



2024 Southeastern Minnesota Synod ELCA Minimum Compensation & Benefits Guidelines

What Are Minimum Guidelines?

In this synod, we are called to walk together as we proclaim the gospel of Jesus Christ. These guidelines are presented as a tool for congregations¹ and rostered leaders to use together so that compensation decisions can be made in such a way that God's mission flourishes, rostered leaders are cherished as servants of God, there is a sense of faithful partnership between church members and rostered leaders and all areas of the church's ministry thrive. Minimum guidelines promote calls based on matching the rostered leader's² gifts with a congregation's needs, rather than encouraging leaders to select positions based too heavily on the promise of better compensation. And, they help congregations in researching comparable salaries being paid in the area.

Rostered leaders need a team of members in their church who are willing to understand the guidelines and advocate for their use as the budget is being proposed. The tone and quality of conversation surrounding compensation matters may be as important as the substance or outcome of such conversations. Church workers are encouraged to focus on the privilege of serving Christ regardless of monetary reward and congregations are encouraged to be as generous as possible in supporting their paid leaders—each looking out for the good of the other. This only works well if compensation is determined with the mutual interests represented fairly. If your church does not have a team of advocates, you place your staff in an awkward position of needing to advocate for themselves.

How Are They Developed?

In 2023, the Synod Council discerned a new process for approving the SEMN Synod Minimum Compensation and Benefit Guidelines.

The previous process required the bulk of the work of the task force to be done more than a year before the guidelines were to be in effect. The Synod Council realized this timeline required the task force to complete their work without a key piece of information: The Social Security Administrations determined Cost of Living Adjustment for the year the guidelines would be in effect. This adjustment is determined in the third quarter of each year for the following year.

In order to put forth a Minimum Compensation and Benefit Guideline that better reflects the economic reality in which the guidelines are in effect, the synod council discerned a process that makes space for that.

January of each year: the task force is named. Task Force will consist of:

- One rostered minister member
- One lay member
- One synod council member (either rostered or lay)
- One synod staff liaison

February through September: the task force will review the current guidelines and update as needed while awaiting the announcement of the following year's COLA.

¹ For the purpose of this document, the term "congregation" may also refer to multi-point parishes and non-parish ministry agencies such as Bible camps, long-term care facilities, hospitals, campus ministries, etc.

² For the purpose of this document, the term "rostered leader" refers to a person who is on the roster of ministers of Word and Sacrament and ministers of Word and Service of the Evangelical Lutheran Church in America.

October: the task force will develop the proposed base salary portion of the guidelines.

The proposed guidelines will be made available to rostered leaders and congregation leadership for public comment for a duration of 2 weeks. In this comment period folks may review the guidelines and are invited to direct concerns, questions, or affirmations to a task force member. Synod membership will be made aware of this comment period through our website and targeted emails.

The proposed compensation guidelines will then be presented to the Synod Council for approval after which time they will be made public on the SEMN Synod website as congregations work on their budget proposals for upcoming annual meetings.

Our hope and vision for this new process is two-fold:

- 1 – to present and approve a more economically accurate Minimum Compensation and Benefit Guideline
- 2 – to offer opportunity for both rostered ministers and congregations to engage thoroughly and wisely with the Minimum Compensation and Benefit Guideline.

Core Biblical Convictions for Paying Church Workers

Decisions about compensation for rostered ministers and other church staff workers, like other issues the church faces, are best made in light of our core biblical and theological convictions. What are some of the faith commitments that will influence our approach to this important subject?

1. Our starting point is that the grace of God in Jesus Christ can be neither bought nor sold. God insists on giving it freely. Indeed, all Christians receive in baptism a call to serve and proclaim the Good News of God's undeserved love in Jesus Christ.
2. All Christians are to declare the gospel, especially to those who have never heard it. Within the church, however, some are called to make this task a major occupational commitment. Some members of the church are asked to devote a significant amount of their time and energy to the ministry of equipping all of God's people for service in the world. When the church asks such persons to dedicate so much of their lives to public ministries that they cannot be employed elsewhere, the church takes upon itself a responsibility to pay those persons an appropriate wage.
3. The principle that “laborers deserve their food” (Matthew 10:10) is attested throughout the scriptures. In the Old Testament, priests were granted a portion of the sacrifices made by the people; tithes and other offerings were received to support God's servants. In the New Testament, Paul speaks of the duty of churches to support their leaders, even though Paul chose to waive this right for himself (I Corinthians 9).
4. Insofar as the church is institutionally embodied, it is subject to the same standards of justice to which all human institutions are accountable. The church, however, is more than a human institution. At a deeper level, the church is the community of faith – drawn together by God around the Word and Sacraments, empowered for witness in the world. Rostered ministers and lay staff are simultaneously employed by congregations and called by the church to be fellow workers with all of God's people in the Body of Christ.

As churches and ministry agencies make decisions about compensation for staff members, they will bear in mind the identity and calling that are ours in Jesus Christ. The following guidelines are designed to assist congregations as they make decisions regarding the compensation of rostered leaders and church staff. For additional assistance in determining a fair salary and benefits package for rostered leaders, please contact a member of the synod pastoral staff.

Making Compensation Decisions

It is recommended that each congregation have a Personnel Committee, with a minimum of three persons, whose responsibilities would be:

- to develop, review, and revise personnel policies for the congregation;
- to provide for regular (annual or semi-annual) evaluation of all members of the staff;
- to assist with any needs, concerns, problems that may arise among the members of the staff – rostered leaders and support staff;
- to meet annually with each staff member to discuss compensation needs and concerns;
- to recommend to the budgeting body (e.g. church council, board of trustees, etc.) specific salary;
- benefits for each staff member; and
- to advocate with the budgeting body on behalf of the salary needs of each staff member.

In congregations, compensation packages for staff persons should be set by the congregation council or whichever elected body has the responsibility and authority to manage the fiscal affairs of the congregation. This should be done in consultation with the staff person(s) and personnel committee. Congregational meetings are too large to be deliberative regarding specific compensation packages. Facts necessary for responsible decisions about compensation are not always available to all members of the congregation. The council should place the recommended compensation package(s) in the budget and present it to the congregation for ratification at the annual meeting.

COMPENSATION FOR MINISTERS OF WORD AND SACRAMENT COMPENSATION FOR MINISTERS OF WORD AND SERVICE

These guidelines are intended to assist congregations and rostered ministers in their annual compensation review as set forth in the Letter of Call.

Base Salary Guidelines

The synod task force on compensation and benefits has attempted to arrive at a fair base salary. The synod's base salary guidelines are a suggested minimum amount based on total years of ministry experience. Congregations are free to give their rostered ministers increase of more than the minimum, as befits church finances or circumstances.

Congregations that find themselves falling 10% or more below minimum guidelines should understand that they are moving into what we need to consider as less than a full-time call. We understand that when this happens, congregations often are disappointed that they cannot fully compensate their rostered minister. This often is happening when congregations are losing members to death or for other reasons and therefore are losing financial strength. It is an unfortunate reality that this will begin to affect the congregation's options when it enters the call process the next time. All of us will need to be honest about the reality. It may limit options for rostered ministers willing to consider interviewing. It also may provoke a conversation about doing some kind of mission redevelopment such as forming an area parish or finding another ministry partner in order to provide full-time rostered leader compensation. Rostered ministers who are less than full-time also may need to seek additional employment beyond their parish call in forms that are not in conflict with their primary role as rostered leader. Congregations that are 5% or more below guidelines should consider offering their rostered ministers additional time off or more vacation time in lieu of guidelines salary. It may be that they also could find other ways to negotiate a mutually-agreeable compensation.

Why is there a Housing Allowance for Clergy?

A pastor's salary is divided up into base salary and housing allowance. If a pastor lives in a parsonage, the value of housing is calculated at 30% of base salary. Because of IRS regulations, pastors do not need to pay income tax on the portion of their salary spent on housing if it has been designated for this purpose in the annual budget and it is used for the purpose of housing. *Every December the pastor should notify the congregation's council that a specific amount of his/her compensation for the coming year be designated as housing allowance. The council acknowledges this request by a motion and vote that is entered into the meeting minutes. It needs to be understood that dividing housing allowance and salary is for income tax purposes, and the division can appear unusual. The council may choose to use this format within the minutes of its meeting: A motion was duly made, seconded, and approved that the ministry compensation paid to Rev. _____ during the year 20__ include a designated housing allowance in the amount of \$ _____. This amount shall remain in effect annually until amended or rescinded. (Source: Clergy Financial Services, Inc.)*

2024 Salary Scale

The 2024 guidelines reflect a 4% increase in years of service base salary over the 2023 guidelines years of service base salary.

This chart represents base salary only and does not include housing allowance, social security offset, medical insurance, pension, disability coverage, or group life coverage.

It is important to acknowledge that an increase in base salary also provides an increase in housing allowance and social security offset which combined with base salary creates a rostered pastor's Defined Compensation. For further explanation refer to Appendix A: Understanding Your Pastor's Compensation (pg 15).

Years of Service/Year Ordained	Base Salary Minimum 2024		Years of Service, Year Ordained	Base Salary Minimum 2024		Years of Service, Year Ordained	Base Salary Minimum 2024
			13, 2011	49,894		27, 1997	58,994
Grad, 2024	41,444		14, 2010	50,544		28, 1996	59,644
1, 2023	42,097		15, 2009	51,194		29, 1995	60,294
2, 2022	42,744		16, 2008	51,844		30, 1994	60,944
3, 2021	43,394		17, 2007	52,494		31, 1993	61,594
4, 2020	44,044		18, 2006	53,144		32, 1992	62,244
5, 2019	44,694		19, 2005	53,794		33, 1991	62,894
6, 2018	45,344		20, 2004	54,444		34, 1990	63,544
7, 2017	45,994		21, 2003	55,094		35, 1989	64,194
8, 2016	46,644		22, 2002	55,744		36, 1988	64,844
9, 2015	47,294		23, 2001	56,394		37, 1987	65,494
10, 2014	47,944		24, 2000	57,044		38, 1986	66,144
11, 2013	48,594		25, 1999	57,694		39, 1985	66,794
12, 2012	49,244		26, 1998	58,344		40, 1984	67,444

Rostered ministers, with more than 40 years of ministry experience, and their congregations are asked to negotiate appropriate salary increases.

Other Considerations

The total compensation package should also take into account workload, additional education, and effectiveness of the rostered leader. Many rostered ministers, as they go through college and seminary, have incurred high levels of educational debt. Congregations are encouraged to discuss this matter with their rostered ministers. If your rostered minister is still paying off educational debt, the congregation is encouraged to provide a matching contribution up to \$100 per month to aid in reducing the educational debt. Persons who have had other careers prior to entering rostered ministry should be given 1/2 year credit for every year of that experience to the extent that it was pertinent in preparing them for ministry, such as counseling, teaching, lay program staff, and supervisory positions with a cap of five years of experience. Examples: a person who taught school for 10 years could be given 5 years credit on the salary guidelines; a person who had supervisory responsibilities for 12 years would still be given 5 years credit because of the five year cap. Congregations may always choose to give more credit because these are minimum guidelines.

Workers' Compensation

All congregations are required by law to provide Workers' Compensation coverage for all employees. For purposes of Workers' Compensation, clergy are employees and therefore must be covered under Workers' Compensation.

FICA ("Social Security")

Congregations are required to pay FICA taxes for all lay employees. Since IRS considers clergy as self-employed for FICA purposes (but employed for income tax purposes), congregations/ministry agencies cannot legally pay FICA directly for ordained clergy. The FICA tax for self-employed persons is 15.3%³. Clergy must pay FICA tax on their base salary and housing allowance/rental value of parsonage. Congregations are expected to reimburse pastors the employer's share of FICA, 7.65%. (The pastor's share is the remaining 7.65%, including Social Security and Medicare.) Such a FICA Allowance, however, is still fully taxable for both income tax and FICA purposes.

Portico Benefit Services

In response to actions taken at the 2019 Churchwide Assembly, Portico Benefit Services explored how to offer employers and plan members greater flexibility in choosing a health plan option. At its March 2020 meeting, the ELCA Church Council approved a number of health plan options that fit within a range of cost-sharing.

Health Benefits Coverage

Portico Benefit Services, the nonprofit benefit ministry of the ELCA, provides the benefit program for rostered ministers, lay employees, and their families. Portico provides health, dental, prescription drug, retirement, disability, and group life insurance benefits in one bundled program.* This program is designed to address the needs of rostered ministers and provide seamless benefits during change of call, leave from call, and other events unique to ministry. A bundled approach helps ensure rostered ministers and lay employees are protected against significant financial loss from a variety of risks. Through Portico, congregations** in this synod and across the country pool their collective purchasing power to provide benefits in a cost-effective manner. For more information, see the ELCA Philosophy of Benefits at PorticoBenefits.org/philosophy.

Congregations and plan members share the cost of benefits. Congregations are expected to support the well-being of their covered plan members by paying all or a significant portion of the contributions for benefits. Plan members are expected to participate in the cost of utilizing the benefits (e.g., deductibles, coinsurance, and copays).

³ Congregations should stay abreast of any changes in the FICA tax rate.

The ELCA Church Council has approved a balance of cost-sharing between congregations and plan members. Portico offers a choice of ELCA-Primary health benefit options that fit this approved balance: Gold+, and Silver+ with either Level A or B employer HSA contribution. Each fall, congregations should engage in conversation with their sponsored plan members to determine the option that best fits their needs, and then make their selection during annual enrollment. Current contribution rates are available on at EmployerLink.PorticoBenefits.org or by calling Portico at 800.352.2876.

*A plan member may waive health coverage if they have access to valid medical insurance coverage through their spouse or another employer.

**“Congregations” may also refer to multi-point parishes or other non-parish ministry agencies such as Bible camps, long-term care facilities, hospitals, campus ministries, etc.

Flexible Spending, Other Voluntary Opportunities

All employees of congregations covered under Portico Benefit Services have the option of setting up a flexible spending account (FSA), a health savings account (HSA), or other voluntary insurance opportunities. Payroll dollars may be set aside on a pretax basis to pay for eligible health care and dependent (day) care expenses for their family. This benefit is offered at no additional cost to sponsors. Both sponsoring employers and plan members can make contributions to an HSA. Sponsored members can also purchase supplemental life insurance on themselves, their spouses and dependents. For more information, visit the Portico Benefit Services website at www.PorticoBenefits.org or call 800-352-2876.

Auto Expense Reimbursement

Automobile and other work-related travel expenses are business expenses for the congregation and should not be regarded as part of the staff person's salary. The current IRS standard mileage rate, based on actual miles driven and reported by the staff person in his/her personal vehicle, is recommended for use by congregations to calculate reimbursement. The IRS guideline for the current year can be found at www.irs.gov. The standard rate is intended to cover gasoline and gas tax, depreciation or lease payments, insurance, registration, licensing fees, oil, tires, routine maintenance, and repairs. Congregations are advised to stay abreast of current IRS regulations pertaining to the standard mileage rates. Instead of reimbursing the staff person for use of his/her personal vehicle, the congregation may choose to lease or purchase a car for the staff person and assume all operating costs for the vehicle.

Professional Expense Reimbursement

It is recommended that professional expenses such as books, vestments, periodicals, professional dues, entertaining and hospitality costs incurred in the performance of the duties of the pastoral office be shared by the congregation. Attendance at the Synod Assembly and Synod Theological Conference is required of all rostered leaders, and all costs for these events are to be paid by the congregation.

Technology Tools

In many places, the use of technology enhances effective ministry by providing for better use of time and by helping pastors and rostered leaders be more accessible. Legitimate technology expenses incurred for church-related work should be reimbursed. Examples include cell phones and computers. For cell phones that are used both for church business and personal calls, it is suggested that the congregation and rostered leader each pay 50% of the base plan for the rostered leader. Unless otherwise agreed to, equipment will remain with the congregation or be purchased at current market value by the rostered leader.

Continuing Education

All full- and part-time rostered ministers of the ELCA are expected to complete at least 50 contact hours of continuing education annually.⁴ Therefore, continuing education time and funding should be provided for them for updating skills and for professional growth in order to strengthen their ministries. It is recommended that a minimum of two weeks (including up to two Sundays) and a minimum \$1000 be granted annually for continuing education. This is in addition to the rostered leader's participation in and the congregation's reimbursement for the required educational and professional events of the Southeastern Minnesota Synod, which include the Theological Conference, Synod Assembly and Boundaries Training (which is required once every three years.) The unused portion of a rostered person's annual continuing education leave or continuing education allowance may be accumulated over a period of no more than three years for more major continuing education opportunities in conversation with congregation's council and rostered leader(s). Continuing education may include courses, seminary classes, workshops, or independent study when directed toward a specific goal. Use of continuing education funds is granted by the congregation council or other appropriate authority. Termination of employment may cancel all time and money contributed by the employer for that employee. Congregations are encouraged to consider a sabbatical policy for their rostered ministers. The 1997 ELCA Churchwide Assembly recommended that rostered ministers be granted a period of extended study and renewal, a minimum of 1-3 months every 5-7 years in the current call.⁵

Time Off & Vacation

Adequate time off for rostered ministers is essential. It is recommended that vacation time be a minimum of 4 weeks (including 4 Sundays) for all rostered ministers regardless of the number of years of experience. Full time employees should be encouraged to take off two full days per week. Vacation time is offered purely for the rest, relaxation, and renewal of rostered ministers. The following should not be considered part of a rostered person's vacation time: official synod events at which attendance by rostered ministers is required; continuing education; time spent in outdoor ministries and retreats with congregational youth and family groups; work on synod or Churchwide boards or committees. *Any carry-over of time off or vacation is determined by each congregation's church council in conversation with the rostered leader.*

Holidays

Holidays should be granted as days off in addition to vacation days. When the services of the rostered minister are required on recognized holidays, time off with pay should be granted at another time, which causes minimal disruption to the congregation. The following days are traditionally considered paid holidays: New Year's Day, Martin Luther King Day, Good Friday or Easter Monday, Memorial Day, Fourth of July, Labor Day, Thanksgiving Day, and Christmas Day.

Emergency Leave

Absence of three days (up to five days, depending on distance) due to a death in the immediate family is normally permitted. ("Immediate family" is defined to include spouse, parents, siblings, children, in-laws, grandparents, and grandchildren.) Congregations are encouraged to provide additional paid leave after the death of a spouse or child, especially in cases where the rostered minister has no remaining vacation time for that year. Compassion and grace should be the guiding values.

⁴ Newly-rostered pastors and lay leaders are required to participate in First-Call Theological Education during the first three years of rostered service.

⁵ For rostered persons involved in the First-Call Theological Education program, this 5- to 7-year period begins upon completion of that program.

Disability - Sick Leave

In the event that a rostered minister becomes medically disabled, it is expected that the congregation provide up to 2 months of continued salary, housing, and contributions to the ELCA Retirement and Other Benefits plans in a 12-month period. *It is recommended that each congregation develop explicit written policy relating to disability and sick leave before such need arises.* Such a policy might include allowing rostered ministers to use some sick leave days to care for immediate family members who are ill. Consideration for sick leave during interim ministries might also be included.

Family Leave

Family Leave is paid time off with full salary and benefits for the care of a newborn or newly adopted child. During Family Leave the rostered leader is released from all work-related responsibilities and tasks. Other provision for all pastoral/congregation care and other work-related contingences should be planned to serve the congregation/organization during the time of leave. A minimum of 6 weeks is expected as Family Leave for all rostered leaders.

Source: www.mn.gov

It is important to note that Paid Family and Medical Leave is a new program launching for Minnesotans in 2026. It provides paid time off when a serious health condition prevents you from working, when you need time to care for a family member or a new child, for certain military-related events or for certain personal safety issues.

There are two main types of leave:

- **Family Leave** to care for a family member with a serious health condition, or if you're bonding with a new baby or child in your family.
- **Medical Leave** when your own serious health condition prevents you from working.

Additionally, you will be able to take leave to support a family member in the military deploying overseas, or if you or a family member are facing a significant personal safety issue.

It is recommended that each congregation develop an explicit written policy relating to Family Leave⁶

Military Leave

A congregation whose pastor serves simultaneously as a chaplain in a military reserve unit must, by law, grant leave time for the pastor to fulfill his/her military obligations. Such military leave time is to be granted exclusive of vacation and continuing education time. *It is recommended that each congregation develop explicit written policies relating to compensation issues for rostered leaders while on military leave.* Policy guidelines are available from the ELCA Federal Chaplaincy website (<http://www.elca.org/Our-Work/Leadership/Federal-Chaplaincy-Ministries>).

Part-Time Rostered Leaders

Part-time rostered staff persons should have consideration for salary and benefits corresponding to a percentage of a full-time salary and benefits package. The required minimum continuing education should not be reduced by a percentage, however.

⁶ Congregations that have called a rostered couple (two rostered persons married to each other) should give particular attention to the question of whether both rostered persons will receive a full parental leave.

Severance Policy

It is recommended that each congregation develop explicit written policies relating to severance compensation for rostered leaders. See appendix B.

Unemployment Compensation

Federal and state laws generally exempt churches from this requirement as service performed in the employ of a religious organization.

FOR MINISTERS OF WORD AND SACRAMENT ONLY

Housing Allowance, (for further explanation of Housing Allowance see Appendix B, pg 16)

Pastors will be granted housing (either a parsonage or housing allowance) in addition to the base salary. An adequate housing allowance or a parsonage should be provided for all ordained pastors under call.^{7 8} If the pastor is given a cash housing allowance in lieu of a parsonage, the amount of the allowance must be designated by the congregation council prior to the beginning of the year.⁹ The housing allowance should be enough to provide housing that is adequate for the clergy family's needs. Factors to consider in determining the amount of a housing allowance include: representative rental costs in the community or the cost of purchasing a home, utilities, property taxes, homeowner and/or personal property insurance, maintenance, etc. The standard amount is 30% of the base salary. In some communities of the synod where housing costs are higher, a percentage greater than 30% may be more appropriate. You may find the median home prices by county on http://www.trulia.com/home_prices/.

Parsonage

If a congregation provides a parsonage, the congregation should assume all costs for maintenance and utilities. These costs may be paid directly or the pastor may be given a Utilities Allowance sufficient to cover these expenses. In addition to these costs, the congregation should provide and maintain major appliances in the parsonage. Pastors who live in an unfurnished parsonage also may receive a furnishings allowance¹⁰ or have a portion of their base salary designated as a Furnishings Allowance. If the pastor is offered such an allowance, it must be designated by the congregation council prior to the beginning of the year. If a parsonage is provided, the congregation is encouraged to help provide for the future housing needs of the pastor at such a time when he/she decides to purchase a home by establishing a Housing Equity Account. To accomplish this, the congregation may simply make additional employer contributions to the ELCA Retirement Plan account. It is recommended that these contributions be equal, at a minimum, to the amount of the following calculation: 3% [130% (base salary + FICA allowance)]. Pastors should be aware of the tax issues associated with receiving a cash housing allowance or a parsonage. Helpful information is available on the Portico Benefit Services website (www.PorticoBenefits.org), and it may also be valuable to contact a qualified tax adviser who is knowledgeable about the unique tax situations for ordained pastors.

⁷ For example, if a clergy couple serves two different congregations, each pastor is entitled to either a housing allowance or a parsonage.

⁸ Under U.S. tax codes a pastor's housing allowance or fair rental value of a parsonage is subject to FICA tax but is not subject to income tax.

⁹ A congregation can amend its housing allowance designation during the course of the year, if changed circumstances render the original allowance inadequate. However, the amended allowance will only operate prospectively (for the remaining portion of the year), not retroactively (i.e. applying it back to the beginning of the year.) See Church Law and Tax Report, 1996 Church and Clergy Tax guide, p. 134

¹⁰ This allowance could be used to cover the costs of furniture, appliances not provided by the parish, vacuum cleaner, televisions, beds, decorator items, curtains, paintings, wallpaper, throw rugs, lawn mowers, cleaning supplies for home, brooms, light bulbs, etc. This allowance cannot be used for toiletries such as soaps, paper products, toothpaste, etc.

Moving Expenses

Good beginnings are important. It is helpful that the relationship between pastor and congregation “get off on the right foot.” Congregation and pastor are urged to give thoughtful consideration to the needs of the other when undertaking a move. Because moving can be an exciting and very stressful event in a person’s life, it is important that the congregation and pastor reach a mutually satisfactory decision about the move as part of the compensation negotiations. The means and cost of transporting the pastor’s belongings must be mutually agreed upon ahead of time. When the services of professional movers are not used, it is strongly recommended that a separate insurance policy covering the transported goods will be purchased by the congregation. These policies are available from most insurance agencies.

SYNOD GUIDELINES FOR INTERIM MINISTRIES

Compensation and Benefits for Interim Pastors

The interim pastor’s total compensation package may be negotiated on the basis of (a) a base salary appropriate for his/her years of ordained experience according to the synod compensation guidelines, (b) the base salary of the departed pastor, or (c) other pertinent factors unique to the congregation’s situation such as utilizing a part time interim pastor. If the situation requires concentrated effort above the normal routine, serious consideration should be given to an interim pastor with specialized training expertise even if this requires a higher salary.

For interim pastors, the congregation shall also provide:

1. One week of paid vacation and benefits for every 10 weeks of full-time service.
2. Contributions toward Portico Benefit Services for all clergy who are not already retired.
3. Premium payments for retired clergy who are still contributing to their coverage for medical insurance.
4. Consideration for disability/sick leave for interim ministries is recommended.
5. One day per month of paid continuing education leave and a continuing education allowance of \$187.50 for every 3 months (\$1000/year) of full-time service.
6. Payment of registration costs for attending the Synod Assembly and Synod Theological Conference when these events occur during the interim.
7. Reimbursement for auto expenses and professional expenses incurred in doing ministry in the parish. An interim pastor who commutes may be reimbursed for all or a portion of his/her commuting costs, as agreed upon by the congregation council and interim pastor. It is often the case that congregations cover mileage for one round trip per week between the pastor’s home and the place where he/she serves.
8. Housing allowance may be granted to an interim pastor, even when a parsonage is available, in recognition of the need for intentional interim pastors to maintain permanent housing.
9. If the interim call contract is ended early by a congregation and the interim pastor does not have another call and if it is financially feasible, it is recommended that the congregation consider providing ongoing support for another 30 days.

Worship Supply

For Sunday mornings and midweek services, the congregation or parish shall compensate the supply pastor or worship leader \$175 for the first worship service, plus \$50 for each additional worship service on the same day. Auto reimbursement shall be at the current IRS standard mileage rate which can be found at www.irs.gov

NON-ROSTERED LAY STAFF

Program Lay Staff and Support Lay Staff

Church staff persons in programmatic ministries or who are support lay staff and who are not rostered should receive fair and adequate remuneration for their labors. Their salaries should take into account the level of responsibility, effectiveness in ministry, educational background, length of service, and the number of hours worked per week. It is important to develop position descriptions which effectively describes the responsibilities involved. A comparison of the requirements for the position with comparable positions in the community can be helpful in setting salary and benefits. For persons working 20 or more hours per week, benefits in addition to salary should be offered.

Benefits should include medical coverage and retirement contributions.¹¹ Provision for continuing education should also be included as a benefit for non-rostered program and support staff.

COMPENSATION WORKSHEETS

The following worksheets are provided in order to aid the congregation in establishing a total compensation package. Each item on the worksheets is described within this synod guidelines document. The worksheets lend themselves to building a compensation package using synod guidelines. If staff are below guidelines, it is strongly recommended that these worksheets are presented in the annual report of the congregation to ensure that everyone is fully aware of the situation.

¹¹ Pastors and rostered laypersons are eligible for membership in Portico Benefit Services if they are scheduled to work at least 15 hours per week, 6 or more months a year. Lay (non-rostered) employees must be scheduled to work at least 20 hours per week, 6 or more months a year, in order to qualify for membership in Portico Benefit Services. State law also requires that all employees be provided with workers' compensation coverage.

Ministers of Word and Sacrament (No Parsonage)



Building the Compensation Package			
Salary and Housing	Current Year	Guidelines	Proposed
Salary and Housing	\$	\$	\$
Social Security Reimbursement (7.65%)	\$	\$	\$
TOTAL	\$	\$	\$
Benefits			
ELCA Bundled Benefits Plan (see page 5)	\$	\$	\$
Other (e.g., Health Savings Account, additional retirement contribution, etc.)	\$	\$	\$
TOTAL BENEFITS	\$	\$	\$
Reimbursed Professional Expenses			
Travel	\$	\$	\$
Sabbatical	\$	\$	\$
Continuing Education	\$	\$	\$
Theological Conference (required)	\$	\$	\$
Boundaries Training (required every 3 years)	\$	\$	\$
Synod Assembly Registration (required)	\$	\$	\$
Professional Ministry Expense	\$	\$	\$
Other	\$	\$	\$
TOTAL PROFESSIONAL EXPENSES	\$	\$	\$
Non-Financial Compensation			
Vacation (Number of Weeks)			
Continuing Education (Number of Weeks)			
Other			

Ministers of Word and Sacrament (Parsonage)



Building the Compensation Package			
Salary and Housing	Current Year	Guidelines	Proposed
Salary	\$	\$	\$
Social Security Reimbursement (7.65%)	\$	\$	\$
TOTAL	\$	\$	\$
Benefits			
Housing Equity Account	\$	\$	\$
ELCA Bundled Benefits Plan (see page 5)	\$	\$	\$
Other (health savings account, additional retirement contribution, furnishings/utilities allowance, etc.)	\$	\$	\$
TOTAL BENEFITS	\$	\$	\$
Reimbursed Professional Expenses			
Travel	\$	\$	\$
Sabbatical	\$	\$	\$
Continuing Education	\$	\$	\$
Theological Conference (required)	\$	\$	\$
Boundaries Training (required every 3 years)	\$	\$	\$
Synod Assembly Registration (required)	\$	\$	\$
Professional Ministry Expense	\$	\$	\$
Other	\$	\$	\$
TOTAL PROFESSIONAL EXPENSES	\$	\$	\$
Non-Financial Compensation			
Vacation (Number of Weeks)			
Continuing Education (Number of Weeks)			

Ministers of Word and Service



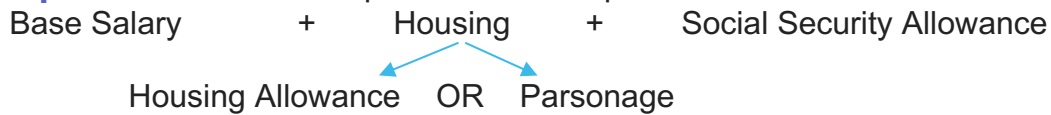
Building the Compensation Package			
Salary and Housing	Current Year	Guidelines	Proposed
Salary	\$	\$	\$
Social Security Reimbursement (7.65%)	\$	\$	\$
TOTAL	\$	\$	\$
Benefits			
ELCA Bundled Benefits Plan (see page 5)	\$	\$	\$
Other (health savings account, additional retirement contribution, supplementary compensation, etc.)	\$	\$	\$
TOTAL BENEFITS	\$	\$	\$
Reimbursed Professional Expenses			
Travel	\$	\$	\$
Sabbatical	\$	\$	\$
Continuing Education	\$	\$	\$
Theological Conference (required)	\$	\$	\$
Boundaries Training (required every 3 years)	\$	\$	\$
Synod Assembly Registration (required)	\$	\$	\$
Professional Ministry Expense	\$	\$	\$
Other	\$	\$	\$
TOTAL PROFESSIONAL EXPENSES	\$	\$	\$
Non-Financial Compensation			
Vacation (Number of Weeks)			
Continuing Education (Number of Weeks)			

Appendix A: Understanding Your Pastor's Compensation

A pastor's total compensation has two components:

Defined Compensation and Benefits

Defined Compensation is made up of THREE components:



The formula for **Defined Compensation**:

*Defined Compensation **Without** a Parsonage =

- Base Salary** (determined by years of service)
- + **Housing Allowance** (30% of the base salary)
- + **Social Security Allowance** (7.65% of the sum of the base salary + housing allowance)

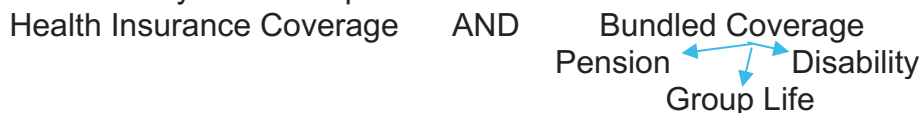
OR

* Defined Compensation **With** a Parsonage =

- Base Salary** (determined by years of service)
 - + **Social Security Allowance** (7.65% of [base salary + 30% of the base salary])
- Note: the 30% of the base salary provides a number that represents the annual value of a parsonage

When determining Benefits, Portico utilizes the Defined Compensation **Without a parsonage number** (even if there is a parsonage because there needs to be a dollar value placed on a parsonage for a housing component as income).

Benefits are defined by TWO components:



The formula for **Benefits**:

Health Insurance

A number of factors are utilized when determining the cost of health insurance: defined compensation, age of pastor, who is being covered (member, spouse, family), level of coverage (examples: Gold+, Silver+, Bronze+)

Pension/Disability/Group Life Insurance

These benefits are bundled meaning all need to be provided together. A pastor receives this bundle even if they are not enrolled with Portico insurance. The opposite is NOT true however; a pastor cannot receive health insurance only; they must also receive the bundled benefits as well.

*Pension = 10% of the defined compensation with housing allowance number

*Disability = .60% of the defined compensation with housing allowance number (% changes annually)

*Group Life = .40% of the defined compensation with housing allowance number (% changes annually)

Defined Compensation + Total Benefits = Total Compensation Package

Appendix B: Further Understanding about Housing Allowance

Consider a **housing allowance number** for a pastor in two ways:

1 – Fair and Equitable Wage, [has a bearing on a congregation’s total budget]

A housing allowance provides for a fair and equitable wage for a pastor who is not living in a parsonage.

As of Feb 23, 2023, the average annual pay for a First Year Teacher in Minnesota is \$64,781 a year (<https://www.ziprecruiter.com/Salaries/First-Year-Teacher-Salary--in-Minnesota>). According to the 2023 SEMN Synod Minimum Compensation and Benefits Guidelines, a First Year Pastor should receive a base salary no less than \$39,850 a year. In order to provide a competitive, fair, and equitable wage either a parsonage is provided or a housing allowance figured as 30% of the base salary is added to the base salary.

Example:

A First Year Pastor receives \$39,850 a year in base salary would receive \$11,955 (30% x 39,850) a year for housing, thus offering a total of \$51,805. Added to that total number is a social security offset which is .765% of that total number, thus: \$51,805 x .765% = \$3963. Finally, as we add \$51,805 + \$3963 we have a number which is called a pastor’s Total Defined Compensation. In this example: \$55,768.

Once a total defined compensation has been determined, a pastor may name the amount of that total defined compensation the pastor believes they will use on housing and household expenses (according to IRS Tax Law) which leads us to understanding the second way to consider ‘housing allowance’ which is for Income Tax Purposes.

2 – Excludable Income from Pastor’s Gross Income for Income Tax Purposes, [has NO bearing on a congregation’s total budget]

Because of IRS regulations, pastors **do not** need to pay income tax on the portion of their salary spent on housing **if it has been designated for this purpose in the annual budget and it is used for the purpose of housing**. Every December the pastor should notify the congregation’s council what specific amount of his/her compensation for the coming year be designated as ‘housing allowance’ for income tax purposes. The council acknowledges this request by a motion and vote that is entered into the meeting minutes. It needs to be understood that dividing housing allowance and salary is for income tax purposes, and the division can appear unusual. The council may choose to use this format within the minutes of its meeting:

A motion was duly made, seconded, and approved that the ministry compensation paid to Rev. _____ during the year 20__ include a designated housing allowance in the amount of \$ _____. This amount shall remain in effect annually until amended or rescinded. (Source: Clergy Financial Services, Inc.)

It is strongly recommended that all rostered leaders understand IRS guidelines in determining housing allowance. Portico provides helpful resources in understanding this.

It is important to note and to communicate to a congregation that naming a particular number from the Total Defined Compensation as ‘housing allowance’ in the budget does NOT affect the bottom line of the budget. Here are a few examples:

Total Defined Compensation: \$60,000

Example 1		Example 2	
Base Salary -	\$39,025	Base Salary-	\$30,750
Housing-	\$16,725	Housing-	\$25,000
SS Offset-	\$ 4,264	SS Offset-	\$ 4,264
TOTAL DC	\$60,014	TOTAL DC	\$60,014

Appendix C: Parsonage Guidelines

A parsonage is the home provided by the congregation for its pastor(s). It is to be an aid in the carrying out of ministry. In its care of the church, the congregation will want to provide a good home. The guidelines on the following pages are a way to help both pastor and congregation. Following them will help the congregation (1) become aware of needed improvements, (2) achieve synod-wide standards for church-owned homes, and (3) become aware of abuses of the parsonage property.

Since the parsonage is the pastor's home, privacy should be respected. Congregation members are expected to follow the same standards of privacy consideration for such things as entering the parsonage as they would for any other home in the community. In the interest of enhancing effectiveness and healthy pastoral availability, congregations are encouraged to consider the advantages in having church offices in locations other than the pastoral residence/parsonage. Because it is the home of the pastor, the desires of the pastor should be consulted when changes become necessary. Further details about this are in the following guidelines.

The quality of the parsonage should meet a standard set by the homes of the majority of the congregation's members. The size should be adequate to accommodate families. The tenant/landlord model may apply on occasion, but its application is quite limited. Unlike a renter, the pastor normally has little choice of residence. The relationship between the pastor and congregation is not based on a lease or rental agreement, but upon a common bond in the service of Christ Jesus.

SPECIFIC GUIDELINES

These are suggested specific guidelines for congregations with parsonages. These are guidelines that congregations and pastors may use to discuss the maintenance, repair and responsibilities relative to a church-owned home:

1. It is recommended that the congregation either appoint a Parsonage Committee or designate another congregational leadership group (e.g. the property committee or the board of trustees) to administer these parsonage guidelines.
2. It is recommended that the following appliances be provided in the parsonage: stove, dishwasher, soft water system (if needed), humidifier/dehumidifier (if needed), refrigerator, washer and dryer, garbage disposal, air conditioning, TV antenna unless cable is provided.
3. It is recommended that the following utilities be paid directly by the congregation or by utility allowance: electricity, gas, fuel oil, telephone (except personal long distance calls), Internet, soft water service (if needed), trash removal (metered bags or monthly pickup charges).
4. Items that would normally be supplied by the congregation include: paint, wallpaper, window coverings, floor coverings, light fixtures, ceiling fans.
5. When a pastor first moves into a parsonage, the congregation should see that it is thoroughly clean and should usually plan to redecorate.
6. The colors, fabric, design, etc., selected in the redecoration would normally be selected by those who will be living in the house in consultation with the appropriate committee. The congregation, of course, would determine the price ranges for these items.
7. Parsonage maintenance and repair should be listed as a separate line item in the annual budget with a clear understanding of who has the authority to spend these budgeted funds.
8. There should be an annual inspection of the parsonage that is conducted with the pastor.
9. The pastor and congregation should develop and annually update a list of necessary and desired repairs, maintenance, modernization, redecorating, and remodeling projects and together prioritize these projects.
10. There should be clear understanding about how regular maintenance and emergency repairs are to be handled. It is suggested that the pastor be authorized to spend a specified dollar amount at his/her own discretion. Any repairs in excess of this amount would require approval of the property committee or the congregation council.

The pastor should be held responsible for any excess wear or damage caused to the parsonage while he/she was living there. This would include damage caused by all inhabitants including pets. When a pastor moves out of a parsonage and before all financial obligations are completed, there should be an inspection of the property to see that it is left clean and in good repair. Congregations may require a damage deposit of \$500 in advance. This amount could be paid at the

beginning of a call or withheld from paychecks during the first 10 months (\$50 x 10 monthly paychecks, or \$25 x 20 semi-monthly paychecks). Funds are to be held in a separate interest-bearing account, to be returned when the parsonage is vacated in good condition. This does not limit the damage liability to the balance of that account. This concerns both interim and permanent call situations involving parsonages. It is especially important that pastor and congregation mutually assess and verify the age and condition of carpets before residency begins in the parsonage.

The grounds around the parsonage are primarily the responsibility of the congregation. The congregation should see that the lawn, shrubbery, and flower beds are in good condition when a pastor moves into the parsonage. The pastor may be expected to care for these grounds (mow; rake; remove snow; apply fertilizer, insecticides, herbicides) or these responsibilities may be shared by the congregation. (The division of labor should be negotiated by the pastor and the council immediately after the pastor's arrival.)

Congregations should consider taking care of the grounds around the parsonage while the pastor is on vacation or study leave.

The congregation should provide suitable garage space for the pastor's automobile(s). Normally this would be space for two vehicles.

Appendix D: Guidelines for Severance Benefits

Rostered leaders and other staff are highly valued and dedicated servants in the church. Yet there are times when, unfortunately, it becomes wise for an individual's call or employment to end earlier than expected. Perhaps the individual's gifts do not meet the needs of the congregation. Perhaps the resources in the congregation have changed. In such difficult situations, the Southeastern Minnesota Synod encourages congregations to be as fair and caring as possible.

Severance pay is offered because church workers are not eligible for unemployment compensation. Severance pay shall be based on the average weekly compensation during the last 12 months, including housing in case of a called pastor.

A severance package is best arranged in consultation with the synod office. For mutual clarity, a signed release agreement is strongly recommended before any severance is paid.

Severance Formula:

Age, previous experience in other settings, and years of service in the current congregation are considered. The result is expressed in units of weeks of pay.

Minimum Severance Amount, Independent of Age and Experience		
1.	Write '4' if the person is 50 years or older. Otherwise write '0':	
2.	Write the number of years of relevant service before coming to this congregation, divided by 2. (For example, for 12 years' service in previous congregations, write '6'):	
3.	Add lines 1 and 2:	
4.	Write '9' or the value from Line 3, whichever is smaller:	
5.	Write the number of years of service in the current congregation:	
6.	Add lines 1, 4, and 5:	
7.	Write '8' or the value from Line 6, whatever is larger:	
8.	Final Result: Write '26' or the value from Line 7, whichever is smaller for number of weeks of compensation:	