

Meeting Notes:

The Regional Synod of Mid-America Minister's Compensation Committee met on August 29, 2023 via Zoom. The members of the committee present for the meeting: Anne Daane, Rich Van Swol, Gary Summers, Lionel Rogers, Roger DeGraff, Rich Huizinga, and Carl Berg. Staff support was provided by Chad Schuitema who moderated the meeting.

The following are notes to or changes made in the guidelines:

1. The committee considered the minimum salary table as published in the compensation guidelines and voted unanimously to increase the minimum salary table by 4%.
2. It was again highlighted that these guidelines are minimums and churches are encouraged to exceed them if possible. If a church increases its minister's salary by 4% and finds it is able to increase it further later in the year due to congregational generosity and fruitfulness, the church is encouraged to adjust and give a larger increase. In addition, some churches and pastors have mutually negotiated additional vacation in lieu of a salary increase. If this negotiation is agreed upon, or a church cannot meet these minimums it must consult with, and inform its classis.
3. Churches are again encouraged to consult appropriate tax law and compensation guidelines pertaining to securing health insurance other than through the Reformed Benefits Association. One possible resource for churches to consult is www.clergytaxnet.com.
4. The committee also examined the current pulpit supply rate and agreed unanimously to increase the honorarium to \$175 per service. In addition to this honorarium, the church is responsible to reimburse mileage at the current IRS reimbursement rate.

2023 Minister's Salary Schedule, Rules, and Guidelines

Introduction and Recommendations

1. The call or contract issued to an ordained Reformed Church in America pastor has two main concepts which deal with the relationship between a pastor and people. Specifically, the pastor is to perform certain services in his/her ministry among the people and the people are to provide remuneration for the pastor to keep him/her from temporal concerns. The latter is an obligation clearly undertaken by the church.
2. The Book of Church Order states: "A consistory shall fulfill the provisions of the call form (Appendix, Formulary No. 5) for retirement and insurance for all ministers serving the church under call or contract unless (a) regarding retirement, the minister is covered by the retirement plan sponsored by the Regional Synod of Canada or the retirement plan of the communion where the minister's membership is held, or (b) the classis determines that the minister is serving the church part-time and that circumstances warrant that the consistory be exempt from this requirement. (BCO, 1.1.2.7, p. 15)."
3. Every church and consistory needs to be involved with their pastor(s) in setting specific goals for both the pastor(s) and the church in order to lead the church in mission for Jesus Christ. Financial considerations are part of this two-way accountability and communication.
4. In order that pastors in the RCA are adequately compensated, each classis sets a minimum standard that needs to be met. After this minimum is met there is a base for discussion between pastor and the church on how performance and needs should be recognized in the salary determination.
5. Each church is encouraged to consult resources in their community and online to help gauge a true cost of living increase for their pastors. These types of resources take an inventory of goods and services that each person purchases throughout the year and reflects that as a true cost of living increase.
6. It is **expected** that each church appoint a personnel committee to work with the pastoral staff of the church. Further it is expected that this same committee be utilized to work with all church staff, ordained or non-ordained. Realizing that there are differences from church to church, the details of the personnel committee would be left to the individual church. However, the following should be minimum guidelines of the committee:
 - a. Meet on a regular schedule with each pastor and staff person at least twice a year
 - b. Set and discuss goals for each position and how those goals fit into the vision of the church
 - c. Review the past performance of the pastor(s) and staff persons
 - d. Recognize superior achievements and extraordinary service
 - e. Discuss general concerns
 - f. Specifically discuss financial needs to include salary, housing, transportation reimbursement, insurance, continuing education, and retirement plan as applicable
 - g. Consider financial needs beyond the day-to-day living expenses such as medical bills, education costs, emergencies, and retirement
 - h. Discuss other needs such as family crises, illness, marital stress, depression, and ministerial frustration
 - i. Give support and encouragement
 - j. Discuss and facilitate good relationships between church staff
 - k. Act as the communication link between staff and the consistory
 - l. Helpful tools and resources for personnel committees can be found at www.rsmam.org/resources.

7. It is **recommended** that churches and pastors consult with appropriate tax professionals as they work out the details of compensation and the pastor's financial planning. Tax counsel is important to maximize pastor benefits, minimize church costs, and protect all parties from incurring penalties from poor practices.
8. It is **recommended** that churches and pastors consult Internal Revenue Service (IRS) publications for specific information and rules. The following two publications are especially helpful and can be found at <http://www.irs.gov/Forms-&-Pubs>:
 - a. Publication 1828 - Tax Guide for Churches and Religious Organizations. Especially note the section titled *Special Rules for Compensation of Ministers*.
 - b. Publication 517 - Social Security and Other information for Members of the Clergy and Religious Workers. This publication includes examples of forms.

Rules for Minimum Compensation and Benefits

1. There are **three** components to **minimum compensation** for pastors: **1. Salary, 2. Social Security & Medicare Allowance, and 3. Housing or a Housing Allowance** if applicable. Additionally there are **Reimbursable Expense Allowances** and **Other Provisions**.
2. This represents minimum rules - a church may exceed any of them.
3. **If a church is unable to meet the minimums stated in this document, the church and the minister must contact their classis to request a waiver of these requirements.** If the consistory and minister have come to an agreement that is less than the minimum, that agreement shall be submitted with the request for a waiver. The terms agreed upon shall not be less than BCO requirements. Compensation or benefits forfeited by any approved waiver is not required to be repaid unless a repayment agreement is stipulated and approved by the church, minister, and classis. A helpful resource can be found on our website at <http://wp.me/a5n3oy-bw>.

Minimum Compensation

1. Salary

Rule: The church shall pay the pastor a salary that is at or above the amounts according to the chart below.

Chart instructions:

1. Determine the appropriate Sunday morning attendance figure for your church. Adjustment should be made for multiple Sunday morning services and weekday services that are intended as a replacement for a Sunday morning service. Multiple attendees should only be counted once.
2. Determine the years since ordination. If the pastor has had ministry experience prior to ordination it is recommended that the church give consideration for this experience. (Note: The percentage increase listed in the chart is not just an increase of the previous year's salary. Years since ordination also must be adjusted.)
3. The resulting figure is the *minimum* salary for the pastor. This amount can be increased based on the pastor's needs, performance, and should take into account a church's location, economic situation, other financial situations, etc. A church should consider many factors other than just finding the corresponding column and row on the spreadsheet below.
4. The effective date of this chart will be January 1 of the year for which these guidelines and rules are published. However, a church may elect to use an earlier date.

Recommendation: If the church is already compensating the pastor above the minimum salary for a given year, it is recommended that for the following year the church increase that salary by the percentage increase stipulated.

| Average Worship Attendance | <u>0-200</u> | | <u>201-400</u> | | <u>401 & Above</u> | |
|----------------------------|--------------|----------------|----------------|----------------|------------------------|----------------|
| Years Since Ordination | Salary | Salary+Housing | Salary | Salary+Housing | Salary | Salary+Housing |
| 0-1 | \$49,595.97 | \$69,434.36 | \$52,831.96 | \$73,964.74 | \$56,269.12 | \$78,776.77 |
| 2 | \$51,317.86 | \$71,845.01 | \$54,590.91 | \$76,427.27 | \$58,000.27 | \$81,200.38 |
| 3 | \$52,989.46 | \$74,185.24 | \$56,015.01 | \$78,421.01 | \$59,663.93 | \$83,529.50 |
| 4 | \$54,643.85 | \$76,501.39 | \$57,967.19 | \$81,154.06 | \$61,320.97 | \$85,849.35 |
| 5 | \$56,287.65 | \$78,802.71 | \$59,633.49 | \$83,486.88 | \$62,955.50 | \$88,137.71 |
| 6 | \$56,556.32 | \$79,178.85 | \$59,980.25 | \$83,972.35 | \$63,312.85 | \$88,637.99 |
| 7 | \$56,822.35 | \$79,551.29 | \$60,321.71 | \$84,450.40 | \$63,664.91 | \$89,130.87 |
| 8 | \$57,081.76 | \$79,914.46 | \$60,656.56 | \$84,919.19 | \$64,011.67 | \$89,616.33 |
| 9 | \$57,345.14 | \$80,283.19 | \$60,980.82 | \$85,373.15 | \$64,350.49 | \$90,090.68 |
| 10 | \$57,543.66 | \$80,561.13 | \$61,310.38 | \$85,834.53 | \$64,690.63 | \$90,566.88 |
| 11 | \$57,735.57 | \$80,829.80 | \$61,654.49 | \$86,316.29 | \$65,026.80 | \$91,037.52 |
| 12 | \$57,927.48 | \$81,098.47 | \$61,953.61 | \$86,735.05 | \$65,365.62 | \$91,511.87 |
| 13 | \$58,118.07 | \$81,365.29 | \$62,265.95 | \$87,172.34 | \$65,679.29 | \$91,951.01 |
| 14 | \$58,299.39 | \$81,619.14 | \$62,573.01 | \$87,602.21 | \$65,995.61 | \$92,393.86 |
| 15 | \$58,482.03 | \$81,874.85 | \$62,869.48 | \$88,017.27 | \$66,310.61 | \$92,834.85 |
| 16 | \$58,660.71 | \$82,124.99 | \$63,167.27 | \$88,434.17 | \$66,624.28 | \$93,273.99 |
| 17 | \$58,836.73 | \$82,371.43 | \$63,458.44 | \$88,841.81 | \$66,930.01 | \$93,702.02 |
| 18 | \$59,007.47 | \$82,610.45 | \$63,745.64 | \$89,243.90 | \$67,229.12 | \$94,120.77 |
| 19 | \$59,176.88 | \$82,847.63 | \$64,030.20 | \$89,642.27 | \$67,528.24 | \$94,539.53 |
| 20+ | \$59,340.99 | \$83,077.39 | \$64,310.78 | \$90,035.09 | \$67,823.38 | \$94,952.73 |

2. Social Security & Medicare allowance

Pastors are considered self-employed for Social Security and Medicare tax. Therefore they must pay this tax as a self-employed person without the benefit of the employer payment of the employer portion of the tax. It is the intention of these rules to compensate the pastor for the employer portion of this tax. If a pastor has elected not to be a part of the Social Security system, an equal allowance should be made to another appropriate retirement plan.

Rule: The church shall reimburse the pastor for a portion of the self-employed social security/Medicare taxes that is equal to the employer portion of the social security/Medicare taxes. Currently

this amount is 7.65%. The reimbursement is calculated by taking the employer portion percentage of the salary plus the housing.

1. If the pastor is furnished a home by the church, the housing amount is calculated to be
 - a. At least the fair rental value of a parsonage plus the cost of furnished utilities, or
 - b. 40% of the Salary amount, unless 40% is less than the fair rental value plus utilities.
2. If the pastor is given a housing allowance, the housing amount is the actual amount paid.
3. The allowance is considered to be additional income unless otherwise deferred.

3. Housing

Rule: The church shall provide the pastor with the free use of a parsonage including all utilities.

Alternately, the church may provide a *cash Housing Allowance* for the pastor. The amount of the allowance must be adequate to reimburse the pastor for rental or purchase of adequate housing for the pastor and his or her family in the community where the church is located plus utilities.

The following are the proper steps to figure minimum compensation when a Housing Allowance is being offered to the pastor:

1. Determine the minimum salary using the chart as outlined above.

Note: If salary will be paid above the minimum, that figure should be used.
2. Determine the appropriate amount to reimburse for *adequate housing* in the community where the church is located, plus utilities. Our guideline is the Social Security Administration's suggested amount of 40% of salary. Actual adequate housing could be more depending on a number of factors that would include the size of the pastor's family and the cost of housing in the community where the church is located.
3. The pastor may elect to voluntarily transfer a portion of his salary to housing for a possible tax advantage for the pastor. The church and the pastor should be careful to follow IRS guidelines including designating the housing allowance pursuant to official action taken in advance of the payment. It is recommended that current year IRS publications be consulted and professional tax advice obtained. *The church should not allow this voluntary transfer until steps 1 and 2 are completed. The salary and housing allowance should not be offered as a package amount.*
4. The Social Security and Medicare allowance is then figured on the sum of the Salary and the Housing Allowance (listed in the minimum salary chart).

Reimbursable Expense Allowances

1. Vehicle expense reimbursement: If the pastor uses his or her personal vehicle(s) for church business, the church shall reimburse the pastor for that church business use. The reimbursement shall be at the IRS standard mileage rate. IRS reporting rules for vehicle expense should be followed. (Alternately the church may purchase a vehicle for the pastor to use for church business. All church related expenses for such a vehicle shall be paid by the church.)
2. Telephone and internet: The church shall provide the pastor with the necessary telephone and internet service to conduct church business. The pastor would be responsible for any additional charge for personal use. If the church expects the pastor to be available by cellular telephone, the necessary telephone service will include cellular phone service.

Other Provisions

1. **RCA Retirement Program:** The church shall make the entire contribution on behalf of the pastor to the RCA retirement program. The contribution shall follow the instructions given annually by the Board of Benefits Services and is based on salary and housing, and not on other benefits such as the Social Security and Medicare allowances, the vehicle allowance, or the continuing education allowance. More complete information can be found at: <https://www.rca.org/benefits/retirement/rca-retirement-plan>
2. **Insurance:**
 - a. The church shall make the entire contribution for the RCA Long Term Disability and Group Life insurance premiums.
 - b. The church shall cover the cost of medical insurance - that meets or exceeds the minimum medical insurance coverage as stipulated by the Board of Benefits Services - for the minister and his/her immediate family in one of four ways:
 - i. Pay the cost of the group medical insurance as offered through the Reformed Benefits Association.
 - ii. Pay the cost of another group or private medical insurance plan.
 - iii. Reimburse the cost of for the minister to purchase insurance through the insurance marketplace.
 - iv. Reimburse any *employee* cost of medical coverage obtained through a spouse's employer-sponsored group plan.
 - c. For 2024, the minimum requirements for medical insurance specified by the Board of Benefits Services (via their Consumer Plan from their website: <https://www.rca.org/benefits/insurance/medical-insurance/>) are:
 - The Reformed Benefits Association (RBA) Consumer Plan or Equivalent;
 - 80% Coinsurance (80% paid by the insurer, 20% paid by the individual);
 - Individual Deductible: \$2,800, Family Deductible: \$5,600;
 - Maximum In-Network, Out of Pocket cost: Individual-\$5,000, Family-\$10,000;
 - Once out of pocket costs have been met, the plan covers 100% of eligible expenses;
 - If the medical insurance of a spouse is used, the church must compensate the minister for any expenses beyond the RBA consumer plan expenses;
 - d. The Board of Benefits minimum requirements are waived if the minister is enrolled in Medicare or Veterans Administration Health Care, or if the employee has medical coverage under a spouse's or parent's plan.
 - e. At a minimum, the church is responsible for the premiums of the RBA Consumer Plan. If the pastor and church negotiate to purchase an alternate plan the church is responsible for the actual premium costs of the alternate plan or an amount equal to the Consumer Plan premium, whichever is less. The church may elect to provide additional compensation to cover medical insurance premiums or out of pocket costs incurred by the pastor.
 - f. Note that any reimbursement given may be reported as additional income. The church and pastor are encouraged to consult with appropriate tax professionals regarding this reimbursement.
 - g. It is recommended that churches consider reimbursing or paying all or part of the premium for any dental insurance. (Note: The RBA dental plan is not available to employees that have elected to purchase an outside medical plan or one through the Marketplace.)

- h. It is **recommended** and encouraged that if a church chooses the Reformed Benefits Association's Consumer Plan (High Deductible Plan) that a portion of the savings from using this Consumer Plan be contributed to a pastor's health savings account.
- 2. Disability: Physical, emotional or mental disability is defined as the inability of the pastor to carry out the normal functions of his/her office. In such event, whether total or partial disability, the salary and benefits of the pastor shall be paid for a period of six months. Thereafter all benefits due the pastor are those provided by the Long Term Disability Insurance.
- 3. Vacation: The following schedule shall apply for amount of annual vacation for the pastor:
 - a. While the vacation time is expressed in weeks it is understood that pastors do not have what are commonly considered usual workweek days or hours. Pastors and consistories should reach an understanding of appropriate time-off when less than full week segments are taken.
 - b. Unused vacation time shall not carry over to another year. Pastors are encouraged to use the vacation in order that they may be personally refreshed. If the pastor has had ministry experience prior to ordination it is recommended that the church give consideration for this experience.

| Years Since Ordination | Weeks of Vacation | Sundays Included in Vacation Weeks |
|-------------------------------|--------------------------|---|
| Less than 3 years | 3 | 3 |
| 3 years - 19 years | 4 | 4 |
| 20 years and over | 5 | 5 |

- 5. Continuing Education: The local churches and consistories are strongly encouraged to support professional development of the pastor for their mutual benefit. To that end, as provided by the RCA Book of Church Order, a minimum of one week including one Sunday shall be allowed plus an amount approximately equal to 1/52nd of only the annual salary shall be allowed towards actual expenses of the professional program such as travel, food, lodging and registration expenses. Pastors are expected and encouraged to take advantage of this benefit on a yearly basis. However, by prior agreement between pastor and consistory this benefit may be accumulated to a maximum equivalent for 4 years of service. It is understood that professional development means a learning experience in a setting designed for skilled training in some aspects of pastoral work. Per the Book of Church Order, the study program will be mutually agreed upon by the pastor and the consistory for the pastor's professional development.
- 6. Sabbaticals: Churches are encouraged to grant pastors a six-week or more sabbatical at full salary after each seven years of service with that congregation. The agenda for such sabbatical should be submitted and approved by the consistory with the express intent that such sabbatical shall be an investment in the future to the benefit of the church.
 - a. After eight years of pastoral service without a sabbatical, churches, through its consistory or other appropriate committee, are **required** to annually review the Synod's sabbatical policy with its pastor(s).

- b. For further information and a copy of synod approved sabbatical policy can be found on the Synod of Mid-America website at <http://www.rsmam.org/wp-content/uploads/2013/12/SabbaticalPolicy.pdf> or contact the regional synod office.
7. Maternity and Family Leave: Churches and ministers are referred to the RCA Maternity and Family Leave Policy found at: <http://images.rca.org/docs/ministry/LeavePolicy.pdf> It is **recommended** that churches follow the guidelines that are found in this document regarding maternity leave to create their own policies. Additionally, churches are required to provide unpaid, job-protected leave for specified family and medical reasons with continuation of group health insurance coverage under the same terms and conditions as if the employee had not taken leave. Eligible pastors are entitled to: twelve workweeks of unpaid leave in a 12-month period for:
- a. the birth of a child and to care for the newborn child within one year of birth;
 - b. the placement with the employee of a child for adoption or foster care and to care for the newly placed child within one year of placement;
 - c. to care for the employee's spouse, child, or parent who has a serious health condition;
 - d. a serious health condition that makes the employee unable to perform the essential functions of his or her job.

General Rules

1. Assistant or Associate Pastors: In the case of assistant or associate pastors who are ordained Ministers of Word and Sacrament, the Salary Schedule shall apply regarding the years since ordination, but such pastors may be paid according to the schedule for the next lower category size church regardless of the size church they serve.
2. Part-time Pastors: The use of our compensation guidelines on a pro-rated basis is helpful and advised. In addition to the salary table, two other provisions must be included in the compensation package according to the BCO (1.II.12.3): 1) payment of 11% of base salary and housing allowance to the minister's Retirement Fund; 2) required insurance coverage. **These two items are required unless the classis approves an exemption or waiver when approving the call or contract.** After a third consecutive contract with a church we recommend that the classis meet with the contract Minister of Word and Sacrament and the consistory both separately and together to evaluate the viability of future contracts or exploring the possibility of extending a call. These meetings could examine the church's plans for future ministry/contracts and provide an opportunity for healthy ministry discussion. A helpful resource regarding this and differences between contract and calls is a paper by Regional Synod of the Great Lakes clerk, Howard Moths, and can be found on our website at <http://www.rsmam.org/wp-content/uploads/2015/08/Contract-Approval-Guidelines-06-2015.pdf>
3. Special Considerations: A pastor who is at least fifty-five (55) years of age and who wishes to serve a church having less responsibility and fewer demanding functions shall be entitled to special considerations.
 - a. A church may negotiate with such a pastor for his/her services at a salary not less than 70% of the appropriate compensation guidelines. All of the remaining provisions shall apply.
 - b. If a church wishes to utilize the services of such a pastor as an assistant or associate pastor, the salary negotiated shall be subject to approval of the appropriate committee in the classis where these compensation guidelines are approved.

4. Fees and Honorariums:
 - a. The pastor shall be entitled to retain fees and honorariums for his/her personal use, except the fees for classical appointments shall be delivered to his/her church treasurer.
 - b. Mileage reimbursement should not be considered as part of the classical appointment fee.
 - c. In order to maintain some consistency with pulpit supply payments, we **recommend** that a minimum honorarium of \$175 be given for the pulpit supply for all worship services (with appropriate adjustment for multiple services). Also the church is to provide reimbursement of mileage at the IRS recommended rate. The primary purpose for this recommendation is for the benefit of retired pastors who use pulpit supply as a means of income.
 - d. It would be best if outside activities are kept to a minimum to prevent interfering with the pastor's ministry especially for the purpose of additional income. However, we do encourage pastors to have a reasonable degree of involvement in activities at the Classis, Regional Synod or General Synod level.
5. Other Professional Ministry Staff:
 - a. While these compensation guidelines do not apply to all church staff or ministry employees, we do recommend that all church employees engaged in professional ministry receive time off in addition to vacation time and appropriate funds to pursue continuing education opportunities.