

2019-2020

Indiana-Kentucky Synod

PROPOSED STANDARDS and WORKBOOK FOR MINISTERS OF WORD AND SERVICE COMPENSATION

(Standards for Ministers of Word and Sacrament are provided separately.)

Recommended by the Synod Council
for adoption
by the 2019 Indiana-Kentucky Synod Assembly
May 31-June 2, 2019

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Dear Friends in Christ Jesus,

We're pleased to present to you the proposed 2019-2020 Indiana-Kentucky Synod Compensation Standards for ELCA Ministers of Word and Service (Deacon). We provide these for your use in determining just and honorable salary, benefits, allowances, and reimbursements for your professional staff. This is the best tool we have to enable you to make these decisions in a collaborative atmosphere with your co-workers in the gospel who give their lives to the ministry of Jesus Christ with you in your congregation. Please note that "Process 1" is the process for determining compensation for a leader already under call and that "Process 2" is to be used in the Call Process.

Please use the standards in such a manner that there is good conversation between you and your rostered minister(s). It is wise to begin these discussions at least four months before your congregation's next fiscal year, in an open manner with your executive committee and each staff professional. These standards contain a process to assist discussion about issues relating to compensation. Further, these standards present charts and tools for you to calculate and determine compensation, as well as benefits, allowances, and reimbursements following established standards across the Evangelical Lutheran Church in America.

Rostered Ministers are strongly encouraged to take the initiative in this conversation with parish leaders since you are the ones who should understand your needs and desires. Don't expect your parish leaders to be mind readers. They're waiting for you to be a leader.

With regard to Cost of Living (COLA), please visit the Social Security website at www.ssa.gov as well as contact your local Chamber of Commerce. These are very helpful in finding the actual cost of living variances in your specific county. Remember this is a 'look back', and not a predictor of the year to come. Also, visit the ELCA website (www.elca.org) for further compensatory information.

Since age is now a factor (along with geography, size of congregation, and amount of compensation) in figuring health benefits rates there is no longer a chart with percentages for the coming year. Contact Portico Benefit Services (formerly ELCA Board of Pensions) by phone (800-352-2876) or e-mail (mail@porticobenefits.org) for information and assistance.

If you desire assistance with any matter in this document, or have a question not addressed in the document, please do not hesitate to contact any of our committee members directly through the Indiana-Kentucky Synod office.

These Standards are recommended by the Synod Council for adoption by the Indiana-Kentucky Synod in Assembly, May 31-June 2, 2019, and, upon adoption, become the appropriate norm for use in a current call process or in current conversation around compensation for a rostered minister under call.

Please note that these are minimum standards for *Ministers of Word and Service (Deacon)*. A separate guideline is provided for *Ministers of Word and Sacrament (Pastor)*.

With joy in the Gospel of Jesus Christ,

Martha Helms, Deacon Barbara Limbach, Rev. Dr. Jerry O'Neal, David Quandt and Rev. Heather Apel
Indiana-Kentucky Synod Rostered Ministers Compensation Committee

How to Plan Compensation with Your Rostered Minister(s) for 2019-2020

Often one of the most difficult challenges in ministry is deriving a fair and equitable compensation for the rostered minister(s) in your congregation. Generally, this has not been addressed until late in the process of preparing a new budget for the following year. This is a mistake since it often results in frustration for both the rostered minister(s) and those trying to make decisions with regard to salary, benefits, and reimbursements. The following guidelines should make this process pleasant and honest.

Obviously, first, begin your process with prayer. Second, know that your rostered minister(s) are not 'hired', they are 'called' into ministry with you, alongside of you.

It is extremely important that the rostered minister(s) be involved in this planning from the beginning to the end since they are the persons most affected by the final outcome. It is often difficult to talk about money and benefits, but it should not be. Good communication can, and must, occur at each step of this process.

1. Who should be in the planning process: The process should include the rostered minister(s) and the Executive Committee of the Congregation Council, and it may involve a member of the Mutual Ministry Committee, if appropriate. These are the people who can best assess the minister's effectiveness and his/her own needs, and have a grasp of the church's finances. Having more people in the meeting will slow communication and reduce effectiveness of the meetings. These are closed meetings and not open to the congregation for the purpose of maintaining a high level of open, honest, and healthy communication among the various leaders present.
2. What areas should be explored in the meetings: There are two areas of discussion: effectiveness and need. Start with need (First Meeting), which is the current compensation each rostered minister is receiving. Compensation of the minister is no secret to the congregation, because it is listed in the annual budget and/or annual report to the congregation. It includes, but is not limited to, the following areas: base salary, defined benefits (including housing allowance or equity allowance in the case of a church-owned parsonage), pension and full health care/lump sum death benefit/disability insurance, continuing education, book allowance, social security offset, reimbursements (car allowance, other tangibles applicable to your setting). Go through these step by step. Ask the minister at each juncture if he/she has any input that would be germane to the discussion. This may seem laborious, but the value is obvious since only the rostered minister knows precisely how the current mix of salary, benefits, and reimbursements affects her/him. In some cases, your rostered minister is below approved Synod established Minimum Compensation Standards. This needs to be discussed and remedied. Do this early in the process, preferably in early or mid-August, or four months before your congregation's new fiscal year. Take a lot of notes during the meeting and share those written notes that week with members present, and not present. This meeting should last about two hours. Your second meeting should be in two weeks.
3. How to address effectiveness of the rostered minister(s) (Second Meeting): It is never a question of how hard a person works, or how many hours, but what gets done and the effectiveness of the work. This is without doubt the most difficult area to quantify. Effectiveness is always a subjective judgment call at best. What one person might find important, another does not. Is sitting with the family during a routine surgery of a loved one important? Is reading and preparation for sermons/meetings/teaching/Scripture study and prayer important? Is visiting regularly in the homes of church members important? Remember, much of what a pastor, or deacon, does is confidential, and thus cannot be judged in terms of effectiveness. Effectiveness is always, at best, a judgment call. Depending on each individual, subjective value judgments often are completely different. It has been said that every pastor, or deacon, has as many bosses as there are baptized members in the congregation. If that is true, then not all will be satisfied with the ministry at any given time, and the minister will not be a leader at all, but a hireling. Some will want the minister to be a chaplain, someone to take care of them and others in the congregation. Some will want the pews packed on Sunday and the offering plate full and will expect that to be the responsibility of the rostered minister. Some will want the rostered minister to prepare congregational members for leadership and provide vision and clear focus for the total ministry.

Importance and effectiveness are linked together in each person's mind. These are difficult to separate though they are clearly not the same, and even can work against each other. Finally, who decides the rostered minister's effectiveness? We believe it is the responsibility of the Congregation Council, not the general congregation, nor the rostered minister. If the rostered minister works well with his/her Congregation Council, you have an effective leader in your setting. Pastors and deacons are called to a SHARED MINISTRY with you. If there is not any sharing going on, it is the pastor or deacon's responsibility to make it happen. If assistance is needed to improve the shared ministry, use all resources available, especially Synod staff. This meeting should last about two hours.

4. How do we derive Total Compensation for the coming year: After you have completed the previous steps of the process, bring the entire group together to put the pieces together. Start with the effectiveness component that will help you determine how you will deal with the Synod Rostered Ministers Compensation Standards for next year. Review all the blank spaces of the Compensation Standards as provided in the attached workbook. Together, fill out the compensation material and discuss each item, at length if necessary. Start with the current base salary. Do two things with this number: First, check the grid of years of experience and size of worship attendance to see how it compares; second, have a conversation about a cost of living increase. Then move to each item: housing, continuing education, and book allowance. Then move on to benefits and reimbursements. When this part of the process is completed, total it, and then discuss it together with your rostered minister(s). Let your rostered minister take the initiative here. Once again, it is he/she that will be most affected by this decision. This meeting will last approximately two hours.

Hopefully, everyone will have had much time to pray, think, and discuss this very important part of your ministry. You honor the Lord God, your congregation, and your pastor/deacon by following the steps of this simple process. By God's grace you will all enjoy this unhurried process, and come away from your meeting closer to one another, and your Lord God. If you have questions, or need resource materials, do not hesitate to contact any member of the Indiana-Kentucky Synod Rostered Ministers Compensation Committee through the synod office or the Indiana-Kentucky Synod staff for assistance. We stand ready to help you at any time.

In shared ministry with you,
Indiana-Kentucky Synod Rostered Ministers Compensation Committee

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I. GENERAL INFORMATION

COMPENSATION PACKAGES

There are two categories for determining the compensation package for a Minister of Word and Service (Deacon). Process 1 should be used for calculating the compensation package for a deacon *currently under call*. Process 2 should be used in calculating the compensation package *during the Call Process*. Whichever process you use, the first step is to make yourself familiar with the information on pages 6-15.

SALARY

Salary is that portion of the compensation provided to sustain the rostered minister who is called to carry out the Lord's work through the congregation. Salary does not include professional expenses or mileage reimbursements. Income from any other source and/or the income of a spouse should not be a consideration.

Other factors which are to be considered in establishing the salary package for Ministers of Word and Service include:

1. Level of education
2. Length and variety of experience*
3. Certification by ELCA or predecessor bodies
4. Quality of performance
5. Job Description / Complexity of responsibility
6. Cost of living in a particular geographical area
7. Educational debt
8. Median income of the congregation and/or income of congregational members with comparable positions in the secular community
9. Length of time in the parish
10. Part time / Full time

*Appropriate credit should be given for volunteer ministry experience, ministry experience in non-Lutheran settings, church agency employment or volunteer work, and non-ministry experience, particularly of second career candidates. Appropriate attention should be given to prior experience which, while not identical to the current position, has certainly helped to prepare the staff member for his or her current position.

Congregations should also consider educational debt load of first call candidates.

Benefits include health, retirement, disability, and basic life insurance benefits.

Professional Reimbursements and Expenses are the funds provided by the congregation to reimburse the rostered minister for expenses related to the necessary performance of his or her duties, including automobile mileage reimbursement, continuing education allowance, books and journals, etc. This is covered on a separate page following "Base Salary and Benefits."

HOUSING: Ministers of Word and Service are considered employees by the IRS for purposes of Social Security and income taxes, and require standard withholdings from their salaries. A standard W-2 is issued. Congregations are encouraged to consider costs of local housing in determining compensation for all staff members. Moreover, housing allowances in addition to salary or parsonages are typically not available for deacons, and so the salary standards are based on the need for these people to provide their own housing.

However, a congregation may consider designating a portion of the salary as housing allowance for the deacon if they qualify under IRS policy, and this should be done each year.¹ The Congregation Council would have to pass a resolution to that effect. “The church or organization that employs you must officially designate the payment as a housing allowance before it makes the payment. It must designate a definite amount. It can't determine the amount of the housing allowance at a later date. If the church or organization doesn't officially designate a definite amount as a housing allowance, you must include your total salary in your income.”

Shown below is a sample resolution designating a housing allowance:

Resolved that of the total cash salary for the year 2____, \$_____ is hereby designated as housing allowance for Deacon _____.

When it is time to pay income tax, it is important to note IRS Publication 517:

If you own your home and you receive as part of your salary a housing or rental allowance, you may exclude from gross income the smallest of:

- The amount actually used to provide a home,
- The amount officially designated as a rental allowance, or
- The fair rental value of the home, including furnishings, utilities, garage, etc.

You must include in gross income the amount of any rental allowance that is more than ***the smallest of:***

- Your reasonable salary
- The fair rental value of the home plus utilities, or
- The amount actually used to provide a home.

¹ <https://www.irs.gov/pub/irs-pdf/p517.pdf>

BENEFITS

PENSION AND HEALTH BENEFITS

In January 1, 2014, the most significant changes brought about by the Affordable Care Act (ACA), also known as health care reform, took effect. They have implications for many employers, including congregations.

1. Each state has a health insurance marketplace, also called an exchange, where individuals can buy health insurance. The State of Indiana chose not to provide a marketplace, and so the federal government manages one on the state's behalf. The Commonwealth of Kentucky has a state exchange. The plans offered in the marketplace are in four categories:

- Bronze
- Silver
- Gold
- Platinum

Portico offers similar plans:

- Bronze+
- Silver+
- Gold+ (the recommended level of coverage)
- Platinum+

This document sets as the standard for the “Definition of Compensation, Benefits, and Responsibilities of the Deacon” the Portico Gold+ Plan. A Letter of Call will be signed by the Bishop only when that standard is met to the satisfaction of the Bishop. In some cases, it may benefit the rostered minister to select either the Bronze+ or Silver+ plan which can come with a Health Savings Account (HSA). If this option is desired by the rostered minister, it should be discussed with the Executive Committee before the time of the annual selection and/or noted to the Bishop during a call process.

2. The standard expectation of this synod is that any congregation or eligible ministry setting will provide health coverage for the rostered minister and their family, unless the rostered minister's family is covered elsewhere or chooses to waive coverage.
3. ELCA-Primary health contribution rates are based on geographic region, age and salary.
4. For 2020, each ELCA employer will need to select one ELCA health plan option for all employees (rostered ministers and lay church workers) that the congregation will pay for.
5. Once the employer makes a selection at *EmployerLink* on the Portico web site (www.porticobenefits.org), the employee will confirm that choice or choose to buy up to another plan option at *myPortico* (also on the Portico website), and will be responsible for the cost difference. For example, if the employer selects the Gold+ plan and the employee opts to buy up to the Platinum+ plan, the employee would pay the difference in cost.

Portico will continue to include in the required contributions a percentage that goes to a) Disability and Survivor Plans and b) Retiree Support (this is support for those retired rostered leaders whose pensions are low due to low compensation throughout their years of service). Portico will also include the Pension payment at the amount reported by the congregation, generally 12%.

When a deacon waives health coverage because of coverage through the insurance of a spouse, or waives the coverage of their spouse/family through Portico, the congregation is strongly encouraged to provide additional compensation to their salary to account for the cost of this health coverage elsewhere. This additional compensation may be taxable income unless a Health Reimbursement Arrangement has been established.²

The ELCA benefits program contribution rates are a percentage of defined compensation. Defined compensation is base salary, before any pretax benefit contributions* are deducted. For deacons, the defined compensation includes the full salary including any amount that may be designated as a housing allowance.

The Synod recommends that congregations contribute the 12% retirement rate for deacons. This 12% rate should be used whether the deacon is called full-time or part-time, as this percentage is calculated on their defined compensation and will therefore reflect a reduced amount if the deacon is not full-time. Additional retirement contributions can be made by the employee (member pretax). If the employer chooses to make additional contributions from time to time, they can be included when paying the regular monthly bill by using the *Explanation of Payment* included in the monthly billing statement.

ELCA-primary health benefits include a personal wellness account offering financial wellness dollars that can be earned each year by members (and spouses). The ELCA Flexible Benefits Plan is also available to employees who are sponsored in the ELCA benefits program and receiving ELCA-primary health benefits. ELCA-primary health benefits are exclusive of Medicare. (Those on Medicare may register for a personal wellness account, but are not eligible to receive the financial rewards.) See www.porticobenefits.org for more information.

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

WHAT DO I DO WHEN I TURN 65?

Medicare is a health benefits program for U.S. citizens or permanent residents who meet certain work history requirements:

1. Age 65, or older,
2. Individuals with End-Stage Renal Disease (ESRD),
3. Under age 65 with certain disabilities:
 - a. You have been entitled to Social Security disability benefits for at least 24 months (which need not be consecutive); or
 - b. You receive a disability pension from the Railroad Retirement Board and meet certain conditions; or
 - c. You have Lou Gehrig's disease (amyotrophic lateral sclerosis), which qualifies you immediately; or
 - d. You have permanent kidney failure requiring regular dialysis or a kidney transplant — and you or your spouse has paid Social Security taxes for a certain length of time, depending on your age.

² <https://www.clergytaxnet.com/health-reimbursement-arrangement-churches/>

To learn more about Medicare and how it can impact benefits and healthcare coverage with Portico go to these websites:

- Medicare Center for Medicare & Medicaid Services: www.cms.gov
- Medicare: www.medicare.gov
- Portico EmployerLink:
<https://employerlink.porticobenefits.org/Home/Resources/EmployeeTurns65.aspx>

SICK LEAVE, FAMILY LEAVE, DISABILITY AND WORKERS' COMPENSATION

Sick leave of up to six weeks per year with full salary and benefits should be provided by the congregation when needed. This is not accumulated and should not be abused. This is not an entitlement. If a deacon's health concerns last longer than the normal six-week sick leave, or they are considering applying for disability coverage, the congregation council should consult the synod office for guidance on continuing compensation and benefits, as well as available interim deacon leadership for the congregation.

Paid **Family Leave** with full benefits of six weeks is standard practice when a child is born or adopted. The number of weeks of leave before and after the birth should be specified in advance and in mutual discussion with the staff member. If additional family leave beyond the six weeks is desired, it should be negotiated with the congregation council and is typically either paid vacation time or unpaid leave. Similarly, paid Family Leave with full benefits of six weeks also should be available to care for a sick family member such as a spouse, child, parent, or sibling. Family leave also includes time for bereavement leave to grieve and heal from the loss of an immediate family member. It is recommended that Rostered Ministers take one to two weeks. ***When calling a new deacon, the congregation must include a comment about sick leave and paid family leave on the ELCA Compensation and Benefits Form, under F. Other Matters.***

In the event a sponsored member of the ELCA benefits program is unable to perform his/her normal occupation for any employer, as a direct result of injury or physical or mental disorder that is verified by objective medical information from a Qualified Health Care Provider, they can apply for **Total or Partial Disability**. If granted, they may be eligible to receive these benefits:

1. During the first two months of disability (waiting period), the Participating Employer is expected to pay the Sponsored Member's full salary and to continue contributions for the Sponsored Member's ELCA health, retirement, disability, and basic life insurance benefits.
2. Once the Total or Partial Disability is approved the program may include
 - a) A monthly income benefit, and
 - b) Contributions for health benefits coverage under the ELCA Medical and Dental Benefits Plan for the Totally or Partially Disabled Member and his/her eligible family members, and
 - c) Contributions to the Totally or Partially Disabled Member's retirement account under the ELCA Retirement Plan, and Contributions for basic group life insurance.

A Sponsored Member must file a claim with Liberty Mutual, the Disability Benefits Administrator, within six months of becoming Totally or Partially Disabled. The disabling condition must have occurred while he/she was a Sponsored Member and the first day absent due to the disabling condition must occur while the Member is a Sponsored Member. A disability claimed for a date after the Member terminates employment or ends a call is not covered under the Disability Benefits Plan. See www.porticobenefits.org for more information on the ELCA Disability Benefits Plan.

Monthly disability benefits available to eligible interim deacons who have chosen to continue ELCA disability coverage at their own expense while between assignments or on leave from call are slightly different.

Congregations are legally required by Indiana and Kentucky state law to secure **Workers' Compensation** on pastors and deacons (*as well as all other employees*) and provide for such expenses in the event of disability.

OTHER BENEFITS

WEEKLY HOURS/TIME OFF

Deacons, like anyone else, need some time off from work in order to rest and re-energize themselves. Congregations should ensure that their Deacon has **two full days off per week**. The weekly schedule (days/hours) may be negotiated as necessary. For the well-being of the deacon and the health of the congregation, such a schedule **should not exceed 50 hours in a work week**.

VACATION

Everyone needs a period of time away from the job in order to refresh and recharge him or herself. The congregation should provide a minimum of four weeks of paid vacation per year (28 days, including the expected 2 days off per week, if full-time), including 4 Sundays for all rostered ministers. If a rostered minister is serving in a part-time call, they should still receive 4 weeks of paid vacation for whatever their typical ministry days are, which includes 4 Sundays. An additional week of vacation should be granted after 15 years of service in the ministry, another week after 25 years in the ministry. Continuing education time is not to be regarded as vacation.

Congregations in which a deacon has served for an extended period of time should consider additional vacation time. All costs and procurement of ministry coverage during vacation times, including worship leadership supply, are the responsibility of the congregation.

HOLIDAYS

Because of the nature of their professional responsibilities, deacons are frequently unable to take advantage of three-day weekends and other holidays such as Christmas, Easter, etc. Generally, 9-11 total holidays should be granted, **plus three floating personal days** at the discretion of the Congregation Council. Consideration should be given, and the staff member encouraged, to take days off another time during the week to compensate for these holidays. This should not be counted as vacation time.

CONTINUING EDUCATION / SABBATICAL LEAVE

The purpose of continuing education is to strengthen the professional for more effective service. The ELCA expects a minimum of 25 contact hours annually in organized continuing education. These experiences are to be with colleagues and under responsible sponsorship, capable directors, and qualified instructors.

The congregation is encouraged to establish a fund to which it annually contributes a minimum of \$700, with a deacon contributing a minimum of \$300, for a total of \$1,000. Any money which a deacon contributes to the fund belongs to the deacon and may accumulate over a period of years. If the deacon resigns the call, any money contributed by the deacon but not used returns to the deacon. This money would be used for registration, course materials, travel and housing while the person pursues approved continuing education. Financial assistance is available through the Indiana-Kentucky Synod Leadership Support Committee.

Continuing education may range from a single day seminar to enrollment in a formal program at an educational institution. Deacons in their first call are expected to participate in **First Call Theological Education**; documents outlining this program are available through the Synod office. The ELCA call form presently recommends a minimum of two weeks of continuing education annually, cumulative up to

three years. It is recommended that the professional staff member attend the annual Fall Professional Leaders Conference offered each year in the Indiana-Kentucky Synod.

Congregations should offer their deacon **sabbatical leave** time for spiritual and personal renewal which may be a maximum of eight weeks after four years or twelve weeks after six years in a congregation. Such sabbatical time should normally be offered at either of these intervals during a long term of service and should not preclude vacation time during the year in which the sabbatical leave is taken. The sabbatical should include an education emphasis. The request for sabbatical leave, along with the specific description and purpose of the leave, are to be submitted to and approved by the Congregation Council at least six months prior to the time the leave is to begin. Congregations might want to include in the budget and set aside funds each year toward that sabbatical so that its cost might be spread over several years.

During sabbatical leave, the congregation continues to provide normal compensation and pays for any congregational ministerial expenses related to the absence of the staff member. The staff member is responsible for expenses related to the sabbatical, such as additional living expense, tuition, books, and supplies. Supplemental funds are available from the synod to rostered leaders for these related expenses. Normal vacation time may be used to extend the sabbatical leave.

A report of the staff member's sabbatical activities is to be submitted to the Congregation Council, and a staff member taking a sabbatical is expected to continue to serve the congregation for a minimum of a year following the leave.

Continuing education and sabbatical leave time accrue to an individual during service in a single congregation. All accumulated educational time is forfeited with the acceptance of another position. Such educational time may not be used for vacation purposes, transferred to another rostered staff member, or exchanged for monetary reimbursement.

SABBATICAL PLANNING FOR INTERIM MINISTERS

Any Rostered Interim Minister who has not yet retired and **has received accredited Interim Ministry Training**, shall be eligible for a sabbatical after four years [208 weeks] of contracted Interim service. As trained interim ministers, these leaders rarely accrue sufficient time in one congregation to qualify for a sabbatical. To remedy this, any congregation that has contracted with such an Interim, shall contribute 8/208 of the weekly compensation package specified in the contract. [8/208 represents the weekly contribution to an eight-week sabbatical accrued after 208 weeks of service.] These funds shall be held in special accounts established by the Synod in each interim minister's name, and shall be held until the forty-eight months have been served. (Such contributions may be made weekly or monthly, by special arrangement with the synod bookkeeper.) Application to receive the funds and the sabbatical shall be made to the Synod Council, who shall collaborate with the Interim concerning content, timing, and reporting of the sabbatical.

INTERIM MINISTRY

Depending on congregational need and pastoral availability, a deacon may be appointed by the Bishop to serve as an Interim Minister in conjunction with a Pastor of Record to serve the congregation on a part-time or full-time basis during a pastoral vacancy. When this is done, the length of the interim, the ministry responsibilities, and the remuneration will be negotiated with the Congregation Council. It is standard practice that no deacon is to be considered as a candidate for call to a congregation when serving

that congregation as an Interim Minister.

The general standards for Interim Minister service are as follows:

Compensation for Interim Ministers:

Provisions as negotiated and stated in the Interim Ministry Contract,

with minimum \$165/day

plus housing, auto allowance, and appropriate pension and benefits.

PULPIT SUPPLY

During a pastoral vacancy or absence, it may be necessary for a congregation to secure a pulpit supply to lead worship. A current list of persons available for pulpit supply may be secured from the synod website or conference dean. Those asked to serve as pulpit supply should be contacted well in advance of the date needed and, upon acceptance, be provided with a copy of the worship bulletin and pertinent information about the service. A member familiar with the congregational worship practices should be on hand to welcome the pulpit supply person prior to the service. The recommended honorarium for all persons, including deacons, serving as pulpit supply for one worship service is **\$150 plus round-trip mileage to/from the church(es), with the appropriate compensation for additional responsibilities. For each additional service, whether at the same congregation or at another, as in two-point parishes, an additional \$50 per service should be paid.**

PROFESSIONAL REIMBURSEMENTS AND EXPENSES

ACCOUNTABLE PLAN

Congregations should consider establishing an Accountable Plan (AP) for their Rostered Minister(s) and employees who have reimbursable expenses. Reimbursement of expenses under an AP provides a tax advantage over claiming these expenses on Schedule A, Form 1040. For details of setting up an AP refer to “Minister’s Guide for Income Tax” Published by the Board of Pensions of the ELCA or refer to IRS Pamphlet 517 or 535.

Examples of these reimbursements are:

1. Books and journals
2. Professional (professional dues, supplies, vestments, etc.)
3. Professional liability insurance
4. Cell phones
5. Mileage reimbursement (see below)

AUTOMOBILE EXPENSE REIMBURSEMENT

The expenses which Rostered Minister(s) incur in driving an automobile while performing church business are not personal expenses, but rather costs incurred by the congregation in order for the staff member to perform ministry. As such, reimbursement for such costs should be fair, monthly, and complete, at 100% of the IRS standard mileage rate (See IRS Publication 463 for current rate).

A monthly or yearly allowance may also be considered in lieu of mileage reimbursement, however this amount would be considered taxable income for the rostered minister.

Because of the vast differences in situations among our congregations, no recommendation is being made as to a minimum monthly or yearly allowance to be paid. The IRS requires that the rostered minister submit an accurate record of business miles driven and/or car expenses to the congregation or employing agency and that the car has a detailed log of distance and purpose of each use of the vehicle.

CONFERENCE EXPENSES

A deacon’s attendance at official assemblies and conferences is a professional expense. **Attendance at the Annual Indiana-Kentucky Synod Assembly is constitutionally mandated** and expenses for registration, lodging, meals, travel and other fees are the responsibility of the congregation. Attendance at other conferences should also be supported by the congregation or agency by payment of registration fees and other expenses. Discuss with your rostered minister his/her anticipated expenses in connection with assemblies and conferences in the coming year.

MOVING EXPENSES

At the time of a new or change of call, the relocation and moving expenses of the deacon are the responsibility of the calling congregation. Because of the liability involved, it is strongly recommended that the services of professional moving firms be secured. Under previous law, payment or reimbursement of an employee’s qualified moving expenses were not subject to income or employment taxes. Beginning in 2018, under the previous year’s tax reform legislation, employers must include all moving expenses in employees’ wages, subject to income and employment taxes.³

³ <https://www.irs.gov/newsroom/tax-reform-brings-changes-to-qualified-moving-expenses>

II. Process 1: ANNUAL REVIEW OF COMPENSATION FOR CURRENT MINISTER OF WORD AND SERVICE (DEACON)

- A. Compensation of each rostered minister shall be reviewed annually. This shall be done by the congregation's Executive Committee or Congregation Council, in the same manner as such reviews are conducted for pastor(s) in the congregation. Since the rostered minister depends on the congregation and its Council to provide adequately for his or her financial needs, this person requires an opportunity to discuss those needs in an open and supportive forum. Each rostered minister shall participate in his/her compensation review and shall be encouraged to openly share their expectations. The Executive Committee or Council can then make recommendations to the congregation for fair, honorable, and equitable compensation.
- B. Compensation adjustments shall include, but by no means be limited to or by:
1. Base salary;
 2. Cost of living increase;
 3. Merit increase based on an evaluation of the performance of each rostered minister;
 4. Incentive increase based upon new expectations of additional effort or responsibility; and,
 5. Health, retirement, disability, and basic life insurance adjustments consistent with ELCA Portico Benefits standards.
- C. The Congregation Council shall be responsible for presenting the compensation budget with appropriate rationale to the annual meeting of the congregation.
- D. A member of the Indiana-Kentucky Synod Rostered Ministers Compensation Committee will be available for clarification of the process presented in this document. Contact may be made through the Synod Office.

SALARY AND BENEFITS FOR A DEACON UNDER CALL
 Before beginning this section, be sure to read all sections in this booklet.

Step 1:

Fill out the following chart for a deacon under call.

Current salary	1. \$ _____
Cost of living increase [The 2019 recommended Cost of Living Adjustment (COLA) that includes food and energy is 2.8%.] The congregation also should take into consideration: a) the local cost of living, (contact local Chamber of Commerce), and b) any change in needs of the pastor and family.]	2. \$ _____
Merit increase*	3. \$ _____
Base Salary (add lines 1-3)	4. \$ _____

Step 2: Health and Pension

To determine the cost, congregations should sign up at EmployerLink at www.porticobenefits.org.

Step 3: TOTAL COMPENSATION PLUS BENEFITS \$ _____

Add Line 4 from above plus the benefit costs from Step 2

Step 4: Go to page 15 for Professional Reimbursements and Expenses.

Step 5: Determine Portion of Salary to be designated as Housing \$ _____
 (for tax purposes, if applicable – see page 7)

* Merit Pay reflects exceptional effort or additional responsibilities in the previous year. Merit increases should be revisited regularly and may be adjusted up or down.

**EXAMPLE OF DETERMINING SALARY AND BENEFITS
FOR DEACON UNDER CALL**

For a deacon, with master's degree, married with no children.

Step 1:

Current Salary	<u>\$44,500</u>
Cost of living increase	<u>\$ 1,246</u>
[The 2019 recommended Cost of Living Adjustment (COLA) that includes food and energy is 2.8%. The congregation also should take into consideration: a) the local cost of living, and b) any change in needs of the deacon and family.]	
Merit increase* (if applicable)	<u>\$ 0</u>
Total	<u>\$45,746</u>

Step 2: Health and Pension

To determine the total congregations should sign up at EmployerLink at www.porticobenefits.org.

Step 3: TOTAL Salary Plus Benefits \$45,746 + Portico Contribution

Step 4: Go to page 15 for Professional Reimbursements and Expenses.

Step 5: Determine Portion of Salary to be designated as Housing \$ _____
(for tax purposes, if applicable – see page 7)

* Merit Pay reflects exceptional effort or additional responsibilities in the previous year. Merit increases should be revisited regularly and may be adjusted up or down.

**III. Process 2: CALLING A NEW
MINISTER OF WORD AND SERVICE (DEACON)**

- A. When calling a new deacon, care should be taken to have a healthy conversation about compensation. This shall be done by the Congregational Council as part of their interview with the candidate. The Council shall present to the candidate a compensation package based on these standards and invite the candidate's response before it is presented to the congregation for vote. It is important to have an open and honest conversation now, as this will set the tone for future compensation conversations. The Council will recommend a package to the congregation that has been agreed upon by Council and the candidate. The compensation will be voted on by the congregation at the Call Meeting.
- B. Compensation shall include:
1. Salary
 2. Health, retirement, disability, and basic life insurance costs consistent with ELCA Portico Benefits standards
 3. Professional expenses, such as automobile and continuing education
 4. Vacation and continuing education expenses
- C. A member of the Indiana-Kentucky Synod Rostered Ministers Compensation Committee will be available for clarification of the process presented in this document. Contact may be made through the Synod Office.

FOR USE IN THE CALL PROCESS:

MINIMUM BASE SALARY STANDARDS FOR A DEACON

(Minister of Word and Service)

Please note: This chart represents a 2.8% COLA.⁴

	Years of Experience	A Without Masters Degree	B With Masters Degree		
	0	\$39,426	\$43,830		
	1	\$40,026	\$44,430		
	2	\$40,626	\$45,030		
	3	\$41,226	\$45,630		
	4	\$41,826	\$46,230		
	5	\$42,426	\$46,830		
	6	\$43,026	\$47,430		
	7	\$43,626	\$48,030		
	8	\$44,226	\$48,630		
	9	\$44,826	\$49,230		
	10	\$45,426	\$49,830		
	11	\$46,026	\$50,430		
	12	\$46,626	\$51,030		
	13	\$47,226	\$51,630		
	14	\$47,826	\$52,230		
	15	\$48,426	\$52,830		
	16	\$49,026	\$53,430		
	17	\$49,626	\$54,030		
	18	\$50,226	\$54,630		
	19	\$50,826	\$55,230		
	20	\$51,426	\$55,830		

After 20 years, add \$600 per year.

⁴ <https://www.ssa.gov/news/press/factsheets/colafacts2019.pdf>

PROFESSIONAL REIMBURSEMENTS AND EXPENSES

(See page 15 for explanation)

Continuing Education (Annual Minimum \$700 per year) (see page 15)	\$ _____
Books and Journals (see page 15)	\$ _____
Membership in Professional Organizations (see page 15)	\$ _____
Mileage Reimbursement (see page 15)	\$ _____
Other	\$ _____
TOTAL PROFESSIONAL REIMBURSEMENTS/ EXPENSES	\$ _____

(These numbers should appear in the congregation's annual budget in the same form as those provided to the congregation for pastors.)

IV. LEADERSHIP SUPPORT STANDARDS FOR CONTINUING EDUCATION

- 1) A Continuing Education Covenant must be on file with the Synod office. This Covenant is renewable every seven years. There will be an attached letter from the Congregation Council or appropriate agency.
- 2) Continuing education grants may be provided through the Leadership Support Committee to all rostered ministers of the Indiana-Kentucky Synod, ELCA. An application for funds can be found on the Indiana-Kentucky Synod website, www.iksynod.org
- 3) Grants will normally not exceed the amount contributed by either the recipient or the congregation or appropriate agency. The fund will be shared in approximate increments of one-third. In the event of greater need exceptions may be made. If applicants exceed available funds, they will be available based on needs. (The earlier application is made in the year, the greater the opportunities to receive funding.)
- 4) Continuing education grants will be made for structured formal study programs directly related and beneficial to the applicant's ministry, excluding tours.
- 5) Assistance grant requests will be made in one of two areas:
 - a. Stolldorf Grants, not to exceed \$400.00 for the synod's fiscal year (Feb. 1-Jan. 31), for single event programs, such as conferences, seminars and workshops.
 - b. Leadership Grants, not to exceed \$500.00 annually, for the development of leadership skills through participation in a multi-year program of supervised study, such as a Doctor of Ministry program.
- 6) Grant requests will require the approval of the Leadership Support Committee. The approval process will be as follows:
 - a. Approval by a Synod Staff person and chair of the committee.
 - b. Review by the Leadership Support Committee.
 - c. The recipient, following the event, will submit a summary of the learning experience.
- 7) *Sabbatical Grants for Pastoral Leaders* (can include pastors, deacons and those in specialized ministries) is a grant program of the Louisville Institute that provides funds up to \$15,000. Information can be found at www.Louisville-Institute.org, or in writing to The Louisville Institute, 1044 Alta Vista Road, Louisville, KY, 40205, 502-895-3411.

Other grant resources and learning opportunities can be found at www.centerforcongregations.org or at www.faithandwisdom.org

A good planning resource book: Clergy Renewal: The Alban Guide to Sabbatical Planning, by A. Richard Bullock and Richard Bruesehoff.

Alban Books are available directly from Rowman & Littlefield or from online sellers such as Amazon.com and Barnesandnoble.com. Rowman & Littlefield has established a special website for Alban customers: <https://rowman.com/page/albanbooks>.

HELPFUL LINKS

Indiana Department of Revenue www.in.gov/dor/

Kentucky Department of Revenue revenue.ky.gov

Minister's Compensation and Housing Allowance:

[Ministers' Compensation & Housing Allowance](#) (hover on [THIS](#) to see the very long web address)

Auto Allowance:

[Tax Topics - Topic 510 Business Use of Car](#) (hover on [THIS](#) to see the web address)

<https://www.irs.gov/forms-pubs/about-publication-463> (re: Adequate accounting for use of personal vehicle for business use)

Center for Medicare & Medicaid Services: www.cms.gov

- Medicare: www.medicare.gov
- Medicare & You Handbook: www.medicare.gov/medicare-and-you/medicare-and-you.html
- Your Medicare Benefits: <https://www.medicare.gov/Pubs/pdf/10116-Your-Medicare-Benefits.pdf>
- Medicare Savings Premium: www.socialsecurity.gov/prescriptionhelp

Finally, if you have any questions, or need clarification with anything in this document, do not hesitate to contact the Indiana-Kentucky Synod office, or one of the members of the Indiana-Kentucky Rostered Ministers Compensation Committee for help. We are pleased to assist you in any way. Thank you for the opportunity to serve with you in ministry of the Gospel of our Lord and Savior Jesus Christ.