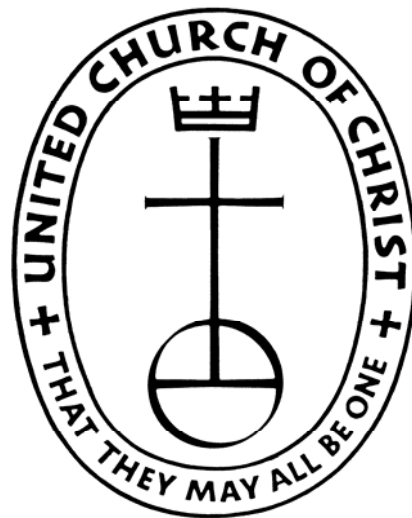




# CENTRAL ATLANTIC CONFERENCE

## 2008-09 CLERGY'S MINIMUM COMPENSATION GUIDELINES



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2008-09 CLERGY'S MINIMUM COMPENSATION GUIDELINES**

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**Compensation Philosophy**

This handbook assumes that pastors, given their years of graduate education and the significant responsibilities of parish leadership, will be adequately compensated by CAC churches. Indeed, the philosophy of this handbook is that churches will aim to provide pastors with a standard of living relatively free of financial stress and a salary that is comparable to other professional occupations requiring post-graduate degrees. Several major factors have been used by the CAC (and many other UCC Conferences) to establish minimum guidelines for pastoral compensation. These factors include 1) the number of church members and 2) the number of years of relevant pastoral experience. The Salary Grid for the year 2008-09 has been increased 3% over 2007-08. The grid provides only cash salary payments and is separate from costs for housing and other benefits.

## THE PASTOR=S COMPENSATION PACKAGE

The pastor=s compensation package includes cash salary, housing (**either a parsonage or a housing allowance based on local market conditions**), benefits including pension, insurance, vacation, and other leave (including sabbatical), and Social Security offset.

### CASH SALARY

1. Salary Grid - It is recommended that all churches attempt to meet the minimum cash salary grid below. The 2008-09 salary grid is based on the number of members in the congregation and years of experience the pastor has in the ministry. The first column in the grid represents an entry-level salary, recommended for persons with no prior pastoral experience. Other columns show the recommended minimum salaries for different levels of experience, using a factor of 1% increase in salary for each year of experience. This grid contains information regarding the cash salary component of the compensation package only. Compensation for housing based on local market conditions (assuming a parsonage is not provided) and benefits will need to be added to these dollar figures.
2. Associate Pastor - The recommended salary for Associate Clergy is 85-90% of Senior Pastors for comparable experience and education. The special ministry of a clergy associate should be highly valued and compensated equitably.
3. Supply and Interim Pastors - The local church should establish adequate salary compensation for supply and interim ministers. It is recommended that occasional pulpit supply pastors receive \$150 plus mileage for conducting a worship service. Full time interim ministers should be paid at the same scale as other full time clergy, including housing and benefits. The salaries of part-time interims should be proportional to their percentage of a full-time position.

**CAC UCC MINIMUM Pastors' Salary Grid for 2008-2009**

No. of Church Members	Base Salary					
	Entry Level	5 yr. Exper.	10 yr. Exper.	15 yr. Exper.	20 yr. Exper.	20+ yr. Exper.
<100	\$33,761	35,449	37,137	38,826	40,514	
100	\$35,144	\$36,901	\$38,658	\$40,415	\$42,172	
150	\$36,528	\$38,354	\$40,180	\$42,008	\$43,834	
200	\$38,150	\$40,058	\$41,965	\$43,873	\$45,780	
250	\$39,295	\$41,260	\$43,224	\$45,189	\$47,153	Add
300	\$40,474	\$42,497	\$44,521	\$46,545	\$48,569	
350	\$42,061	\$44,164	\$46,268	\$48,371	\$50,474	1%
400	\$43,446	\$45,619	\$47,791	\$49,963	\$52,136	
450	\$44,830	\$47,071	\$49,312	\$51,554	\$53,795	for
500	\$44,867	\$47,110	\$49,353	\$51,597	\$53,840	
550	\$47,597	\$49,977	\$52,357	\$54,737	\$57,117	each
600	\$48,973	\$51,422	\$53,871	\$56,319	\$58,768	
650	\$50,363	\$52,881	\$55,400	\$57,918	\$60,435	additional
700	\$51,741	\$54,328	\$56,916	\$59,502	\$62,089	
750	\$53,979	\$56,679	\$59,377	\$62,077	\$64,776	year
800	\$54,510	\$57,236	\$59,961	\$62,687	\$65,412	
850	\$55,890	\$58,685	\$61,480	\$64,274	\$67,068	of
900	\$57,275	\$60,139	\$63,002	\$65,866	\$68,730	
950	\$58,660	\$61,592	\$64,525	\$67,458	\$70,391	experience
1000	\$61,200	\$64,259	\$67,319	\$70,379	\$73,439	
>1000	\$61,440	\$64,512	\$67,583	\$70,656	\$73,727	

4. Part-time Compensation - Congregations who call pastors to less than full-time service should use the salary grid to determine the recommended minimum salary for full time service for their church and their pastor=s experience and then multiply that salary by the percentage of full-time service worked by the part-time pastor. [Example: A church with 200 members hires a part-time minister with 10 years experience for half-time. The recommended cash salary is \$41,965 (Salary Grid) x (50%) or \$20,283. Alternatively, a part-time pastor may be compensated on an hourly rate if the number of hours varies from the normal quarter-time or half-time basis. Whether a church uses a part-time FTE or an hourly rate, the grid serves as a useful tool to assess how the cash salary being paid or proposed to be paid compares to Conference guidelines. Clergy employed 24 hours or more per week should receive housing and all benefits.
5. Licensed and Commissioned Ministers - See page 6.

## **HOUSING**

1. The Benefits of Home Ownership - It is usually beneficial for a pastor to own his or her own home, since home ownership allows for the building of equity over time. With the sale of a parsonage, many churches can lend pastors money for a down payment on a home. Alternatively, by renting their parsonage, a church can provide a housing allowance for the pastor.
2. Housing Allowance - The Housing Allowance should be based on local market conditions, and include maintenance and utilities. When the pastor owns or rents a home, the church should pay a housing allowance based on local market conditions. The minimum recommended housing allowance is the fair rental value (furnished) of suitable properties in the local market plus utilities and maintenance, but not less than 30% of the pastor's cash salary. Local housing can be the greatest variable in costs from region to region within the CAC. This is of particular concern in high housing cost areas, where special attention should be given to ensure that the housing allowance reflects market conditions.
3. Resources to Assist in Deriving Local Market Housing Information - Appendix 4 lists websites that provide information on median owner-occupied and rental housing costs by state or locality in the following areas:
  - A. rental housing cost data by zipcode, area and type of housing;
  - B. rental housing market data;
  - C. median single family home prices by metropolitan area;
  - D. median home prices by state;
  - E. U.S. Census Bureau: median rental housing cost data by state; and,
  - F. U.S. Census Bureau: median housing costs for owner-occupied housing with a mortgage.
4. Procedures for Qualifying Housing-Related Income as Tax Free - For a housing allowance to qualify as tax-free income, it must be clearly designated as such in the church budget and approved by the official board of the church each year.
5. Parsonage - If a pastor is required or chooses to live in the parsonage, the parsonage should be attractive, comfortable and well-maintained. It should be spacious enough for adequate sleeping quarters and a guest room. Appliances should be modern and in good working condition. All utilities (heat, light, water, garbage collection, yard maintenance and basic telephone service) should be provided by the church. Other expenses of maintaining a home may be excludable from income under IRS regulations. The parsonage should be regarded as the pastor=s private home.
6. Home Equity Fund for Pastors Who Rent or Live in a Parsonage - To compensate for the loss of home equity by pastors who live in a parsonage and those who rent, the church should establish a home equity fund. It is recommended that \$2,000- 4,000 be placed in this fund each year, to be held in trust and given to the pastor at the time that he or she leaves the parish. The pastor may choose another means to receive the home equity funds.

## **BENEFITS**

1. Pension - The UCC Annuity Fund, a tax-sheltered annuity offering both fixed and variable annuities, is excellent and every church is strongly encouraged to participate. The recommended level of participation is 14% of the salary base. Salary base equals 130% of cash salary plus social security offset if the pastor lives in a parsonage. For a pastor who receives a housing allowance, salary base is the cash salary plus the housing allowance plus the social security offset. Pastors are allowed to make tax sheltered contributions to the same annuity plan within the restrictions of the applicable IRS guidelines. UCC pension contributions are not reported as current income for tax purposes.
2. Insurance - The comprehensive insurance program of the United Church of Christ for clergy includes health insurance, dental insurance, group term life insurance, short and long term disability insurance (family protection plan).
  - A. Health Insurance - The UCC Health Insurance Program provides medical and dental insurance for pastors and their families. It is recommended that churches pay 100% of the premiums for the most comprehensive medical and dental insurance offered by the UCC program.
  - B. Life Insurance and Disability Income Benefit Plan - This Plan provides disability income and decreasing term life insurance to aid families in case of disability or death. It is recommended that churches pay the premium for this Plan which is 1.5% of cash salary and housing allowance. In case of disability or death, it is recommended that a local church continue to pay the pastor's salary for three months until the Life Insurance and Disability Income Benefit Plan becomes effective.
  - C. Professional Malpractice Insurance - It is recommended that all churches purchase professional malpractice insurance to protect pastors in the event of a lawsuit due to pastoral counseling. Churches insured through the Conferences of the UCC Insurance Program already have this insurance as a component of the Program.
  - D. Tenant's Insurance - It is recommended that all churches provide tenant's insurance for all pastors who live in a parsonage.
3. Vacation and Other Leave
  - A. Vacation - Pastors receive at least four weeks of annual paid vacation. In addition, eight days within each month should be granted as personal time for the purpose of rest and renewal.
  - B. Sick Leave - During periods of temporary illness, salary and benefits will be paid. After one month and six months respectively the Pension Boards Short and Long Term Disability Plans will provide coverage as indicated in the Life and Disability Plan documents provided by the Pension Boards.
  - C. Family Medical Leave - Churches should make every effort to comply with the Family Medical Leave Act of 1993 in instances of need such as childbirth, adoption, elder care or other crises covered under this Act. See [www.dol.gov/esa/whd/fmla/](http://www.dol.gov/esa/whd/fmla/) for more information.
  - D. Parental Leave - Parental leave with pay up to eight weeks may be taken by arrangement with the church. An ordained minister who is the parent of a newborn and/or newly adopted child or who is pregnant or a single parent may take, in addition to the paid leave, up to three months total leave, the last month of which is either accrued vacation time or leave without pay.
  - E. Continuing Education - Annual study leave of at least two weeks and an annual allowance of \$1,200 for continuing education should be given to every pastor. Pastors should report the results of such studies to the Pastoral Relations Committee. Whatever the dollar amount the church provides, it should accrue from year to year.
  - F. Sabbaticals - It is recommended that every church have in its written contract with the pastor the provision of a three to four-month sabbatical leave every five years with full pay and benefits. The sabbatical should be a time of study, travel or experience of personal renewal for the pastor. Pastors should plan on continuing to serve the same church for at least one year after taking such sabbatical leave. Churches should plan ahead for the resources necessary to provide continued ministerial coverage during a pastoral sabbatical.

4. Social Security Offset - For Social Security purposes, pastors are classified as self-employed. In contrast to other workers, pastors must pay all of their own social security tax. The rate for 2008-09 is 15.3%. Congregations are urged to share this burden by providing an allowance equal to approximately one-half the pastor's social security tax (7.65%). Pastors must report this income for tax purposes.

## **PROFESSIONAL EXPENSES**

A pastor's professional expenses are not included in the base salary. Expenses such as the use of the pastor's automobile, books and periodicals, etc. are costs to the church of providing pastoral services and should be reimbursed.

1. Automobile B Churches may want to consider buying or leasing an automobile for the pastor's professional use. Even in this situation, insurance, gasoline and maintenance expenses should be reimbursed. If the church does not provide an automobile, an automobile allowance should be provided that it at least equal to the annual IRS per mile deduction (effective 1/1/2008: 50.5¢ per mile. Pastors need to submit detailed expense records to the church.
2. Books and Periodicals B In order to encourage the continuing education of pastors and to provide literary resources for preaching and teaching, all churches should provide a minimum allowance of at least \$300 annually for the purchase of books and literature. Pastors need to submit detailed expense records to the church.
3. Other Professional Expenses B Churches should pay all non-reimbursed expenses of pastors attending Conference and Association meetings, as well as all other expenses including stationery, telephone, computer or word processor maintenance, postage and dues for professional organization membership. Pastoral expenses for official entertainment of parishioners or prospective members should be paid by the church.
4. Reimbursement Plans B Reimbursement plans have a distinct advantage for ministers in that the money is not taxable as income. Many churches use a reimbursement plan to pay for the pastor's professional expenses described above. Alternatively, a Flexible Spending Account may be set up. Using a written plan that meets the requirements of the income tax regulations, the church may set aside money for additional expenses not covered by health and dental plans, or the pastor may elect to set aside part of his/her salary for this purpose. It may cover eye, dental, drug and any non-covered health expenses for minister or the minister's family.

Reimbursement plans must abide by the following rules:

- A. A specific amount of money is set at the beginning of the year
- B. The money is paid according to submission of expenses
- C. Unused money must remain in the church account

If the money is being set aside from the minister's salary, it is advisable that the estimate at the beginning of the year be low to minimize the risk of having money left unused at the end of the year.

## **LICENSED MINISTERS**

It is recommended that a licensed minister, who is working comparable hours to an ordained minister, be compensated at a minimum of 75% of the salary of an ordained person.

## **COMMISSIONED MINISTERS**

Given the variety of ministries performed by commissioned ministers their compensation is not within the purview of these minimum clergy compensation guidelines. Commissioned ministers may wish to consult with organizations/associations with guidelines in their particular area of ministry.

## CONSIDERATIONS FOR SMALLER CHURCHES

While the salary grid should be appropriate for a majority of the CAC churches, there are at least three situations that require additional comment.

1. Annual Church Budget of more than \$195,000 per year and fewer than 200 members - For churches with annual budgets of more than \$195,000 per year with fewer than 200 church members, it may not be equitable to pay the pastor strictly according to the Salary Grid. In such unusual situations, it is recommended that the pastor=s salary reflect the complexity of the pastor=s workload (e.g. people other than members served by the church, large physical plant), the church=s total financial resources (including endowments and other special funds) and the size of the church=s annual budget. Churches in this situation are encouraged to consult with their Associate Conference Minister.

2. Annual Church Budget less than \$120,000 per year - The minimum recommended salary and benefits package for a pastor with no prior experience and living in his or her own home with a housing allowance is \$81,056 (see Appendix No. 1). Assuming that this package is about 70% of the church=s budget, the estimated minimum church budget compatible with the year 2008-09 guidelines is \$115,890.

For a church in a similar financial circumstance, which will house its pastor in a parsonage, the total package would be \$67,873 (see Appendix No. 2).

The CAC recognizes that churches with small congregations and annual budgets less than \$120,000 per year face challenges in meeting the minimum salary and benefit recommendations in these guidelines. Churches in this situation are encouraged to explore ways to allow for clergy coverage of the congregation while still providing salary and benefits at or above the minimum levels in these guidelines.

One option is to have a part-time pastor, allowing the clergy person to supplement his or her income by way of another job. It is important that health insurance coverage be provided through at least one of the positions. Another option for churches to consider is a yoked parish. Yoked parishes pool their financial resources to provide salary and benefits for a pastor whose duties are shared with another congregation

3. Very Small Churches with Part-time Pastor - For churches with part-time ministers, the salary grid can be useful both in determining the compensation of the minister and comparing what they can pay with the cash salary grid in these guidelines. Moreover, as the example (see Appendix No. 3) of a church with 60 members and a total budget of \$35,000 shows, the grid can be used to determine how closely the compensation meets the conference guideline. An hourly rate, while not very exact, can be one way of projecting out the pastor's salary to what he or she would be paid if employed on a full-time basis.

## SEARCH COMMITTEE

Congregations are encouraged to contact their Associate Conference Minister to explore options for meeting church needs while providing equitable pay for their clergy. The CAC understands and appreciates the difficulties that local churches face in meeting their spiritual, mission, and evangelical calls. Their prayerful deliberation on this matter is acknowledged and joined by all within the Conference.

# **APPENDICES**

## APPENDIX No. 1

### Estimate of Minimum Recommended Salary and Benefits Package for the year 2008-09

#### \* Small Church, Entry Level – with Housing Allowance

(with fewer than 100 members)

#### Cash Salary

<u>Item</u>	<u>Annual Cost</u>	
Cash Salary	\$33,761	
Housing Allowance	\$14,400	(a)
<b>MINIMUM BENEFITS</b>		
Health Insurance	\$16,086	(max. based on family plan)
Pension (14%)	\$7,258	(b)
Life Insurance & Disability (1.5%)	\$722	(c)
Dental	\$945	(max. based on family plan)
Social Security Offset (7.65%)	\$3,684	(d)
Continuing Education	\$1,200	
<b>EXPENSE REIMBURSEMENT</b>		
Professional Expenses (est.)	\$3,000	
<b>ESTIMATED TOTAL COST</b>	<b>\$81,056</b>	
Est. Minimum Church Budget	\$115,800	(e)

(a) See Housing section (p. 4) for ideas for setting housing costs – This estimate is based on monthly total mortgage and utility cost of \$1,200

(b) For pension, based on 14% of total of cash salary, housing allowance and S.S. offset = \$51,845

(c) Life insurance and disability are based on 1.5 % of cash salary and housing allowance = \$48,161

(d) SS offset is based on 7.65% of total of cash salary and housing allowance = \$48,161

(e) Assuming that Pastor's compensation package is 70% of entire church budget; the remaining 30% covers other operating expenses

Last revised: 05/02/08

## APPENDIX No. 2

### Estimate of Minimum Recommended Salary and Benefits Package for the year 2008-09

**\* Small Church, Entry Level – with Parsonage**  
**(with fewer than 100 members)**

**Cash Salary  
With Parsonage**

<u>Item</u>	<u>Annual Cost</u>	
Cash Salary	\$33,761	
 MINIMUM BENEFITS		
Health Insurance	\$16,086	(max. based on family plan)
Pension (14%)	\$6,615 (a)	
Life Insurance & Disability (1.5%)	\$658 (b)	
Dental	\$945	(max. based on family plan)
 Social Security Offset (7.65%)		
Equity Fund	\$3,358 (c)	
Continuing Education	\$2,000	
Tenant's Insurance	\$1,200	
	\$250	
 EXPENSE REIMBURSEMENT		
Professional Expenses (est.)	\$3,000	
 <b>ESTIMATED TOTAL COST</b>		
	<b>\$67,873</b>	
 Est. Minimum Church Budget		
	\$97,000 (d)	

(a) Basis for pension contribution is salary base (130% of cash salary) + SS offset = \$47,247

(b) Life insurance and disability based on 130% of cash salary = \$43,889

(c) With parsonage, basis for S.S. offset is 130% of cash salary = \$43,889

(d) Assuming that Pastor's compensation package is 70% of entire church budget; for the parsonage situation the costs of owning and maintaining the parsonage need to be added into the 30 % operating expenses as well.

Last revised: 05/02/08

## APPENDIX No. 3

### Estimate of Minimum Recommended Salary and Benefits Package for the year 2008-09

**Part-time Pastor**  
**Very Small Church, years of Pastoral Experience – with Housing Allowance**  
**(with fewer than 60 members)**

#### Cash Salary

<u>Item</u>	<u>Annual Cost</u>		
Cash Salary	\$8,302	(a)	(12 hours/week)
Housing Allowance	\$8,302	(b)	
MINIMUM BENEFITS			
Health Insurance	\$1,024		(25% of Pastor's total)
Pension (14%)	\$2,325	(c)	
EXPENSE REIMBURSEMENT			
Professional Expenses (est.)	\$860		
<b>ESTIMATED TOTAL COST</b>	<b>\$20,813</b>		
Est. Minimum Church Budget	\$35,000	(d)	

(a) Assuming this pastor has five year's experience, the full-time equivalency (FTE) for this size church, salary for 2008-09 would be \$35,449, at 12 hours per week (calculated as 30% time, the '08-'09 grid calls for a 30% cash salary of \$10,635. this means that this pastor is paid at 78% of the guideline. This can provide a goal or target for the church for the future.

(b) See Housing section (p. 4) for ideas for setting housing costs – This estimate is based on annual costs of mortgage and utilities of \$8,302.

(c) For pension, based on 14% of total of cash salary and housing allowance = \$16,604

(d) For this church, the pastor's package is 60% of the total church budget.

Last revised: 05/02/08

## **APPENDIX No. 4**

- A. rental housing cost data by zipcode, area and type of housing  
[www.zilpy.com](http://www.zilpy.com)
- B. rental housing market data  
[www.rentbits.com](http://www.rentbits.com)
- C. median single family home prices by metropolitan area  
[www.realtor.org/wps/wcm/connect/c79e7c0048be3842b563ff0c8bc1f2ed/MSAPRICESF.pdf?MOD=AJPERES&CACHEID=c79e7c0048be3842b563ff0c8bc1f2ed](http://www.realtor.org/wps/wcm/connect/c79e7c0048be3842b563ff0c8bc1f2ed/MSAPRICESF.pdf?MOD=AJPERES&CACHEID=c79e7c0048be3842b563ff0c8bc1f2ed)
- D. median home prices by state  
[www.realtor.org/wps/wcm/connect/d8f9628048be3734b38fff0c8bc1f2ed/STATES.pdf?MOD=AJPERES&CACHEID=d8f9628048be3734b38fff0c8bc1f2ed](http://www.realtor.org/wps/wcm/connect/d8f9628048be3734b38fff0c8bc1f2ed/STATES.pdf?MOD=AJPERES&CACHEID=d8f9628048be3734b38fff0c8bc1f2ed)
- E. U.S. Census Bureau: median rental housing cost data by state  
[http://factfinder.census.gov/servlet/GCTTable?\\_bm=y&-geo\\_id=01000US&-\\_box\\_head\\_nbr=GCT2514&ds\\_/name=ACS\\_2006\\_EST\\_G00\\_&-\\_lang=en&-mt\\_name=ACS\\_2006\\_EST\\_G00\\_GCT2514\\_US9&-format=US-9](http://factfinder.census.gov/servlet/GCTTable?_bm=y&-geo_id=01000US&-_box_head_nbr=GCT2514&ds_/name=ACS_2006_EST_G00_&-_lang=en&-mt_name=ACS_2006_EST_G00_GCT2514_US9&-format=US-9)
- F. U.S. Census Bureau: median housing costs for owner-occupied housing with a mortgage  
[http://factfinder.census.gov/servlet/GCTTable?\\_bm=y&-geo\\_id=01000US&-\\_box\\_head\\_nbr=GCT2511&ds\\_/name=ACS\\_2006\\_EST\\_G00\\_&-\\_lang=en&-mt\\_name=ACS\\_2006\\_EST\\_G00\\_GCT2511\\_US9&-format=US-9](http://factfinder.census.gov/servlet/GCTTable?_bm=y&-geo_id=01000US&-_box_head_nbr=GCT2511&ds_/name=ACS_2006_EST_G00_&-_lang=en&-mt_name=ACS_2006_EST_G00_GCT2511_US9&-format=US-9)