

Delaware Raritan Classis
Finance Committee
Ministerial Compensation Guide for 2017

This Guide, approved by the Classis in October 2016 for 2017, shall be used to set the salary and benefits packages for all ministers of the Classis.

The Guide is comprised of the requirements of the Book of Church Order (BCO, 2016 edition) as found in the *Appendix: Formularies of the Reformed Church in America, page 132, Number 5: Call to a Minister of Word and Sacrament* as well as other general requirements as set by the Classis from time to time.

I Salary Requirements for Full-time, Ordained and Installed Ministers and Contract Ministers.

A. For 2017, the required minimum cash salary for full-time ministers is \$50,200.42. This includes a cost of living adjustment (COLA) of .8% for 2017.

The cost of living adjustment, is based on the July 2015 and 2016 Consumer Price Indices prepared by the government for the NY, NJ, CT, PA area

For 2017, the suggested mid-range salary level is \$65,649

For 2017, the suggested high-range salary level is \$80,841

The mid-range and high-range salary levels are general guides which can be used when considering years of pastoral experience, merit, pastoral need and other factors when salary is being negotiated or renegotiated.

If an installed minister is employed part-time, the minimum salary will be prorated accordingly, using the full-time requirements of salary and benefits as the benchmark.

Percentages may also be used to compute minimum salaries for less than full-time. Generally, full-time employment is considered to be 45 – 60 hours per week.

B. An Optional Standard for the Salary Requirements for Full-time, Ordained and Installed Ministers and Contract Ministers and Church Size and Ministerial Experience

For several years, the Guide has presented an optional method of establishing the salary level of a minister that takes into consideration the size of the church the minister serves and his/her professional experience.

It is strongly urged that each church seriously consider and use this optional standard.

The following chart includes this year's COLA of .8 percent

Congregation Size*		<u>50</u>			<u>100</u>		
Post Ordination Experience, yrs.	<u>0 to 5</u>	<u>6 to 10</u>	<u>11 or more</u>		<u>0 to 5</u>	<u>6 to 10</u>	<u>11 or more</u>
Low Range Salary,\$	50,200	52,362	54,614		50,200	53,376	56,740
Mid Range Salary,\$	58,062	60,582	63,165		58,062	61,735	65,649
High Range Salary,\$	66,527	68,921	71,855		66,527	70,339	77,477
Congregation Size*		<u>200</u>			<u>400 or more</u>		
Post Ordination Experience, yrs.	<u>0 to 5</u>	<u>6 to 10</u>	<u>11 or more</u>		<u>0 to 5</u>	<u>6 to 10</u>	<u>11 or more</u>
Low Range Salary,\$	50,200	53,919	58,890		50,200	55,306	61,398
Mid Range Salary,\$	58,062	62,904	68,119		58,062	63,994	71,037
High Range Salary,\$	66,527	71,351	77,509		66,527	72,820	80,841

* Congregation Size is the average Sunday worship attendance.

C. Housing Requirements for Full time, Ordained and Installed Ministers and Contract Ministers

The consistory will provide free use of an adequately maintained parsonage, including heat and utilities (such as water, gas, oil, electricity, trash removal) and will pay telephone charges at the parsonage when used for church business.

OR

The consistory will provide an adequate housing allowance comparable to the above parsonage allowance to cover rent or mortgage, heat and utilities and telephone charges as mutually agreed by the minister and the consistory.

A minister may use a larger housing/parsonage allowance than budgeted by the church for tax purposes under IRS rules. If requested by the minister, the consistory shall, by resolution recorded in the minutes of the consistory and as early as possible in each new year, designate part of the cash salary as a tax exclusion to the extent spent for furnishings of the parsonage, drapes, equipment, insurance on contents, cleaning supplies, renovation and other items. This exclusion is not retroactive. The minister should consult the IRS and read IRS Publication 517 as well as consult an accountant experienced in doing ministerial tax returns for full details and rules to follow when excluding an amount for tax purposes. The only obligation of consistory is to designate the amount requested as per the above. Each minister shall report to the Classis the full salary unreduced by any amounts designated for housing or exclusion under the above paragraphs

D. Home Equity Allowance (optional)

When a minister must live in the parsonage provided by the church, it is strongly recommended that the church budget and set aside yearly an amount of \$2,000 to \$5,000 to be placed in a tax-deferred equity account for the minister. This account is portable which means that upon leaving or retirement, the minister retains the home equity account. It is presumed that a minister, upon buying a home, would no longer receive any contributions into a special home equity account, since he/she would have equity in the purchased home.

While many churches own parsonages and supply them to ministers as above, a “free” parsonage may not serve the needs of a minister with a large family or special needs. Also, when ministers live in a parsonage, they do not accrue equity as if they owned their own home. Home equity is an important piece of the overall retirement plan for any person and many ministers have nothing to show for in home equity after a lifetime of service. More and more churches are selling their parsonages and applying the money from the sale to establish a housing allowance fund for the minister. This may permit the minister to purchase a home and gain equity. Some churches allow the pastor to purchase a home while the church rents their existing parsonage to underwrite the expense of providing a home equity allowance (be careful of non-profit tax laws and codes). Alternately, a church may decide to use the vacant parsonage for other purposes such as Sunday school rooms or offices.

E. Required Vacation for Full-time, Ordained and Installed Ministers and Contract Ministers

The consistory will provide the minister a minimum of four weeks (30 days) paid vacation per year. This shall include four (4) Sundays. The minister, with agreement of the consistory, may choose to carry over a portion of the vacation to the next year, but this is not recommended under normal circumstances.

It should be noted that ministers who are *less than full-time* or *ministers under contract* still need refreshment through a serious commitment to vacation by the minister and church. The church is encouraged to ensure the taking of vacation and consider the personal needs of the minister who might, on a pro-rated basis be eligible for less than 30 days, yet may need the full vacation time as applied to a full-time minister.

F. Required Insurance

The consistory shall pay the stipulated contributions for enrolling the minister in a comprehensive Medical Insurance plan. The minister may be enrolled in the Reformed Benefits Association (RBA) or in the Federal or State Insurance Exchange in the Market place. The consistory shall also provide the same Medical Insurance for the minister’s immediate family

except where it has medical coverage through a spouse's employer sponsored group plan. Consistories that choose to send RCA ministers to the Marketplace will need to stipulate that the purchased policy shall meet or exceed the minimum standards stipulated by the Board of Benefits Services.

Group Life and Long-Term Disability Insurance are constitutionally required benefits for RCA ordained ministers actively serving RCA or Formula of Agreement entities. For participants in RBA's group medical insurance, Group Life insurance is provided and invoiced through RBA. Long-Term Disability Insurance will be invoiced through RCA's retirement office of the Board of Benefits Services. For all others, Group Life Insurance **and** Long Term Disability insurance is required and provided and invoiced through the RCA's Board of Benefit Services retirement office.

G. Optional Insurance

The consistory is strongly urged to enroll the minister (and family, if necessary) in the RBA group dental and basic life insurance.

H. Required Retirement Payments

The consistory shall pay the stipulated yearly dues (on a monthly or quarterly basis) to the Reformed Church Retirement Plan (now handled by Fidelity) to provide for the minister's retirement. Check with the Board of Benefits Services Office for the correct address for sending payments.

(If the IRS audits a minister's retirement account and finds it is underfunded, the minister would be taxed on the entire amount of their retirement fund as if it was income for that year, and the church will be required to pay the full underfunded amount owed plus interest and penalties).

The formula currently used requires the following: if a parsonage is provided: add 40% of base salary to the base salary and multiply by 11%. This is paid monthly or quarterly and is due the first day of the month or quarter. This payment is increased each year as the minister's salary changes.

If a church is paying a housing allowance then the formula used is the housing allowance plus the base and multiply by 11%

I. Required Continuing Professional Education

The consistory, as approved by General Synod, shall provide the minister with an annual one week paid leave for continuing ministerial professional education. The consistory shall also provide a minimum cash stipend of 1/52 for the minister's base salary for this purpose. The minister and consistory, upon mutual agreement, may accumulate the educational leave over four years.

J. Required Travel Expenses

The consistory shall provide travel expenses, accountable or non-accountable, mutually agreed to by the consistory and the minister.

K. Other Optional Benefits

The consistory may elect, upon negotiation with the minister, to provide yearly for professional book purchases and association membership dues, for social security assistance (since a minister normally pays 100% of the social security taxes while secular employers must pay 50% of the social security tax for their employees), or other benefits or special considerations based on the needs and unique situation of the minister or the church. Church and minister are encouraged to be highly creative in shaping other optional benefits which benefit both.

L. Required Annual Review

Each consistory is required to review annually the minister's salary and other benefits with the minister for adequacy. Every attempt should be made to align the total compensation package with the current requirements of the RCA and the Classis.

II. Salary Requirements for Part-time, Ordained and Installed Ministers and Contract Ministers

Classis recognizes that ministers may be called and installed or hired under a contract, on a part-time basis. Clergy called and installed or under contract on a part-time basis shall be compensated in accordance with the current Ministerial Compensation Guide for full-time installed clergy, on a pro-rated basis commensurate with agreed upon time commitments."

III. Salary Guidelines for Specially-trained Interim Ministers

Full-time Specially-trained Interim Ministers:

Specially-trained interim ministers are not installed by classis but serve with the approval of classis under agreements subject to annual review and renewal by classis and/or its committee. Specially-trained interim ministers serving full-time (normally considered 45-60 hours per week) are free to negotiate compensation with the consistory and according to special needs or considerations, using the classis guidelines as the benchmark. It is customary for full-time specially-trained interim ministers to receive the same salary as the previous minister. However, freedom is given to negotiate for an equitable and satisfying covenant that enables both parties to engage in good ministry together.

Part-time Specially-trained Interim Ministers:

Part-time specially-trained interim ministers are not installed by classis but serve with the approval of classis under agreements subject to annual review and renewal by classis and/or its committee. Because of the many different situations and needs for both ministers and churches in a part-time relationship, freedom is given to negotiate for an equitable and satisfying covenant which enables both parties to engage in good ministry together. The salary for ministers who are employed part-time should be pro-rated to be in line with the expectations and requirements for full-time ordained ministers.

It should be noted that for ministers who work 30 hours or less, there may be insurance issues regarding which medical coverage the minister can be enrolled in. Contact the RCA Insurance Office for more information

IV. Severance Payments

There are occasions when severance payments become part of the pastoral dissolution process between the Classis, an installed pastor and/or **contract pastor and** the consistory of the congregation. If severance is approved by Classis, it shall be paid in monthly installments for the duration of the agreed upon period. If the minister accepts a new position within the wider church and/or starts employment within the designated period of severance, the payments shall be discontinued in the month in which the new employment begins, on a pro-rated basis.

Voluntary resignation, retirement, receiving a new call, health or other similar reason is excluded from this severance pay provision.

V. Salary Guideline for the Stated Clerk of Classis

The annual salary of the Stated Clerk for 2017 is \$10,040, which is 20% of the required minimum minister's salary. The salary is paid by the Classis.

VI. Salary Guideline for the Treasurer of Classis

The annual salary of the Treasurer for 2017 is \$2,510, which is 5% of the required minimum minister's salary. The salary is paid by the Classis.

VII. Salary Guideline for the Classis Minister

The annual salary of the Classis Minister for 2017 is \$ 29,618, which is 59% of the required minimum minister's salary. The salary is paid by the Classis.

If you need more information or advice, please call one or more of the following persons:

Stated Clerk of Classis: Rev. David Ruisard 908-534-4351

Treasurer of Classis: Joyce Murphy 908-236-6236

President of Classis: Paul Janssen 908-725-4545

Classis Minister: Steven C. Miller 908-757-3148

Reformed Benefits Association Reformed Benefits Association
1700 28th Street SE, Grand Rapids, MI 49508
Fax: (616) 224-5896

RCA Retirement Office Claude Bussieres, cbussieres@rca.org
212-870-2892 or 866-221-5480

Address to mail retirement fund payments: Call Claude Bussieres for instructions.

List of Sections

Page	Section Title
1	I. Salary Requirements for Full-time Ordained and Installed Ministers and Contract Pastors
1	A. For 2016, the Required Minimum Salary is \$49,802 and the COLA is 0% (thus no change)
1	B. Optional Salary Standard
2	C. Housing Requirements
3	D. Home Equity Allowance (optional)
3	E. Required Vacation
3	F. Required Insurance
4	G. Optional Insurance
4	H. Required Retirement Payments
4	I. Required Continuing Professional Education
5	J. Required Travel Expenses
5	K. Other Optional Benefits
5	L. Required Annual Review
5	II. Salary Requirements for Part-time Ordained and Installed Ministers and Contract Pastors
5	III. Salary Guidelines for Specially-trained Interim Ministers
6	IV. Severance Payments
6	V. Salary Guideline for the Stated Clerk of Classis
6	VI. Salary Guideline for the Treasurer
6	VII Salary Guideline for Classis Minister
7	Information Sources