

2010 PASTORAL COMPENSATION COMMITTEE

By the acceptance and approval of the Pastoral Compensation Report by the duly elected and voting lay delegates and pastors of the National Conference, the items within this report become mandates for the local churches to enact as they are approved by the National Conference.

ITEMS TO BE APPROVED

1. Each year the Social Security Administration uses the Cost of Living Adjustment (COLA) percentage to set the annual Social Security recipient's increase. The Compensation Committee has used the COLA as its basis for salary increase, but we are always one year behind the Social Security increase. The 2010 COLA increase for Social Security recipients was not established. In considering of the economic situation as they are in our country and among many of our churches and their members, the salary increase for all full-time pastors shall be 1% increase for 2011. Churches that are financially able are encouraged to give either a larger percentage increase or to consider an additional increase as a merit raise in salary for each pastor. This merit raise would be in addition to the approved percentage salary increase. Knowing the need to work within a budget and other concerns that a church may have, churches that plan to grant less than the 1% increase as approved in this report, must receive the approval of their Conference Minister prior to any official action taken to set the pastor's salary for the up-coming year. Churches served by a part-time pastor are encouraged, but not required, to give their pastor an annual salary increase. We strongly encourage churches to plan for a larger increase when the economy improves and when offerings are back to normal. Many of our pastors' salaries lag behind other professionals with similar educational requirements, so we hope that our churches will be able to close this gap when our economy turns around.
2. Cash salary minimums for full-time Pastoral classifications for 2011. We recommend the following, which reflects this year's salary increase:

Licentiates	\$30,633
Deacon/Licentiate II	\$32,682
Elder	\$33,096
3. National Conference Administrator's Cash Salaries for 2011. We recommend the following, to keep salaries at the 2010 level:

Bishop	\$67,105
Director of Global Ministries	\$58,351
Conference Ministers	\$58,351
4. We recommend a base housing amount of \$13,400 be paid in addition to cash salary to the National Conference Administrators. This reflects a \$1000 increase from 2009 based on a reevaluation done last year to comply with the NC action to review this information every three years. Evaluations from three local realtors in the Myerstown PA area are secured to determine the base housing amount. These evaluations are to include the average fair rental value of housing in this community, plus furnishings and utilities. To determine individual housing allowance, each National Conference administrator is to secure evaluations from three local realtors in the area where they live and submit them to the Benefits-Compensation Administrator, who shall be responsible to complete the Compensation Forms and to prepare the necessary resolutions for approval by the National Ministry Team.
5. The parsonage furnishings allowance for the Great Lakes Conference Minister is set at \$6500.
6. Continuing Education Allowance – we recommend the following:
For the Bishop, Director of Global Ministries, and Conference Ministers: \$1200
For all pastors, full-time or part-time: \$750
7. Stationing Elders' Remuneration: We recommend \$14.50 per hour plus expenses including standard IRS mileage rates. This remuneration is evaluated annually.
8. Honorariums for National Conference Positions: we recommend the following for 2010 National Conference. All Honorariums will be reviewed every five years.

National Conference Secretary	\$500
National Conference Assistant Secretaries	\$125 each
National Conference Services Coordinator	\$650 plus travel expenses at IRS Standard mileage rate
9. Church Contribution to their Pastor's 403(b) Pension Account: We recommend a monthly contribution of \$160 (full-time pastors) and \$80 (part-time pastors), effective January, 2011. Based on a recommendation by the Benefits Corporation the amount paid towards the Pastor's 403(b) Pension Account should increase by ten dollars per year until it reaches \$200 for full-time pastors and \$100 for part-time pastors.
10. It is a recommendation of the Compensation Committee to add a new rule to the National Conference Rules:
Mid-Year Change From Full-Time to Part-Time Pastoral Assignment
Any church or assigned pastor contemplating a change of status from full-time to part-time or part-time to full-time during the course of the conference year must contact the Conference Minister prior to any change in the pastor's status. The Conference Minister will convene the Local Conference to review the request. If the change in assigned status is approved, the Conference Minister, where appropriate, will negotiate a new compensation agreement. Due to legal issues of compliance the E. C.

Benefits and Compensation Administrator must be informed of the pending change in status 30 days in advance of its effective date. The new rule can be added either as 906.3 of 1002.5.

ITEMS PRESENTED FOR INFORMATION AND/OR REVIEW FROM PREVIOUS NATIONAL CONFERENCE ACTION OR REPORTS

1. All moves will be reviewed for possible income tax liability by the regulations included in IRS publication 521 Moving Expenses. Moves that are determined to be taxable, form 1099-MISC will be generated by the E. C. National Conference with the relocated pastor as the recipient on the form 1099-M with total cost of the move included in box 7 (non-employee compensation). This amount becomes taxable income to the relocated pastor. The National Conference will also reimburse the affected pastor up to 25% of the cost of the move to offset Federal, State and Local income taxes, if applicable. The tax payment will also be reported in Box 7 of form 1099-MISC as taxable income. We refer this paragraph to be added to NC Rules Section 908.2.a

Cash Salary is defined as the base compensation amount before adjusted for the housing allowance, social security, pension contribution or any other additional benefit or deduction to salary. (See NC Rule 1002)

2. Housing Allowance: As approved by the 2007 National Conference in Compensation's 2007 report, each church that provides a housing allowance is to secure property evaluations from three local realtors in their area. These evaluations are to include the average fair rental value of housing in this community, plus furnishings and utilities for housing suitable to the size of the pastors' family. Then take the average of the three to determine a fair and equitable housing allowance for their pastor in their locale. These figures are to be reviewed and updated every three years.

In determining the housing allowance, the IRS states that the housing exclusion amount from income tax is the least of the following: actual expenses incurred; the fair rental value of home, including furnishings and utilities; or the housing allowance. The IRS does not set an actual maximum for the housing allowance figure, but if either the actual expenses or the fair rental value figure is lower than the housing allowance, then the lowest figure is the only amount that can be used by the pastor as his housing allowance exclusion on his tax return. Failure to comply with the 2002 Clergy Housing Clarification Act could result in fines and penalties, possibly on both the pastor and the church and could have effect on the denomination, as well. We strongly encourage the churches and pastors to comply with these IRS regulations. The Benefits-Compensation Administrator is available for consultation and questions.

3. Parsonage provided by the Church: As approved by the 2007 National Conference in Compensation's 2007 report, each church that provides a parsonage is to secure property evaluations from three local realtors in the area to determine the fair rental value of the parsonage for housing suitable for the pastor's family. Then take the average of the three to determine a fair and equitable rental value of the parsonage in this locale. These figures must be reviewed and updated every three years.

An equitable, fair rental value of the parsonage in the community where the home is located is necessary, not only because it should reflect the true rental value if the home was actually rented out, but this figure is also used as part of the calculation should the pastor become disabled or have a worker's compensation situation and is included in the computation of the pastor's self employed Social Security tax (SECA). The Benefits-Compensation Administrator is available for consultation and questions.

4. Pulpit Supply Honorarium-- suggested guideline for churches:
\$100 for the 1st message/sermon and \$50 for each additional service, such as Sunday School or multiple worship services, plus travel reimbursement of \$7.50 if traveling 10 miles or less and standard IRS mileage rate if traveling over 10 miles; and Airfare/ground transportation, if applicable; plus hotel accommodations, if necessary
5. Pastoral release/resignation from assigned position: If either a pastor is released from his assigned pastoral position by the National Conference Supervisory Committee or if the pastor resigns his assigned pastoral position of his own volition before the end of the assignment year, effective immediately upon the date of departure of said pastor, the terms of the Statement for Pastor's Salary, as had been approved for that pastor, are considered null and void. (National Conference Rule 1002.12)

6. Moving Expense Reimbursement
908.2 Churches shall be granted a moving subsidy as established by National Conference. The subsidy will be given based on the distance of the move. The following shall be used as the schedule for moving expense given based on the distance of the move. The following shall be used as the schedule for moving expense reimbursement: for intra-state (within the state) moves from 0-40 miles, the following allowance will be up to \$2500.00; for intra-state moves from 41-200 miles the allowance will be up to \$3000.00; for intra-state moves from 201-350 miles, the allowance will be up to \$4500.00; and for inter-state (between states) moves, the allowance will be up to \$7500.00. If the amount exceeds the National Conference subsidy, the receiving church will be responsible for the remaining balance. Pastors receiving a new assignment shall move within 12 months of the effective date of that assignment. Any move beyond the 12 month period at that assignment shall be at the pastor's own expense. The moving schedule for retiring pastors shall be the same as stated in this rule. Retired pastors who are assigned a church, without a break in service with the E.C. Church, shall have their move covered as per this rule when they fully retire.

7. Base Compensation and Parsonage requirements

1002. Base Compensation Definition. Items which each charge is to provide as base compensation are: in addition to cash salary: one half the actual Social Security payment; medical premiums for the pastor and family; first \$500 of deductible health care expenses (see 1002.7); disability coverage; travel reimbursement for pastoral care at the standard IRS mileage rate; continuing education allowance; vacation according to schedule of years served; and suitable housing (see 1002.a) or housing allowance. After the pastor's salary has been approved for the next fiscal year, all churches are required to complete the Statement of Pastor's Salary Form and provide copies of this form to the Pastor, Local Conference Record Book, Local Church Treasurer, Conference Minister, and National Conference Controller. The Controller will annually review the Statement of Pastor's Salary Form; Worksheet of Pastor's Salary, the Salary and Medical Reimbursement Agreement Forms and make them available to the churches.

1002.a. Parsonage Requirements. For churches providing a parsonage, the following items are included in the pastor's compensation/benefit package: utilities including electric, gas/oil, water/sewer, and base telephone; a cooking range and refrigerator; living room carpeting and drapes; smoke detectors and a fire escape ladder. A committee made up of a Steward or member of the Finance Committee or member of the group responsible for setting the pastor's compensation package and a Trustee and the Lay Delegate shall annually conduct a walk-thru of the parsonage at the time that the pastor's salary is set. This group shall complete the Annual Church-Owned Parsonage Review Form and provide signed copies to the Pastor, Conference Minister and place a copy in the official minutes of the church. The walk through committee shall provide a synopsis of the Parsonage Review Form, including the list of immediate needs and priorities, to the congregation at the annual congregational meeting. This form will be reviewed by the Compensation Committee and made available for distribution with the Pastor's Salary Forms as listed in NC Rule 1002.

8. Housing Equity Account: We continue to suggest that each church providing a parsonage, support a Housing Equity Program that would be established by the pastor to allow him to accrue monies toward the purchase of a home upon either an eventual assignment to a church where no housing is provided, or upon retirement. The pastor would own this account. The Lay Delegate from the church should present this proposal annually to their Board or Ministry Council for consideration either to support the establishment of the account or to continue to make contributions to an already existing account. The Conference Ministers will be available for consultation with churches interested in supporting their pastor in his establishment of such an account. The Benefits Corporation will administer these accounts.

9. Pastoral Vacation Schedule: Full-time and part-time pastors shall be granted vacation based on NC Rule 1002.10

0-9 years of service	3 weeks
10-19 years of service	4 weeks
20-29 years of service	5 weeks
30+ years of service	At least 5 weeks

10. Ministry Leave: Based on NC Rule 1002.11 all pastors shall annually be granted a minimum of one week of "Ministry Leave" for the purpose of personal spiritual development, study, service, or global experience. This leave requires prior scheduling approved by the local church Board or Ministry Council and accountability to that body.

11. Pastor's Day off: We expect our pastors to avail themselves to one day off per week. This is in order to exemplify wise stewardship of life to avoid burnout and to obey the biblical injunction of Sabbath.

12. 2011 Salary forms will be available on the EC Church website by September 1.

Rev. Robert Shuey