Integrated Annual Ministry Agreement for Pastors

Fillable PDF Version

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~ This agreement is to be renewed annually. ~

Pastoral Compensation and Benefits Advisory Committee Office of Ministry

Church of the Brethren
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INTRODUCTION TO THE 2022 REVIEW OF PASTORAL COMPENSATION AND BENEFITS PRACTICES IN THE CHURCH OF THE BRETHREN

The Pastoral Compensation and Benefits Advisory Committee is a Committee of the Annual Conference of the Church of the Brethren and is tasked to perform a 5-year review of our compensation and benefits practices.

We came to this review knowing that 77% of our pastors are serving in less than full time or less than fully compensated roles; that our churches are growing smaller, not larger; and that our overall membership is shrinking, not growing. Other considerations included the frustrations we have heard from pastors and congregations alike about trying to meet the dollar amounts in the Minimum Cash Salary Table published by our Committee every year; the pressure to perform full-time ministry on part-time pay; and the lack of a framework that would assist our congregations to participate in ministry with our pastors.

Knowing all this, the Committee decided to re-imagine the compensation and working relationships between pastors and congregations.

WE BELIEVE that every pastor should be compensated fairly for their time.
In 2022 we developed a Calculator, hosted then by Eder Financial, that started with what the congregation can afford to pay, includes the costs of housing, retirement, and other benefits, and calculates how many hours (based on the Minimum Cash Salary Table) of average weekly pastoral time the congregation should expect for their money. *Note: The availability of the calculator is still to be determined.*

WE BELIEVE in the Priesthood of All Believers.
In at least 77% of our congregations, average weekly pastoral time won't equal the full time standard of 44 hours per week. A critical new section of this Agreement is the “Annual Shared Ministry Priorities Agreement” that helps the congregation and the pastor figure out how and where the pastor is going to spend their time, and who (what committees or persons) and how the congregation will be responsible for the other ministry needs of the church. Specific tasks are assigned for each responsibility. We recommend that it be reviewed annually. Our hope is that this review will be used to assess what did and didn't work, where ministry needs have changed and new opportunities have emerged. We see this as a tool for shared ministry and openness to the needs of the Spirit.

WE BELIEVE that ministry is enhanced when congregations and pastors effectively navigate budget and salary conversations in ways that are life-giving and affirming for both the congregation and the pastor.

We have sought to help Treasurers (and other Church Leaders) understand pastoral compensation and taxation, and the effects of compensation decisions on pastors' taxes.

To that end, we have redesigned the Annual Compensation Agreement to be easier to navigate. In addition, experience has shown us that Treasurers appreciate assistance in preparing pastors' W-2s, so we have added a section with "line-by-line" and "box-by-box" instructions for filling out the W-2. We believe it will be a helpful guide.

The Committee, as constituted during this process, which began in the fall of 2018:

Ms. Beth Cage, Laity (2015-2020), Chair (2018-2021) term extended due to cancellation of 2020
Annual Conference

Mr. Ray Flagg, Laity: Calculator (2016-2021)

Rev. Dan Rudy, Clergy: Researcher (2017-2022), Secretary (2019-2022)

Rev. Deb Oskin, Laity, Secular Compensation Practitioner: Clergy Taxation (2018-2023), Chair (2021-2023)

Rev. Dr. Terry Grove, Atlantic Southeast District Executive Minister, CODE Representative (20192020), until his death on December 5, 2020.

Rev. Gene Hagenberger, Mid-Atlantic District Executive Minister, CODE Representative (20212022), filling Rev. Dr. Terry Grove's unexpired term.

Mr. Art Fourman, Laity: Training (2020-2024) term shortened due to cancellation of 2020 Annual
Conference

Mr. Bob McMinn, Esq., Laity: Video Recordings (2021-2025)

Rev. Nancy Sollenberger Heishman, Director of the Office of Ministry (ex officio)

ANNUAL COMPENSATION AGREEMENT FOR PASTOR AND CONGREGATION IN THE CHURCH OF THE BRETHREN

(to see descriptions of fillable PDF fields, hover cursor over field)

This agreement between the ____________________ Church of the Brethren and

____________________ will begin on ____________________.

TERMS OF CALL TO SERVICE.

The pastor's call is for an average of __________ ministry hours per week. The call shall begin on the date stated above and will continue indefinitely, with an annual review/evaluation by the Executive Committee (or other appropriate committee) with or in consultation with the District Executive/Minister. Any changes in the terms of service will be negotiated in consultation with the District Executive/Minister and accepted by a majority vote of the Church Board and Congregation. Ninety (90) days notice shall be given in the event of a reduction in service. The "Annual Shared Ministry Priorities Agreement" shall be part of the negotiations and shall be attached to this Agreement.

TERMINATION OF CALL TO SERVICE.

By Pastor: Service may be terminated by the pastor's resignation to the Church Board, giving ninety (90) days notice, after the pastor has obtained the counsel of the District Executive/ Minister. A shorter or longer notice of termination by the pastor shall be negotiated with the Church Board also in consultation with the District Executive/Minister.

By Congregation: Service may be terminated with ninety (90) days notice by the Congregation after obtaining the counsel of the District Executive/Minister. The pastor may be counseled to resign by the District Executive/Minister and/or the Executive Committee (or other appropriate committee). As a last resort, if the Church Board decides that the matter should be put before the Congregation, the service of the pastor may be terminated, unless the Congregation votes by a two-thirds majority to retain the services of the pastor.

By District Ministry Commission: Under extenuating circumstances, the District Ministry Commission is given the responsibility for considering termination of the pastor's service.

FINANCIAL TERMS.

Figures in the following section are annualized and should be pro-rated for the remainder of the current budget year. Future changes in compensation and benefits shall reflect a mutually negotiated agreement between the pastor and the Executive Committee (or other appropriate committee focusing on pastoral relations and responsible to the Church Board), and accepted by a majority vote of the Church Board and Congregation. Ninety (90) days notice shall be given in the event of a reduction in service. Major changes to this Agreement shall be made in consultation with the District Executive/Minister.

PASTOR'S AGREEMENT

As part of my employment, I reaffirm my covenant as a credentialed Minister in the Church of the Brethren, and will uphold the "Code of Ethics for Ministerial Leaders" as adopted by the Church of the Brethren Annual Conference. I recognize and accept the authority of district and denomination, being at all times subject to its discipline and governance. I will transfer my letter of membership at the time of installation or before.

____

Pastor Date

CONGREGATION'S AGREEMENT

I, the Board Chair, acknowledge the Congregation's responsibility to uphold and periodically review the Annual Conference "Congregational Ethics" paper. I also acknowledge that it is my responsibility to place a signed copy of this Agreement in a secure file in the Church Office, communicate its existence and location to my successor(s), and distribute copies to those Officers identified below.

____

Board Chair Date

____

District Executive/Minister (only necessary for initial agreement or for significant changes) Date

Copies: District Executive/Minister, Pastor, Board Chair, Treasurer, Church Clerk

~ This agreement is to be renewed annually. ~

The following "Annual Compensation Table" shall be completed annually, and a copy shall be submitted to the District Office.

Consult "Guidelines for Pastors' Salaries and Benefits"
http://www.brethren.org/ministryoffice
for assistance in completing all sections of this Agreement.

ANNUAL COMPENSATION TABLE		
ITEM	CONGREGATION	PASTOR
SALARY		
1 **Negotiated Cash Salary** (from Minimum Cash Salary Table)		
HOUSING (complete EITHER 2 or 3)		
2 **PARSONAGE PROVIDED**		
2a Fair Rental Value (FRV) of Parsonage		
2b Housing Equity Fund Contribution (1% of Parsonage Fair Market/Sale Value)		
2c Designated Housing Exclusion (from 1 above)		
3 **PARSONAGE NOT PROVIDED**		
3a Parsonage Adjustment		
3b Designated Housing Exclusion (from 1 above)		
TOTAL SALARY AND HOUSING:		
BENEFITS		
4 **RETIREMENT CONTRIBUTIONS** (available through Everence Financial)		
4a Pastor's Contribution (at least 4%)		
4b Congregation's Contribution (11%)		
4c Eder's Church Worker's Assistance Plan (1%)		
5 **MEDICAL INSURANCE**		
5a Medical Insurance (Congregation pays 2/3 or 100% of increase to Spouse's plan)		
6 **RECOMMENDED INSURANCE PRODUCTS**		
6a Basic Life Insurance		
6b Short Term Disability		
6c Long Term Disability		

7 **ELECTIVE INSURANCE**		
7a Dental Insurance		
7b Vision Insurance		
7c Accident Insurance		
8 **WORKER'S COMPENSATION**		
9 **MOVING EXPENSES**		
Congregation will pay the pastor's mutually negotiated moving expenses.		
TOTAL BENEFITS:		

ANNUAL COMPENSATION TABLE	CONGREGATION
PASTOR-RELATED EXPENSES	
10 Travel and Mileage	
11 Annual Conference and District Conference	
12 Continuing Education Expenses	
13 Professional Expenses	
14 Planning for Sabbath Rest expenses (list amount to be contributed this year)	
TOTAL PASTOR-RELATED EXPENSES:	
PASTOR'S TIME OFF	
15 **AVERAGE WEEKLY MINISTRY HOURS** *44 hours is full-time*	
16 **WEEKLY TIME OFF** **Full-time Pastor** shall have at least one and one-half (1½) regular days free of congregational responsibilities (barring crisis needs). **Part-time Pastor** shall have a specific number of hours free of congregational responsibilities (barring crisis needs), as defined by agreement. *44 hours – Weekly Ministry Hours [Box 15] = Hours Off >* **Sabbath Rest Time (list projected date)**	List FT Days Off: PT Hours Off: (List Year)

17 **VACATION WORK WEEKS OFF** Pastor's years of service have earned the pastor a specified number of work weeks of vacation annually. (3 weeks annually for years of service 0-3; 4 weeks annually for years 4-20; 5 weeks annually for years beyond 20.) *Enter the number of work weeks of vacation* >	
18 **HOLIDAYS OFF** Up to ten (10) holidays can be used as additional paid days off, negotiated by pastor and congregation. *Enter the number of holidays* >	
19 **CONTINUING EDUCATION DAYS OFF** Annual Conference Guidelines for Continuing Education recommend at least seven (7) days per calendar year, including not more than one Sunday. *Enter the number of Continuing Education Days* >	
20 **SPECIAL CIRCUMSTANCES DAYS (SCD) OFF** Pastor has accumulated a specified number of paid days for Special Circumstances from prior service. (A detailed explanation of Special Circumstances Days is found in the Appendix of the "Guidelines for Pastors' Salaries and Benefits.") *Enter the number of SCD days pastor has accrued from prior service or as of the beginning of the year* > Pastor begins each calendar year with no less than thirty-two (32) SCD. Ten (10) SCD are added at the beginning of each succeeding calendar year, up to ninety (90) SCD total. Congregation is not required to pay any accrued SCD after the pastor's service is ended.	

GLOSSARY OF TERMS

PASTORAL HOUSING

The congregation is expected to provide a home for the pastor and their family.

I. DESIGNATED HOUSING EXCLUSION

The **Designated Housing Exclusion** (previously known as the Housing Allowance) is the amount the pastor designates from their cash salary to be used to provide everything which makes the home livable (e.g., rent and/or mortgage payments, utilitites, furnishings, household items, cleaning supplies, etc.).

The congregation must approve this designation in writing before the first designated housing exclusion payment is made. This amount should be reviewed each year, and can be changed prospectively throughout the year, upon the pastor's request with the congregation's written approval.

A designated housing exclusion should be requested by every pastor, regardless of whether they are living in a parsonage or in their own home. It can be up to 100% of the pastor's cash salary – after pastor's contributions to their retirement and the pastor's costs for insurance are paid. There is no liability to the congregation if the pastor does not spend this money on housing.

It is the responsibility of the pastor to prove their housing expenses on their personal income tax return. The designated housing exclusion amount, provided it was spent on housing, is exempt from federal income tax but is subject to self-employment tax. The officially designated amount should be entered on the pastor's W-2 in Box 14.

II. CONGREGATION DOES NOT PROVIDE A PARSONAGE

A. The **Parsonage Adjustment Amount** is the cash amount added to the "Negotiated Cash Salary" or "Minimum Cash Salary Table for Pastors" amount to allow the pastor to secure housing. This amount is added to the cash salary for every pastor whose congregation does not provide a parsonage.

The amount added is equal to the average annual cost of renting a 3-bedroom home in the congregation's zip code. The pastor will owe self-employment taxes on the parsonage adjustment amount. The parsonage adjustment amount is also used in calculating the pastor's retirement contributions and short- and long-term disability insurances.

This amount is added to the designated housing exclusion and entered on the pastor's W-2 in Box 14.

III. CONGREGATION PROVIDES A PARSONAGE

A. The **Fair Rental Value of the Parsonage** is the amount of money that the congregation could reasonably expect to receive annually if it used the parsonage as a rental home.

To calculate this amount, take into consideration:

- the actual condition of the parsonage;
- the location of the parsonage; and
- the actual cost of any utilities paid by the congregation on the pastor's behalf.

(Asking a Realtor for help is a very good idea. Zillow.com overestimates both the sale and rental values, and does not assess the actual condition of the building.)

The Fair Rental Value (or FRV) of the parsonage affects the pastor's taxes: the pastor must pay self-employment taxes on the annual FRV amount, as well as on the pastor's cash salary, including the designated housing exclusion. The FRV of the parsonage is also used in calculating the pastor's retirement contributions and short- and long-term disability insurances.

B. Housing Equity Fund

Pastors living in parsonages lack the ability to acquire equity in a home and after leaving the parsonage often have difficulty purchasing their first home. To help provide this equity, the congregation may contribute 1% of the Fair Market or Sale Value of the parsonage to a pre-tax account set up with Everence Financial. Contact Everence Financial to establish this account.