

COMPENSATION GUIDELINES 2018

**NEW YORK CONFERENCE
UNITED CHURCH OF CHRIST
5575 Thompson Road
DeWitt, NY 13214-1639**

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INTRODUCTION

The Commission on Ministry recommends the following guidelines to local churches of the New York Conference UCC when calling a pastor and setting up the compensation package. We also recommend that these guidelines be used in updating the compensation package of a pastor who has been with you for a number of years.

These guidelines focus on the total cost of funding the position of pastor. They also include recommendations around specific parts of the package. Our recommendation is that you start with the minimum total needed to adequately fund the position, and then work with the best allocation of that total to meet the needs of your pastor.

Conversations on salary considerations need to be grounded in the following:

The Covenant Relationship: When a church calls a person to assume responsibility as pastor and teacher, it covenants with that person, with God, and with the wider church to care, to support and to grow in love and fairness. An annual review of what the Church is doing, and how it compensates those who are its workers, is an important part of the covenantal relationship, and should be seen in that context.

The Concept of Stewardship: We are the stewards of God's resources as they are present in our lives and in the life of the church. In seeking to best use the resources entrusted to its care, a church should be sensitive to its own mission statement, and aware of the needs of its staff members. Being good stewards implies that we are trying to act, as God wants us to. Being good stewards means struggling with issues like how God is calling us to compensate our employees, to care for our volunteers, and to give to the wider mission and ministry of the denomination.

The Concept of Justice: The concept of justice calls us to provide fair and adequate support for those who labor in the local church. This means providing adequate salaries, uninterrupted times for rest and relaxation, and providing for the staff's continued growth. Pastors are entitled to be treated equitably for payment of services, and their working conditions should be reviewed annually.

Section 1 – The Pastor

There are several models of Pastor Leadership including full-time pastoral leadership in one local setting, full-time pastoral leadership serving in more than one local setting and bi-vocational pastoral leadership serving in one local setting and in a secular setting. Our compensation guidelines should be employed to insure equitable compensation for each model.

Cash Salary

Cash salary is money provided for services rendered, exclusive of housing and other benefits. Clergy who rent or own their own home normally receive from the church a housing allowance equivalent to an additional 30% of their base salary.

The New York Conference gives minimum cash salary recommendations for clergy based on church size and the person's total years in ministry. Congregations may also review the compensation levels of other professionals in their community, such as those in the area of education, to determine equitable compensation for your community.

The Parsonage Allowance

IRC section 107 provides an exclusion from gross income for a "parsonage allowance," for housing specifically provided to a minister. This includes the rental value of a home furnished to him or her as part of compensation or a rental allowance, to the extent that the payment is used to rent or provide a home. The term "parsonage allowance" includes a church provided parsonage, a furnishings allowance for that parsonage, a rental allowance with which the minister may rent a home, and a housing allowance with which a minister may purchase and/or maintain a home. A minister can receive a parsonage allowance for only one home.

Church-Provided Parsonage & Furnishings Allowance

A parsonage provided by a church for its clergy is part of the clergy's total compensation package. The parsonage must be in good condition, regularly maintained, with repairs and improvements done on a timely basis. The church normally pays for all repairs, improvements, and utilities.

Clergy living in a parsonage are advised to designate a portion of their cash salary as a "furnishings allowance." To the extent that it is used to pay for parsonage related expenses this allowance is not subject to income taxes. This allowance is normally not more than 10% of their salary.

Please Note:

The congregation benefits from the equity built up in their parsonage. Ministers living in parsonages are unable to build home equity and may find it difficult to purchase a house at retirement. The church may consider contributing to a "Parsonage Equity Plan" for the minister to be used at the time of his/her retirement.

Rental or Housing Allowance

For federal tax reporting purposes, clergy who rent or own their own homes can designate a portion of their cash salary as a "housing allowance." The amount of this allowance is not limited by a percentage of the base salary, but rather by the actual cost of housing related expenses such as utilities, repairs, interest, taxes and furnishings.

According to the IRS, the actual housing allowance for the pastor is the smallest of the following:

- a. The percentage designated before the beginning of the year (Make sure that this is higher than can possibly be used.).
- b. The actual amount spent on housing; or
- c. The fair market rental value of the house FURNISHED.

Before the beginning of the calendar year, the church and pastor designate a percentage of the pastor's cash salary as a housing allowance. Normally this is not more than 50% of the total compensation. To satisfy IRS requirements the salary and parsonage allowance is listed as a line item in the church's annual budget.

To protect against the loss of this tax benefit due to the inadvertent failure of the church to designate an allowance, churches can adopt a "safety net" allowance.

EXAMPLE OF A HOUSING ALLOWANCE RESOLUTION

Resolved, that the designation of _% or \$___ as a Housing Allowance shall apply to calendar year 2018 and all future years unless otherwise provided.

BENEFITS

Pension or Annuity

This should be a minimum of 14% of the cash salary plus housing allowance or 130% of cash salary if a parsonage is provided, paid quarterly to the UCC Pension Board.

Disability and Group Life Insurance

Disability income insurance and decreasing term insurance can be purchased through the UCC Pension Board. The cost is 1½% of cash salary + housing, or where a parsonage is provided, 1½% of 130% of the cash salary.

In the event of disability, the church is responsible for three months' full pay with housing, annuity and insurance. This is designed to fill the gap until the disability insurance becomes effective.

In the event of death, the church is responsible for a minimum of three months full salary, housing and insurance for the family.

Medical & Dental Insurance

The Conference is covenantally bound to participate in the UCC Health Plan. Churches pay 100% of all premiums. If the pastor chooses to participate in another health insurance plan, the church pays the insurance premiums directly to the covering insurance provider.

Professional Malpractice Insurance

It is highly recommended that each church purchase Professional Malpractice Insurance to protect its pastor(s) in the event of a lawsuit due to counseling. This insurance is included in the UCC Conference Insurance Program.

Officers and Directors Liability Insurance

It is highly recommended that churches purchase Officers and Directors Liability Insurance to protect themselves, their pastors and all church officers. This coverage is included in the UCC Conference Insurance Program.

Vacation & Leaves of Absence

One full month of paid vacation is recommended for full-time clergy. It is the responsibility of the church to fill the pulpit during this time.

Parental Leave

The recommended minimum provision for Parental Leave is two (2) months with full salary and benefits. A longer leave of absence and compensation can be negotiated with awareness given to the needs of the local church and the pastor. Churches with 50 or more employees must provide a leave of absence to eligible employees as defined by the Family and Medical Leave Act of 1993.

Personal Leave

Illness, death, weddings, graduations, and personal emergencies within the immediate family fall under the heading of personal leave. Paid personal leave limits should be negotiated before the need arises.

Jury Duty

In accordance with State law, an employee must be allowed the necessary time off if summoned for jury duty. Clergy or employees are expected to return to their normal duties if they are excused from jury duty during their regular working hours.

Continuing Education

Churches and pastors benefit from time spent on continuing education and sabbatical. Time used for this purpose is not considered vacation. One to two weeks per year of continuing education should be designated as part of the clergy compensation package. Funding of at least \$500 should also be provided. If your pastor expects to spend more than the church budgets, it is best to estimate the additional cost and deduct it from his/her salary and then add it to the amount already budgeted for continuing education. This will provide a tax savings for your pastor. The church is responsible for filling the pulpit while the pastor is away for continuing education.

Sabbatical

At the time of call, arrangements for a 3-4 month sabbatical after five (5) years of service, with full pay and benefits should be made. It is recommended that the church establish a separate account for sabbatical leave and contribute to it annually. Then at the time of sabbatical leave funds will be available to cover the cost of the interim. Before leave is granted, your clergy should present a proposal outlining the benefits to both the church and the clergy. Upon return, the sabbatical experiences should be shared with the congregation. It is assumed that the minister will return to the present pastorate for at least one year after sabbatical leave.

Social Security

Ordained ministers are defined as self-employed for purposes of Social Security and Medicare taxes (by Federal law), and are required to file quarterly self-employment reports and make quarterly tax payments. **As a "self-employed" person, each minister pays Social Security and Medicare taxes at twice the rate of employees (both the employee and the employer share.)** To compensate for this inequity in the tax code, some churches have chosen to provide their pastor(s) with additional compensation equal to the employer's share of his/her/their Social

Security and Medicare taxes. This additional compensation is reported as taxable income. We recommend that this be a part of the pastor's compensation package.

Please Note - A minister's salary is reported on a W-2 form at the end of the year. Housing is not reported on the W-2 form.

Worker's Compensation

Churches are required by New York State Law to provide Worker's Compensation for full time and part time church employees.

Even though the pastor is not considered an employee of the church for tax purposes, it is highly recommended that the pastor also be covered by worker's compensation insurance.

Information on worker's compensation insurance can be obtained through the United Church Insurance Board or through the NY State Insurance Fund.

Honoraria

The Pastoral Relations Committee, congregation, and the candidate should discuss this openly.

PROFESSIONAL COSTS

Professional expenses are a part of the operating costs of the church and should not be considered as additional tax-free salary. Churches have many business/professional expenses which ministers incur as they carry out the work of the church.

Tax law allows the deduction of business expenses only after the minister has spent more than 2% of adjusted gross family income on such expenses. THEREFORE, it is important that churches reimburse or pay directly all costs which the pastor incurs for "doing business" for the church, so that the pastor is not paying income tax on reimbursement for church expenses. These should include at least the following:

Mileage reimbursement

This is for the use of a personal car for travel on behalf of the church. Mileage should be reimbursed at the IRS current rate plus tolls and parking, or the church should provide an automobile. Please check the IRS website at www.irs.gov for the current business mileage rate.

Professional Expenses

Reimbursement should be made for all expenses incurred in attending meetings of the Association, Conference, participating in the wider church and community, subscriptions to religious and professional journals, and any other expense incurred as part of the ministry in that particular congregation or setting of ministry.

Conference/Association Expenses

All non-reimbursed expenses for attending Conference and Association meetings should be paid by the church. The time involved for attending these meetings and also for serving on Conference or Association committees is considered part of the local church's participation in the church's wider ministry and not as vacation time or personal leave.

Background Check Reimbursement

When a Pastor is called to a church or other setting, the cost of the required criminal background check shall be reimbursed to the Pastor by the calling body

MINIMUM COMPENSATION AND BENEFIT PACKAGE

Below is a chart showing the Conference minimum recommendation for full time clergy leadership. The figures are for cash salary only. The next page has a chart that includes the other costs associated with adequately compensating your pastor. The figures listed below are *minimum* compensation levels, and in many cases congregations will (and indeed should) be paying their pastor at a higher level. In addition, churches within the Metro/Suffolk Region should add at least 20-25% to these figures in determining salary.

**2018 Compensation Guidelines in Salary Schedule form
NY Conference
Page 1**

Years Experience	A	B	C	D	E
	BA/BS	NYSOM M.Div 1-100 memb.	NYSOM M.Div 101-200 memb. M.Div + 24 cr. 1-100 memb,	M.Div 201-300 memb. M.Div + 24 cr. 101-200 memb. Doctorate* 1-100 memb.	M.Div 301-400 memb. M.Div + 24 cr. 201-300 memb. Doctorate* 101-200 memb.
0 – 5	33,897	35,590	37,370	39,237	41,119
6 – 10	35,590	37,370	39,237	41,119	43,258
11 – 15	37,370	39,237	41,119	43,258	45,421
16 – 20	39,237	41,119	43,258	45,421	47,691
21 – 25	41,119	43,258	45,421	47,691	50,076
26 – 30	43,258	45,421	47,691	50,076	52,579
30 +	45,421	47,691	50,076	52,579	55,207

“Memb.” is an abbreviation for members. “Cr.” is an abbreviation for graduate-level credits.

**2018 Compensation Guidelines in Salary Schedule form
NY Conference
Page 2**

Years Experience	F	G	H	I
	M.Div 401-500 memb.	M.Div 501+ memb.		
	M.Div + 24 cr. 301-400 memb.	M.Div + 24 cr. 401-500 memb.	M.Div + 24 cr. 500 + memb.	
	Doctorate* 201-300 memb.	Doctorate* 301-400 memb.	Doctorate* 401-500	Doctorate* 500+ memb.
0 – 5	43,258	45,421	47,691	50,076
6 – 10	45,421	47,691	50,076	52,579
11 – 15	47,691	50,076	52,579	55,207
16 – 20	50,076	52,579	55,207	57,967
21 – 25	52,579	55,207	57,967	60,862
26 – 30	55,207	57,967	60,862	63,904
30 +	57,967	60,862	63,904	67,098

“Doctorate*” denotes Doctorate or equivalent. It is suggested that 48 graduate credits (above and beyond the M.Div.) from an accredited seminary be considered as the equivalent of a Doctorate for salary purposes.

Sample Compensation Packages

This page has sample charts that include the other costs associated with adequately compensating your pastor. Figures were calculated using the following percentages:

Housing Allowance: based on 30% of salary
Social Security Offset: based on 7.65% of salary
Pension: based on 14% of salary

Compensation that falls below these minimums for full-time ministry should be considered as compensation for part-time ministry.

Sample Compensation Package for a licensed/authorized pastor with 0 years experience, serving a church with 60 members: (Column A, line 1)

Cash Salary	33,897
Housing Allowance	10,169
Social Security Offset	3,371
Pension	6,169
TOTAL	53,606

Sample Compensation Package for an ordained/authorized pastor with 8 years experience, serving a church with 150 members: (Column C, line 2)

Cash Salary	39,237
Housing Allowance	11,771
Social Security Offset	3,902
Pension	7,141
TOTAL	62,051

Sample Compensation Package for an ordained/authorized pastor with a Doctorate and 14 years experience, serving a church with 190 members: (Column E, line 3)

Cash Salary	45,421
Housing Allowance	13,626
Social Security Offset	4,517
Pension	8,267
TOTAL	71,831

Current insurance premium costs may be obtained by contacting the Pension Board at: 1-800-642-6543.

Compensation Package Worksheet

Cash Salary	
Furnishings Allowance (if parsonage is provided is 10% of cash salary)	
Housing Allowance (if no Parsonage)	
Social Security Off-set (7.65% of total of Cash Salary and either Furnishings or Housing Allowance)	
Pension (14% of cash salary plus Furnishings Allowance or Housing Allowance)	
Total Compensation & Benefits **	
<i>** This total should be at or above the Conference Minimum Guideline</i>	
Insurances:	
Medical & Dental	
Family Protection Plan	
Disability + Life Insurance (1.5%)	
Worker's Compensation	
Professional Costs:	
Continuing Education & Sabbatical	
Mileage Reimbursement	
Professional Expenses	
Conference/Association Expense	

Section II - Additional Staff

Assistant/ Associate Pastor

An Associate, Assistant, a Minister of Christian Education, or an ordained clergy employed to serve in any other role, is treated as a full member of the staff and entitled to fair and equitable compensation. Use the minimum guidelines to establish a salary range for additional professional staff.

On average associate pastors tend to receive 75% to 80% of the senior pastor's total compensation package. The church size, the person's education, total years in ministry, and the duties must also be taken into consideration.

Non-Ordained Staff Persons and Support Staff

In some churches, Christian Education is a full-time job for a lay person. As job descriptions and training varies, it is difficult to set standards. Benefits and expenses are in addition to salary.

Additional staff members, such as secretaries, organists, custodians, etc., are part of the ministry of the church and should be paid equitable salaries. When developing compensation packages, weekly hours and years of service to the local church should be considered. Please pay special attention to:

- * **Social Security** - churches are required by Federal law to pay social security for employees.
- * **Cost of living** - cost of living increases should be given on a yearly basis regardless of any merit increase. Check with local businesses, the Chamber of Commerce, or the American Management Association for fair salary guidelines for support staff.
- * **Retirement** - many church workers work with no retirement benefits. Churches should *consider* setting up an appropriate tax shelter retirement account after a person works for a given number of hours and/or years. The UCC has a pension plan for lay workers.

* **Worker's Compensation**

* **Disability Coverage**

* **Health Insurance**

* **Vacation Time and Paid Holidays**

* **Sick Time**

Churches should examine possible internal salary inconsistencies between staff members, seeking healthy, balanced relationships. All staff persons should be involved in an understanding of the evaluation processes being used to determine the compensation packages.

All employees will have their wages reported on a Form W-2.

Consultants or Independent Contractors

Churches using consultants or independent contractors need to be aware that:

- Consultants by definition are considered to be self-employed.
- Consultants set their own hours and working conditions. Employers do not have the right to control the means or method of work performed by the consultant, only the result.

SECTION III - SPECIAL SETTINGS OF MINISTRY`

Interim Ministry

Churches normally hire an interim minister for the time between the departure of a pastor and the calling of a new pastor or a “sabbatical interim pastor” when a pastor is granted sabbatical leave. Full-time, interim ministers are usually paid on the same scale as other full-time clergy. For part-time service, the percentage of time served dictates the percent of full-time salary in addition to benefits and expenses. These arrangements are negotiated with the aid of the Conference Ministry Team.

Occasional Pulpit Supply

A minimum amount of \$125 is suggested for occasional pulpit supply with an additional \$50 for each service held on the same day. A mileage allowance should also be paid at the current IRS rate.

Internship Arrangements

Churches may wish to pursue the idea of offering internship opportunities for seminarians. Arrangements are coordinated through the Conference office and in consultation with seminary advisors. The Committee on Authorized Ministry for each association has access to names of Members-In-Discernment who are looking for such opportunities. Compensation is usually a minimum stipend and is comparative with other student internship programs in the local area.

SECTION IV - REFERENCE AND RESOURCES

McMahill, David R. <i>Completing the Circle, Reviewing Ministries in the Congregation</i> . Alban Institute, 2003.
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Fisher, Roger, Ury, William & Patton, Bruce (Editor). <i>Getting to YES: Negotiating Agreement Without Giving In</i> . Penguin Books, 1991.

Holck, Manfred. <i>Money Management for Ministers</i> . Augsburg Press, Minn. 1966.

Holck, Manfred. <i>Housing for Clergy (NY Times Article)</i> .
--

Holck, Manfred. <i>Tax Planning for Clergy</i> .
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<i>The Pastoral Relations Committee. United Church Resources. 800-325-7061</i>
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The Pension Boards - UCC 475 Riverside Dr., Room 1020 New York, NY 10115	800-642-6543	www.pbucc.org
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Stewardship and Church Finances Ministry 700 Prospect Avenue Cleveland, OH 44115-1100	216-736-3858	www.ucc.org
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Pilgrim Press and United Church Resources 230 Sheldon Road Berea, OH 44017-1234	800-537-3394
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The Alban Institute, Inc. Suite 100 2121 Cooperative Way Herndon, VA 20171	800-486-1318	www.alban.org
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Federal Income Tax Information	800-424-1040	www.irs.gov
State Income Tax Information	800-462-8100	www.state.ny.us

New York Conference Office - UCC 5575 Thompson Road DeWitt, NY 13214-1639	315-446-3073 315-446-3076 (fax) office@uccny.org	www.uccny.org
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