

Approved, June 27, 2017

Revised, July 11, 2017

COMMITTEE ON MINISTRY
The Presbytery of Long Island

2018 COMPENSATION PROGRAM FOR PASTORS WITH MANSES

(Includes proposed changes to become effective for existing calls and contracts,
January 1, 2018; for new calls and contracts, October 1, 2017)

1. Cash Aggregate

Defined as the total of the cash salary, including the manse allowance, plus the amount put into the defined contribution plan, or 403 (b) (see #4B below).

The Manse Allowance

- Defined as that portion of the cash salary that the pastor reasonably expects to spend from his/her own resources on the home, including furnishings.
- Must be designated by the session in advance of when expended, not retroactively. May be adjusted during the year, in advance of increased expenditures, keeping the total aggregate the same.
- Accurate records and documentation of amounts must be kept by the pastor. Unused portion should be reported by the pastor as income.
- Not subject to income tax, but subject to SECA tax and Pastor's Participation Plan (*) dues.

The minimum cash aggregate shall be \$49,220.

- The minimum cash aggregate shall be increased one-half of one percent for each year since a pastor's ordination, up to 30 years.
- The minimum cash aggregate shall be increased by \$2,000 for churches with 151-350 members, \$4,000 for churches with 351-500 members, and \$6,000 for churches with over 500 members.

It is recommended that all existing calls that exceed this minimum be increased at least 2.6% for 2018.

2. Free Use of Manse

Annual fair rental value.

Not subject to income tax, but subject to SECA tax and Pastor's Participation Plan dues.

3. Full Utilities

Heat, electricity, and water must be provided by the church. Others may be provided, but are not required. Utilities paid directly by the church are not subject to income tax or Pastor's Participation Plan dues, but are subject to SECA tax. Use approximate annual cost. Other utilities paid by the pastor should be included in the Manse Allowance.

(*) New name for Traditional Benefits Plan

4. Retirement Benefits

A. Traditional Defined Benefit Plan

Dues are 11% of Effective Salary (= #1, #2, #4B, + premiums for #7 below)

Required for all installed pastors, as part of Pastor's Participation Plan

Required for all Interim and Designated Pastors under Pastor's Participation Plan or Menu Options (**)

Optional for all others under Menu Options

B. Defined Contribution (Retirement Savings) Plan

403 (b) can be tax-deferred or not (Roth option)

At least \$1,000 required for all full-time installed, interim, and designated pastors living in manses

Contributions may be made by church or employee or both

12 fund options available through Fidelity

May not be subject to income tax or SECA Tax, but subject to Pastor's Participation Plan dues

Optional for all other than manse calls under Menu Options

No requirement for minimum hours worked

5. Death and Disability Benefits

1% of Effective Salary – 2.5% if pension benefit #4A is not provided

Required for all installed pastors, as part of Pastor's Participation Plan

Required for all Interim and Designated Pastors under Pastor's Participation Plan or Menu Options

Optional for all others

6. Medical Insurance

A. Traditional PPO as part of Pastor's Participation

Dues are 25% of Effective Salary and cover member and all eligible family members

Required for all installed pastors under Pastor's Participation Plan

This, or #6B, required for all interim and designated pastors and their eligible dependents, unless they have comparable coverage from another source

Optional for all others working 20 hours/week or more

Non-contributory. Church must pay entire cost.

B. Cost-based under Menu Options

Same coverage as PPO above. Also possible EPO option with no out-of-network benefits.

Cost of four different fixed dollar amounts according to number of family members covered

Required of interim or designated pastors that are not receiving #6A and their eligible dependents, unless they have comparable coverage from another source.

Optional for all others

Can be contributory. Church must contribute at least half of member only cost.

(**) New Plan in which different benefits are available separately

7. Additional Insurance

Thoughtful and thorough consideration of additional forms of insurance available – dental insurance, supplemental death benefit, and supplemental disability benefit. Premiums are subject to dues under the Pastor’s Participation Plan.

8. SECA Tax Reimbursement (self-employment tax or social security)

Approximately one-half of the pastor’s SECA Tax obligation, or 7.65% of #1 + #2 + #3 above. It is subject to income tax and SECA tax, but not subject to dues under the Pastor’s Participation Plan. It should be included on the W-2 form. If the pastor has requested voluntary withholding, it may be paid along with the cash salary. If the pastor pays taxes with quarterly estimates, it may be paid quarterly in advance of when those payments are due.

9. Automobile Expense Reimbursement

Reimbursement of actual mileage on church business at the IRS standard mileage rate for 2018, under an accountable reimbursement plan.

10. Pastoral Ministry Expense Reimbursement

A \$500 minimum for expenses in the pastoral ministry -- such as books, journals, vestments, and entertainment -- under an accountable reimbursement plan.

11. Continuing Education Expense Reimbursement

\$1,500 minimum. Can be accumulated for up to three years. Actual use or accumulation to be approved by session in advance and report received afterward. Under an accountable reimbursement plan.

12. Vacation

30 days, including 5 Sundays. After 10 years in current position, 37 days, including 6 Sundays.

13. Continuing Education Time

14 days, including 2 Sundays. Can be accumulated up to 42 days by agreement with session in advance. See Presbytery policy.

14. Maternity/Paternity Leave

Eight weeks/two weeks respectively. See Presbytery guidelines.

15. Moving Expenses

(New calls and contracts only.) Full, reasonable.

Approved, June 27, 2017

Revised, July 11, 2017

COMMITTEE ON MINISTRY
The Presbytery of Long Island

2018 COMPENSATION PROGRAM FOR PASTORS WITH
HOUSING ALLOWANCES

(Includes proposed changes to become effective for existing calls and contracts,
January 1, 2018; for new calls and contracts, October 1, 2017)

1. Cash Aggregate

Defined as the total of the cash salary, including the housing allowance, plus the amount put into the defined contribution plan, or 403 (b) (see #2B below).

The Housing Allowance

- Defined as that portion of the cash salary that the pastor reasonably expects to spend on the home, such as for rent, mortgage, property taxes, insurance, utilities, maintenance, and furnishings.
- Must be designated by the session in advance of when expended, not retroactively. May be adjusted during the year, in advance of increased expenditures, keeping the total aggregate the same.
- Accurate records and documentation of amounts must be kept by the pastor. Unused portion should be reported by the pastor as income.
- Not subject to income tax, but subject to SECA tax and Pastor's Participation Plan (*) dues.

The minimum cash aggregate shall be \$73,790.

- The minimum cash aggregate shall be increased one-half of one percent for each year since a pastor's ordination, up to 30 years.
- The minimum cash aggregate shall be increased by \$2,000 for churches with 151-350 members, \$4,000 for churches with 351-500 members, and \$6,000 for churches with over 500 members.

It is recommended that all existing calls that exceed this minimum be increased at least 2.6% for 2018.

2. Retirement Benefits

A. Traditional Defined Benefit Plan

Dues are 11% of Effective Salary (= #1, #2B, + premiums for #5 below)

Required for all installed pastors, as part of Pastor's Participation Plan.

Required for all Interim and Designated Pastors under Pastor's Participation Plan or Menu Options.

(**)

Optional for all others under Menu Options.

(*) New name for Traditional Benefits Plan

(**) New Plan in which different benefits are available separately

Housing Allowance, p. 2

2. Retirement Benefits (continued)

B. Defined Contribution (Retirement Savings) Plan

403 (b) can be tax-deferred or not (Roth option)

Contributions may be made by church or employee or both

12 fund options available through Fidelity

May not be subject to income tax or SECA Tax, but subject to Pastor's Participation Plan dues

Optional for all under Menu Options

No requirement for minimum hours worked

3. Death and Disability Benefits

1% of Effective Salary – 2.5% if pension benefit #2A is not provided

Required for all installed pastors, as part of Pastor's Participation Plan

Required for all Interim and Designated Pastors under Pastor's Participation Plan or Menu Options

Optional for all others

4. Medical Insurance

A. Traditional PPO as part of Pastor's Participation

Dues are 25% of Effective Salary and cover member and all eligible family members

Required for all installed pastors under Pastor's Participation Plan

This, or #4B, required for all interim and designated pastors and their eligible dependents, unless they have comparable coverage from another source.

Optional for all others working 20 hours/week or more

Non-contributory. Church must pay entire cost.

B. Cost-based under Menu Options

Same coverage as PPO above. Also possible EPO option with no out-of-network benefits.

Cost of four different fixed dollar amounts according to number of family members covered

Required of interim or designated pastors that are not receiving #4A and their eligible dependents, unless they have comparable coverage from another source.

Optional for all others

Can be contributory. Church must contribute at least half of member only cost.

5. Additional Insurance

Thoughtful and thorough consideration of additional forms of insurance available – dental insurance, supplemental death benefit, and supplemental disability benefit. Premiums are subject to dues under the Pastor's Participation Plan.

6. SECA Tax Reimbursement (self-employment tax or social security)

Approximately one-half of the pastor's SECA Tax obligation, or 7.65% of #1 above. It is subject to income tax and SECA tax, but not subject to dues under the Pastor's Participation Plan. It should be included on the W-2 form. If the pastor has requested voluntary withholding, it may be paid along with the cash salary. If the pastor pays taxes with quarterly estimates, it may be paid quarterly in advance of when those payments are due.

Housing Allowance, p. 3

7. Automobile Expense Reimbursement

Reimbursement of actual mileage on church business at the IRS standard mileage rate for 2018, under an accountable reimbursement plan.

8. Pastoral Ministry Expense Reimbursement

A \$500 minimum for expenses in the pastoral ministry -- such as books, journals, vestments, and entertainment -- under an accountable reimbursement plan.

9. Continuing Education Expense Reimbursement

\$1,500 minimum. Can be accumulated for up to three years. Actual use or accumulation to be approved by session in advance and report received afterward. Under an accountable reimbursement plan.

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