

2021 COMPENSATION GUIDELINES & PARSONAGE GUIDELINES For Ministers of Word and Sacrament and Word and Service

Nebraska Synod -- ELCA

The gifts he gave were that some would be . . . evangelists, some pastors, some teachers, to equip the saints for the work of ministry, for building up the body of Christ. (Ephesians 4:11-12)

This church affirms the universal priesthood of all its baptized members. In its function and its structure this church commits itself to the equipping and supporting of all its members for their ministries in the world and in this church. It is within this context of ministry that this church calls some of its baptized members for specific ministries in this church. (ELCA Constitution 7.11)

Introduction

While being called “*for specific ministries in this church*” is righteous, it does not mean that those who are willing to serve should do so at personal financial sacrifice. While compensation of Ministers and Staff of the Church may not be a topic that is exciting to discuss, it is very important to the ministry of this Church that Ministers and staff are “fairly” compensated. To maintain a reasonable quality of life and to be able pay the cost of living and pay off debt incurred while receiving their education, it is critical that the individuals be compensated at levels that are commensurate with their education, their years of experience and the hard work they perform as part of the ministry of this Church.

This document provides guidelines for congregations as they consider reasonable compensation, benefits and housing, whether paid or through a church-owned parsonage - see Section III, for Ministers of Word and Sacrament and Word and Service (Minister). Congregations are also encouraged to consider these guidelines for other professional lay staff who are not rostered. **It is expected that this document be thoroughly reviewed annually by the council or appropriate committee and by the Minister.** It is suggested that it be reviewed together as a way of “checking in” regarding the inclusiveness of the person’s compensation and to address any concerns.

This document includes the following sections:

- I. Salary
- II. Reimbursements and Supplemental Benefits
- III. Parsonage Guidelines
- IV. Compensation Alternatives
- V. Worksheet

Part I: Salary

Determining Salaries

The salary should be set by the Congregation Council. Staff salaries require careful study and deliberation and the congregation is too large a body for effective deliberation. Facts necessary for an informed decision are often not available to all members of the congregation. The staff member should have the privilege of discussing salary and related matters with the Congregation Council. For all practical purposes, staff persons are deprived of this privilege when salary and benefits are debated and set by the congregation, as a whole.

It is also recommended that a Compensation Committee (e.g., Personnel Committee or Executive Committee) be appointed by the Congregation Council to review with the staff both ministry and compensation. The staff person should have the opportunity to openly discuss salary and related matters with a smaller group of representatives in which an atmosphere of trust has been established. This committee would provide input regarding compensation to the Council or the Finance Committee.

Base Salary

Base salary is the core of the compensation package. While it is not the only figure to be used in determining fair compensation, it is where most congregations will begin. The guidelines include a range for base salary. The first or low amount in the range is the minimum amount that should be considered. Congregations may wish to offer larger compensation based upon such factors as: local cost of living, scope of responsibilities, and

effectiveness of the person's work within the congregation. The schedules included in these guidelines recommend a range of base salaries based upon years of service and level of education for Ministers of Word and Service.

As more and more "second career" people enter rostered ministry, previous experience in other capacities also needs to be considered. Ministers who enter the rostered ministry after years of work in other occupations should not be compensated at the beginning of the scale, but rather at a level that recognizes the value of their maturity, their work, and their congregational life experiences. Our Synod's practice is to give one year of professional experience on the schedule for every three years of experience in another field.

Housing

When housing is provided for a Minister of Word and Sacrament by the congregation, the congregation should follow the "Synod Parsonage Guidelines." (See Part III of this document.) Congregations that own a parsonage are also asked to provide a "housing equity allowance" of 5% of the base salary. This allowance will compensate for the lack of equity that would accrue if the Minister of Word and Sacrament were able to own a home. This equity would be available in the future whenever the Minister of Word and Sacrament needs to purchase a home.

When the congregation does not provide a house for the Minister of Word and Sacrament, a housing allowance is provided by the congregation. A suggested range for housing allowances is included in the compensation guidelines. Local housing costs (purchase/rental values and utility rates) should be considered in determining the housing allowance. The first or low amount in the range is the minimum amount that should be considered.

For the Minister of Word and Sacrament to maximize the amount excluded from taxable income, the Congregation Council should approve a housing allowance based upon actual expenses. This figure may be greater than the suggested housing allowance on the enclosed schedule. If it is beneficial, the Minister of Word and Sacrament should be allowed to increase the housing allowance through a salary reduction. Only the actual expenses for providing a home are excludable. It is the Minister's responsibility to keep adequate records and substantiate the deduction to the congregation or to the IRS. The proper approval of such an allowance in advance is required in order to qualify for this exclusion.

For Ministers of Word and Service, the IRS may, under certain circumstances, consider a portion of compensation paid to the Minister of Word and Service to be excludable from taxable income. However, the congregation and the Minister of Word and Service must consult with the Minister's tax advisor for a determination of whether a portion of compensation paid may be excluded from taxable income. The congregation and the Minister of Word and Service should follow the same rules as with the Ministers of Word and Sacrament, as noted above, to comply and qualify as excludable income, if applicable. Also, if a house is provided for the convenience of the congregation, on church premises and the Ministers of Word and Service is required to live in the house, this housing may be excluded from taxable income. (26 U.S.C. 119 – Meals or lodging furnished for convenience of the employer)

When a Minister needs to purchase a home, the congregation may provide mortgage assistance. If a congregation sells a parsonage, it is recommended that the proceeds be retained for the purpose of assisting a Minister in financing a home.

Social Security and Medicare Tax (SECA) Allowance

Ministers of Word and Sacrament are self-employed persons for Social Security and Medicare Tax purposes and must pay the full amount of their self-employed Social Security and Medicare Tax (SECA) on a periodic basis. Since congregations are required to contribute half of this tax for lay rostered persons and other lay employees of the congregation, it is only equitable that the congregation provide a SECA allowance for Ministers equal to the rate that it pays for other employees. The congregation cannot pay these taxes directly. The allowance must be given to the Minister and is considered additional taxable income. To assist the Minister in paying their quarterly taxes, the congregation may consider withholding an amount from the Ministers compensation equal to the congregation's portion of the tax, which would be provided to the Minister on a quarterly basis when the taxes are due.

Additional Resources

For additional information, go to the ELCA website at <https://www.elca.org> and search "Compensation" or "Compensation Guidelines".

Salary Schedule for Ministers of Word and Sacrament						
YEARS OF SERVICE	2021 Base Salary	2021 Base Salary	Housing ¹ Allowance	Housing ¹ Allowance	SECA ² Allowance	SECA ² Allowance
	Low	High	30% Low	30% High		
0	\$37,555	\$39,590	\$11,265	\$11,875	\$3,735	\$3,935
1	38,175	40,780	11,450	12,235	3,795	4,055
2	38,795	41,860	11,640	12,560	3,860	4,165
3	39,415	43,085	11,825	12,925	3,920	4,285
4	40,040	44,260	12,010	13,280	3,980	4,400
5	40,640	45,470	12,190	13,640	4,040	4,520
6	41,245	46,610	12,375	13,985	4,100	4,635
7	41,845	47,740	12,555	14,320	4,160	4,750
8	42,450	48,880	12,735	14,665	4,220	4,860
9	43,050	50,015	12,915	15,005	4,280	4,975
10	43,655	51,150	13,095	15,345	4,340	5,085
11	44,255	52,290	13,275	15,685	4,400	5,200
12	44,855	53,425	13,455	16,025	4,460	5,315
13	45,460	54,560	13,640	16,370	4,520	5,425
14	46,060	55,700	13,820	16,710	4,580	5,540
15	46,665	56,815	14,000	17,045	4,640	5,650
16	47,270	57,935	14,180	17,380	4,700	5,760
17	47,870	59,055	14,360	17,715	4,760	5,875
18	48,475	60,170	14,540	18,050	4,820	5,985
19	49,075	61,290	14,725	18,385	4,880	6,095
20	49,680	62,405	14,905	18,720	4,940	6,205
21	50,285	63,530	15,085	19,060	5,000	6,320
22	50,880	64,650	15,265	19,395	5,060	6,430
23	51,480	65,765	15,445	19,730	5,120	6,540
24	52,090	66,880	15,625	20,065	5,180	6,650
25	52,685	68,005	15,805	20,400	5,240	6,765

For more than 25 years of service, a range of \$500-\$1000 a year increase in base salary is recommended.

Congregations may wish to offer more compensation because of local cost of living, scope of responsibilities, advanced degrees and effectiveness of the pastor's work within the congregation.

¹*This figure is 30% of the base salary. Actual housing costs will vary from area to area.*

²*This is figured at the rate of 7.65% of base salary and housing.*

Salary Schedule for Ministers of Word and Service/Deacons

YEARS OF SERVICE	BA DEGREE 2021 LOW	BA DEGREE 2021 HIGH	MA DEGREE 2021 LOW	MA DEGREE 2021 HIGH
0	\$39,115	\$42,105	\$41,675	\$45,100
1	39,705	43,100	42,745	46,550
2	40,315	44,105	44,320	47,950
3	40,900	45,140	44,885	49,350
4	41,515	46,255	45,955	50,750
5	42,100	47,375	47,025	52,150
6	42,715	48,465	48,095	53,550
7	43,300	49,500	49,140	54,800
8	43,910	50,565	50,185	56,300
9	44,525	51,550	51,230	57,700
10	45,110	52,450	52,180	59,000
11	45,695	53,250	53,225	60,320
12	46,310	54,250	54,270	61,585
13	46,895	55,250	55,290	62,875
14	47,505	56,400	56,315	64,170
15	48,120	57,500	57,335	65,410
16	48,705	58,550	58,250	66,705
17	49,305	59,550	59,270	67,845
18	49,910	60,800	60,290	69,190
19	50,505	62,000	61,310	70,430
20	51,100	63,200	62,230	71,830
21	51,705	64,250	63,200	73,020
22	52,300	65,400	64,170	74,260
23	52,915	66,600	65,190	75,605
24	53,500	67,680	66,210	76,745
25	54,110	68,900	67,230	78,090

For more than 25 years of service, a minimum of a \$500 - \$1000 a year increase is recommended.

Part II: Reimbursement and Supplemental Benefits

Pension and Other Benefits Plans

Congregations are expected to enroll Ministers in the ELCA Pension and Other Benefits Plan, which includes the Pension Plan, the Medical and Dental Plan, the Disability Benefits Plan, and the Survivor Benefits Plan. It is further expected that congregations enroll spouses and children in the Medical and Dental Plan to provide assurance that they are protected from major economic impact that may occur from the lack of Medical and Dental coverage.

Retirement planning is extremely critical for the future well-being of the Ministers who serve in the Synod. Therefore, congregations are required to contribute 10% to the Pension Plan, but are highly encouraged to contribute twelve percent (12%) of the defined compensation (salary plus housing and social security allowance) for retirement for all Ministers, even when this amount is not required by the ELCA Retirement Plan. Congregations and the Ministers may also make additional elective contributions to the Plan on a periodic basis and the Minister may designate a percentage of their salary as a pre-tax contribution to the Retirement Plan.

Weekly Sabbath

Nebraska Synod expects all Ministers, all other church professionals, and synod staff be able to observe and enjoy a weekly Sabbath. Ministers are to be given at least one full day for rest and renewal per week.

Schedule Flexibility and Holidays

Because the schedule and demands of parish ministry are fluid and ever-changing, care and conversation should guide the setting of schedules. A Minister's office hours and availability need to be predictable and still flexible enough to permit responsiveness to pastoral needs as they arise. Additionally, flexibility for Ministers to attend to family needs and events, providing care is taken to make up the time elsewhere, is a valued benefit that congregations can offer without additional financial cost. Communication up front regarding expectations around schedule and flexibility will help both the Minister and congregation when unscheduled needs arise.

Regarding holidays, the local context should always be considered and, again, expectations should be clarified in advance. This is an excellent use of a Mutual Ministry Committee, or the Executive Committee when there is no Mutual Ministry Committee. The following is our recommended place to start the conversation with your Minister.

Salaried Ministers should receive paid holidays similar to those of other salaried professionals. As household needs and community expectations vary, care should be taken in establishing a calendar of holidays annually, especially when the Minister has school-age children. Salaried Ministers expect to work on some statutory holidays, particularly Thanksgiving, Christmas Eve, Christmas Day, New Year's Day, and Independence Day when it falls on a day with a regularly scheduled worship service. If there are services on those days, grant an agreed upon day before or after as a holiday.

Additional statutory holidays for salaried Ministers include: Rev. Dr. Martin Luther King Jr. Day, Memorial Day, and Labor Day. If the community context expects a worship or prayer service on these days it is important to communicate that to the Minister in advance, including any information regarding rotational responsibilities with other clergy in the community. When your Minister leads services on one of those days, grant an agreed upon day before or after as a holiday.

Automobile Expenses

An equitable way for a congregation to pay for the business travel expense incurred by the rostered person may be for the congregation to provide an automobile for business use. Any personal use (determined by allocating the value of the vehicle by the personal miles driven) must be included in the rostered person's taxable wages. Thus, a log should be kept of all miles driven with church-owned vehicles.

If a church-owned automobile is not provided, the simplest way to reimburse staff for the use of a personal automobile is to pay them at the mileage rate allowed by the IRS. This should be done at least monthly. This method requires that the person maintain detailed records and report the business miles traveled for the period. Generally, the person should provide detail by day, listing the destinations, reasons for travel and the number of miles traveled.

Sometimes it is reasonable, but more complicated, for the congregation to provide an automobile expense allowance that allows the staff to take a deduction on the basis of actual costs. A fixed allowance is not recommended because of rulings by the IRS. If a regular monthly allowance is paid, its use must be substantiated. The IRS has strict regulations governing this method and it requires careful records and reporting either to the congregation or to the IRS.

Continuing Education

A fundamental expectation for all Ministers in the ELCA is that they continually grow in competence and understanding. The ELCA expects rostered persons to spend a minimum of 50 contact hours annually in continuing education. (A contact hour is defined as a typical 50-minute classroom session or the equivalent.) Such experiences enrich both the staff person and the congregation. Therefore, the costs of such continuing education should be shared.

In addition to their attendance at Nebraska Synod Assembly and Theological Conference, it is recommended that full-time professional staff be allowed a *minimum* of two weeks per year for continuing education. This can include up to 1 weekend (Saturday & Sunday) that is *not* counted as vacation time. This time may be accumulated up to three years to make possible more extended study. Decisions about study programs covering several weeks should be made jointly by the Minister and the Congregation Council.

A minimum contribution of \$850 per year from the congregation and \$400 per year from the rostered person is recommended for continuing education. These funds may be accumulated for up to three years as well. If the staff person accepts another ELCA position, all continuing education contributions should be transferred with that person.

Some congregations allow for sabbatical after a specified length of service in the congregation. Sabbatical time should be carefully planned to benefit the Minister, the congregation and the wider church. General guidelines for “Sabbatical Leave” are included in Section III.

Professional Expenses

A reimbursement of up to \$500 per year should be allowed for the purchase of books, journals, vestments or other resources that remain the property of the professional. Allowances for these items are taxable, while a straight reimbursement of costs is not. Therefore, it is important to structure the payment of these expenses as reimbursements.

Assemblies and Conferences

Attendance of Ministers at Cluster gatherings, Synod Assemblies and the Theological Conference, is expected. This is part of the business of the congregation and expenses (e.g. registration, room, meals) should be budgeted separately from continuing education and paid by the congregation over and above the cost of continuing education.

Vacation

While it is generally understood that a call to serve in ministry will likely entail work weeks that equal or exceed 48 hours and often six-day weeks, congregations are expected to provide a *minimum* of four weeks (including four Saturdays and Sundays) per year of vacation with full pay for all Ministers, which is essential for the health and welfare of the Minister. All vacation should be used annually, with no more than two weeks of vacation days being carried over year-to-year so that the benefits of such time off can be achieved. This time is in addition to continuing education time, attendance at churchwide or synodical meetings and congregational retreats. Congregations are strongly encouraged to set up a policy in writing relating to pay for unused vacation days to the Minister upon leaving the call. It is recommended that vacation days be systematically accrued on a periodic basis beginning at the first of the year on January 1, from the first day of service or on a monthly or quarterly basis (with one week of vacation being accrued for each 13-week period served). With no more than two weeks of vacation days be allowed to be carried over, no more than six weeks of vacation should be available during a twelve-month period.

Sick Leave

Sick leave recommendation is one day a month, cumulative to 60 days. In the event of serious illness, and if the Minister is covered by the ELCA pension plan, the congregation shall assume responsibility for providing full salary and benefits for the first consecutive eight weeks of the illness at which time the ELCA disability plan will take effect, if disability benefits have been applied for. It is recommended that no reimbursement be paid for unused sick days when a rostered person leaves his or her position.

Bereavement Leave

In the case of loss of spouse, child, parent or sibling, bereavement leave is not only necessary, it is compassionate caring for the person suffering the loss. Congregations are encouraged to provide support for their Minister(s) by allowing two weeks bereavement leave for the loss of spouse or child and one week for parents or siblings. Because each person deals with grief differently, it may be necessary to negotiate additional bereavement leave, depending on the individual and situation.

Parental Leave

Since the church places a high value on family, it is appropriate for congregations to provide maternity and paternity leave when a new child is added to the family. The following guidelines are suggested:

1. Six weeks of paid maternity or two weeks of paid paternity leave following the birth or adoption of an infant. For parents who adopt an older child, two weeks of paid maternity or paternity leave is suggested.
2. If both parents are serving the congregation(s), the weeks may be split between them.
3. Accrued vacation may also be used in conjunction with maternity or paternity leave. Ministers desiring additional leave, either prior to or following the birth of their child, may negotiate for unpaid leave.

Sabbatical Leave

Congregations are *strongly* encouraged to consider providing sabbatical leave for their Minister(s). In the long run, Sabbaticals are often cost effective. When burn-out causes an experienced Minister to leave, the congregation loses money during an interim period, incurs expenses for moving, has the potential loss of members in the interim and loses efficiency while a new relationship develops. Some of the other benefits to the congregation of such leave are:

- Sabbaticals offer an experienced Minister renewed energy and rediscovered zeal for ministry;
- Sabbaticals enable an opportunity to develop congregational leadership and to come to a greater understanding of the congregation's ministry by assuming some of the pastoral duties during the interim;
- Sabbaticals are often an occasion for the collective congregation to reflect and assess their partnership with the Minister and discover ways to strengthen and improve ministry;
- Sabbaticals provide the opportunity to show support and care for a beloved Minister and his/her family;
- Sabbaticals can be a time for individual congregational members to reconsider their commitment and to assess their relationship to the life and witness of the congregation;

Some of the additional benefits to the Minister are:

- Sabbaticals often provide a needed break from long hours, high pressure, personal sacrifice and the 24/7 nature of ministry;
- Sabbaticals can offer a unique opportunity for prayer, rest, study and renewal;
- Sabbaticals are often an opportunity for the Minister to discover more in depth the importance of what they do because of who they *are* rather than because of what they do;
- Sabbaticals provide the opportunity to develop greater self-awareness and spiritual depth.

Some suggested guidelines for sabbatical leave:

If sabbatical leave is offered, it should be offered to all full-time Ministers under the same policy guidelines. Such guidelines should be drawn up in advance and approved by the appropriate congregational committee or the Congregational Council.

The timing and length of sabbatical leave varies. For example, some congregations provide a two-month sabbatical leave after four continuous years of service to the congregation while others provide three-month sabbatical leave after five continuous years of service. A length of two months or more is recommended for the time to be productive. Both the timing and the length of leave should be determined by the congregation in consultation with the Minister and the congregational committee and take into consideration the needs of the congregation.

At a minimum, congregations should continue to provide full salary and benefits during the sabbatical. Travel mileage reimbursement is often suspended during this period. During the calendar year of the sabbatical, time normally allotted for continuing education is usually not granted. Continuing education funds allotted for that year are normally applied to sabbatical expenses. Vacation time should not be reduced because of sabbatical leave, however.

A written proposal for the sabbatical should be presented to the appropriate congregational committee by the Minister at least six months prior to the beginning of the sabbatical. The proposal should include a listing of desired outcomes, a description of activities planned during the sabbatical, a summary of travel plans (in general terms) and a listing of the church tasks that need to be cared for during the person's absence. In addition, the Minister should develop some method to record and share significant key learnings gained during the sabbatical leave to the congregation following the sabbatical. For example, a presentation or class sharing what was learned and hopes for how this learning can be utilized in ministry.

To allow the congregation to benefit fully from the sabbatical, the Minister is expected to remain with the congregation for a period of at least a year following the sabbatical. If the person should leave earlier than that, financial arrangements for repayment of expenditures for the sabbatical may be made.

No hiring of permanent personnel should be considered in response to the sabbatical leave. The congregation may, however, consider adding short-term staff and/or additional compensation for other staff members whose responsibilities are increased during the sabbatical.

Pulpit Supply

It is suggested that remuneration be \$175 for Sunday morning worship service, \$50 for each additional same day worship service and \$75 for an additional day worship service (i.e. Saturday or Wednesday Lenten Service), including multi-point parishes. Round trip mileage should be paid at the prevailing IRS rate. When necessary, overnight lodging and meals should be supplied. In the event worship is cancelled less than 24 hours in advance (e.g. severe weather), it is recommended that remuneration still be made in full, mileage optional, to the supply minister.

Part III: Parsonage Guidelines

A parsonage is the home provided by the congregation for its Minister. It should not only be a comfortable home for the Minister and his/her family, but one that also provides an environment that will be helpful to foster partnership and serve to enhance the ministry.

These guidelines are designed to help both the Minister and the congregation. Following them will help the congregation become aware of needed improvements and let it know if their parsonage meets the synod-wide standards for their Minister. These guidelines will also alert the congregation and Minister of any abuses of the parsonage property.

Since the parsonage is the Minister's home, privacy should be respected. Members of the congregation should follow the same standards of politeness for such things as entering the parsonage as they would for any other home in the community. Because it is the home of the Minister, his/her desires should be consulted when changes are necessary. The quality of the parsonage should meet a standard set by the homes of the majority of the congregation's members. The size should be adequate to accommodate families.

The tenant/landlord model may apply on occasion, but its application is quite limited. Contrary to renters, the Minister normally has little choice of residence. The relationship between the Minister and congregation is not based on a lease or rental agreement, but upon a common bond in the ministry of the congregation. These guidelines are suggested for congregations and their Minister to use to discuss the matters of maintenance, repair and responsibilities relative to a church-owned home.

1. Before a Minister moves into a parsonage, the congregation should see that it is thoroughly cleaned and may want to use this occasion to update and redecorate the parsonage.
 - The colors, fabric, design, etc., selected in the redecoration would normally be selected by those who will be living in the house in consultation with the appropriate committee. The congregation, of course, shall determine the price ranges for these items.
2. Annual Inspection of the Parsonage and Dealing with Needs
 - As part of the call process, the new Minister (and spouse) should tour the parsonage with a member of the call committee, Congregational Council chairperson and appropriate property committee person and agree as to what repairs and redecorating are to be done before the new Minister arrives.
 - There should be an annual inspection of the parsonage by persons designated by the Congregational Council. The purpose of the inspection is to discover needed repairs, improvements, and refurbishing, and to make short-term and long-term plans for accomplishing these, with prompt attention given to safety and health factors. This annual inspection is important so that appropriate attention is provided to the home.
 - Needs which arise between inspections should be taken care of promptly. It is the responsibility of the Minister to promptly make known to the council or appropriate committee the need for any repairs or improvements. It is expected that once a need is expressed, the council or committee will respond appropriately to the request and will coordinate with the Minister and family to schedule repairs.
3. It is expected that the following appliances be provided in the parsonage:
 - Stove with oven
 - Refrigerator
 - Dishwasher
 - TV antennae (unless cable or satellite TV is provided)
 - Air conditioning (usually central air conditioning is expected)
 - Humidifier/de-humidifier (if needed)
 - Soft water conditioner (if needed)
 - Washer & dryer
4. It is expected that the following utilities be paid directly by the congregation or an adequate utilities allowance be provided for the Minister to pay for them:
 - Electricity
 - Gas
 - Water/sewer/garbage
 - Telephone (except personal long distance)
5. Items that would normally be supplied by the congregation include:
 - Paint
 - Wall coverings
 - Floor coverings
 - Ceiling fans
 - Window coverings
 - Light fixtures
6. Appropriate to the community setting, the following are also recommended:
 - A two-car garage
 - An outdoor living space (such as porch, deck, or patio)
 - A safe and adequate area in which children can play

7. Services

- An adequate supply of hot and cold water, in all rooms using water
 - Proper sewage system
 - Weekly trash pick-up when available
 - Water treatment if needed
 - Regular professional pest control if needed
 - Smoke detectors, carbon monoxide detectors, fire extinguishers, and radon inspection where deemed necessary
 - Outside water faucets and electrical outlets
 - Snow removal and lawn service to be determined at time of call
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- Internet service if the Minister maintains an office in the parsonage
 - Every congregation should have internet service to the church office. Wireless modem application might be considered to broadcast to the Parsonage as well.

8. Maintenance and Improvements

- It is important to plan ahead for repairs and improvements. These should be a line item in the church budget in the amount of at least 1.5% of the insured value of the parsonage to take care of routine and emergency expenses. If these funds are not used in any given year, they should be held in escrow for when it is needed. There should be a clear understanding in writing of who can use these funds and to what extent they can be used without the consent of the appropriate committee.
- The electrical service should be inspected, and all wiring, including the installation of circuit breakers, required number of outlets, wall switches, and light fixtures are to meet the National Electrical Code.
- It is important in the interest of both comfort and stewardship that all windows and doors be weather tight, with either storms or thermopane glass, and that there be screens for all windows. If new windows are installed, they shall be high-performance energy efficient type.
- Both the interior and exterior of the parsonage should be kept in such repair as to preserve not only its physical condition, but also its aesthetic value, and this includes sensitivity to the historical design of a building when making changes. Painting and papering should be done regularly, in consultation with the parsonage family.
- It shall be the responsibility of the occupants of the parsonage to provide for the cleanliness of it and the repair of any damage that they or their pets have caused to the interior, exterior, or grounds. An exiting Minister shall also be responsible for removing swing sets, above ground pools, and other personal non-permanent additions. If, when leaving, the cleaning, restoration, and repair of damage have not been done, the Minister will be billed for it. If he/she does not pay this bill, or contests it, a recording of refusal or negations shall become a permanent part of the Minister's record.

9. Safety and Security

- If security is an issue in the community, whatever is needed to make the dwelling secure should be provided, i.e. dead-bolt locks, security systems, outdoor lighting, etc. A key change is suggested at the time of change of call.
- To make access to the house safe for occupants and guests, the driveway and the steps and sidewalks to all doors need to be of an even surface and kept in good repair.
- All outside steps should have safe and secure railings.
- As noted above, radon detection kits, smoke and carbon monoxide detectors should be provided. Regular testing of detectors should be done, and it is strongly suggested that a mitigation plan be put in place of how to address radon concerns should they come up.

10. Pets in the Parsonage

While it is recognized that it is the right of the parsonage family to have pets, it is also recognized that the ownership of pets requires the Minister to assume responsibility for them. At minimum these responsibilities include:

- Caring for the pets in a humane and responsible manner.

- Securing permission of the local church for the construction of any needed facility.
 - Assuming financial responsibility for the construction, maintenance, and eventual removal (at the time of a move) of any facility, such as a dog house, fenced enclosure, etc.
 - Replacing/repairing any damage done by pets to the carpets, floors, drapes, doors, lawn, etc., as well as cleaning and deodorizing to the approval of the appropriate committee and the incoming Minister.
 - Any cleaning, repair, or removal resulting from the ownership of pets that is not done by an outgoing Minister shall be billed to him/her.
11. A Parsonage Notebook or File -
It is recommended that every parsonage family maintain and pass on the next Minister a notebook or file of records and helpful household data, including, but not limited to:
- A record of the date and place of purchase of all appliances and equipment. Manuals and service contracts for these are to be kept together.
 - A record of the date and name of contractor and a description of any work done on the parsonage.
 - A record of any decorating or refurbishing, to include paint color, type, brand, etc.
 - Any special information necessary regarding shrubs, flowers, etc.
12. When a Minister moves out of a parsonage, and before all financial obligations are completed, there should be an inspection of the property to see that it is left clean and in good repair. The Minister should be held responsible for any excess wear or damage caused to the parsonage while he or she was living there. This would include any damage caused by children or pets.
13. The grounds around the parsonage are usually the responsibility of the congregation. The congregation should see that the lawn, shrubbery and flowerbeds are in good condition when a Minister moves into the parsonage. It should be determined if the Minister is expected to care for these grounds (mow, rake, remove snow, apply fertilizer, insecticides, herbicides) or the congregation will bear these responsibilities. (The Minister and a person from Congregational Council should negotiate the division of labor immediately after the Minister's arrival.) Congregations should consider taking care of the grounds around the parsonage while the Minister is on vacation or study leave if it has been decided this is the Minister's responsibility.

Part IV: Compensation Alternatives

In addition to salary and benefits, there are many other ways congregations can compensate Ministers. In fact, sometimes alternatives to salary may be attractive to the person being compensated. Congregations may wish to consider the following as ways to express to their Minister(s) that their ministry is valued and appreciated in addition to salary and normal benefits.

An (*) indicates those items which apply to Ministers of Word and Service as well as Ministers of Word and Sacrament.

*1. Consideration may be given to granting the Minister an occasional weekend off in addition to regular vacation time.

2. 100% of the cost of Social Security could be provided. One half of this amount is deductible by the Minister. This money could be in addition to base salary. Currently, the Medicare portion of Social Security (2.9%) does not have an upper income limitation.

*3. It is possible to pay medical and dental insurance deductibles to Ministers. A medical reimbursement plan could be established under Section 105 of the Internal Revenue code. Funding must be made by the church separate from and in addition to salary.

*4. Additional disability and life insurance could be paid for the Minister.

*5. Money could be set aside for the education of the Minister's children.

*6. Additional funds could be contributed to the Board of Pensions. Consideration may also be given to setting up an IRA for the Minister. If the Adjusted Gross Income of the Minister and spouse is under the amount allowed by the IRS, Federal income taxes may be reduced by using an IRA. Unfortunately, Ministers may lack funds for this purpose. The congregation might consider providing the money. Deferred compensation arrangements might also be considered.

*7. Consideration could be given to providing expenses for the spouse of the Minister to attend conventions and conferences of the church.

*8. Childcare allowances could be paid to the Minister on a pretax basis to save on federal income taxes if an appropriate plan is established. With a proper plan, you can also do this with medical and dental expenses. SECA taxes would not be avoided.

*9. Consideration might be given to increasing the reimbursements for continuing education.

10. Whenever possible, structure the payments for non-housing expenses in the form of reimbursements as opposed to allowances. Allowances are included in income for SECA. Straight reimbursements are not. Ministers must keep records of their expenses for reimbursement in as much detail as possible.

*11. Congregations are strongly encouraged to reimburse auto expenses at the IRS rate.

12. The housing allowance is subject to SECA but not income taxes. A savings might therefore result by shifting a larger portion of the overall compensation package to the allowance. Ministers need to keep records on what was spent in order to substantiate the housing allowance. The allowance is limited by the lesser of what was actually spent or the fair rental value of the home plus furnishings and utilities.

13. Where the congregation owns the parsonage, utilities should be paid directly or reimbursed and not paid in the form of an allowance. However, a furnishings allowance could be set up for incidental housing expenses the Minister actually incurs.

These salary alternative suggestions are by no means all-encompassing. Each individual congregation may be able to develop additional ideas based on its unique circumstances. It would be prudent, however, to check with a CPA, attorney or other tax professional before implementing one of these enhancements as some of these suggestions could add taxable income to the Minister. If you are unacquainted with a tax advisor, Sharon M. Schwarz, CPA, of Schwarz and Associates, 4620 South 143rd Street, Omaha, NE 68137, (402) 330-6880, continues to be available to discuss your questions.

Part V: Compensation Worksheet

Compensation	<u>2 Years Prior</u>	<u>Last Year</u>	<u>This Year</u>	<u>Proposed</u>
1. Base Salary	_____	_____	_____	_____
2. Housing	_____	_____	_____	_____
3. Utilities	_____	_____	_____	_____
4. Furnishings	_____	_____	_____	_____
5. Other	_____	_____	_____	_____
Benefits				
6. SECA Allowance	_____	_____	_____	_____
7. ELCA Plans	_____	_____	_____	_____
8. Continuing Education	_____	_____	_____	_____
9. Housing Equity	_____	_____	_____	_____
10. Other	_____	_____	_____	_____
11. Automobile	_____	_____	_____	_____
12. Professional Expenses	_____	_____	_____	_____
13. Other	_____	_____	_____	_____
Total Income to Minister Person (add lines 1-5)	_____	_____	_____	_____
Total Expense to Congregation (add lines 1-12)	_____	_____	_____	_____