

# AGREEMENT FOR DESIGNATED PASTOR

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## SECTION 1: FILLING OUT THE COMPENSATION PACKAGE

1. Annual cash salary- Include only cash salary. Do not include any pre-tax deductions such as a 403(b) contribution or a flexible spending account for medical and child care expenses.
2. Housing allowance- The housing allowance may not exceed the fair rental value of the home plus furnishings and utilities. *(Please note- This guideline reflects new tax legislation, effective January 1, 2002, that replaced existing tax legislation allowing clergy to claim a non-taxable housing exclusion equal to the actual housing expenses incurred in a calendar year.)*
3. Utilities Allowance- If the church pays the minister an annual allowance for utilities, this amount should be reflected as a utility allowance on line 3. If the utilities are maintained in the church's name and paid directly by the church, check the box indicating that utilities are provided- do not put a dollar amount on line 3.
4. Medical Supplement- This is a flexible spending account for medical expenses (cafeteria plan) that allows for pre-tax deductions from the employee's salary for out of pocket medical expenses.
5. Social Security Offset (above 50%)- Ministers are responsible for a social security tax that is calculated at a rate of 14.3% of effective salary. Churches are responsible for paying to the minister at least 50% of that amount- (7.65%). Churches that pay the minister a social security offset in excess of 7.65% should report the excess amount in box 5. *(Please note- **do not enter any amounts for social security in box 5 that are 50% or less** .*
6. Deferred Income- voluntary deductions from an employee's cash salary that are deposited into a tax deferred annuity account such as a 403(b) plan.
7. Bonuses, Unvouchered Allowances, Gifts- includes cash bonuses and gifts from the employing organization. Unvouchered allowances that are paid through *non-accountable* plans such as a car or book allowance are also included. *(Please note- this is not to be confused with an accountable reimbursement plan that provides for vouchered reimbursements of travel, continuing education, and other professional expenses. Those amounts are entered onto lines 12, 14, and 15.)*
8. Other Applicable Income- includes all items that can be considered "effective salary" for purposes of calculating the Board of Pensions dues. An extended list of these can be found in Section 4 of this document.
9. Value of Manse – The value of the manse should be at least 30% of the total of lines 1-9.
10. Effective Salary- total of items 1-9. This amount will be used to calculate Board of Pension dues.
11. Travel Reimbursement (vouchered reimbursable)- Per Committee on Ministry guidelines, all vouchered travel expenses should be paid through an Accountable Reimbursement Plan (ARP). See #15 of the instructions, *Other Vouchered/Reimbursable Expenses*.
12. Professional Development (vouchered reimbursable)- Per Committee on Ministry guidelines, all vouchered continuing education expenses should be paid through an Accountable Reimbursement Plan. (ARP). See #15 of the instructions, *Other Vouchered/Reimbursable Expenses*.

13. Social Security Offset (50% or less)- the purpose of the Social Security allowance is to provide ministers with 50% of their self-employment tax as prescribed in the *Minimum Standards of Compensation* for ministers in New Hope Presbytery. The Social Security allowance is calculated at a rate of 7.65% of the total effective salary reported in box 10 and includes annual cash salary, the value of the manse, utilities allowance, housing allowance, and shared housing equity. **The amount in box 13 is not included in the effective salary calculation.** (Please note- this is not to be confused with the Taxable Social Security (above 50%) that is referenced on line 5.)
14. Books/Other Professional Expenses- Per Committee on Ministry guidelines, all vouchered book and other professional expenses should be paid through an Accountable Reimbursement Plan. (ARP). See #15 of the instructions, *Other Vouchered/Reimbursable Expenses*.
15. Other Vouchered/Reimbursable Expenses- Per Committee on Ministry guidelines, all vouchered travel, professional development/continuing education and book/other professional expenses should be paid through an Accountable Reimbursement Plan. (ARP). **These amounts should be included on the Accountable Reimbursement Plan line on line 21 under Other Vouchered/Reimbursable Expenses.** All expenditures charged through the ARP need to be mutually agreed upon at the time of the Call/Change in Terms of Call. It is recommended that the church draft an agreement outlining the type of expenses to be included in the ARP. (A sample ARP can be obtained from the Presbytery's website- <http://www.nhpresbytery.org/pdf/Arp.pdf>.) Other vouchered expenses that are paid through an accountable plan with the exception of expenses vouchered through a flexible spending account for medical or child care expenses. An extended list of these can be found in Section 4 of this document. *IRS Standard Mileage Rate effective 01/01/10 is 50 cents per mile.*
16. Board of Pensions- Dues are calculated based upon the total effective salary reported in box 10. Complete dues information can be found at: <http://www.pensions.org>. Basic dues information is as follows:

<b>2010 Dues Information</b>
Effective January 1, medical dues for members working 35 hours per week or more will be calculated upon <b>19.5%</b> of the greater of the minister's effective salary or <b>\$33,930</b> . For members working less than 35 hours per week, medical dues of <b>19.5%</b> will be calculated upon the greater of the equivalent full-time effective salary or the minimum participation basis of <b>\$33,930</b> . Please note: Retired ministers engaged in post-retirement service do not pay medical dues.
<i>Equivalent Full-Time Effective Salary</i> is calculated as follows: 1. multiply the annual salary by 35. 2. divide the result by the hours worked per week
Medical dues are capped at 19.5% of <b>\$101,600</b> .
Pension dues are calculated upon 12% of the minister's effective salary or <b>\$13,050</b> , whichever is greater. <i>This rule also applies to ministers engaged in post-retirement service.</i>
Pension dues are capped at 12% of <b>\$245,000</b> .

17. Paid Vacation Leave- paid vacation is provided to the minister. The Presbytery's *Minimum Compensation Standards for Ministers* currently call for four weeks paid vacation.
18. Paid Continuing Education Leave- paid continuing education leave is provided to the minister. The Presbytery's *Minimum Compensation Standards for Ministers* currently call for two weeks paid vacation.
19. Moving Expenses- the cost of moving the minister is provided by the church issuing the Call.
20. Total Compensation Package- total of lines 1-9 and 11-16.
21. List of Other Applicable Income and Other Vouchered Reimbursable Expenses: (a more comprehensive listing can be found under *Section 4- Definition of Effective Salary*.
  - Shared housing equity- the purpose of a shared housing equity is to compensate ministers living in a manse for the loss in equity appreciation they would otherwise realize as homeowners.
  - Flexible Spending Acct. for Child Care Expenses- This is a flexible spending account for child care expenses (cafeteria plan) that allows for pre-tax deductions from the employee's salary for out of pocket child care expenses.

## SECTION 2. DEFINITION of EFFECTIVE SALARY

Effective Salary is any compensation paid to an employee by the employing organization that is subject to Board of Pensions dues. The more common examples of compensation are listed below. For a complete listing you may visit the Board of Pensions website at <http://www.pensions.org/library/publications/publications/pln-103.pdf> and view a copy of the *Understanding Effective Salary* booklet.

### Are the following types of compensation included in effective salary?

Form of Payment	Yes	No
<b>Annual Cash Salary</b>	Full amount of cash salary	
<b>Book Allowance</b>	Paid through a <i>non-accountable reimbursement plan</i>	Paid through an <i>accountable reimbursement plan</i>
<b>Bonuses</b>	Adjustments to the effective salary are made when bonuses are paid to the employee	
<b>Car Allowance</b>	Paid through a <i>non-accountable reimbursement plan</i>	Paid through an <i>accountable reimbursement plan</i>
<b>Co-Insurance Payments and Deductible Reimbursements</b>	Co-insurance and deductible payments are made through a flexible spending account.	Co-insurance and deductible amounts are paid or reimbursed as part of an employing organization group coverage.
<b>Continuing Education</b>	Paid through a <i>non-accountable reimbursement plan</i>	Paid through an <i>accountable reimbursement plan</i>
<b>Deferred Compensation</b>	Voluntary deductions for 403(b) and other types of annuity arrangements	
<b>Housing Allowance</b>	Allowances given for housing-related expenses and appurtenances	
<b>Insurance Premiums</b>	Premiums for <i>individual policies</i> and <i>optional benefits</i> under the Board of Pensions Plan	Group coverage provided by an employing organization, including the Board of Pensions plan
<b>Manse Value</b>	Manse value calculated at a rate of at least 30% of of all other compensation included in effective salary	
<b>Social Security Reimbursement</b>	Social security reimbursements for <i>more than 50%</i> of the social security obligation	Social security reimbursements for <i>50% or less</i> of the social security obligation
<b>Shared Housing Equity</b>	Compensates ministers living in a manse for the loss in equity appreciation they would otherwise realize as homeowners.	
<b>Tax Deferred Annuity</b>	Pre-tax contribution by the employee to a 403(b) or other tax deferred account	
<b>Utilities Allowance</b>	Utility allowance is paid directly to the minister	Utilities are maintained in the name of the church and paid directly by the church

**SECTION 3. 2010 MINIMUM STANDARDS OF COMPENSATION**

**With Manse**

1.	Annual Cash Salary + Utilities Allowance + Taxable Medical Supplement+Deferred Income+ Unvouchered Allowances + Other Applicable Income.....	\$25,546
2.	Manse Value <sup>(2)</sup> ..... (Manse value is based upon a minimum of 30% of the total effective salary: Annual cash salary + Utilities Allowance + Taxable Medical Supplement + Deferred Income+ Unvouchered Allowances + Other Applicable Income.)	7,654
3.	Social Security Offset..... (7.65% of all effective salary <sup>(3)</sup> including manse value, utilities allowance, taxable medical supplement, deferred income, unvouchered allowance, and other applicable income)	2,596
4.	Shared Housing Equity.....	730
5.	Board of Pensions Benefits Plan..... (Computed on the basis of effective salary at the following rate: Medical: \$33,020 * 19.5%= \$6,439 + Pension: \$33,020 * 12%= \$3,962 (Refer to instructions for minimum and maximum dues information)	10,688
6.	Accountable Reimbursement Plan (ARP).....	3,000
7.	Vacation.....	four weeks
8.	Continuing Education.....	two weeks
	<b>Total</b>	<b>50,214</b>

**Without Manse**

1.	Annual Cash Salary + Housing <sup>(2)</sup> + Taxable Medical Supplement+Deferred Income+ Unvouchered Allowances + Other Applicable Income <sup>(2)</sup> ..... (The amount designated for the housing allowance may not exceed the fair rental value of the home plus furnishings and utilities.)	\$33,930
2.	Social Security Offset..... (7.65% of all effective salary <sup>(3)</sup> including housing, utilities allowance, taxable medical supplement, deferred income, unvouchered allowance, and other applicable income)	2,596
3.	Board of Pensions Benefits Plan..... (Computed on the basis of effective salary at the following rate: Medical: \$33,020 * 19.5%= \$6,439 + Pension: \$33,020 * 12%= \$3,962 (Refer to instructions for minimum and maximum dues information)	10,688
4.	Accountable Reimbursement Plan (ARP).....	3,000
5.	Vacation.....	four weeks
6.	Continuing Education.....	two weeks
	<b>Total</b>	<b>50,214</b>

(1) **Minimum Compensation Standards for Ministers-** Minimum compensation is the minimum amount that a starting pastor should receive and does not take into account the pastor's education, experience, proficiency, abilities or needs beyond those required for ordination. G-14.0507e.

**Extended Study (Sabbatical) Leave-** it is recommended that churches give pastors and educators who have completed five years of credited service at his/her current church or field a maximum of four months extended study leave. This leave may be taken in conjunction with earned vacation leave but may not be combined with annual study leave. A detailed description of this policy may be obtained at the presbytery's web site <http://www.nhpresbytery.org> in the Forms and Publications section

# AGREEMENT FOR DESIGNATED PASTOR

\_\_\_\_\_  
(Name of Church, Town)

The following covenant is between the \_\_\_\_\_ (Name of Church) of \_\_\_\_\_ (town) and the \_\_\_\_\_ (Name of Pastor). It is for the purpose of providing full time pastoral care as a Designated Pastor to serve for a period of \_\_\_\_\_ (length of time).

\_\_\_\_\_ (Name of Pastor) will become a member of \_\_\_\_\_ (Name of Presbytery) upon release from his/her present presbytery and acceptance by \_\_\_\_\_ (Name of Presbytery). He/she shall serve the \_\_\_\_\_ (Name of Church) as a Designated Pastor beginning on \_\_\_\_\_ (Date).

The Designated Pastor will:

- Provide spiritual and administrative leadership for the congregation.
- Lead worship and administer the sacraments.
- Officiate at weddings and funerals;
- Provide pastoral care for the congregation and for all who seek comfort and guidance through the church.
- Serve as moderator of the session;
- Serve as head of staff;
- Assist boards and committees in their ministry.
- Train newly elected officers and assist in preparing persons for membership.
- Assist the session in the completion of a congregational mission study.
- Participate in the presbytery.

It is understood that the pastor is accountable to the presbytery through the Committee on Ministry and will provide quarterly written reports about his or her ministry and participate with this Committee and the Session in an evaluation of this ministry in \_\_\_\_\_ months.

Goals for this ministry are:

- To help the congregation examine their journey together and work through whatever feelings may have been generated by recent events.
- To enable the congregation to identify current issues they face and to develop ways of resolving them.
- To facilitate a process which will enable the congregation to develop a vision regarding the future mission and ministry of the church.
- To strengthen the congregations connections to the Presbyterian Church (U.S.A.).

The compensation for this agreement shall be that in TERMS OF CALL (attached).

It is understood that following the \_\_\_\_\_ month review, the Designated Pastor may be extended for up to \_\_\_\_\_ (Amount of Time) or, after two years will be eligible to be called as the installed pastor.

Should the pastoral relationship be dissolved before the designated period of time, the compensation shall be discontinued 30 days after that date.

## T E R M S   O F   C A L L

The \_\_\_\_\_ (Name of Church) of the Presbyterian Church (USA) and belonging to \_\_\_\_\_ (Name) Presbytery, being well satisfied with \_\_\_\_\_ (Name of Pastor) qualifications for ministry and confident that we have been led to him/her by the Holy Spirit as one whose service will be profitable to the spiritual interests of our church and fruitful to the Kingdom of our Lord, earnestly and solemnly call you, \_\_\_\_\_ (Name of Pastor) to undertake the office of Designated Pastor of this congregation, promising you in the discharge of your duty all proper support, encouragement and allegiance in the Lord.

That \_\_\_\_\_ (Name of Pastor) may be free to devote him/herself full time to the ministry of the word and sacrament among us, we promise and obligate ourselves to pay \_\_\_\_\_ (Name of Pastor) the sum of \_\_\_\_\_ (Amount) a year in regular monthly payments. Further, we promise to provide him/her the following:

1.	Annual Cash Salary	\$	11.	Travel Reimbursement (vouchered reimbursable)	
2.	Housing Allowance	\$	12.	Professional development (vouchered reimbursable)	
3.	Utilities Allowance - or - <input type="checkbox"/> provided	\$	13.	Social Security Offset ( <b>50% or less</b> )	\$
4.	Medical Supplement (flexible spending account for medical expenses)	\$	14.	Books/Other Professional Expenses	
5.	Social Security Offset ( <b>above 50%</b> )	\$	15.	Other Vouchered/Reimbursable Expenses (see line #21) <sup>(1)</sup>	\$
6.	Deferred Income (Annuity, Life, Retirement Savings, etc.)	\$	16.	Board of Pensions Dues	\$
7.	Bonuses, Unvouchered Allowances, Gifts	\$	17.	Paid vacation leave of _____ weeks annually.	
8.	Other Applicable Income (see line #21) <sup>(1)</sup>	\$	18.	Paid continuing education leave of _____ weeks annually.	
9.	Manse (must be at least 30% of the total of the preceding items for BOP members who qualify for the IRS housing allowance exclusion)	\$	19.	Moving Expenses Provided	
10.	<b>Total Effective Salary</b>	<b>\$</b>	20.	<b>Total Compensation Package</b>	<b>\$</b>

<sup>(1)</sup> **21. List of Other Applicable Income and Other Vouchered Reimbursable Expenses:**  
(see #8 and #15 of the instructions for additional information on other income and expenses.)

Other Applicable Income		Other Vouchered/Reimbursable Expenses	
Shared Housing Equity	\$	Accountable Reimbursement Plan	\$
Flexible Spending Acct. for Child Care Exp.	\$		\$
	\$		\$
	\$		\$
	\$		\$
	\$		\$
<b>Total Appl. Income (place total on line 8)</b>	<b>\$</b>	<b>Total Vouchered Exp. (place total on line 15)</b>	<b>\$</b>

We shall pay regularly in advance to the Board of Pensions a sum equal to that requisite percent of your salary which may be fixed by the General Assembly of the Presbyterian Church (USA) for participation in its Benefits Plan, during the time of your being in the pastoral relationship set forth in this call to this church. We further promise and obligate ourselves to review with you annually beginning (Date) the adequacy of this compensation. In testimony whereof we have subscribed our names this \_\_\_\_\_ day of \_\_\_\_\_ A.D. \_\_\_\_\_ (Year).

For the congregation of \_\_\_\_\_ Presbyterian Church, duly elected and authorized to execute this agreement on \_\_\_\_\_ (day) \_\_\_\_\_ (month) of \_\_\_\_\_ (year).

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Having moderated the congregational meeting which extended a Call to \_\_\_\_\_ as designated pastor, I do certify that the Call has been made in all respects according to the rules laid down in the form of Government and that the persons who signed the foregoing Call were authorized to do so by the vote of the \_\_\_\_\_ **Presbyterian Church (U.S.A.)**.

(Signed) \_\_\_\_\_

(Moderator of Congregational Meeting)

Date \_\_\_\_\_ Signature \_\_\_\_\_  
(Clerk of Session)

The above Agreement has been reviewed and approved by the Committee on Ministry.

Date \_\_\_\_\_ Signature \_\_\_\_\_  
(Committee on Ministry Moderator)

Date \_\_\_\_\_ Signature \_\_\_\_\_  
(Stated Clerk)

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