

PRESBYTERY OF SUSQUEHANNA VALLEY
PASTOR COMPENSATION 2015
Report to the Presbytery, September 20, 2014

To: Sessions of the Churches of the Presbytery of Susquehanna Valley
 From: Presbytery's Committee on Ministry
 Re: Information to Assist Your Annual Review of Pastor Compensation

1. ANNUAL REVIEW OF PASTOR'S COMPENSATION

The Session has the responsibility "to review annually the minister's terms of call and shall propose for congregational action (G-1/0501) such changes as the Session deems appropriate, provided they meet the Presbytery's minimum requirements." (*Book of Order G-2.0804*).

2. COMPENSATION OF PASTOR

At its meeting on September 20, 2014 the Presbytery voted to maintain the following terms for a full time call for 2015.

A. Presbytery will be asked to approve the following minimum terms for all full-time calls:

1. Churches with a manse:

- a. Cash salary: \$31,443**
- b. Full payment of utilities
- c. Full use of the manse
- d. Full pension and medical dues (35% of effective salary)
- e. Social Security Offset 7.65%
- f. Professional expenses including travel at IRS rate.
- g. Two weeks study leave and study leave allowance of \$1,000.**
- h. Four weeks vacation (4 Sundays)

2. Churches with a housing allowance:

- * **a. Cash salary: \$46,536 (salary and housing allowance)**
- b. Full pension and medical dues (35% of effective salary)
- c. Social Security Offset 7.65%
- d. Professional expenses including travel at IRS rate.
- ** **e. Two weeks study leave and study leave allowance of \$1,000.**
- f. Four weeks vacation (4 Sundays)

* Minimum is 84% of church-wide median salary of \$55,400

** If a pastor plans to accumulate study leave, these plans should be shared with the session in advance.

B. Presbytery recommends that, regarding the compensation for pastors and associates already in service, churches consider raising their effective salaries 1.65%. This is the suggested cost of living increase for use in salary reviews. (See below for explanation). Additional merit increases for experience, outstanding service, and/or educational achievement should be considered. Churches are required to pay 7.65% of the pastor's effective salary as an offset to the Social Security taxes paid by pastors.

C. COM recommends the following:

1. Medical supplement fund to meet BoP deductible: 1 or 1.5% of effective salary.
2. Vacation in excess of required amounts after 5 years continuous service.
3. 10 Holidays
4. Sabbatical leave of 3 months after 6 years consecutive service in the same church(es).

3. EXPLANATIONS

- A. Cost of Living Adjustment: 2.1% is the change in the Consumer Price Index from May 2013 through May 2014. 1.65 % is the change in the church-wide median salary from 2013. This range allows churches to maintain their pastors' purchasing power against the effects of inflation, and to remain competitive in attracting and retaining pastoral services. This range represents the minimum increases currently serving pastors should receive for 2015. Additionally, merit increases should be awarded.
- B. Merit increases should be awarded to pastors on the basis of outstanding or sacrificial service, and/or increased competency as a result of experience or educational achievement.
- C. We require that "Social Security Offset" be a separate budget line within the compensation category. **Please note: Social Security payments by the church to a pastor may be included or excluded when calculating Effective Salary as negotiated by pastor and church.** Social Security Offset amounts exceeding 50% of the pastor's Self-Employment Contribution Act obligation must be included in figuring Effective Salary.
- D. Churches that provide manses are encouraged to designate a portion of cash salary as "furnishings and appurtenances allowance" to enable pastors to take advantage of tax codes which allow any expenses related to pastor's housing to be excluded from income for federal and state income tax purposes. Such furnishings and appurtenance allowances are to be included in calculating the cash salary minimum and effective salary.
- E. Churches paying a housing allowance must record in their session minutes the amount of annual cash salary compensation and the corresponding annual amount of housing allowance. The IRS has held that, should a pastor's taxes be audited, this is the only official designation of such allocations that the IRS will recognize.
- F. **Manse Value. The IRS requires that the "fair market rental value" of the manse be recorded in the Session minutes. This is the official value used for tax purposes. The Board of Pensions determines manse value as 30% of cash salary, deferred compensation, and any other payments received as allowances and not reimbursement. To simplify "effective salary" calculations, Social Security Offset may be excluded in determining Manse Value.**
- G. Churches are urged to use a voucher system to reimburse professional expenses (mileage, books, etc.) to simplify expense records and for IRS considerations.
- H. To clarify what is included and not included in "Effective Salary" for Board of Pension purposes:
- Included:** Cash salary; deferred compensation; if a manse is provided, utilities allowance paid to the pastor, and a Manse Value (cash salary + deferred compensation) multiplied by 30%; **Or,** if a housing allowance is provided, the actual amount paid as "Housing Allowance"; allowances paid to the pastor for manse furnishings, car use, books/ subscriptions and study leave. Social Security Offset may be included in calculating Effective Salary. **Other compensation such as medical deductible allowance/ reimbursement, life insurance, and bonuses are to be included in Effective Salary.**
- Not Included:** Reimbursements for professional expenses such as mileage, books, subscriptions, and study leave through an accountable voucher plan, and utilities paid directly by the church.
- I. Study leave Sundays normally will be contiguous to study leave times. However, if this is not the case, the pastor shall be assured of these two study leave Sundays, and will negotiate with the church, prior to periods of study leave, the most appropriate dates for these Sundays.
- J.

4. AID TO CHURCHES

The Presbytery requires that all churches will pay their pastor at least the minimum salary in 2015. If any church feels it is unable to do this, please request an exemption with the Committee on Ministry. (Letter from Session to Committee on Ministry c/o Presbytery address) The Committee will consult with you about your financial situation of real, documented need. The Committee is ready to work with you in the area of compensation.

5. PENSION AND MEDICAL BENEFITS PLAN

The Pension and Medical Benefits Plan includes retirement benefits, comprehensive major medical insurance and death and disability benefits. Annual dues will be 35% of Effective Salary for 2015. Pension dues are calculated as follows (assumes reimbursements used and S.S. Offset excluded):

Example:	With a manse		Example: With a housing allowance		
	2014	2015		2014	2015
Cash Salary	30,933	31,443	Cash Salary	45,780	46,536
30% Manse Value	9,280	9,433	+ Housing Allowance		
* S.S. Offset	2,366	3,127	* S.S. Offset	3,502	3,560
Effective Salary	40,213	40,876	Effective Salary	45,780	46,536
35 % Dues	14,075	15,025	35% Dues	16,023	16,288

Note: If deferred compensation also is “paid”: (1) with a manse, include deferred compensation with cash salary to calculate Manse Value, then calculate Effective Salary on the entire amount including S.S. Offset (if SS is included); (2) with a housing allowance, include deferred compensation with cash salary + housing allowance, then calculate Effective Salary on the entire amount. * S.S. Offset is ordinarily not included in Effective Salary, however; any amount over 50% of S.S. Offset must be included in Effective Salary as required by the Board of Pensions

Please contact the CoM if you need additional information or have any questions.

PRESBYTERY OF SUSQUEHANNA VALLEY
2015 MINIMUM COMPENSATION STANDARDS
 APPLIED TO PART-TIME MINISTRY*
 (*for ordained ministers who are members of Presbytery)

FOR CHURCHES PROVIDING MANSES

	Effective Salary	Cash Salary	Manse & Utilities	7.65% SS Offset	35% Pension @	Total	Travel
Full Time (100%) (5-1/2 days/week – 48 hours)	40,876	31,443	9,433	3,127	15,025*	58,306	IRS Rate
¾ Time (75%) (4 ½ days/week- 36 hours)	33,015	23,582	9,433	2,526	14,082*	51,167	IRS Rate
2/3 Time (66.6%) (4 days/week – 32 hours)	30,405	20,972	9,433	2,326	13,769*	41,250	IRS Rate
½ Time (50%) (3 days/week – 24 hours)	25,155	15,466	9,433	1,928	13,139*	40,222	IRS Rate
1/3 Time (33%) (2 days/week – 16 hours)	19,904	10,471	9,433	1,523	**	21,427	IRS Rate
1/4 Time (25%) (1-1/2 Days – 12 hours)	17,294	7,861	9,433	1,323	**	18,617	IRS Rate

*Medical portion (23%) is figured on the Minimum Participation Basis of \$44,000 since the pastor’s Effective Salary is lower than the MPB. Pension Dues = .23 x 44,000 = 10,120 + .12 x Effective Salary.

** Pastors employed less than 20 hours per week are not eligible to participate in the Board of Pensions benefits plan. In that situation it is recommended that churches explore Limited Participation dues with the Board of Pensions for Medical and Death & Disability benefits.

@ Calculation excludes Social Security Offset

1. These figures are calculated for churches offering a manse as a portion of compensation. Increases over 2014 minimums reflect an adjustment of 1.65% based on the previous Cash Salary.

2. Four weeks vacation (28 days including 4 Sundays) and two weeks study leave (14 days including two Sundays) pro-rated are required.

3. Presbytery requires a study leave allowance of at least \$1000 for full-time.

4. Full-time approximates 48 hours per week.

5. Part-time Cash Salary = % Time x 31,443.

6. Note that Manse Value & Utilities, \$9,433, is a constant when a manse is provided.

7. SS Offset = .0765 (Cash Salary + Manse Rental Value)

PRESBYTERY OF SUSQUEHANNA VALLEY
 2015 MINIMUM COMPENSATION STANDARDS
 APPLIED TO PART-TIME MINISTRY*
 (*for ordained ministers who are members of Presbytery)

FOR CHURCHES PROVIDING HOUSING ALLOWANCES

	Salary & Housing	7.65% SS Offset	35% @ Pension	Total	Travel
Full Time (100%) (5-1/2 days/weeks – 48 hours)	46,536	3,560	16,288	66,584	IRS Rate
¾ Time (75%) (4 ½ days/weeks – 36 hours)	37,902	2,670	14,308*	51,750	IRS Rate
2/3 Time (66.6%) (4 days/week – 32 hours)	30,993	2,371	13,839*	47,203	IRS Rate
½ Time (50%) (3 days/weeks) – 24 hours)	23,268	1,780	12,912*	37,960	IRS Rate
1/3 Time (33.3%) (2 days/week – 16 hours)	15,496	1,185	**	16,681	IRS Rate
¼ Time (25%) (1 ½ days/week – 12 hours)	11,634	890	**	12,524	IRS Rate

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