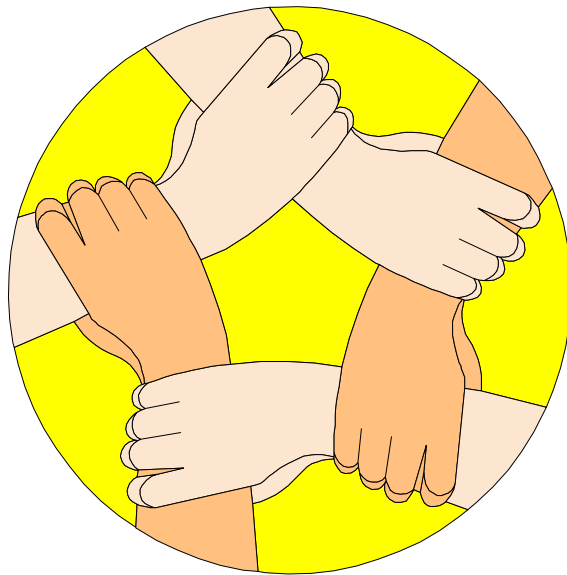


Supporting Our Ministry

Compensation Guidelines
for Authorized Ordained Ministers
in the United Church of Christ



First Edition
Parish Life and Leadership
Local Church Ministries
United Church of Christ
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INTRODUCTION

Persons who serve as pastors generally do so because they love Christ's Church. Most realize that they could probably earn a higher salary in a for-profit setting, but they feel called to use their faith, talents and abilities to promote the mission of God through the church. The conviction that they are serving the church often makes them reluctant to engage in conversation about compensation. Nevertheless, the church is called to be a fair and just employer and the health of the pastor-parish relationship depends on lay leadership addressing the issue of compensation and advocating and providing for it as well.

Prepared by the Parish Life and Leadership Ministry Team in cooperation with The Pension Boards of the United Church of Christ, this resource focuses on ordained pastors and associate pastors, both settled and interim. It draws on work done by the Pension Board of the Christian Church (Disciples of Christ) and our conferences, especially Connecticut, Illinois, Illinois South, Maine, Massachusetts, Minnesota, New Hampshire, Pennsylvania Northeast and Southern California Nevada.

This is designed for churches as they develop a compensation package for a newly called minister or update a current minister's package. It is understood that each congregation creates its own package based upon the realities of its situation and setting. While these guidelines focus on compensation categories, each conference votes its financial guidelines, based on regional costs of living. Such guidelines can be found on conference websites; **the guidelines for your particular conference should be considered a companion document to this PLL resource.**

Two additional observations:

- While some of our smaller congregations cannot devote sufficient financial resources to call full-time ordained leadership, these churches are encouraged to consider models of part-time ministry, bi-vocational ministry and, in some cases, licensed ministry. When a pastor is employed at less than full-time, the compensation should be proportional to that of a full-time position. In this resource, a full-time position is considered to be one where the pastor averages 45-50 hours per week.
- For churches wishing to attract and retain quality pastoral leadership, annual reviews of compensation packages are essential.

WHERE TO BEGIN

Faith Foundations

- 1. Covenant Relationship:** We are a church based in covenant. When a church calls a pastor, it covenants to compensate fairly, and the pastor covenants to serve faithfully. The consideration of remuneration is a covenant creation and renewal and should be entered into from that perspective.
- 2. Stewardship:** We are accountable for the wise use of the church's resources, both human and material. Therefore, a local church should be intentional both in the raising of and expenditure of funds.
- 3. Christian Love and Candor:** Because the connection between pastor and people is a sacred trust, open, caring, healthy relationships are essential for the well-being of the local church. Salary negotiations, new and annual, should be carried out with candor, clarity, and loving, supportive, mutual respect. As Christians, we are called to compensate all persons fairly, regardless of age, gender, race, sexual orientation, disabilities, marital or family status.

Discernment

How to decide is almost as important as what is decided. In every church, a process of discernment needs to be in place and a committee needs to be responsible for the regular annual review of employee compensation. The focus of this resource is on clergy compensation but regular compensation review for other church staff is just as important.

Clergy should be full participants in discernment and discussion around their compensation. Pastors have a right and, indeed, an obligation to share with an appropriate designated body whatever concerns, hopes and needs they may have with regard to compensation. Even in a situation where resources are limited and the church is unable to pay what it should, the fact that the pastor is consulted is important for clergy morale and open communication.

Negotiations with the pastor or pastors each year should begin several months before the next year's budget is drafted. Recommendations for changes in compensation can then be brought forward for inclusion in the budget-building process.

Considerations

1. **Size of the church.** These guidelines recognize that church size may make a difference in a church's ability to compensate and in the expectations the church places on its pastor.
2. **Experience and skills of the pastor.** Generally, pastors who have served in ministry for several years will have more skills and experience. It is appropriate that such be recognized with higher compensation.
3. **Cost of living.** Congregations should increase pastoral salaries annually to keep up with the cost of living. The COLA annual percentage can be found at <http://www.bis.gov>.

Local Compensation Data

In addition to the information presented in this resource and the financial guidelines of each conference, the assigned committee in the local church can begin by gathering information about salaries and benefits for professional positions in the community. Compensation packages for school principals, social work supervisors and hospital administrators can be useful for comparison. In addition, it is helpful to know the recommendations of other denominations in your area. All requests for information should include cash salary, housing and benefits.

Pastor as Employee

While the Internal Revenue Service considers most pastors to be employees for federal income tax reporting, all pastors are considered self-employed by the Social Security Administration with respect to services performed in the exercise of ministry.

1. **Voluntary Withholding:** A church and its pastor, who reports his or her income taxes as an employee, can voluntarily agree to subject his or her compensation to income tax withholding. Some pastors find voluntary withholding helpful because it avoids the additional work and discipline associated with the estimated tax payment procedure. Pastors who elect to enter into a voluntary withholding arrangement with their church need only file an IRS Form W-4 (Employee's Withholding Allowance Certificate) with the church. The filing of this form is considered a request for voluntary withholding, an arrangement that may be terminated at any time by either the church or pastor, or by mutual consent. Of course, a voluntary withholding arrangement will affect the church's quarterly IRS Form 941.

2. **Estimated Tax Payments:** Unless electing voluntary withholding, pastors must prepay their income and self-employment taxes using IRS estimated tax procedures.

COMPENSATION

Salary

1. **Senior Pastors:** The basic cash salary is the amount of actual dollars paid to the minister. Cash salary does not include housing, utilities, allowances, benefits, Social Security or reimbursable expenses.
2. **Associate Pastors:** The basic cash salary for associate pastors should be equal to at least 80% of the salary for senior pastors with equivalent experience.
3. **Part Time Senior and Associate Pastors:** The basic cash salary for part time pastors should be determined by a percentage of the full time package.

Housing

A second, major portion of a pastor's compensation is housing, provided either in the form of a housing allowance or the rent-free use of a church-owned house.

1. **Housing Allowance:** Home ownership is important to many clergy because it allows them to build equity in real property and gain annual appreciation. This equity is then available for use as collateral for loans or as payment toward retirement housing. Home ownership also insures that a pastor's family will have a home in the event of a pastor's untimely death.

Many churches have found that with the capital realized from the sale of an existing parsonage, they can loan their pastor funds for a down-payment on a home. If such a sale is not possible, the income from the rental of an existing parsonage can provide the pastor with a housing allowance.

When a church makes a loan to the pastor (always as a legal transaction) to help finance a home, there are several payback options to be considered:

- a second mortgage with monthly payments of principal and interest,
- a second mortgage with monthly payments of interest only, the principal to be paid when the pastoral relationship is concluded,
- a shared equity arrangement in which the appreciated value of the home at the time of the sale is divided between the pastor and the parish, proportional to their respective investments in the property.

Several factors must be taken into consideration, both by pastor and congregation, when a housing allowance is provided:

- Rulings issued by the I.R.S. state that the maximum amount of housing allowance which clergy may receive and exclude is the fair rental value of the home, furnished, plus the cost of utilities. To the extent that such an allowance is spent, it is excluded from taxable income.
 - For the actual amount of the housing allowance to qualify by IRS standards as tax-free income, it must be clearly designated by church vote as **housing allowance** and be formally approved annually by the appropriate church board prior to the beginning of payments. This approval must be recorded in official minutes and retained in the church files. Also, a pastor must keep records such that she or he can show that the actual housing costs equal the entire housing allowance. Any amount of the allowance that is not actually spent on housing is taxable to the pastor.
 - A housing allowance is fully taxable for Social Security purposes.
 - A housing allowance can be spent on any items required to provide a home, such as the monthly mortgage payment (interest and principle), taxes, insurance, furniture, furnishings, home repairs, furniture, new appliances, yard care, mowing, snow removal and all utilities.
2. **Parsonage:** When the use of a parsonage is provided, it should be attractive, conveniently arranged, well maintained and on a par with an average home in the community. The church is expected to provide all parsonage utilities (heat, light, water, refuse service, local phone calls, etc.)

Pastors who live in parsonages have the benefit of being able to tax exempt household costs through a budgeted **parsonage allowance**. The allowance may be used to purchase furniture, carpets, window coverings, furnishings, and household cleaning supplies. The church's official board should vote annually, before the ensuing year begins, what part of the pastor's salary is to be treated as a parsonage allowance and include this figure in the official records. Any unused allowance is taxable income; any over-expenditure of the allowance is not deductible. The parsonage allowance is fully taxable for Social Security purposes.

3. **Equity Allowance:** An equity allowance is **not** a housing allowance. The two different types of allowances should not be confused. For a pastor living in a parsonage, an equity allowance is part of fair and just compensation.

Given that a parsonage is an asset to the church, there is a need to enable parsonage dwellers to accumulate some equity that can eventually be used to

provide housing, either owned or rented. After a lifetime in parsonages, a family may have few assets with which to provide housing at death, disability or retirement.

The mechanics for funding an equity allowance should be as simple as possible. A written statement outlining a plan, the funding, and specific procedure is crucial. The minister can invest this allowance in her or his Annuity Fund account with the Pension Boards or any Tax Sheltered Annuity (TSA). It is strongly recommended that provision for an equity allowance be made in consultation with a qualified tax attorney or certified financial planner to assure that the plan conforms to the requirements of the IRS.

Some congregations base the allowance on how much the parsonage has increased in value during the past year and contribute that annually to the equity allowance (2% increase in value on a \$125,000 parsonage would be \$2,500). Other churches contribute a percentage of salary, such as 7.5%, as an equity allowance.

The important consideration is that the pastor be allowed growth of equity, given that the parsonage is a material asset to the church, not to the pastor.

When a pastor moves, it will be necessary to change the depository of such set-aside funds, but the fund and restrictions on its use be continued.

BENEFITS

1. **Annuity:** Quarterly contributions to the Annuity Fund are a part of the standard benefit package for UCC clergy. The annuity payments are made by the local church directly to The Pension Boards of the United Church of Christ. The Annuity Fund is an IRS 403(b) tax-sheltered annuity, which means payments to the fund are not taxable until the benefits are received after retirement. By resolution of General Synod, the standard formula for calculating the annual church contribution to a pastor's annuity is an amount equal to 14% of 130% of the salary if a parsonage is provided. If a parsonage is not provided, the amount contributed is equal to 14% of the cash salary plus housing allowance. In some specific situations, however, where a pastor's compensation package is heavily weighted toward a housing allowance, a tax accountant should be consulted to assure that the annuity payment does not exceed the maximum percent of taxable compensation allowed by the IRS for contribution to a 403(b) tax sheltered annuity. A percentage higher than 14% may be agreed upon by the church, the pastor, and the Pension Boards, within IRS limits.

2. **Health and Dental Insurance:**

- a. Group Health Insurance for pastors, provided to churches by The Pension Boards, offers portability to pastors who serve UCC settings. This becomes important when the pastor or a member of his or her family has a medical condition that could jeopardize the ability to provide evidence of insurability with a new health carrier at the time of relocation. Premiums are determined yearly, based on experience across the United Church of Christ of the prior year. Churches pay the full premium of this plan.
 - b. Dental Insurance is also part of compensation. A group policy, provided to churches by The Pension Boards, is available to members enrolled in the health insurance plan. Churches pay the full premium of this plan.
 - c. Through the Pension Boards, local churches participating in the UCC Health Benefit Plans may establish a **Flexible Spending Account**. Aside from a modest initial set-up fee, making the Account available does not entail a cost to the local church. The Plan provides participants with tax-savings because a portion of the salary is voluntarily redirected into the participant's account and then withdrawn to cover child care and medical expenses.
3. **Life Insurance and Disability Income Plan:** This plan, offered through The Pension Boards of the United Church of Christ is vitally important coverage that protects the pastor and church by providing disability income and term life insurance for the pastor. The premium is 1.5% of the total amount of cash salary and housing. The Plan has three parts:
- a. Life insurance program
 - b. Short-term disability program that can replace a portion of income for up to five months
 - c. Long-term disability program that can replace a portion of income when a disability continues beyond six months.
4. **Medicare:** It is recommended that when a pastor reaches the age of 65 and is not retired, the church assumes the cost of the Medicare Supplement Plan.
5. **Social Security:** Clergy, considered as self-employed for Social Security purposes, must pay the current 15.3% (Schedule SE) on the cash salary plus housing allowance or fair market rental value of the parsonage. Because this is not matched by any employer, churches are urged to contribute 7.65% of the pastor's salary plus housing allowance (or 7.65% of 130% of base salary if a parsonage is provided) for social security, as it must do for regular FICA employees. The difference is that this is paid directly to the pastor and considered as a Social Security Allowance or Offset. This is taxable income

which must be included with taxable wages on the pastor's W-2 form and reported on a pastor's tax return.

6. **Tax-Sheltered Annuity:** Ministers are reminded that as employees of a religious institution, they are eligible for certain tax deferred income through a Tax-Sheltered Annuity as defined by the Internal Revenue Code. Churches, having pastors who wish to participate in a TSA, are encouraged to cooperate, as compliance entails no additional cost to the church.
7. **Worker's Compensation:** Churches are required by law to provide worker's compensation coverage for all employees, including clergy.
8. **Malpractice Insurance:** Each church should maintain malpractice insurance. This provision is included in the UCC Insurance Program.

PROFESSIONAL EXPENSES

Churches must decide what professional activities support their ministry and how such expenses will be funded and reimbursed. These activities undergird the pastoral leadership offered and the related expenses are considered costs of the church, not part of the pastor's compensation.

Churches are urged to adopt an "Accountable Reimbursement Plan" (acceptable to the IRS – see IRS Publication 1828, "Tax Guide for Churches and Religious Organizations," available at <http://www.Irs.gov/pub/irs-pdf/p1828.pdf>) as a means of reimbursing pastors for professional expenses incurred on behalf of the congregation. These expenses may be for transportation, overnight travel (including lodging and meals), professional entertainment, books, subscriptions, education, vestments and professional dues. The adoption of such a plan relieves the pastor of complicated tax reporting. Under the accountable reimbursement plan, the pastor provides the church with detailed documentation of the above items. Assuming that the nature and level of expenses falls within IRS guidelines, reimbursement is not included as taxable income. The church must retain the documentation for seven years for audit purposes.

A non-accountable plan puts responsibility for tax treatment on the pastor. Typically, the church agrees to a level periodic travel and/or expense allowance, paying such to the pastor on a monthly basis as taxable income and included on the W-2 Form. The pastor is then responsible for her or his business expenses and for retaining the documentation. For a pastor who does not itemize deductions, this increases tax liability.

1. **Travel:** Reimbursement for automobile travel should be at the rate allowable by the IRS. It is necessary that the minister provide to the church a daily record of trips taken, briefly noting the purpose, distance traveled and the expenses incurred, including tolls and parking fees. Expense vouchers should be submitted on a weekly or monthly basis.

A church may provide the pastor with an automobile for which the church pays all expenses and for which the pastor would then record and compensate the church for personal miles traveled.

Reimbursement for other church-related travel (air, train, etc.), should be reimbursed upon receipt of vouchers submitted by the pastor.

2. **Church-Related Meetings:** To maintain ministerial standing, pastors are expected to attend association and conference meetings. They are also expected to serve in wider ministry, such as church camp, conference, national and ecumenical settings. Such service should be considered part of the congregation's ministry, not as time off or vacation for the pastor. Expenses not reimbursed by the wider ministry setting should be reimbursed by the local church.
3. **Other Professional Expenses:** The church should budget an amount for annual professional expenses including items such as:
 - a. Professional journals, books and periodicals
 - b. Hosting or entertaining church leaders, members or guests
 - c. Dues to professional organizations such as the Academy of Parish Clergy, Association of United Church Educators, Association of Professional Chaplains, United Church of Christ Intentional Interim Ministers, etc.

VACATIONS AND LEAVES OF ABSENCE

1. **Days Off:** Churches should grant, and pastors take, one and a half to two days off each week.
2. **Vacations:** Pastors should be given at least one month paid vacation each year, with freedom from all parish responsibility during that time.
3. **Continuing Education:** Churches are encouraged to grant their pastors two weeks study leave, including weekends, each year. An allowance of between \$500 and \$1,000 a year should be budgeted to cover continuing education expenses. Continuing education time should not be considered vacation.

4. **Sabbatical Leave:** Sabbatical leave for study, travel or personal renewal, is an important part of a pastor's continued development. Sabbaticals are normally three months at full compensation, every five to seven years, exclusive of vacations. Pastors are encouraged to participate financially by setting aside funds each year to cover the cost of sabbatical programs, studies, etc. Congregations are encouraged to also set aside funds each year in anticipation of the cost for services during the absence of their pastors. The value of a sabbatical, both to pastor and to congregation, is significant.
5. **Parental Leave:** Provisions should be made for women pastors, at the birth of a child, for a 2-3 month maternity leave at full salary and benefits. A male pastor should be encouraged to take at least 2 weeks paternity leave at full salary and benefits. Pastors should be provided at least 2 weeks leave at full salary and benefits at the time of an adoption. In all instances, flexibility should be allowed for up to 6 months during this important time of family adjustment and change.
7. **Personal/Compassionate Leave:** Allowance should be made for the pastor to be with his or her immediate family at times of special celebration such as weddings or graduations and at times of personal emergency or unusual family responsibility. Paid personal leaves would normally be limited to a period of 5-7 days per year, except where compassion dictates further extension.
8. **Sick Leave:** Churches are encouraged to give their pastor(s) sick leave accumulated at the rate of one day per month up to thirty days. In cases of prolonged illness or disability churches should continue to provide pastoral compensation and all benefits for thirty days, after which the Short Term Disability Income Plan takes effect. Short Term Disability will continue for 22 weeks at which time, if the pastor is still disabled, the pastor will be eligible for Long Term Disability. During the 30 day waiting period and the 22 weeks of Short Term Disability, the church would be expected to pay Health, Dental, Annuity, and Insurance contributions. Parsonage use should be continued for at least three months and thereafter be negotiated on month-by-month basis.
9. **Death:** In case of clergy death, churches should provide salary, housing and all benefits to the spouse and/or family for three months. Continued use of the parsonage and other expenses, such as moving, should be considered on an individual basis in consultation with conference, regional or association staff.

CORE COMMITMENTS

1. **Working Conditions:** The church should provide competent support staff as well as suitable office space and equipment to facilitate the pastor's work. In arranging office space, consideration should be given to the pastor's need for study, counseling and administration. It is also important that the church see that the pastor's office is easily accessible to all persons.
2. **Job Description:** It is to the mutual advantage of both pastor and congregation to have a written position description (covenant) and a written contract (terms of call). This will help clarify mutual expectations.
3. **Evaluation of the Church's Ministry:** A regular evaluation of the church's ministry, including staff, is important for the health of the church.. Two helpful resources in this regard: *Completing the Circle: Reviewing Ministries in the Congregation* by David McMahill and *When Better Isn't Enough: Evaluation Tools for the 21st-Century Church* by Jill M. Hudson.

ASSOCIATE PASTORS

These clergy compensation guidelines apply to all pastors engaged in full-time ministry. Associate pastors should receive from 65% to 90% of the Senior Pastor's salary, depending on position descriptions, scope of responsibility, length of service, experience and years in the ministry.

INTERIM PASTORS

Compensation and benefits for interim pastors should be comparable to that of settled pastors. The guidelines in this resource are recommended to a church and interim candidate in negotiating the terms of call.

PART TIME PASTORS

Part time pastors should be compensated as indicated in this resource and the guidelines voted each year by the conference, pro-rated according to the percentage of the time for which they are employed by the church.

APPENDIX A:

Pastoral Compensation in a Local Church Budget

The sample church line item budget illustrates how pastoral compensation can be presented to communicate the components of compensation, its distinction from reimbursable expenses and the scope of the church's responsibilities in adequately supporting its ministry, including staff.

This example uses the figure of \$35,000 as the base salary and assumes a Housing Allowance rather than a parsonage.

PASTORAL SERVICES

Compensation

| | |
|--------------------------|---------------|
| Base Salary | 35,000 |
| <u>Housing Allowance</u> | <u>10,500</u> |
| Total Compensation * | 45,500 |

Benefits

| | |
|---|------------|
| Social Security Reimbursement | 3,481 |
| Health and Dental Insurance (approx – family plan) | 14,473 |
| Annuity (14% of base salary plus housing) | 6,370 |
| <u>Life Ins & Long Term Disability Plan</u> | <u>683</u> |
| Total Benefits | 25,007 |

Total for Pastoral Services 70,507

EXPENSES SUPPORTING THE MINISTRY

Reimbursable Expenses

| | |
|---|------------|
| Travel (example, 10,000 mi. @ \$.375/mile) | 3,750 |
| Continuing Education | 1,000 |
| Professional Expenses | 200 |
| <u>Meeting Expenses (Conf., Ass'n, Other)</u> | <u>300</u> |
| Total Reimbursable Expenses | 5,250 |

Other Expenses to the Church

| | |
|--|------------|
| Pulpit Supply | 400 |
| <u>Worker's Compensation Insurance</u> | <u>250</u> |
| Total Other Expenses to the Church | 650 |

Total for Expenses Supporting the Ministry 5,900

TOTAL SUPPORT FOR PASTORAL MINISTRY 76,407

** The actual figures for calculating the Total Compensation (Salary + Housing) may vary to reflect the actual fair market rental value of the housing allowance or parsonage. The Total Compensation should never be less than the 130% of the minimum Base Salary.*

APPENDIX B:

Compensation Worksheet for Use By a Local Church Search Committee

| <u>WORKSHEET - Clergy Compensation</u> | AMOUNT with housing allowance | AMOUNT with parsonage |
|---|--|--------------------------------------|
| 1. Cash Salary | | |
| 2. a).Housing Allowance | | N/A |
| 2. b) Value of Parsonage (30% of salary) | N/A | |
| TOTAL 1 and 2 = "SALARY BASIS" | | |
| 3. Annuity Fund (14% of salary basis) | | |
| 4. Life insurance and Disability (1.5% of salary basis) | | |
| 5. Toward Minister's Self-Employed Social Security/Medicare Tax (7.65% of salary basis) | | |
| 6. Family Hospitalization and Medical Insurance | | |
| 7. Family Dental Insurance | | |
| 8. Furnishings Allowance | N/A | |
| 9. Toward Tax-sheltered Annuity/Equity Allowance | N/A | |
| TOTAL COMPENSATION With Housing Allowance | | N/A |
| TOTAL COMPENSATION With Parsonage (exclude the "parsonage value" in line 2b) | N/A | |
| | | |
| EXPENSES SUPPORTING THE MINISTRY | | |
| 1. Auto/Travel Reimbursement (IRS Rate) | | |
| 2. Expenses for UCC Meetings, etc. | | |
| 3. Books and Resources | | |
| 4. Continuing Education | | |
| TOTAL REIMBURSEMENT FOR MINISTRY EXPENSES | | |

| | | |
|--|--|--|
| | | |
| REIMBURSEMENTS FOR A NEW PASTOR | | |
| 1. Relocation Expenses | | |
| 2. Criminal Background Check Expense | | |

APPENDIX C:

Sample Call Agreement

On this day, _____, in _____, having sought the guidance of the Holy Spirit and believing that God has called us to share in a mutual and common ministry in Christ, the members of _____ United Church of Christ at a regularly-called meeting, held on _____, voted to enter into covenant with you, a servant of God, to become pastor and teacher of this church beginning on _____.

I. TERMS OF CALL

This is an agreement between _____ United Church of Christ in _____, _____ and the Reverend _____ called as Senior Pastor. All parties execute this agreement in good faith.

The terms of call outlined in this agreement are contingent upon your holding Ordained Ministerial Standing with the _____ Association of the _____ Conference of the United Church of Christ. Should Ordained Ministerial Standing be suspended, revoked, or transferred for any reason, this agreement can be terminated immediately by the Church Council, representing our congregation.

Believing that the cause and mission of Christ's church will be forwarded under your pastoral and spiritual leadership, we join in this agreement.

Our church calls you to accept this pastoral office by recognizing and acknowledging with us the responsibilities and duties as our pastor, including those described in our Articles of Incorporation and Bylaws of this church and those by the customs and usages of the pastoral office of the United Church of Christ as defined in the *United Church of Christ Manual on Ministry*, particularly subsections entitled, "The Local Church in Relation to Its Pastor," and "The Ordained Minister's Code," which include the right and responsibility of participation and leadership in the mission of the United Church of Christ, the ecumenical church, and the community.

As a congregation, we wholeheartedly commit ourselves to the following terms of the covenant as we call you to be pastor and teacher.

II. RELOCATION EXPENSES

Our church will pay reasonable relocation costs to move you and your family from _____, _____ to _____, _____. It is your responsibility to secure written estimates of the costs involved and submit them to our Church Council so that we can adequately plan and execute our part of these logistics. Relocation costs include the expense of advance home hunting trips for you and family, moving your household goods, mileage for transporting your automobiles, and meals and lodging for you and your family enroute. These costs will not exceed _____.

III. SALARY AND HOUSING

Because our church is committed to fair and just compensation, we provide the following financial care. All figures listed in this section are annual amounts and will be pro-rated during the remainder of the current budget year.

Cash Salary

Beginning on _____, our church will pay a cash salary of \$_____. The treasurer of our church will make these payments on a semi-monthly basis.

Housing Allowance

Our church will provide a housing allowance of \$_____, in accordance with Internal Revenue Service guidelines. Your housing allowance includes the costs of, all utilities, maintenance, and furnishings.

OR

Parsonage

Our church will provide a parsonage with all utilities. We will attend to regular maintenance on this home, including lawn care and snow removal.

IV. BENEFITS

Annuity Plan

Our church will pay, on your behalf, an amount equal to 14% of the pension basis to your account in the Annuity Fund of the United Church of Christ. The pension basis equals total cash salary plus housing allowance. Using the information in this agreement, the pension basis for this year is _____ and the annual contribution is _____.

Health and Dental Plan

Our church will provide coverage for you and your eligible immediate family in the United Church of Christ Health Insurance and Dental Plan.

Social Security and Medicare Offset

Our church will compensate you for the portion of Social Security and Medicare we would pay if you were permitted by the Internal Revenue Service to be paid as an employee of the church. This amount is the percentage established annually by the IRS. The current percentage equals _____ of cash salary and housing allowance, and will be paid to you on a quarterly basis.

Life Insurance and Disability Income Plan

If you are eligible to participate, our church will contribute 1.5 % of the salary basis to the Life Insurance and Disability Income Plan of the United Church of Christ on your behalf. Using the information contained in this agreement, the annual contribution for this plan is \$_____ (1.5 % of the salary basis).

V. OTHER PASTORAL MINISTRY EXPENSES

Our church recognizes that to call forth the gifts God has given you to lead our church faithfully, we must provide both resources and support that will assist you in remaining vital, creative, and energetic for this ministry on our behalf. Therefore, our church will provide you the following pastoral ministry support and reimbursement for expenses incurred while you are conducting ministry on behalf of this church.

Professional Expenses

Our church will reimburse you for professional expenses not to exceed _____ per annum. Professional expenses include such items as books, journals, entertainment expenses for church guests, professional dues, vestments, and other legitimate costs incurred as a result of your service to this church. You may submit expense items for reimbursement on a monthly basis.

Conference, Association and Wider Church Meetings

Our church values your participation in the wider church. Thus, we will reimburse reasonable expenses for attendance and participation in our United Church of Christ national, conference, association, and other meetings. When these events occur during a time we regularly gather for worship, the church will make other provision to provide leadership for our worship services. The amount established for meeting expenses is included as a portion of professional expenses.

Continuing Education

Our church encourages and supports your opportunities to participate in clergy in-service and continuing education programs to strengthen your ministry in this church. Therefore, we have budgeted \$_____ annually for the cost of the educational opportunities, not including travel costs, which are addressed separately below. We expect you to discuss with the Church Council, in advance, the nature, timing, and programmatic impact of these opportunities so that we can negotiate with you the dates and types of events that best support our church's programs and your needs for development.

Travel Costs

Our church will reimburse you, at the Internal Revenue Service mileage rate established each year, for using your automobile in fulfilling the duties of the pastoral office. It is your responsibility to keep a log of mileage for appropriate services in case of a tax audit. There are also times when other transportation means will be necessary, as well as the cost of room and board while attending conference, association, and wider church meetings as well as continuing education events. Therefore, we have established up to \$_____ for this year to cover such costs.

VI. SABBATICAL LEAVE

Our church will provide you with a sabbatical leave of _____ months after _____ years of full-time ministry with our church. During your sabbatical, we will pay your full salary and benefits. We expect you to share with the Church Council, at least one year before beginning the sabbatical, the developing plans for time away. In your absence, we covenant to care for our church, our programs, our worship life, and each other. Further, we covenant not to use this time to accomplish or decide alone what we have not been willing or able to do together. We will, and we expect you will also, use the time to reflect on our mutual ministry in Christ and how we can live more fully into our call as Christ's church. Upon your return, we will invite you to share an overview of activities and learnings from your sabbatical with the church. Unless otherwise agreed before the sabbatical, we expect that you will continue as our pastor and teacher for at least one year after your return.

VII. WEEKLY SCHEDULE, VACATION, FAMILY AND COMPASSIONATE LEAVE

Weekly Schedule

We realize that the demands of church life come at all hours of the day and night and that the covenant with our church requires your attention to matters often beyond your control. In addition, we recognize your need each week to take time for self and family. Therefore, we encourage and support your ability to manage the equivalent of _____ days off per week for rest, relaxation and time with family and friends.

Vacation

Our church provides you _____ weeks of vacation leave during each 12 months of service. The congregation is responsible for our church programs, worship life and each other during your vacation.

Parental Leave

Parental leave is extended if you and your family experience the birth or adoption of a child. You will receive _____ days of parental leave so that you can care for self and family. Parental leave does not accrue and unused leave is not payable upon termination.

Personal/Compassionate Leave

Our church realizes that life is not always predictable or within our control. Therefore, in the event of special circumstances, compassionate leave is available. We understand special circumstances to include the death of an immediate family member, sickness, or personal crisis. We provide you with up to _____ days of compassionate leave per incident. Compassionate leave does not accrue and unused compassionate leave is not payable upon termination.

VIII. DISABILITY AND DEATH BENEFITS

Disability Benefits

Initial Disability. If you become disabled and unable to meet pastoral responsibilities while serving our church, we are responsible for paying full salary, housing, and benefits for _____.

Period of Disability. If disability prevents you from performing pastoral responsibilities longer than _____ days, the church anticipates that the United Church of Christ Life Insurance and Disability Income Plan will become effective.

Death Benefits

In the event of your death while serving our church, we will provide your immediate family, in addition to salary earned but not yet paid: cash salary and housing for the current month; cash salary, housing, Social Security, and Medicare offset for a period of _____ days; and the cash value of any vacation leave earned. Further provisions, if necessary, may be considered and will be discussed with your family by our Church Council, and our association or conference minister, and the association committee on the ministry.

Disability and Death Benefits

If death occurs during the first 90 days of your disability, the church will provide your immediate family with up to _____ days of cash salary, housing, health and dental benefits, and Social Security and Medicare offset for both the initial period of disability and for a death benefit.

IX. REVIEW OF PASTORAL CALL AGREEMENT

Through our Church Council and in accordance with our church's budget cycle, the church will negotiate with you, annually, to update this agreement, keeping in mind increases in the cost-of-living, possible merit increases in salary, and consequent increases in benefits based on salary and housing.

X. OFFICE PROVISIONS

We agree to provide you with an easily accessible office, and to be sensitive to your needs for adequate support staff, appropriate surroundings and equipment.

XI. EVALUATION OF OUR CHURCH'S MINISTRY

Our church accepts its responsibility to live faithfully and in covenant with you, our pastor and teacher. Accordingly, at the end of our first year together and every year thereafter, we covenant to study, review and evaluate the priorities and total ministry (including staff) of our church. The Church Council will establish or assign

a committee with responsibility to conduct this evaluation and make report to the Church Council.

XII. MEDIATION PROCEDURES

Our church acknowledges that even as we pledge our faithfulness to God, one another and you, there may be at times when difficulties within our relationship begin to overwhelm us. In those instances, we covenant with you to seek the support, advice, and wisdom of our association, conference or regional minister, or our association committee on the ministry, in order that we actively work to maintain the goodness of our relationship and the goodness God has placed within it. Either you or the Church Council, representing our congregation, can request such a consultation, if in the opinion of either, our relationships are becoming ineffective or unhealthy.

XIII. TERMINATION OF PASTORAL CALL

Our church recognizes that relationships are always changing and that many reasons can lead to a separation. Thus, either party can terminate this pastoral call agreement giving at least 90 days' written notice to the other or upon other terms to which we both mutually agree.

XIV. FREEDOM AND RESPONSIBILITY OF THE PULPIT

Notwithstanding any of the other responsibilities outlined for our pastor in the Articles of Incorporation and Bylaws of this church or in the other resources referenced on the first page of this document, in accepting pastoral leadership we also accept your freedom of expression in the pulpit as it pertains to matters of faith and faithfulness according to the insight of scripture, the work of the Holy Spirit, the traditions of the United Church of Christ, and the context in which we live our lives.

AGREEMENT

In witness thereof, we have signed our names on this ___ day of _____ 20_____.

For the congregation:

Moderator: (Signature) _____

Date _____

Clerk: (Signature) _____

Date _____

Treasurer: (Signature) _____

Date _____

Pastor-Elect's Acceptance:

Signature _____

Date _____

(Note: Affix church seal here, if available)

Four copies; one each to the following:

Pastor-Elect

Association Church and Ministry Committee

Associate Conference Minister

Local Church

APPENDIX D:

Sample Job Description/Covenant

This could also be used as a position description with minimum rewording. Again, keep in mind that in the United Church of Christ, allowance should be made for mutual expectations and evaluation, congregation and pastor.

PEOPLE As our Pastor, you oversee the spiritual, organizational and program life of this church. We pledge to you all proper respect, love and support for this ministry.

Pastor: I will oversee the worship, work and outreach of the congregation and provide both guidance and direction in all phases of our common life.

PEOPLE: We will support your ministry by our worship attendance, and by our willingness to receive guidance, direction and example from you.

Pastor: I will celebrate all the rites and sacraments appropriate to a United Church of Christ congregation and will provide adequate training and counseling to all who are touched by them.

PEOPLE: We will support and encourage your sacramental leadership among us, and receive, in a spirit of mutual need, your counseling and training relating to the rites and sacraments of the church.

Pastor: I will plan and conduct services of worship each Sunday and at such other times as may be appropriate. I will be expected to research, preach and teach God's word.

PEOPLE: We will be a congregation committed to being teachable and reachable in worship, and to receiving, in all openness, your sharing relating to God's word.

Pastor: I will visit, and give comfort to the hospitalized, sick and shut-in members of our congregation on a continuing basis. I will also seek out and provide adequate instruction to those with a sincere desire to unite with our congregation.

PEOPLE: We will provide you with the assistance of Deacons and others who may, at your direction or request, support and help carry out this ministry.

- Pastor: I will be accountable for a strong program of Christian Education (in conjunction with the Christian Education Committee), oversee the preparation of those to be Confirmed, and provide leadership and/or encouragement for an active youth program.
- PEOPLE: We will assist you with the recruitment and training of a Christian Education Committee and Church School teachers and will work with you to secure adequate lay or professional assistance when needed to carry out an active youth program.
- Pastor: I will direct the ongoing administrative matters of the congregation, and supervise all church staff in accordance with our Bylaws. I will have the right and duty to make recommendations to the Church Council regarding the employment, termination and salary reviews of the church staff.
- PEOPLE: We will provide you with adequate support staff and commit to receive your recommendations, evaluation and input in all matters of administration, operation and personnel.
- Pastor: I will take part in appropriate community activities, and ensure that our congregation takes its' responsibility to engage in mission work beyond the local church seriously. I know you expect me to be ecumenical in my outlook and contribute to the needs of the community as a representative of our congregation.
- PEOPLE: We will support your involvement in the community and ecumenical church, and allow adequate and appropriate time for these activities.
- Pastor: I will be expected to represent the congregation at Association, Conference and national levels of the United Church of Christ.
- PEOPLE: We will support and encourage your participation in the wider work and witness of the United Church of Christ and provide lay delegates to those bodies.
- Pastor: I will act as an ex-officio member of all committees of the congregation and endeavor to assure that all members of such groups understand their purpose objectives.
- PEOPLE: We will not expect that you do everything! We endeavor on our part to not place undue demands on your time relating to these committees and functions. We will not expect you to be out more than three

evenings in any one week, or that you become so involved in the work of the church that the needs of your family are neglected.

Pastor: I will endeavor to assure sound communications between myself and the congregation, and between the congregation and the United Church of Christ.

PEOPLE: We are committed to open, honest and loving communications with you and about you and will support a Pastor Parish Relations Committee. We will be receptive to your leadership when it comes to matters relating to our congregation or to the wider church.

Pastor: I will have the full authority granted me by the United Church of Christ and will abide by the Bylaws of the _____ Church. I will always have freedom of the pulpit and the right to be consulted in any matters decided by the congregation and any of its' organizations, boards, officers or committees.

PEOPLE: We will respond appropriately at all times to your authority and will have the right of conference with you at all times.

Pastor: I will be expected to develop professionally through continued study, reading, conferences and seminars and will share this knowledge with you.

PEOPLE: We will support and encourage you in these endeavors and provide adequate time and resources so that you can fully benefit from growth experiences.

Pastor: I will be expected to perform those other duties which may be mutually agreed upon by myself and the congregation.

PEOPLE: We will assist you at all times in the discharge of your duties, acknowledging that our ministry is a mutual one as pastor and congregation. We will keep you in our prayers as we ask that you keep us in yours.

(Note: If used as the official covenant, it should be co-signed by the Pastor and at least three appropriate church officers, and copies should be kept by all parties, and one copy should be forwarded to your conference/association office.)

APPENDIX E

Writing Position Descriptions

Elements of a Position Description

Each position description should include the following elements:

1. **Title** - The title suggests the general area for which the position is responsible.

Examples include senior pastor, sole pastor, co-pastor, associate pastor, associate pastor for congregational nurture, associate pastor for educational ministries.

2. **Purpose** - A one sentence statement that describes the primary purpose of the position.

3. **Accountability** – Specify to whom the position is accountable. For example, a pastor is primarily accountable to the congregation but also to the Governing Board and, in some settings, the Deacons. The senior pastor of a multistaff church is the head of staff and the supervisor of all staff, unless another staff person is specifically named as supervisor.

4. **Responsibilities** - These include all duties and activities that pertain to the position.

a. Write responsibilities that are clear, concise and number not more than ten. Show the general scope of responsibilities rather than the minute details.

b. Use active verbs such as institutes, develops, designs, administers, recruits, proposes, initiates, creates, preaches, teaches, supervises, implements, directs, visits, plans, cooperates and coordinates.

c. Make the statements observable and measurable.

5. **Relationships** - Describe briefly how the person in this position is expected to relate to the Governing Board and committees within the congregation as well as the UCC Association and Conference.

6. **Evaluation** - State the manner of evaluation to be used as well as how compensation will be reviewed.

Adapted from the Presbyterian Church (U.S.A.), A Corporation's *Guidelines for Session Personnel Committees*, Church Leadership Connection a resource of the General Assembly Council.

APPENDIX F

Sample Position Description

Title: Pastor

Purpose: (NOTE: The following examples describe a variety of situations.)

Purpose Example 1.

To provide spiritual leadership, pastoral care, administrative oversight and organizational direction to a congregation of 2,300 members with a broad program of worship, music, preaching, teaching and fellowship.

Purpose Example 2

To provide a balanced ministry of preaching, teaching, pastoral care, and organizational leadership to a congregation of 285 members, and to enable the church to grow to its full potential in membership and in spiritual vitality.

Purpose Example 3.

To provide a part-time ministry of preaching, teaching, and pastoral care to a congregation of 40 members, and to provide a Christian witness to the residents of a small, rural community.

Purpose Example 4.

To provide a total ministry in the name of the Christian church to an overcrowded 10-block depressed neighborhood in the heart of a large city where crime rates are high and human needs are great.

Accountability: Accountable to the congregation through the Governing Board.

Responsibilities: (NOTE: Examples again describe a variety of situations; yours should describe your particular situation.)

Provide an outstanding biblically based preaching and teaching ministry that will attract people from a wide geographic area.

Preach, lead in worship, and provide a teaching ministry that will lead to the spiritual growth of the membership and awaken them to an active outreach to their neighbors in evangelism.

Lead and inspire the congregation in the development and effective operation of a wide range of program activities—recruiting, motivating and training youth and adult leadership.

Provide active leadership to the Governing Board, the congregation and its organizations in development programs that will enable the church to grow in mission in keeping with its potential in a growing community.

Administer the church's program by leading, directing, and supervising a full-time professional staff of six, including an associate minister, a director of Christian education, a choir director, an organist, an administrative assistant (secretary), a business administrator, a weekday schoolteacher, and any additional support staff.

Maintain the program of activities of the congregation, including the church school, women's association-with two circles, the choir and the Mariners Club.
Provide pastoral services for those in crisis situations.

Develop an active youth program that will bring young people into the church.

Coordinate a multifaceted program of community service and community organization activities, and supervise a professional staff of two and a large part-time and volunteer staff in the administration of programs, which include a well-baby clinic, a youth gang ministry, Head Start classes, adult education, employment services, and a drug rehabilitation ministry.

Work with the Governing Board in developing programs for the congregation, for residents of the neighborhood, and for Christians in the whole metropolitan area.

Relationships: Relates to the Governing Board and designated committees.

Evaluation: Performance reviews will be conducted annually by the Personnel Committee. The Personnel Committee will annually review the adequacy of compensation.

Adapted from the Presbyterian Church (U.S.A.), A Corporation's *Guidelines for Session Personnel Committees*, Church Leadership Connection a resource of the General Assembly Council.

APPENDIX G

Sample Position Description

Title: Associate Pastor

Purpose: To provide leadership and support for the church's program and mission in the areas of stewardship, visitation, and Christian education.

Accountability: Accountable to the congregation and to the pastor as head of staff.

Responsibilities: Assist or share with the head of staff in leading worship, preaching as scheduled and conducting funerals and weddings.

Develop support ministries for persons with particular needs, with particular emphasis on singles and older persons.

Develop, coordinate and evaluate the stewardship program in cooperation with the Stewardship Committee.

Develop and maintain a program of visitation in cooperation with the board of deacons.

Assume necessary responsibilities in the absence of the head of staff.

Assist in the integration of new members and fringe members into the life, work and fellowship of the church.

Relationships: Works in close cooperation with the pastor as head of staff. Attends staff meetings and committee meetings as scheduled, responding to requests of the Governing Board and various committees for information and assistance, and reporting on areas of leadership and responsibility.

Evaluation: Performance reviews will be conducted annually by the Personnel Committee and the pastor as head of staff. The Personnel Committee will annually review the adequacy of compensation.

Adapted from the Presbyterian Church (U.S.A.), A Corporation's *Guidelines for Session Personnel Committees*, Church Leadership Connection a resource of the General Assembly Council.

APPENDIX H

Sample Position Description

Title: Pastor

Full-time ordained position.

Accountability:

The pastor is responsible to the congregation through the elected Governing Board.

SUMMARY:

The Pastor of _____ Church, United Church of Christ, is called to be the church's partner in ministry as the church seeks to live out faithful witness to the Gospel of Jesus Christ. The Pastor serves as leader and guide, companion and friend, supporter and resource to strengthen the life and work of the church and the ministry of all believers.

The Pastor is both pastor and teacher, dedicated to preaching and teaching the Word of God and empowering the laity to become disciples to carry out the ministry of the church.

The Pastor holds as an overarching value a commitment to the education and spiritual growth of Christians of all ages.

The Pastor upholds professional and ethical standards consistent with his/her ordination vows and the Ordained Minister's Code of the United Church of Christ.

The Pastor cultivates a climate that encourages and nurtures collaborative ministry between staff and laity and is attentive to both interpersonal and organizational ethics.

The Pastor strives to develop an ethos of teamwork among the staff and lay leadership and creates a collegial work environment appropriate for people working together.

The Pastor encourages open and honest communication.

The Pastor is committed to professional and spiritual growth and continued study.

RESPONSIBILITIES:

1. The Pastor works with the Governing Board to help the church envision its general direction and articulate its purpose and mission.

2. The Pastor is the primary leader in the planning and implementation of worship services. He/she is the primary staff advisor to the Worship Committee.
3. The Pastor preaches at approximately 80% of the Sunday worship services.
4. The Pastor performs weddings, funerals, special services, baptisms and other liturgical rites, including the necessary preparatory counseling. He/she also works collaboratively with the relevant staff and laity in the scheduling process.
5. The Pastor provides pastoral care to persons in need including hospital calls and bereavement counseling.
6. The Pastor provides short-term pastoral counseling.
7. The Pastor seeks to maximize his/her effectiveness by delegating much of the programmatic work to other staff and to the laity through committees and task groups.
8. The Pastor is a voting member of the Governing Board, acts as the primary staff advisor to the Council, and works collaboratively with them to set and review overall budgeting processes, initiate long-term planning, and oversee its implementation.
9. The Pastor provides direct supervision, including annual performance evaluations, the Minister of Music, Church School Superintendent, Church Secretary and Sexton.
10. The Pastor works collaboratively with the laity and other staff to participate in community, denominational and ecumenical activities. The Pastor is expected to participate in the life and work of the United Church of Christ.
11. The Pastor is the primary staff advisor to all committees in the church.
12. The Pastor takes primary responsibility to develop adult education opportunities.
13. The Pastor is the primary staff advisor to the Deacons and works with them to enrich the spiritual climate of the church.

(adapted, Central Association, MA Conference)

APPENDIX I

Useful Phone Numbers, Address and Resources

1. Conferences of the United Church of Christ

Directory: <http://www.ucc.org/directory/conferences.htm>

2. National Offices of the United Church of Christ:

National Offices:
700 Prospect Avenue
Cleveland, OH 44115
866-822-8224

Parish Life and Leadership Ministry Team:
866-822-8224 Ext. 3850

<http://www.ucc.org/ministers/index.html>

3. Additional Resources

- Hammar, Richard R., *Church and Clergy Tax Guide* (Updated Annually) Christian Ministries Publications, Greensboro, NC
- Worth, B.J., *Income Tax Guide for Ministers and Religious Workers*, World Publishing, Iowa Falls, Iowa.
- Holk, Manfred, *Handbook of Personal Finance for Ministers*, Church Management, Inc. Austin, TX.
- Internal Revenue Service, Publication 517, .Social Security for Clergy and Religious Workers. <http://www.irs.gov/>
- Parish Life and Leadership in Local Church Ministries, UCC: *The Pastoral Relations Committee*
- Darnley, Carol .Clergy Taxes and Compensation
- Alban Institute, *Sabbatical Planning*
- Hudson, Jill, *When Better Isn't Enough: Evaluation Tools for the 21st-Century Church*, Alban Institute
- McMahill, David, *Completing the Circle: Reviewing Ministries in the Congregation*, Alban Institute