

COMMITTEE ON MINISTRY MANUAL

PART II: GUIDELINES

	<u>Page</u>
1. 2011 Minimum Terms of Call (Wksheets & Form)	2-13
2. Evaluation of Ministry (<i>separately online</i>)	
3. Honoraria/Mileage Reimbursement	15
4. Laboring Inside/Outside Bounds	16
5. Particular Benefits	17-22
6. Retirement	23
7. Sabbatical Leave & FAQ	24-27
8. Shared Pastoral Leadership	28

**Minimum Terms of Compensation for 2011
[Effective January 1, 2011]**

Approved by Presbytery 11/13/10

PART ONE: Compensation

Experience

Newly ordained	\$38,500
1 year experience	\$39,300
2 years experience	\$39,800
3 years experience	\$40,400
4 years experience	\$40,900
5 years experience	\$41,400
6 years experience	\$41,900
7 years experience	\$42,600
8 years experience	\$43,100
9 years experience	\$43,600
10+ years experience	\$45,200

[Compensation consists of salary plus housing and utility allowance as well as Social Security Supplement 8.25% and above of Effective Salary, other paid insurance or compensation, and deferred compensation.]

Part-time calls are to be prorated in accordance with the fraction of full-time service the call represents.

PART TWO: Reimbursed Expenses

Auto Allowance—to be reimbursed at the IRS standard rate of compensation.

PART THREE: Benefits

a. Pension/Medical Dues

Full participation in the denominational Pension and Major Medical Insurance Program: 31.5 of the Total Effective Salary.

b./c. Professional Development Leave

For those clergy who do not attend the Presbytery of New Covenant Clergy Retreat: Study leave for two weeks with expense allowance of \$1,450 annually, accumulative for 3 years.

For those clergy who attend the Presbytery of New Covenant Clergy Retreat: Study leave for two weeks with expense allowance of \$1,700 annually, accumulative for 3 years. This includes an additional allowance of \$250 for the Clergy Retreat and additional leave of three days (this leave is not cumulative).

Newly Ordained Clergy are required to participate in the Presbytery of New Covenant Clergy Retreat for the first three years of ministry.

Newly Ordained Clergy shall participate in Entry into Ministry events sponsored/supported by the Presbytery of New Covenant. Full provision will be made for the actual cost for one year (plus or minus \$750) and the time needed to participate in these events.

d. Paid Vacation

Paid vacation for four weeks (includes 4 Sundays).
Actual Moving Expenses (where applicable).

PART FOUR: Annual Review

The session will establish a review committee to meet with the *teaching elder* every twelve months to discuss:

- The congregation's expectations of the *teaching elder* and how well he/she meets those expectations;
- The *teaching elder's* expectations of the congregation and how well it (and its members) meet those expectations; and
- Adequacy of compensation.

The review committee is encouraged to utilize the resources provided by the Committee on Ministry "Guidelines for Church Professional Evaluations" [http://www.pbyofnewcovenant.org/forms/2008_01_Guidelines_for_Evaluations.pdf] *The session shall report to the Committee on Ministry, not later than July 1 of each year, the date on which the annual review was conducted, and the date of the congregational meeting at which the adequacy of compensation of the teaching elder has been reviewed, upon report of the prior review by the session, as provided in G-7.0302 of the Book of Order.*

Adopted by COM: May 2011

In order to secure the required annual review in congregations that have not filed a report of compensation or report of changed terms for each pastor, or the new special report as to annual review of each pastor and annual congregational meeting for the review of the adequacy of each pastor's compensation, the following will be implemented, as appropriate, by the Committee on Ministry:

- 1.** Send a letter to the moderator and clerk of each congregation that has not filed a report by mid-June [after the June Presbytery meeting], reminding them of the requirement and the deadline, and asking that they conduct the review and the congregational meeting promptly and submit the required report.
- 2.** Delay any actions requested of COM for the congregation or its pastors [including approval of terms of call for new pastors, appointment of installation/ordination commissions, etc.] until the annual review and congregational meeting for each current minister associated with the church has been completed.
- 3.** Note in the annual review of minutes of congregational meetings, the failure to comply with the requirement for annual review of compensation for all pastors, and direct the congregation to correct the deficiency promptly. ["Annual review of pastor's salary by Congregation..." is already on the checklist for the Clerk's minutes review.]
- 4.** On behalf of the Presbytery, call a congregational meeting of the church for the purpose of reviewing the adequacy of compensation for all its pastors.

[Note: Details of how compensation and other requirements are to be reported are explained in the Compensation Worksheet, which will be updated and available on the Presbytery of New Covenant website through the page devoted to COM forms.]

2011 COMPENSATION WORKSHEET (page 1 of 6)**NEW COVENANT PRESBYTERY
For Clergy and Certified Directors of Christian Education**

The 2011 Compensation Worksheet is intended to assist clerks, treasurers and pastors as they define and report income to Presbytery, the Board of Pensions and, of course, the IRS. It is not intended to serve as a comprehensive tax-planning tool or replace consultation with a Certified Public Accountant or other tax professional. While reasonable efforts have been made to ensure the accuracy of the information contained in this form, it is not necessarily complete and cannot be guaranteed.

1. COMPENSATION

(Includes salary, housing, Social Security Compensation OVER 8.25% of Effective Salary, and other forms of reimbursement/ compensation all of which are subject to Board of Pension Dues.)

Before completing this document be sure to check the Presbytery Minimum Terms of Call for 2011.

a. Salary

\$ _____

Salary - Annual Cash Salary refers to compensation paid to a minister on a regular basis. (Monthly, Semi-Monthly or Weekly). Employed minister's salary is to be reported on Form W-2, Box 1. Ministers are not to use IRS Schedule C (Form 1040) for reporting salary.

b. Housing and Utility Allowance

\$ _____

Housing Allowance - The amount designated as Housing Allowance is to be reported at actual expenses. The allowance normally includes utilities' cost.

• **Ministers who own their home** - If you own your home and you receive as part of your pay a house allowance, you may exclude from taxable gross income the smallest of the following amounts:

- The amount actually used to provide a house.
- The amount officially designated as a housing allowance.

Ministers who own their home will want to designate a housing amount to cover the total cost of owning, cost of their furnishings, cost of decorating, utilities, yard maintenance, etc. Any housing allowance that is more than this cost must be included as taxable gross income.

• **Ministers who rent or lease their home** - If you rent or lease your house you will want to designate an amount to cover the actual rent paid, cost of decorating, utilities, yard maintenance, etc. Any housing (rental) allowance that is more than these cost must be included as taxable gross income.

Utility Allowance - The estimated figure for a minister's cost for utilities is usually included under Housing Allowance. However, if a separate payment for utilities is made to the minister it should be reported here. The Utility Allowance may be in addition to the value of the manse.

DO NOT SUBMIT: Worksheet ONLY is for calculation purposes.

**2011 COMPENSATION WORKSHEET (page 2 of 6)
NEW COVENANT PRESBYTERY
For Clergy and Certified Directors of Christian Education**

The following notations should be considered in handling of Utility Allowance:

- These allowances, if paid to the minister, are to be included in Effective Salary for dues computation.
- If the utility service is registered in the name of the employing organization and the utilities are paid directly by said organization, the value of these services is not included in Effective Salary. In this case a \$0.00 should be placed on this line.

c. Manse (if provided) \$ _____

An amount may be placed here to cover the cost of decorating, utilities, yard maintenance, etc. Any housing allowance that is more than these costs must be included as taxable gross income.

If the congregation provides a manse, there is no direct payment to the minister related to housing. Nevertheless, the congregation is required to pay pension dues on the fair rental value of the manse. For Board of Pension calculations this figure should be at least 30% of the total of lines 1a thru 1g (not including line 1c). The value of the manse is free of income tax liability; however, the value of the manse is still subject to Self-employment tax (Social Security).

Subtotal of lines 1a through 1g (not including line 1c)

\$ _____ X .30 = \$ _____

d. Social Security Compensation 8.25% or MORE of Effective Salary)

\$ _____

Social Security Compensation

Compensation provided to assist with Social Security payments that is 8.25% or ABOVE of Effective Salary is considered INCOME and is subject to Pension dues.

Compensation provided to assist with Social Security payments that is up to 8.24% of Effective Salary is considered as a BENEFIT and is NOT subject to Pension dues.

Note: In calculating the percentage of Social Security Compensation to Effective Salary you do NOT include the amount paid for Social Security.

PLEASE read all the information under line 3.e. before completing this section – MOST churches end up reporting Social Security Compensation as up to 8.24% (3.e) and not as 8.25% and above (1.d.)

Since the minister is considered as Self-Employed by the Social Security Administration, churches often provide income to offset this cost.

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2011 COMPENSATION WORKSHEET (page 3 of 6)
NEW COVENANT PRESBYTERY
For Clergy and Certified Directors of Christian Education

- Compensation provided UP TO 8.24% of the member's Effective Salary is considered a Benefit, which is to be entered on line 3.f. (below).
- Any income provided that is 8.25% or MORE of the member's Effective Salary is considered as Compensation subject to BOP dues and is to be entered on line 1.d.

All Social Security Compensation (lines 1.d. and 3.e.) is to be considered part of the member's salary (that should be designated as salary on a W-2 form) ALL Social Security Compensation above 8.25% is subject to Board of Pension dues.

e. Other direct compensation/ reimbursement \$ _____
 (Bonuses, special allowances, employer gifts, unvouchered professional expenses, overtime pay) Additional allowances paid or reimbursed by the congregation to the minister (other than dues for participation in the basic benefits provided by the Board of Pensions) are included in Effective Salary: Year-end and other bonuses, lump sum allowances which are not part of an accountable reimbursement pay (as defined by the IRS), gifts from the church or employing organization (not gifts from private donors), down payment grants, and savings from interest-free loans (not loan principle) are compensation to be included in Effective Salary.

f. Deferred Income \$ _____
 Deferred income includes retirement benefits offered by some congregations to their minister. Deferred income includes tax-sheltered annuities, IRS 403(b) Plans, Retirement Savings Plans, Housing Equity Allowance, and other forms of funded or unfunded arrangements. All amounts set aside for deferred compensation contracts are considered as Effective Salary for Board of Pension dues calculations.

g. Other paid insurance \$ _____
 (Individual Policies) Premiums for individual insurance policies (auto, disability, life, supplemental medical, etc.), other than dues for participation in the basic benefits provided by the Benefits Plan of the Presbyterian Church (U.S.A.), that the employing organization pays for or reimburses to the member at his/her request are compensation to be included in Effective Salary. Subscription dues for optional benefit coverage under the Benefits Plan paid for by the employing organization are to be included in Effective Salary on the same basis.

TOTAL COMPENSATION \$ _____
 (Effective Salary as defined by Board of Pensions) Effective Salary is the sum of lines 1a through 1g. The Effective Salary is the amount subject to Board of Pension Dues. **SEE NOTE UNDER 3. a.**

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2011 COMPENSATION WORKSHEET (page 4 of 6)
NEW COVENANT PRESBYTERY
For Clergy and Certified Directors of Christian Education

2. REIMBURSED EXPENSES:

An Accountable Reimbursement Plan for ministry related expenses has several advantages for the minister and congregation. It is a way to more accurately estimate the minister's true income for the purposes of calculating tax and pension dues. The underlying principle of such a plan is that the minister is not liable for Board of Pension dues on these expenses. An Accountable Reimbursement Plan allows the minister to pay taxes on true income and allows the congregation to pay pension on medical dues on actual salary. For the congregation's dues calculation, continuing education, professional and auto expenses are not included in Effective Salary for dues compensation IF they are reimbursed to the minister through an Accountable Reimbursement Plan.

According to the IRS to qualify as an Accountable Reimbursement Plan, ministers must "adequately account" to their employers for their ministry related expenses. They must give their employers documentary evidence of all their expenses -- maintaining the same type records and supporting information they would have to furnish the IRS to substantiate a deduction. To qualify, an Accountable Reimbursement Plan must meet the following three requirements:

- All expenses reimbursed under the plan must be ministry related.
- There must be adequate accounting.
- There must be provision for a return of any excess reimbursement. If the excess is not returned this amount must be reported as other applicable income (line 8), and it must be reported as income for tax purposes.

a. Auto Expenses (at IRS standard) \$ _____
 Please refer to the IRS rate for business mileage at <http://www.irs.gov/>

b. Books, Professional Dues, etc. \$ _____
 (Not included in Professional Development allowance) Books and other Professional Expenses includes such items as books, subscriptions to magazines, office supplies, computers, computer software, meals related to the practice of ministry, vestments, etc., and should be reimbursed as spent to the minister.

3. BENEFITS:

a. Medical and Pension Insurance (Board of Pension Dues) \$ _____

DO NOT SUBMIT: Worksheet ONLY is for calculation purposes.

2011 COMPENSATION WORKSHEET (page 5 of 6)
NEW COVENANT PRESBYTERY
For Clergy and Certified Directors of Christian Education

If the Effective Salary exceeds the 200% of the Median Salary, which is \$105,800, then the Board of Pension dues will be based upon \$105,800.

If the pastor is part time, other factors are involved in calculating the dues. The best way to determine Board of Pension dues in this case is to visit Board of Pensions webpage and use their calculator. It can be found at:
<http://www.pensions.org/portal/server.pt?open=514&objID=449&mode=2>

Dues are paid to the Board of Pensions Benefit Plan of the PCUSA. Dues for 2011 are computed on the basis of 31.5% of the Effective Salary. The total dues of 31.5% consist of 12% for Pension (including death and disability benefits) plus 19.5% for Major Medical benefits. PRESBYTERY IS NOT RESPONSIBLE FOR REPORTING CHANGES TO THE BOARD OF PENSIONS. Church Treasurers are to report salary changes to the Board of Pensions by the using Salary Change Form ENR-111 found in the Forms & Publications tab of the Board of Pensions

website. <http://www.pensions.org/portal/server.pt>

- b. Professional Leave / Allowance (cumulative for 3 years) \$_____
- This includes such items as tuition, room, board, and travel to study events. If this amount is not spent during the calendar or fiscal year it is cumulative for up to three years.

The Presbytery minimum is for 2011 is \$1450 for those ministers who do not attend the Presbytery of New Covenant Clergy Retreat.

For those Clergy who do attend the Presbytery of New Covenant Clergy Retreat: Study leave for two weeks with expense allowance of \$1,700 annually, which includes the approximate cost of the Clergy Retreat: \$250.

NEWLY ORDAINED CLERGY shall participate in Entry into Ministry Events sponsored / supported by the Presbytery of New Covenant. Full provision will be made for the actual cost for one year (plus or minus \$750) and the time needed to participate in these events. **This means during a newly ordained clergy's first year the study leave/professional development allowance should be at least \$2,450.**

- c. Paid Professional Development Leave: amount of time allotted ____ weeks (Time cumulative for 3 years) Presbytery has set a minimum Professional Development Leave to be 2 weeks that is cumulative for three years. Each week includes one Sunday. Professional Development Leave is cumulative for at least up to six weeks.

DO NOT SUBMIT: Worksheet ONLY is for calculation purposes.

2011 COMPENSATION WORKSHEET (page 6 of 6)
NEW COVENANT PRESBYTERY
For Clergy and Certified Directors of Christian Education

NOTE: Additional leave of three days will be granted only for participation in the New Covenant Presbytery Clergy Retreat (this leave is not cumulative).

d. Paid Vacation: amount of time allotted is _____ (Number of weeks or days) Presbytery has set a minimum vacation for church professionals as 4 weeks, including 4 Sundays.

e. Social Security Compensation UP TO 8.24% of Effective Salary \$_____ In order to encourage churches to help members pay Self-employment Social Security tax, the Board of Pensions allows churches to place an amount of Compensation not to exceed 8.24% of their Effective Salary as a Benefit.

All Social Security Compensation is to be considered part of the member's salary (that should be designated as salary on a W-2 form). BUT Compensation UP To 8.24% is NOT subject to Board of Pension dues.

The advantage of using Social Security Compensation UP TO 8.24% of Effective Salary is that it reduces the dues a church must pay on a member, while at the same reduce to a small degree the medical deductible a member must pay.

The disadvantage of using Social Security Compensation UP TO 8.24% of Effective Salary is that it will also lower the pension and/or disability dollars available to the member.

5. ANNUAL REVIEW will be held: _____ (Date)_____

The session will establish a review committee to meet with the Minister every twelve months to discuss:

- The congregation's expectations of the minister and how well he/she meets those expectations;
- The minister's expectations of the congregation and how well its members meet those expectations; and
- Adequacy of compensation.

The review committee is encouraged to utilize the resources provided by the Committee on Ministry "**Guidelines for Church Professional Evaluations,**" listed separately on the presbytery's website.

6. EFFECTIVE DATE of Change of Terms of Call: _____ (Date)_____

Minimum Terms of Call adopted by Presbytery November 13, 2010. Revised by COM 11-09; 12/10/10

DO NOT SUBMIT: Worksheet ONLY is for calculation purposes.

Compensation Report Form 2011

Clergy and Certified Directors of Christian Education

**FOR SUBMISSION TO COMMITTEE ON MINISTRY
THE PRESBYTERY OF NEW COVENANT**

(Separate Report Must be Sent to Board of Pensions, PC(U.S.A.)

(2 pages)

Please use the Compensation Report Form Worksheet before filling out this form.

Church Name and City _____

Minister's Name & Date Ordained _____

If less than full-time, indicate fraction of full-time for Part-Time Call _____

PART ONE: Compensation Subject to Board of Pensions Dues

1. Terms	Existing Terms	New
a. Annual Cash Salary	\$ _____	\$ _____
b. Housing and Utility Allowance	\$ _____	\$ _____
c. Value of Manse <i>(if provided)</i>	\$ _____	\$ _____
d. Social Security Compensation 8.25% & Above	\$ _____	\$ _____
e. Other direct compensation/reimbursement	\$ _____	\$ _____
f. Deferred Income	\$ _____	\$ _____
g. Other paid insurance	\$ _____	\$ _____
Total Effective Salary (1.a. through 1.g.)	\$ _____	\$ _____

**The Presbytery of New Covenant
Annual Review Report
(When No Change in Terms of Call)**

**[Due by July 1 in any year in which Compensation Report Form not filed, to verify
that an annual review has been conducted]**

Church Name and City _____

Minister's Name & Date Ordained _____

If a compensation report form containing the date of the annual review of the minister and the date of the congregational meeting considering the terms of call has not been filed by July 1 of any year, the moderator and the clerk shall file this report by July 1 for each minister:

Date the annual review was conducted by a committee established by the Session for this purpose: _____

Date of the congregational meeting at which the adequacy of compensation of the minister has been reviewed, after prior review by the Session: _____

In order to secure the required annual review in congregations that have not filed a report of compensation or report of changed terms for each pastor, or the new special report as to annual review of each pastor and annual congregational meeting for the review of the adequacy of each pastor's compensation, the following will be implemented, as appropriate, by the Committee on Ministry:

1. Send a letter to the moderator and clerk of each congregation that has not filed a report by mid-June [after the June Presbytery meeting], reminding them of the requirement and the deadline, and asking that they conduct the review and the congregational meeting promptly and submit the required report.
2. Delay any actions requested of COM for the congregation or its pastors [including approval of terms of call for new pastors, appointment of installation/ordination commissions, etc.] until the annual review and congregational meeting for each current minister associated with the church has been completed.
3. Note in the annual review of minutes of congregational meetings, the failure to comply with the requirement for annual review of compensation for all pastors, and direct the congregation to correct the deficiency promptly. ["Annual review of pastor's salary by Congregation..." is already on the checklist for the Clerk's minutes review.]
4. On behalf of the Presbytery, call a congregational meeting of the church for the purpose of reviewing the adequacy of compensation for all its pastors.

Moderator: _____ **Clerk:** _____

Date of report: _____ **Return to: Committee on Ministry:**
1110 Lovett Blvd., Houston, TX 77006 sdarden@pbyofnewcovenant.org

GUIDELINES: EVALUATION OF MINISTRY

Can be found at www.pbyofnewcovenant.org under COM
Forms/Guidelines

pdf file

RECOMMENDED
Honoraria for Pulpit Supply & Mileage
2011
The Presbytery of New Covenant

Reimbursement and Honorarium for Pulpit Supply:
\$150 for one worship service; \$200 for two worship services
(as recommended by the Committee on Ministry 2007)

Mileage reimbursement for those providing Pulpit Supply as well as for those COM appointed Moderators of Session is also recommended, at the IRS mileage rate.

The **IRS rate for business mileage** for **the second half of 2011** is **55.5 cents**.

Find more, including rates for medical/moving and charitable miles at: <http://www.irs.gov/newsroom>

For a list of ministers available to preach contact Sharon Darden sdarden@pbyofnewcovenant.org, or 713/526-2585 or 1/800-444-1278, extension 204.

GUIDELINES FOR LABORING INSIDE AND OUTSIDE THE BOUNDS OF THE PRESBYTERY OF NEW COVENANT

The presbytery may grant a minister permission to engage in work which is outside its geographic bounds or which is not under its jurisdiction, but no presbytery shall permit a teaching elder to engage in work which is within the geographic bounds of another presbytery without consent of that presbytery. Book of Order 2009-2011, (G-11.0401)

INSIDE

A minister member of another presbytery seeking to labor within the bounds of the Presbytery of New Covenant must submit a request to the Committee on Ministry through the stated clerk of the presbytery or the staff associate for COM. If the minister is in the process of accepting a call to the Presbytery of New Covenant, he/she **may not** move onto the field until a sustained examination is reported to COM. After this occurs, responsibility to grant permission to labor within the bounds before COM acts on the transfer of membership is at the discretion of the chair of COM. *[This portion was added by action of COM on February 1, 2011.]*

OUTSIDE

The above citation from the Book of Order has led to the convention of ministers seeking permission of their presbyteries to conduct or participate in **one-time events** outside the bounds of their presbytery (e.g., weddings, funerals, baptisms, etc.), and likewise of the presbytery in which the event is scheduled to labor within their bounds. The question has been raised, however, if this permission-seeking custom is required, or necessary.

After somewhat extensive inquiry, particularly through the Annotated Book of Order, it is clear that this portion of the *Constitution* was written to address an on-going work in which a minister may seek to participate. The focus of this portion of the *Constitution* is not for one-time occasions.

Therefore, the **Committee on Ministry of the Presbytery of New Covenant will cease to require this custom of permission seeking for one-time events**. In other words, ministers who are invited to participate in ministerial functions outside the bounds of the Presbytery of New Covenant are free to do so, **provided**

- ✓ **the function is a one-time event,**
- ✓ **the function does not violate the Book of Order, and**
- ✓ **the minister inquires of the presbytery's Stated Clerk in which the event is scheduled if it is required to seek permission to labor within their bounds.**

Approved by COM: September, 2007 and 2011

**GUIDELINES FOR PARTICULAR BENEFITS
FOR MINISTER-MEMBERS
AND CERTIFIED CHRISTIAN EDUCATORS**

**COMMITTEE ON MINISTRY
THE PRESBYTERY OF NEW COVENANT**

MEDICAL REIMBURSEMENT (Cafeteria 125 plans)

Because the Major Medical Plan of the Board of Pensions does not fully reimburse a minister/educator for medical expenses, many churches have established a medical reimbursement fund upon which the professionals and their families may draw each year. (Referred to as a "Cafeteria 125 fund," some IRS rules apply.) If a church wishes to follow this practice, the amount of the fund shall be established annually, as a part of the annual compensation review. The fund shall be used only for the same type of deductibles which are covered by the Major Medical Plan of the Board of Pensions and other qualified medical and child care uses defined by IRS rules.

MATERNITY-PATERNITY LEAVE

In addition to other benefits, a session is encouraged to consider the inclusion of maternity and/or paternity leave in their personnel policies for all staff. Churches can consult the Presbytery of New Covenant Personnel Policies if they care to see a sample policy in this regard.

SICK LEAVE

The congregation shall provide at least 12 days of sick leave annually which can be accumulated up to 90 days total. Ordinarily, earned but not used sick leave is forfeited at employment termination without compensation, unless the termination is caused by illness. In the latter case the session and congregation are encouraged to work with the minister and Board of Pensions to accommodate the criteria for disability status.

DISABILITY BENEFITS

If a minister/educator remains disabled by illness or injury after exhausting all accumulated paid sick leave benefits, the minister/educator will also be entitled to the following:

1. A pastor is eligible for disability benefits as a participating member of the Benefits Plan of the Presbyterian Church (USA). Disability benefits commence after 90 days of disability. See www.pensions.org. Disability benefits (Board of Pensions and Social Security together) equal 60% of the pastor/educator's effective salary on the date disability began.
2. Churches are responsible for the minister/educator's compensation for the first 90 days of disability. This should include pay for unused sick leave.
3. Refer to the state's disability statutes to ensure compliance.

4. For current information on disability benefits, contact the Board of Pensions area representative.

TRAVEL AND AUTO COSTS

A minister/educator's work includes much travel for hospital and home visitations, as well as travel for governing body responsibilities. These travel costs shall be reimbursed as part of the terms of the Call to the pastor. Auto expenses are not to be added to the W-2 form if the reimbursement is done in accordance with an accountable reimbursement plan, but each minister must account to the church for travel expenses.

Auto expenses are constantly increasing and such reimbursements should reflect this. It is recommended that the current I.R.S. mileage rate be established as the amount reimbursed. Reimbursement in excess of the I.R.S. mileage rate, must be added to the pastor's W-2 as additional compensation.

Travel expenses, Continuing Education Expenses and Professional expenses may be combined into the same line item in the church's budget or as separate line items.

VACATION

1. A vacation with pay is provided for all minister/educators. It is a necessary time of rest, refreshment, and relaxation for health and work performance.
2. For contract ministers and certified educators, vacation should be prorated in the first calendar year of service, as well as the last year.
3. For installed ministers, vacation is banked at the start-up of the ministry for use at times agreed upon by the minister and session. Vacation is prorated for the last year of service.
4. It is the responsibility of the Personnel Committee and the minister/educator to see that vacation time is used annually in order to have an effective ministry.
5. Vacation is to be kept separate from study leave, attendance at conferences, or weekly days off and sabbatical leave.
6. Ministers/educators are encouraged to take vacation in a large enough block of time (at least one week) for the refreshment which is necessary for effective renewal.
7. Ministers/educators in The Presbytery of New Covenant shall have as part of their Call at least four weeks of vacation. This is to be defined as twenty-eight (28) calendar days, including their normal days off during the vacation period and no more than 4 Sundays.
8. The church shall be financially responsible for coverage of all pastoral functions including preaching.
9. The Presbytery encourages that up to but no more than 10 days of vacation time be rolled from one year into the next calendar year. The annual refreshment from vacation comes only if the minister or educator takes the vacation regularly. Excessive accumulation of vacation time does not provide for that regular refreshment. Unused vacation benefits are payable in full to the date of the dissolution of the call.
10. It sometimes happens that churches, no matter how much they may regret it, are only able to compensate their pastors at the minimum terms of call. In such cases, they may wish to acknowledge that and show their appreciation by offering an additional Sunday or two away from the pulpit, or additional days away for study or spiritual reflection, which are above and beyond professional development or vacation time.

WEEKLY TIME OFF

1. Ministers/educators are expected to take at least one full, uninterrupted day off each week.
2. When there has been an unusually heavy week, ministers/educators are encouraged to take an extra day off during the next week to compensate. This is not considered vacation day.
3. It is the responsibility of the minister/educator and personnel committee/team of session to communicate clearly about this kind of arrangement.
4. The Committee on Ministry of the presbytery considers a normal pastoral week to be 40-50 hours.

HOLIDAYS

1. The following are recommended as paid holidays:

New Year's Day

Martin Luther King, Jr. Birthday

President's Day

Easter Monday

Memorial Day

Independence Day

Labor Day

Thanksgiving Day and the following Friday

Christmas Day and the day after

2. If a minister or educator works on a designated holiday, another day shall be recognized as a day off.
3. When a holiday falls on a Saturday or Sunday, it shall be observed as a holiday on the nearest Friday or Monday respectively.
4. When a holiday occurs on a minister/educator's day off, it may be observed either the day before or the day following.

PULPIT SUPPLY FEE

1. The church shall establish an adequate budget reserve to cover the costs of a substitute for the pastor when required during periods of vacation, study leave, and other absences.
2. A guest preacher shall be reimbursed for travel expenses at the current IRS rate, in addition to a minimum honorarium of \$150.00 for one service, \$200 for two.

FEES FOR BAPTISM, WEDDINGS, FUNERALS/MEMORIAL SERVICES AND COUNSELING

Pastors shall not expect any compensation from church members for performing baptisms, weddings, funerals or memorials, or pastoral counseling. When received, however, this compensation must be reported as income for tax purposes.

SAVINGS PLANS AND ANNUITIES

The local church and minister/educator may wish to enter into some type of arrangement whereby money is withheld from the pastor/educator's salary and placed into a tax deferred savings plan.

There are various tax-sheltered plans and annuities which are available for such purposes. The Board of Pensions has established a 403b with Fidelity. Another plan has been designated by the Internal Revenue Service as a "Tax-sheltered Annuity Program for Employees of Public Schools and Certain Tax-exempt Organizations." Yet another alternative is a "Rabbi Trust." Ministers are encouraged to consult with tax and investment professionals. Tax code provisions of any such plan must be closely followed by the Session and the minister/educator.

WORKER'S COMPENSATION

Consult state regulations regarding requirements in this regard.

GUIDELINES FOR EQUITY ALLOWANCES**PROPOSED: TO CHURCHES AND MINISTERS INTERESTED IN THIS OPTION OF AN ADDITIONAL BENEFIT:**

Home equity is not a reality for many ministers who have spent their careers living in church manses, unless a minister's Terms of Call includes an Equity Allowance. These Guidelines provide one approach for a minister living in manse will contribute toward sufficient resources whereby the minister may be able to own a home (not necessarily in this area) after 40 years of service.

Here follows some guidelines that are intended to assist churches and ministers to incorporate this option for Terms of Call.

1. It is the responsibility of the particular church to ensure that the terms of call support the minister in providing for retirement home ownership. Although the presbytery compensation policy sets the minimum effective salary for ministers, this responsibility extends to ministers whose effective salary exceeds the minimum required by presbytery policy.
2. In most cases, this requirement is satisfied either by: (a) providing a housing allowance so the minister can purchase a home in which to live during his or her current call; or (b) by paying an equity allowance to **a minister who is living in a manse or renting a home.** The minimum equity allowance should be at least the amount specified in the presbytery compensation policy, but it may be larger. Any equity allowance is included as part of the minister's effective salary.
3. In some cases, the minister may have an existing long term plan for retirement home ownership other than one of the means included in paragraph 2, above. The terms of call should be tailored to support such an alternative plan in a way that does not disadvantage the minister financially. The Committee on Ministry is available to assist in this process.

How to pay an equity allowance. In general, the equity allowance should go into a tax-advantaged investment account for the benefit of the minister. The Presbytery of New Covenant cannot provide specific advice on how to set up such accounts, but can suggest alternatives that churches may wish to consider. The most common alternatives are:

1. Establish a 403(b)(9) account. This account functions much like a 401(k) account, but is designed specifically for churches. The minister owns the account, and either owner or the church can make contributions to it. The tax-free contributions remain and grow free of tax in the account until withdrawn. Like a 401(k) account, there are rules governing the timing and minimum size of withdrawals and penalties apply if the rules are not observed. The Board of Pensions is a good source of information for setting up such an account.
2. A church may set up an investment account in its name, but for the benefit of the minister. Contributions are made to this account and, as long as the church remains the owner, are not taxable. The account can be retained by the church after a minister leaves to accept a new call, or it can be transferred tax-free to a church to which the minister has moved. The account can be transferred to the minister at any time without penalty for early withdrawal, but the full amount in the account is taxed at that time. The Presbyterian Foundation can explain in more detail how these accounts operate. Note that in either of the above options, the equity allowance must be reported to the Board of Pensions as part of the effective salary, and so the Board of Pensions contribution must be paid on them. Starting in 2008, however, matching contributions to a 403(b)(9) plan were no longer included in effective salary.
3. An established calculation for an equitable contribution toward the equity allowance is for the church to (a) place funds in a separate fund (deferred equity

allowance, 403b, etc.) an amount of 1/40th of the "median house cost" or (b) pay the minister additional salary if the minister has a long term housing plan. The "median house cost" is established to be latest quarterly reported US median sales price of existing single-family homes for metropolitan areas as calculated by the National Association of Realtors. This information is available at <http://www.realtor.org/research/research/metroprice>.

OR...

3. The pastor and the Session are encouraged to arrange as an increase to the pay (if one is not already established) a tax-sheltered annuity into which at least \$2,000 (or 10 percent of cash salary) can be deposited annually to provide equity toward housing costs upon retirement. (This is especially critical if your pastor is within fifteen years of retirement.) This tax-deferred compensation must be included in calculating benefits dues to the Board of Pensions (PCUSA).

Approved by COM 11/3/09

Guidelines for Announcing Retirement

Adopted by COM: 2006

A Resource for Ministers in the Presbytery of New Covenant

1. As you consider whether God is calling you into retirement, contact the Board of Pensions to request their packet of materials for their retirement process. You want to be sure that you are fully aware of their process so that there is no unnecessary delay in the start-up of your pension benefits.
2. Determine the effective date you wish your retirement to be granted by the presbytery.
3. Request (in writing) that the Committee on Ministry recommend to the presbytery that the status of Honorable Retirement be granted to you, effective date-certain. This request may reach the Committee on Ministry through Sharon Darden in the Presbytery Center.
4. Determine when to tell your session. In anticipation of that announcement, write a letter to your congregation announcing your expected retirement. Mail that letter so that it will be received in most homes of your congregation the day following the session meeting where you make your first public announcement.
5. Invite the presence of the Committee on Ministry to be present with your session when you announce your retirement, or to plan for that presence at the next meeting. The purpose of this presence will be to help the session consider **the options** for future pastoral leadership.
6. Recommend that the session consider forming a **Congregational Transition Team** to begin work immediately. The purpose of this team will be to work with you and the other leaders of the congregation to ensure that the work and worship of the congregation will go forward with as few "hitches" as possible. This includes making arrangements for the congregation to celebrate with you your retirement; to continue further consideration of options for pastoral leadership, and the requisite recommendations to session regarding leadership.
7. Recommend that the **Congregational Transition Team** (CTT) invite the presence of someone from presbytery who can interpret the presbytery's Vision 2010 and who will also work with the CTT as they consider how this vision can be an important part of the future of your congregation, especially as they consider options for future pastoral leadership.
8. Relax and enjoy the final months with your congregation, and may God's blessings be showered down upon you as you prepare for this significant step in your personal and professional life as well as in your faith journey.

Sabbatical Leave Policy for Ministers: FAQ's

Why do we need a sabbatical policy for our presbytery?

Many Terms of Call for clergy entering New Covenant Presbytery contain clauses providing for Sabbatical. This policy provides consistency and guidance for local churches.

Is the sabbatical policy mandatory?

This policy is recommended but is not a requirement; however, we foresee occasions when there will be either increased demand for including a sabbatical on the part of pastors or the proposal of sabbatical by Pastoral Nominating Committees to recruit a candidate.

Why do clergy and educators need more time off?

The stress and pressure faced by church professionals is well documented. The time offered by Sabbath rest is not the same as "vacation" where one does not completely disengage from the parish. Sabbatical provides the type of time and space required for spiritual renewal and healing.

How are we going to pay for this?

This is a key part of the policy. Clergy and congregations are encouraged to find creative ways to fund the sabbatical. There also are ample grants for which church professionals and congregations may apply to support financially both the church and the individual during the sabbatical.

How will this policy affect smaller churches?

We believe that smaller membership churches will benefit immensely from this policy. We covenant to work with these congregations to secure temporary leadership at little to no cost.

So what will my church "get" out of this?

Sabbaticals are meant to increase long-term pastorates, which in turn, are proven to strengthen congregations. It only makes sense that church professionals, who have been reinvigorated for ministry, are going to be more effective!

Guidelines for Sabbatical Leave

The Presbytery of New Covenant

Rationale for Sabbatical Leave in the Presbytery of New Covenant:

The Presbytery of New Covenant has adopted a new vision for 2010: ***Growing congregations that passionately engage their community to make disciples.***

The skills and training that clergy received in seminary and routine continuing education events may not fully equip pastors for the major components to this vision (congregational growth, community engagement, and disciple-making). Furthermore, the implementation of this vision on the local level will make additional demands of pastors that are beyond the ordinary requirements of parish ministry.

The Presbytery of New Covenant, therefore, has adopted Guidelines for Sabbatical Leave to be considered for all installed Pastors and Associate Pastors.

Introduction to Sabbatical Leave:

Someone has compared the life of a minister with that of a taxi leaving an airport. It is so loaded down with passengers and suitcases and the other items that the car has a hard time even moving and is strained to the point breaking, yet the taxi may be only a few years old. So it is with clergy. They bear the burdens, the anguish, the pain, and hurt of their parishioners 24-7. That is 24 hours, seven days a week. As a result, many, if not all, experience to one degree or another symptoms of emotional collapse, stress related illnesses, and "burnout" adversely affecting the minister's personal, family, and parish life, and greatly diminishing his or her effectiveness and well-being. For too long, this situation has been accepted, even tolerated as an inevitable part of the job.

A viable solution to the peculiar stresses and strains the clergy encounter is the Sabbath Leave, sometimes referred to as a Sabbatical. This solution has its roots in Scripture and in church tradition.

Sabbatical Leave Defined:

Sabbatical Leave for pastors and church educators is a planned time of intensive enhancement for ministry and mission. Sabbatical Leave follows precedents in the academic community and among a growing number of private sector groups. This "extended time" is qualitatively different from "vacation" or "days off." It is an opportunity for the individual to strategically disengage from regular and normal tasks so that ministry and mission may be viewed from a new perspective because of a planned time of focus.

Sabbatical Leave is an extension of the Biblical concept of a Sabbath day and a Sabbath year for renewal. It is both an act of faith that God will sustain us through a period of reflection and changed activity and an occasion for recovery and renewal of vital energies.

Sabbatical Leave is recommended for all full-time pastors and educators serving churches, who have served in their present position for six (6) continuous years. The recommended length of the Sabbatical Leave is three (3) months. Accrued vacation time and study leave

may be attached to the Sabbatical Leave. It is further recommended that this Sabbatical Leave be built into the Call Process. Upon completion of the Sabbatical Leave, the incumbent pastor/educator would normally continue serving the same congregation for a period of at least four times the length of the Sabbatical Leave plus accrued vacation time. In addition, Congregations may limit Sabbatical Leave to one staff person per year, in multiple staff situations.

Planning for Sabbatical Leave:

To be eligible for a Sabbatical Leave, the pastor/educator shall present, in writing, to the Church session for their approval, a program ("The Plan") of activity for the Sabbatical Leave at least six (6) months prior to the proposed beginning of the Sabbatical Leave. This program of activity and meditation shall include a detailed description of the plan, the goals to be achieved and the expected end-product(s), together with a personal statement as to why this Sabbatical Leave would be valuable for both the pastor/educator and the church.

Upon approval by the Session in the year prior to the Sabbatical Leave, the Plan shall be forwarded to the churches Committee on Ministry for their review and recommendation. Included in this Plan will be the church's plan for pastoral/educator services during the period of the Sabbatical Leave.

At the completion of the Sabbatical Leave, the pastor/educator should present to the next regular meeting of the church Session, a written report of activities and findings. This report also will be sent to the Committee on Ministry immediately following up the Session meeting when it is presented.

Funding:

The employing church will continue the pastor/educator salaries, pension/major' medical benefits, book allowance, and, at the direction of the Session, auto and continuing education allowances at the same level as those in effect at the time of the Sabbatical Leave.

The employing church will also contract for substitute pastor/educator services during the period of the Sabbatical Leave. Although on the face of it, the Sabbatical Leave may seem like yet another financial burden for the local congregation to bear, it is crucial for Session and congregation to recognize the long-term benefits they as a church will reap from granting Sabbaticals. For example, ministers/educators who have the opportunity to examine issues of professional growth and development as ministers within an existing pastorate are more likely to stay more years in a particular call. The sabbatical provision conveys a sense of support and caring on the part of the calling church. It also offers an incentive to both ministers and educators to commit to and think in terms of longer years of service in a particular church.

Clergy, churches, and presbytery are encouraged to set aside funds each year so that resources will be available during the time of Sabbatical Leave. Those churches that would have financial problems in providing for the Sabbatical Leave could consult with their Presbytery. In addition, those churches that could not secure lay leadership within their own congregations might consider using elders trained as Lay Pastors or Associate Pastors who might be willing to preach one Sunday without honorarium, etc.

NOTE: The Louisville Institute, a Lilly Endowment Program housed at Louisville Seminary, provides study grants for pastoral leaders. Contact Rev. David J. Wood at 1044 Alta Vista Rd., Louisville, KY 40205-1798. Their email address is info@louisville-institute.org. The website for the Louisville Institute is <http://louisville-institute.org/index.asp> and the website for the Lilly Endowment is <http://www.clergyrenewal.org/>

Re-Entry Into Ministry:

Upon re-entry, it is strongly suggested that the clergy share with the entire congregation the details of the leave as well as reflections on its value and benefit. The re-entry process provides a great opportunity to reflect upon the benefits that resulted from the Sabbath Leave. Such expected benefits as:

- Discovering the strength of lay leadership heretofore under-utilized
- New understandings of the concepts of mission between clergy and congregation
- Reaffirmation of calling to ministry on part of clergy and congregation with both being reinvigorated and rededicated to the work of God's people.

The ideal result would be for the congregation to see this period of time not just as the clergy's Sabbath Leave but as the congregation's Sabbath Leave.

Adopted: April, 2007

GUIDELINES FOR SHARED PASTORAL LEADERSHIP

The Presbytery of New Covenant

PURPOSE: The purpose of sharing pastoral leadership between churches is to provide competent pastoral leadership and to enhance and strengthen the ministry of the cooperating churches.

PRINCIPLES:

1. The congregations are within close enough geographic proximity to make shared pastoral leadership feasible.
2. The congregations are similar in expectations of ministry.
3. The congregations share a similar vision of mission and ministry.
4. The congregations are willing to cooperate and plan some ministries together.
5. The congregations are willing to develop a covenant that will include a joint vision, mission statement and ministry plans.
6. The congregations are willing to cooperate in developing joint expectations for pastoral leadership.
7. The congregations are willing to cooperate in sharing responsibility for pastoral compensation that, at the very least, meets or exceeds the Guidelines for Minimum Terms of Call for the Presbytery of New Covenant.

PROCESS:

1. Preliminary conversation with two congregations by presbytery staff or representatives of the Committee on Ministry (COM) and Evangelism and Renewal (E&R) Committee will outline the possibilities and responsibilities related to the sharing of pastoral leadership.
2. If two congregations are open to exploring a shared pastoral ministry arrangement, COM and E&R will each appoint a liaison to continue the exploratory conversations between the two sessions.
3. If the two sessions agree to proceed toward a covenant agreement, a joint task force will be appointed to develop the covenant plan, in consultation with the COM and E&R liaisons.
4. The task force will work together to develop a covenant that includes the following:
 - a. Vision and Mission Statement.
 - b. Ministry Goals/Plans.
 - c. Pastoral Expectations.
 - d. Related Agreements including responsibility for pastoral compensation.
5. The draft of the covenant will be presented to each session and each congregation for discussion and approval.
6. The covenant will be presented to the Committee on Ministry for approval, through the Care of Congregations sub-committee. The Agreement for Pastoral Compensation will be presented to the Committee on Ministry for approval, through the Administration sub-committee.
7. If all parties approve the covenant, the way is clear for the two congregations to form the appropriate committee for seeking a pastor (Joint Pastor Nominating Committee or Search Committee), with equal numbers from each congregation.
8. If one of the churches already has a pastor and the shared leadership involves that person, the minister should be part of all of the above conversations, and once the way is clear, the shared leadership begins.

Adopted by COM: May 1, 2007