Base Salary
- 5) Subtract line 4 from line 2 for Housing



Example:

1) Minimum Cash Compensation for a Pastor just out of Seminary (Appendix A)	\$ 54,223
2) Multiply by .8673	\$ 47,028
3) Subtract to get the self-employment tax	\$ 7,195
4) Multiply line 2 by .7407 for Base Salary	\$ 34,834
5) Subtract line 4 from line 2 for Housing	\$ 12,194

Remember that these figures should be shaped to your situation so that the housing component, the base salary or the self-employment tax allowance may be larger or smaller than the figures we have used.

### **PASTOR WITH PARSONAGE PROVIDED**

Begin with the **same Minimum Cash Compensation figure as a Pastor with Housing Allowance (Appendix A)** and follow the steps outlined above. The differences will be that line 5 will be the fair rental value of the parsonage and the cash compensation will be the sum of lines 3 and 4.

Example:

1) Begin with Minimum Cash Compensation for a Pastor with parsonage (Appendix A)	\$ 42,996
2) Multiply by .8673	\$ 37,290
3) Subtract to get the self-employment tax	\$ 5,706
4) Multiply line 2 by .7407 for Base Salary	\$ 27,621
5) Subtract line 4 from line 2 for Estimated Housing Allowance	\$ 9,669

#### **Q. What Salary Adjustment Factors need to be considered?**

A. Appropriate adjustment factors include congregational size and complexity, the cost of living in the area, as well as the pastor's experience, gifts for ministry, and continuing education. Additionally, previous work experience in the case of second career pastors should be considered.

#### **Q. Is the pastor self-employed or an employee of the congregation?**

A. The IRS and the Courts have held that ministers are common-law employees for income tax purposes even though clergy are considered self-employed for social security purposes. Pastors should be given W-2 forms (not 1099's) by the church for income tax purposes. For more information on the congregation's Federal and Virginia income tax reporting of your pastor's compensation, please contact the synod office.

#### **Q. How are the pastor's income and self-employment taxes figured?**

A. The pastor's **income tax** is figured on the base salary plus the cash allowance for the self-employment tax. The pastor's **self-employment tax** is figured on the base salary, plus the housing allowance or the fair rental value of the parsonage, plus the cash allowance for the self-employment tax.

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

- A.** An **accountable reimbursement plan** as described on the Expense Worksheet and in Appendices H & I provides the pastor 100% reimbursement for professional expenses such as business expenses, mileage and books. If the congregation provides an allowance for professional expenses, the “allowances” are considered as income, will be subject to income tax and must be reported on the pastor’s W-2. 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.

**Q. What about Parental Leave?**

- A.** A specific **Parental Leave Plan** should be carefully drawn up in open consultation with your rostered minister. Parental leave is directed towards the birth or adoption of a child.
1. Parental Leave: eight (8) weeks full salary, housing, benefits for both Childbearing and Adoption Parental Leave, including eight (8) Sundays for both primary and secondary caregivers.

Factors for consideration:

- a) Eight (8) weeks is needed for physical healing, bonding time, working out feeding schedule, and recognition that day care centers do not accept newborns.
  - b) Primary and Secondary Caregivers Language – If a distinction is going to be made for different parents, please use these terms. The language is preferable to mother/father or maternity/paternity because primary and secondary do not reflect sex or gender.
2. Childcare Leave: A specific childcare leave should also be carefully drawn up in open consultation with the Synod, your rostered minister. Childcare Leave is to be used within the first year of a child’s birth. Childcare Leave can be used to ease a parent back into full time hours.

Example:

Pastor A is in a fulltime call and is returning from parental leave. She has 4 weeks of childcare leave. For the first two weeks of work, she works quarter time, using 1.5 weeks of her childcare leave. For her second two weeks of work, she works half time, using another week of her childcare leave. She then returns full time. She has 1.5 weeks of childcare leave left to use up until her child’s first birthday.

Pastor B's child is 6 months old. He has two weeks of childcare leave, which he uses to take one extra day off each week for 10 weeks.

Factors for consideration:

- a. Sundays may or may not be included.
- b. Age of adopted child and/or needs of a child may affect length of time (more or less) offered.
- c. Depending on geographic location, paid childcare may not be available until babies are

- 12 weeks old.
- d. Discussion of bringing baby to work for set number of hours during the week or increased hours of working from home.
3. If both parents are rostered ministers, (either in the same congregation/agency/Synod or separate ones), both should be given the recommended leave.

**Q. What about Family Leave?**

- A. A specific **Family Leave Plan** should also be carefully drawn up in open consultation with your rostered minister. **Family Leave** is directed towards illness or other special needs for family members, not limited to children. Such leave should include up to two (2) weeks full salary and benefits. Any other specific conditions should be clearly defined in writing.

**Q. Whom do we contact if we need further information?**

- A. Pensions Information is available at Portico web site: [www.porticobenefits.org](http://www.porticobenefits.org) (Site includes a Pension Calculation program, updated annually). Portico's telephone is: 800.352.2876.
- B. Cost of living variances for your county are available at the Bureau of Labor Statistics website: [www.bls.gov](http://www.bls.gov).

**COMPENSATION WORKSHEET: WORD AND SACRAMENT  
RECEIVING HOUSING ALLOWANCE**

(For example, see Appendix F on page 15)

CASH COMPENSATION

- A. MINIMUM CASH COMPENSATION \$  
(Includes Housing and Social Security allowances-See Appendix A)  
Reminder: A specific sum must be designated as housing allowance annually by the Council  
(See line C instructions)
- B. COMPENSATION ADJUSTMENTS
- |                       |    |    |
|-----------------------|----|----|
| Merit Increase        | \$ |    |
| Skills Increase       | \$ |    |
| Housing Adjustment    | \$ |    |
| Other Adjustments     | \$ |    |
| Total Adjustments (B) |    | \$ |
- C. TOTAL CASH COMPENSATION (A + B) \$  
A portion of total cash compensation is to be allocated to Housing Allowance  
(See Instructions for Line C and Appendix K)

BENEFITS

- D. PENSION \$  
(see [www.porticobenefits.org](http://www.porticobenefits.org) for details)
- E. HEALTH CARE (Gold Package Selected) \$  
(see [www.porticobenefits.org](http://www.porticobenefits.org))
- F. VACATION \_\_\_\_\_Days/Weeks
- G. SICK LEAVE \_\_\_\_\_Days/Weeks
- H. CONTINUING EDUCATION\_\_\_\_\_Days/Weeks

An example is found in Appendix G

EXPENSES

\$

See Expense worksheet on page 10.

## INSTRUCTIONS FOR WORD AND SACRAMENT RECEIVING HOUSING ALLOWANCE

- Line A - See Appendix A for Chart of Minimum Cash Compensation** based on years of service. The figures on the chart **include** amounts for housing allowance and self-employment tax (social security) allowance. The figures are based on the 2020 compensation figures that include housing and/or self-employment tax allowances. The housing allowance is figured at 30% of the base salary, and the self-employment tax allowance is based on the combined salary and housing allowance calculated to be 100% of the social security tax.
- Line B - Adjustments to Compensation.** Appropriate adjustment factors include congregational size and complexity, the cost of living in the area, pastor's previous experience and/or gifts for ministry, and continuing education. Further, work experience of second career pastors should be taken into account.
- Line C - Total Cash Compensation.** A portion of this Total Cash Compensation should be designated as Housing Allowance. A housing allowance is a tax-exempt (for income tax purposes) allocation of the pastor's cash compensation approximating the fair rental value of a home, plus the furnishings and cost of utilities. This allowance should be sufficient to provide adequate housing as well as care for the related expenses of utilities and upkeep. The amount of this allowance that is excludable from gross income is the LEAST of 1) the amount actually used to provide a home, 2) the amount officially designated as housing allowance, or 3) the fair rental value of the home, including furnishings and utilities. To meet IRS requirements, the annual amount of housing allowance must be officially designated **prior to the time period for which it applies.** (See Appendix K)
- Line D - Pensions.** Regarding pensions, we recommend 12% of "Defined Compensation" as calculated on the Portico worksheet. If the congregation is currently contributing at a lower rate, we strongly encourage a movement to 12% as soon as possible at a rate of at least 0.5% each year until the full 12% level is achieved. **Please be sure to read all materials sent from Portico to determine the correct amount to include on this line.** (See Appendix L) Visit [www.porticobenefits.org](http://www.porticobenefits.org) for the 2020 Pensions Calculator.
- Line E - Health Care.** For health care, the total percentage of "defined compensation" will vary according to the selected package. The minimum package to be selected per Virginia Synod Council is the gold package. The actual figures for 2020 will be mailed by Portico. **Please use the Portico materials to determine the correct amount to include on this line.** Also visit [www.elcabop.org](http://www.elcabop.org).
- Line F - Vacation.** We recommend four weeks of vacation which includes four Sundays to give your pastor 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 minister. The Portico 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 Portico and should be made prior to the end of employment.
- Line H - Continuing Education.** ELCA guidelines suggest two weeks (including two Sundays) of continuing education for those in full-time calls.

**COMPENSATION WORKSHEET: WORD AND SACRAMENT  
PARSONAGE PROVIDED**

(For example, see Appendix G on page 16)

CASH COMPENSATION

A. MINIMUM CASH COMPENSATION (A)		\$
(Includes Social Security allowance-see Appendix A)		
B. COMPENSATION ADJUSTMENTS		
Merit Increase	\$	
Skills Increase, Equity Adjustment (If paid directly to the Pastor)	\$	
Furnishings and/or Utilities	\$	
Other Adjustments	\$	
Total Adjustments (B)		\$
C. TOTAL CASH COMPENSATION (A+B)		\$

BENEFITS

D. PENSION		\$
E. HEALTH CARE (Gold Package)		\$
F. VACATION	_____Days/Weeks	
G. SICK LEAVE	_____Days/Weeks	
H. CONTINUING EDUCATION	_____Days/Weeks	

(An example is found in Appendix H)

EXPENSES

See Expense Worksheet on page 10.	\$
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## INSTRUCTIONS PASTOR WITH PARSONAGE PROVIDED

- Line A - See Appendix A for Chart of Minimum Cash Compensation** based on years of service. The figures on the chart are based on the 2020 minimum defined compensation figures that include amounts for self-employment tax (social security) allowance. The self-employment tax (social security) allowance is figured using the minimum base salary, plus 30% of salary to approximate the fair rental value of the parsonage and calculated to be 100% of social security tax.
- Line B - Adjustments to Compensation.** Appropriate adjustment factors include congregational size and complexity, the cost of living in the area, pastor's gifts for ministry and experience, and continuing education. For a pastor living in a parsonage, adjustments for furnishings and utilities might be appropriate. A congregation providing a parsonage for its pastor is encouraged to establish an **EQUITY ALLOWANCE** of at least \$1,000 per year. These funds are set aside to help the pastor accumulate equity for the purchase of a home when that is needed or desired. Please see Appendix B for further information about equity allowances. A congregation providing a parsonage for its pastor is strongly encouraged to pay the actual expenses for the maintenance and the utilities for the parsonage (excluding personal long-distance calls). However, if the congregation prefers to not pay the utilities, a realistic utility adjustment should be made to the pastor's salary.
- Line D - Pensions.** Regarding pensions, we strongly recommend 12% of "Defined Compensation." (The required rate for pension is determined by the ELCA.) Be aware that for a pastor living in a parsonage the "Defined Compensation" figure used by Portico in calculating pension and health benefits will be different from the Cash Compensation figure on this worksheet because it will include an amount for the fair rental value of the Parsonage. **Please see the materials from the Portico to determine how to calculate the benefits amounts.** Their website at [www.porticobenefits.org](http://www.porticobenefits.org) contains a 2020 Pension Calculator for your use. See Appendix L in this workbook for additional information.
- Line E - Health Care.** For health care, the percentage used will vary according to the needed coverage. The actual figures for 2020 will arrive from Portico [Board of Pensions] in August. Be aware that the Portico [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 materials to determine the correct figure to use.** Also, visit their website at [www.porticobenefits.org](http://www.porticobenefits.org) for their 2020 Health Care Costs Calculator.
- Line F - Vacation.** We recommend four weeks of vacation, including four Sundays, so that the rostered minister 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 Portico 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 Portico and should be made prior to the end of employment.
- 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 pastor submits expenses to the Treasurer and is reimbursed. Under this arrangement the pastor need not include the reimbursement as income nor be concerned that the expenses might not be deductible. See [Appendix H](#) and [Appendix I](#) for details and examples.

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

**A. Automobile Expenses.** If an automobile is not purchased or leased by the church for the pastor's use, reimbursement should be made at the prevailing IRS allowable rate.

**B. Professional Expenses.**

- **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.
- **Books & Periodicals.** We encourage \$300 annually to keep abreast of developments in the many facets of parish ministry.
- **Synod Events.**
  - Attendance at the **Synod 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 they desire to attend.
  - **First Call Theological Education** is required. Documents outlining this program are available through the Synod Office.
  - We strongly encourage attendance at the **Gathering of the Ministerium**. This gathering is a time away with the bishop and other rostered ministers for worship, spiritual sharing, conversation, and to learn from gifted presenters.
  - For pastors 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 Board of Pensions website for dates and locations.
- **Other.** See [Appendix H](#) & [Appendix I](#) for examples.



## Appendix A: 2020 Rostered Minister Cash Compensation Guidelines

NOTE: The guidelines offered here are based upon CASH COMPENSATION (CC), which consists of base salary, housing and Self-Employment Tax (SET) compensation. The 2020 figures have been adjusted to include the full SET amount of 15.3%.

Pastors with Parsonage			Pastors with Housing Allowance		
Years of Experience	2019 CC	2020 CC	Years of Experience	2019 CC	2020 CC
Year 1	42,570	42,996	Year 1	53,686	54,223
Year 2	43,315	43,426	Year 2	54,626	55,172
Year 3	44,073	44,514	Year 3	55,581	56,137
Year 4	44,844	45,293	Year 4	56,554	57,120
Year 5	45,629	46,085	Year 5	57,544	58,119
Year 6	46,428	46,892	Year 6	58,551	59,136
Year 7	47,240	47,712	Year 7	59,575	60,171
Year 8	48,067	48,547	Year 8	60,618	61,224
Year 9	48,908	49,397	Year 9	61,679	62,296
Year 10	49,764	50,261	Year 10	62,758	63,386
Year 11	50,635	51,141	Year 11	63,857	64,495
Year 12	51,521	52,036	Year 12	64,974	65,624
Year 13	52,422	52,947	Year 13	66,111	66,772
Year 14	53,340	53,873	Year 14	67,268	67,941
Year 15	54,273	54,816	Year 15	68,445	69,130
Year 16	55,223	55,775	Year 16	69,643	70,339
Year 17	56,189	56,751	Year 17	70,862	71,570
Year 18	57,173	57,744	Year 18	72,102	72,823
Year 19	58,173	58,755	Year 19	73,364	74,097
Year 20	59,191	59,783	Year 20	74,647	75,394
Year 21	60,227	60,829	Year 21	75,954	76,713
Year 22	61,281	61,894	Year 22	77,283	78,056
Year 23	62,354	62,977	Year 23	78,635	79,422
Year 24	63,445	64,079	Year 24	80,012	80,812
Year 25	64,555	65,201	Year 25	81,412	82,226
Year 26	65,685	66,342	Year 26	82,836	83,665
Year 27	66,834	67,503	Year 27	84,286	85,129
Year 28	68,004	68,684	Year 28	85,761	86,619
Year 29	69,194	69,886	Year 29	87,262	88,135
Year 30	70,405	71,109	Year 30	88,789	89,677
Year 31	71,637	72,353	Year 31	90,343	91,246
Year 32	72,890	73,619	Year 32	91,924	92,843
Year 33	74,166	74,908	Year 33	93,532	94,468
Year 34	75,464	76,219	Year 34	95,169	96,121
Year 35	76,785	77,552	Year 35	96,835	97,803
Year 36	78,128	78,910	Year 36	98,529	99,515
Year 37	79,496	80,290	Year 37	100,254	101,256
Year 38	80,887	81,696	Year 38	102,008	103,028
Year 39	82,302	83,125	Year 39	103,793	104,831
Year 40	83,743	84,580	Year 40	105,610	106,666

## **Appendix B: Equity Allowance**

An equity allowance is strongly encouraged if the pastor lives in a parsonage. This may help to provide housing later in a pastor's ministry, in retirement, at death or disability or when a parsonage is no longer available. The Virginia Synod encourages congregations to establish an equity allowance of at least \$1,000 per year. This allowance can be paid directly to the pastor each year, in which case it is included in the defined compensation figures. Alternatively, the congregation can pay into a depository (agreeable to the pastor and the parish). These funds are designated for the provision of housing and remain in the depository until a parsonage is no longer available or until the pastor retires, is disabled, dies or resigns. At this time payment is made to the pastor, his or her beneficiaries, or the funds are transferred to another parish for the pastor. These funds are taxable to the pastor when they are withdrawn for use. Other tax planning strategies such as Rabbi Trusts or Crumney Trusts, should also be explored with your pastor's personal tax advisor.

## **Appendix C: Pulpit Supply**

We recommend the following compensation for pulpit supply:

One Service	\$ 150.00 - \$250.00
Each Additional Service	\$50.00

Plus the IRS rate for the ROUND TRIP mileage

Note: The range of the pulpit supply recommendation has also been broadened. This is in recognition of the reality that the local context and the cost of living vary widely across the Virginia Synod. We encourage congregation councils to factor in the complexity of their context when determining where they fall within this recommended range. In addition, for some congregations the pulpit supply recommendations also serve as one of the guidelines used to determine honorarium gifts for funerals and weddings. We believe that the 2020 recommendation is an accurate reflection of the actual time and effort expended in pulpit supply, and that it honors the high value which we place on the ministry of Word and Sacrament in our midst.

## **Appendix D: Sabbatical/Extended Study Leave**

It is important for pastors 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 pastors to maintain and improve their skills. From time to time, however, pastors 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 ministers and congregations, synods, and agencies in preparing for sabbatical leaves.

1. Sabbatical leaves are intended for in-depth study of one or two topics directly related to the pastor's call and should include time for personal and familial reflection.
2. The initial development will utilize the annual continuing education arrangements between the pastor and congregation, synod or agency.
3. The bishop will need to be consulted early in the process to assure 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 pastors who have a minimum of seven years in the ministry and who have served in their current call for five or more years. The 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 during the 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 leave.
7. Careful consideration shall be given to all aspects of the proposal and implications for the congregation or agency and the pastor.
8. Congregations or agencies may give sabbatical leaves as merit benefits.
9. Normally the financial considerations for the sabbatical shall be negotiated by the pastor and the congregation/agency. It is suggested, however, that the base salary, housing and Self-employment Tax, pension/health, and vacation be maintained at the current level, with the pastor assuming responsibility for all other personal and family expenses.
10. Sabbatical grants are available from the Lilly Endowment at:  
[www.lillyendowment.org/religion and the Louisville Institute atwww.louisville-institute.org/Grants/programs/sgpldetail.aspx](http://www.lillyendowment.org/religion_and_the_Louisville_Institute_atwww.louisville-institute.org/Grants/programs/sgpldetail.aspx).
11. When a sabbatical leave is granted, a pastor shall normally agree to serve that congregation or agency for a minimum of one year following its completion.
12. Within six weeks of the completion of the sabbatical leave, the pastor shall present to the congregation/agency and the bishop a detailed reflection on the experiences of the leave.
13. Congregations and/or rostered ministers who want assistance in developing sabbatical plans should contact the synod office.

## **Appendix E: Counseling for Rostered Ministers and Their Families**

The Virginia Synod contracts with VIP Care to provide a limited amount of counseling for pastors 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.

Video Conferencing Counseling is now available through Employee Assistance Program (EAP). Beacon Health, our EAP provider, is now offering EAP video counseling to all our ELCA Primary health plan members. These licensed counselors are specially trained in offering video counseling. Remember, you and covered family members may qualify for up to six in-person EAP counseling sessions per issue per year, at no cost for you.

**Appendix F: Example Worksheet - Rostered Minister Receiving Housing Allowance**

Cash Compensation	
A. Minimum Cash Compensation for 2020	\$69,130
Pastor X has 15 years' experience as a parish pastor	
B. Merit Increase	0
This is Pastor X's first year in this congregation	
C. Skills Increase	1,500
Pastor X has completed substantial course work to increase skills in marital counseling.	
D. Housing Adjustment	4,800
Pastor X will receive a housing adjustment because the city in which the church is located has high housing costs.	
 Total Cash Compensation	 \$75,430
This is the amount that will be paid to Pastor X for Total Cash Compensation for 2020	
 Benefits	
E. Pension	\$9,052
Congregation Y has been contributing to the pension at a rate of 12 % of total Cash Compensation.	
\$75,430 x .12 = \$9,052	
F. Health Care (Gold Package)	
Portico Benefits Service at <a href="http://www.porticobenefits.org">www.porticobenefits.org</a> .	
G. Vacation	
Pastor X will receive 4 weeks of vacation (4 Sundays)	
H. Sick Leave	
Pastor X will be allowed up to 2 months of sick leave.	
I. Continuing Education	
Pastor X will receive 2 weeks of continuing education (2 Sundays).	

**Appendix G: Example Worksheet - Rostered Ministers with Parsonage Provided**

Cash Compensation							
A. Minimum Cash Compensation for 2020 Pastor X has 15 years' experience as a parish pastor.	\$54,816						
B. Merit Increase This is Pastor X's first year in this congregation.	0						
C. Skills Increase Pastor X has completed substantial course work to increase her skills in marital counseling.	1,500						
D. Equity Allowance Congregation Y will pay \$1,000 to a depository for Pastor X's equity allowance. This is not taxable now, but will be taxable to him/her when he/she receives it.	0						
E. Furnishings Adjustment Church Y will pay a furnishings allowance of \$2,400 to Pastor X.	2,400						
F. Utilities Adjustment Congregation Y will pay all the actual expenses for maintenance and all the utilities.	0						
<b>Total Cash Compensation</b> This is the amount that will be paid to Pastor X for Total Cash Compensation for 2020	<b>\$58,716</b>						
Benefits							
G. Pension Congregation Y has been contributing to the pension at a rate of 12%. For a pastor living in a parsonage the pension and health benefits are calculated as follows: <table border="0" style="margin-left: 40px;"> <tr> <td>Total Cash Compensation</td> <td style="text-align: right;">\$58,716</td> </tr> <tr> <td>30% x Total Cash Compensation</td> <td style="text-align: right;"><u>17,615</u></td> </tr> <tr> <td></td> <td style="text-align: right;">\$76,331</td> </tr> </table> $\$76,331 \times .12 = \$9,160$ contribution to pension	Total Cash Compensation	\$58,716	30% x Total Cash Compensation	<u>17,615</u>		\$76,331	\$9,160
Total Cash Compensation	\$58,716						
30% x Total Cash Compensation	<u>17,615</u>						
	\$76,331						
H. Health Care (Gold Package) See Portico Benefit Services at <a href="http://www.porticobenefits.org">www.porticobenefits.org</a>							
I. Vacation Pastor X will receive 4 weeks of vacation, including 4 Sundays.							
J. Sick Leave Pastor X will be allowed up to two months of sick leave.							
K. Continuing Education Pastor X will receive 2 weeks (including 2 Sundays) continuing education.							

## Appendix H: 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 pastor(s) and staff members with the following terms and conditions:

1. A reimbursement account will be established with each pastor and staff member consisting of an amount designated by the congregation for the reimbursement of ministry expenses and any additional amount which the pastor or staff member wishes to add as a salary reduction.\*\*
2. The church will reimburse only ministry-related expenses incurred by a pastor 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 pastor'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.
  - Purchase and maintenance of clerical garments.
  - Children's sermon resources.
  - Entertainment/hospitality expenses, if business/ministry connection is met.
3. The pastor 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 pastor 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 pastor's or staff member's Form W-2. Neither will the pastor nor 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 I: Reimbursement Authorization – Example**

**REIMBURSEMENT AUTHORIZATION**

Date \_\_\_\_\_

No. \_\_\_\_\_

LUTHERAN CHURCH

**Payment Authorization Form**

Budget Account No. \_\_\_\_\_

Requested By: \_\_\_\_\_ Title \_\_\_\_\_

Approved By: \_\_\_\_\_ Title \_\_\_\_\_

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

Date Bill Paid \_\_\_\_\_ Check No. \_\_\_\_\_ Amount \_\_\_\_\_



**Appendix J: Rostered Ministers' Housing Allowance Designation - Example**

Insert for Minutes of Congregation Council Meeting:

The Congregation Council of \_\_\_\_\_ Lutheran Church meeting on (date), after considering the Statement of Pastor \_\_\_\_\_, setting forth the amounts estimated to be designated as Housing Allowance beginning (date), (based upon a home valued at \$ \_\_\_\_\_, with a fair rental value of the home, furnished, plus the cost of all utilities @ \$ \_\_\_\_\_ per month) upon motion duly made and seconded, adopted the following resolution:

Resolved, that the Rev. \_\_\_\_\_ receive payment in the amount of \$ \_\_\_\_\_ designated as Parsonage Housing Allowance effective (date), as follows:

Housing-Mortgage PIT                    \$

Utilities and Fuel

Maintenance

Insurance

Furnishings

Total 2020 Housing Allowance: \$

and \$ \_\_\_\_\_ shall be designated as Base Salary,

and \$ \_\_\_\_\_ shall be designated as Social Security Allowance.

Notification by Secretary of the Congregation Council:

The Secretary of the Congregation Council should officially inform the Pastor of the action taken and the amounts of the designated allowances, in writing, as follows:

Notification of Parsonage Housing Allowance

Date:

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

This is to advise you that at a meeting of the Congregation Council of \_\_\_\_\_ Lutheran Church held on \_\_\_\_\_ (date), your Parsonage Housing Allowance beginning (date) was officially designated and fixed in the amount of \$ \_\_\_\_\_.

Accordingly, \$ \_\_\_\_\_ of the total payments to you beginning (date) will constitute Parsonage Housing Allowance, \$ \_\_\_\_\_ will constitute base salary, and \$ \_\_\_\_\_ will constitute Social Security Allowance, for a total Compensation Package of \$ \_\_\_\_\_.

Under Section 107 of the Internal Revenue Code, an ordained minister of the gospel is allowed to exclude from gross income the Parsonage Housing Allowance paid as part of compensation to the extent used to rent or provide a home (meals and maid service excluded). You should keep accurate records of your expenditures to rent or provide a home in order to substantiate any amounts excluded from gross income in filing your federal income tax return.

Sincerely,

\_\_\_\_\_, Council Secretary

## Appendix K: Defined Compensation for Portico Benefits Service

For 2020 Pension calculations and Medical calculations, visit the Portico Benefits Service website at [www.porticobenefits.org](http://www.porticobenefits.org) to access their calculation programs.

### Q. What is defined compensation?

A. Defined compensation is the basis that Portico Benefits Service uses to determine the amount which a congregation or sponsoring organization pays toward pension and health benefits for a pastor.

Defined compensation is calculated as follows:

- (A) cash salary - annual base salary (before reductions for tax sheltered annuities or reimbursement accounts); *plus*
- (B) clergy Social Security tax allowance; *and*
- (C) if housing/parsonage is provided, 30 percent of (A) + (B), plus furnishings and utility allowances paid directly to the member, *or* if housing is not provided, the actual cash housing allowance paid to the member.

Defined compensation also includes

- housing equity contributions, if the sponsoring congregation or organization pays them directly to the member (include in base salary);
- additional tax-sheltered annuity contributions, made by way of a voluntary salary reduction agreement reached between the member and the sponsoring congregation or organization, including tax-sheltered contributions made to other financial institutions (include in base salary);
- furnishings and utilities allowance, if the sponsoring congregation or organization pays it directly to the member.

Defined compensation *does not* include

- housing equity contributions made on the member's behalf to the Optional Pension Plan or to another financial institution;
- furnishings and utilities allowance, if the sponsoring congregation pays these expenses directly;
- additional pension contributions (above the Regular Pension Plan requirement) paid by the sponsoring congregation or organization on the member's behalf, in addition to the member's salary;
- automobile allowance;
- book allowance;
- continuing education allowance.

SEE **Portico Benefits Service** materials for worksheets which are usually received by congregations in August, or visit their website at [www.porticobenefits.org](http://www.porticobenefits.org) for the latest information.