COMPENSATION GUIDELINES
2027

NEW YORK CONFERENCE
UNITED CHURCH OF CHRIST
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INTRODUCTION

The Commission on Ministry recommends the following guidelines for local churches of the New York Conference UCC when calling a minister and establishing the compensation package. We also recommend using these guidelines to update your minister's compensation package each year.

These guidelines focus on the total cost of funding the pastor's position. 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, then determine the best allocation of that total to meet your pastor's needs.

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, support, and grow in love and fairness. An annual review of what the Church is doing and how it compensates 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 make the best use of the resources entrusted to its care, a church should be sensitive to its mission statement and aware of its staff members' needs. Being good stewards means we try 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: Justice calls us to provide fair and adequate support for those who labor in the local church. This means providing adequate salaries, uninterrupted time for rest and relaxation, and supporting 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 Pastoral 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 ensure equitable compensation for each model.

Cash Salary

Cash salary is money provided for services rendered, exclusive of housing and other benefits. Ministers who rent or own their own home normally receive a housing allowance from the church, calculated for compensation purposes as an additional 30% of their base salary. Please note that for tax purposes, the housing allowance is the agreed-upon amount that does not exceed the fair rental value of the home, including utilities, and is calculated based on the minister's actual housing costs (see "Housing or Rental Allowance" section below for more details).

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

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 the minister 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 for the minister to rent a home, or a housing allowance for the minister to 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 minister is part of the minister's total compensation package. The parsonage must be in good condition and regularly maintained, with repairs and improvements made promptly. The church normally pays for all repairs, improvements, and utilities.

Ministers living in a parsonage are advised to designate a portion of their cash salary as a "furnishings allowance." To the extent it is used to pay parsonage-related expenses, this allowance is not subject to income tax. 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, ministers 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 minister is the smallest of the following:

a. The dollar amount officially designated before the beginning of the year
b. The actual amount spent on housing; or
c. The fair rental value of the home, including furnishings, utilities, garage, etc.

Before the beginning of the calendar year, the church and minister designate a part of the minister'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 are listed as line items in the church's annual budget.

Ministers can declare more than what they estimate they will actually spend on housing expenses, which would provide a "cushion" in case the minister experiences an unforeseen expense. This way, there will be housing allowance money to cover such unforeseen expenses. Any unspent housing allowance money is designated as "Other Income" on the minister's taxes and is taxed as it would have been in the first place. There is no penalty for this.

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

EXAMPLE OF A HOUSING ALLOWANCE RESOLUTION

Resolved, that the designation of $___ as a Housing Allowance shall apply to calendar year 20xx 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 the 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, housing, an 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 for full-time and 3/4-time ministers. When possible, churches should consider covering the full cost of insurance premiums for ministers with less than a 3/4 time call. If the minister chooses to participate in another health insurance plan, the church reimburses the insurance premiums.

Please note that new ministers accepting their first call have 90 days from their initial date of employment to enroll in the UCC Health Plan without needing to prove good health.

Professional Malpractice Insurance

It is highly recommended that each church purchase Professional Malpractice Insurance to protect its minister(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 ministers, and all church officers. This coverage is included in the UCC Conference Insurance Program.

Vacation & Leaves of Absence

Four weeks of paid vacation (including Sundays) is recommended for full-time ministers and part-time ministers (based on actual weekly schedule. It is the church's responsibility to fill the pulpit during this time.

Parental Leave

The recommended minimum provision for Parental Leave is two months with full salary and benefits. A longer leave of absence and compensation can be negotiated, with due consideration for the needs of the local church and the pastor. Churches with 50 or more employees must provide eligible employees with leave of absence 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 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. Ministers 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 of continuing education per year should be included in the minister's compensation package. Funding of at least $500 should also be provided. If your pastor expects to spend more than the church's budgeted amount, it is best to estimate the additional cost, deduct it from his/her/their salary, and then add it to the amount already budgeted for continuing education. This will provide 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 the call, arrangements for a three- to four-month sabbatical after five 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, during sabbatical leave, funds will be available to cover the cost of pastoral coverage. Before leave is granted, your minister should present a proposal outlining the benefits to both the church and the minister. Upon return, the sabbatical experiences should be shared with the congregation. It is expected 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 Social Security and Medicare tax purposes. Hence, they are covered under SECA, not FICA, and must pay self-employment (SE) tax; currently 15.3% of their compensation (e.g., salary, housing, and where applicable a Social Security Offset). SE taxes include both the employer and employee shares of Social Security and Medicare taxes (7.65% each). To compensate for this inequity in the tax code, some churches provide additional compensation equal to 7.65%, which is taxable income and is included in Box 1 on the minister's Form W2. We recommend that this be a part of the minister's compensation package.

Unlike other employees, an ordained minister's salary for ministerial services is not subject to federal income tax withholding.

To meet their tax obligations, an ordained minister may: 1) enter into a voluntary withholding agreement with the church to cover income <u>and</u> SE taxes; 2) make estimated tax payments during the year, generally due April 15, June 15, September 15, and January 15 of the following year; or 3) enter into a voluntary withholding agreement with the church for their income taxes, but make their own estimated payments for their SE taxes.

*Self-employed persons receive a 50% income tax deduction of the amount of their SE taxes; for example, a minister with $10,000 in SE taxes would receive a $5,000 income tax deduction on Schedule 1, Part II, *Adjustments to Income.*

Please Note - A minister's salary is reported in Box 1 of Form W-2 at year-end. The housing portion of compensation may, *or may not,* be reported on Form W-2. If reported, it appears in Box 14.

New pastors are strongly encouraged to consult a tax professional familiar with clergy tax issues before starting their call. This helps them understand their tax obligations and make informed decisions about retirement and HSA contributions.

Worker's Compensation

Churches are required by New York State Law to provide Workers' 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 workers' compensation insurance.

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

Honoraria

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

PROFESSIONAL COSTS

Professional expenses are part of the church's operating costs and should not be considered additional tax-free salary. Churches have many business/professional expenses that 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 that 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 the church's behalf. 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 in attending these meetings and serving on Conference or Association committees is considered part of the local church's participation in the church's wider ministry, not 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's minimum recommendation for full-time ministerial leadership. The figures are for cash salary only. The next page includes a chart of 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) pay their pastor at a higher level. In addition, churches within the Metro/Suffolk Region should add at least 30% to these figures in determining salary.

The Conference recommends annual increases in the same percentage as the Social Security COLA.

2027 Compensation Guidelines in Salary Schedule form
NY Conference
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	Years Experience	A	B	C	D	E
		BA/BS	NYSOM M.Div 1-100 memb.	NYSOM M.Div 101-200 memb.	M.Div 201-300 memb.	M.Div 301-400 memb.
				M.Div + 24 cr. 1-100 memb,	M.Div + 24 cr. 101-200 memb.	M.Div + 24 cr. 201-300 memb.
					Doctorate* 1-100 memb.	Doctorate* 101-200 memb.
	0 – 5	42,449	44,572	46,801	49,140	51,597
	6 – 10	44,572	46,801	49,140	51,597	54,177
	11 – 15	46,801	49,140	51,597	54,177	56,885
	16 – 20	49,140	51,597	54,177	56,885	59,729
5	21 – 25	51,597	54,177	56,885	59,729	62,715
	26 – 30	54,177	56,885	59,729	62,715	65,851
	30 +	56,885	59,729	62,715	65,851	69,143

“memb.” is an abbreviation for members.
“cr.” is an abbreviation for graduate-level credits.

2027 Compensation Guidelines in Salary Schedule form
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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	54,177	56,885	59,729	62,715
6 – 10	56,885	59,729	62,715	65,851
11 – 15	59,729	62,715	65,851	69,143
16 – 20	62,715	65,851	69,143	72,600
21 – 25	65,851	69,143	72,600	76,230
26 – 30	69,143	72,600	76,230	80,042
30 +	72,600	76,230	80,042	84,044

"Doctorate" denotes a Doctorate or equivalent. Forty-eight graduate credits (above and beyond the M.Div.) from an accredited seminary is considered the equivalent of a Doctorate for salary purposes.

2027 Compensation Guidelines in Salary Schedule form
With 30% Differential for Metropolitan, Reformed, and Suffolk Associations
NY Conference
Page 3

*Consider using this chart if your church is in a high-cost-of-living / income county

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	54,652	57,384	60,253	63,265	66,428
6 – 10	57,384	60,253	63,265	66,428	69,749
11 – 15	60,253	63,265	66,428	69,749	73,236
16 – 20	63,265	66,428	69,749	73,236	76,897
21 – 25	66,428	69,749	73,236	76,897	80,742
26 – 30	69,749	73,236	76,897	80,742	84,779
30 +	73,236	76,897	80,742	84,779	89,018

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

Insert

2027 Compensation Guidelines in Salary Schedule form
With 30% Differential for Metropolitan, Reformed, and Suffolk Associations
NY Conference
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*Consider using this chart if your church is in a [high-cost-of-living / income county]

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	69,749	73,236	76,897	80,742
6 – 10	73,236	76,897	80,742	84,779
11 – 15	76,897	80,742	84,779	89,018
16 – 20	80,742	84,779	89,018	93,468
21 – 25	84,779	89,018	93,468	98,141
26 – 30	89,018	93,468	98,141	103,048
30 +	93,468	98,141	103,048	108,200

"Doctorate" denotes a Doctorate or equivalent. Forty-eight graduate credits (above and beyond the M.Div.) from an accredited seminary is considered the equivalent of a Doctorate for salary purposes.

Insert

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 **	
** *This total should be at or above the Conference Minimum Guideline*	
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	

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 and housing
Pension: based on 14% of salary and housing

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

Sample Compensation Package for a minister with 0 years of experience, without having completed NYSOM or an MDiv, serving a church with 60 members: (Column A, line 1)

Cash Salary	42,449
Housing Allowance	12,735
Social Security Offset	4,222
Pension	7,726
TOTAL	**67,132**

Sample Compensation Package for a minister with 8 years of experience, who has completed NYSOM or an MDiv, serving a church with 150 members: (Column C, line 2)

Cash Salary	49,140
Housing Allowance	14,742
Social Security Offset	4,887
Pension	8,943
TOTAL	**77,712**

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

Cash Salary	56,885
Housing Allowance	17,066
Social Security Offset	5,657
Pension	10,353
TOTAL	**89,961**

Current insurance premium costs may be obtained on the Pension Board website's rate calculator: https://www.pbucc.org/index.php/rate-locator

SECTION II - ADDITIONAL STAFF

Assistant/ Associate Pastor

An Associate, an Assistant, a Minister of Christian Education, or a minister employed to serve in any other role is treated as a full member of the staff and is 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.

Additional Staff Members

In some churches, Christian Education is a full-time job for a layperson. As job descriptions and training vary, 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 taken into account. 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*** establishing an appropriate tax-sheltered retirement account after a person has worked for a specified number of hours and/or years. The UCC has a pension plan for lay workers.

* **Workers' 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 members should be involved in understanding the evaluation processes used to determine 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 often hire an interim minister for the period between a pastor's departure 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 ministers. For part-time service, the percentage of time served determines the percentage of the 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 suggested minimum of $150-$200 is recommended 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 consider offering internship opportunities for seminarians. Arrangements are coordinated through the Conference Ministry Team and in consultation with seminary advisors. The Committee on Ministry for each association has access to the names of Members In Discernment seeking such opportunities. Compensation is usually a minimum stipend and is comparable to other student internship programs in the local area.

SECTION IV - REFERENCE AND RESOURCES

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Holck, Manfred. ***Money Management for Ministers***. Augsberg Press, Minn. 1966.
Holck, Manfred. ***Housing for Clergy*** *(NY Times Article)*.
Holck, Manfred. ***Tax Planning for Clergy***.
The Pastoral Relations Committee. **United Church Resources.** 800-325-7061

The Pension Boards - UCC 800-642-6543 www.pbucc.org

475 Riverside Dr.,
Room 1020

New York, NY 10115

Stewardship and Church Finances Ministry 216-736-3858 www.ucc.org

700 Prospect Avenue

Cleveland, OH 44115-1100

Pilgrim Press and
United Church Resources 800-537-3394

230 Sheldon Road

Berea, OH 44017-1234

Federal Income Tax Information 800-424-1040 www.IRS.gov

State Income Tax Information 800-462-8100 https://www.tax.ny.gov/pit/

800/225-5829

New York Conference Office - UCC 315-446-3073 www.uccny.org

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