

**SALARY & BENEFITS GUIDELINES  
FOR PROFESSIONAL CHURCH WORKERS**

**Table of Contents**

Subject Matter	Page #
I. Introduction and Scriptural Principles	3
A. Purpose	4
B. Establishing Sound Standards for Compensation	4
II. Compensation Groups	6
A. Basic Salary	6
B. Allowances	6
C. Supplemental Benefits	6
D. Ministry Related Expenses	7
III. Basic Salary Guidelines	7
A. Professional Church Workers	8
1. Salary Base	8
2. Salary Index	8
3. Salary Schedule	9
4. Salary Scale	9
B. Other Professional Church Workers	9
IV. Allowances	9
A. Housing	9
1. General	9
2. Church-Owned Housing: Parsonage/Teacherage	10
3. Individually Owned or Rented Housing	10
4. Housing for Ministers of Religion	11
B. FICA (Social Security)	12
V. Supplemental Benefits	
A. Health, Disability, Survivor, and Retirement Plans	12
B. Vacation	13
C. Leave Time	13
D. Flexible Spending Plan	13
E. Tax –Sheltered Annuity	13
VI. Professional Expenses Guidelines	14
A. Auto	14
B. Books/Periodicals	14
C. Professional Development/Continuing Education	14
D. Convention and Conference Fees	14
VII. Important Documents for Each Congregation	
A. Congregational Treasurer’s Manual	14
B. Congregational Personnel Manual	15
IX. Exhibits and Worksheets	
1. Worksheet for Congregational Development of Professional Church Worker Compensation	16
2. Suggested Salary Scale	17
3. Sample Resolutions Establishing Housing Allowances	19
4. Housing Allowance Designation Worksheet	20
5. Flexible Spending Arrangement	21
6. Additional Worksheets	

## SALARY & BENEFITS GUIDELINES FOR PROFESSIONAL CHURCH WORKERS

### I. INTRODUCTION

Professional Church Workers are gifts from God to the people, congregations, schools and associations of our District. Implied in these words are pastors, teachers, and all professional church workers. Our care of these workers reflects our own high regard for the divinely instituted Office of Holy Ministry. All workers are due a salary comparable to their professional peers, house or housing allowance, and health, retirement and survivor benefits.

When considering the compensation of a Professional Church Worker, one must take into consideration the office of the ministry and the Scripture references to the office. One must recognize that Professional Church Workers are called by God to do God's work. Pastors, teachers, and others who share in the church's ministry are to "prepare God's people for works of service, so that the body of Christ may be built up . . ." (Ephesians 4:11)

As such, the congregation is called to join with them as partners in the Gospel, hold them in highest regard, and live in peace with each other. (Philippians 1:5, I Thessalonians 5:12-13) They are to be welcomed with great joy and honor shown to them. (Philippians 2:9) The Word, which they preach and teach of God, should be heeded and applied to daily living and the Lord's Supper received frequently. (Luke 22:19) The Church seeks to follow the example of those called into ministry, for "They keep watch over you as those who must give an account. Obey them so that their work will be a joy, not a burden, for that would be of no advantage to you." (Hebrews 13:17)

While living in such harmony, "the Lord has commanded that those who preach the gospel should receive their living from the gospel." (I Corinthians 9:14) Paul writes to Timothy, "The elders who direct the affairs of the church well are worthy of double honor, especially those whose work is preaching and teaching." For the Scripture says, "Do not muzzle the ox while he is treading out the grain," and, "The worker deserves his wages." (I Timothy 5:17-18) Jesus, himself, affirms this. When sending out the twelve disciples and the seventy-two others, He stated to each group, "the worker deserves his wages." They were to go out with faith and without fear trusting in the Lord for both spiritual and physical needs. Those who received them and their message were to provide them with compensation deserving of their calling as ambassadors for Christ. (2 Corinthians 5:20)

Proper care for our workers means more than just financial compensation (I Thessalonians 5: 12-13). We want our workers to devote sufficient time to their personal lives, lest in tending the household of God they neglect their own families (I Timothy 3: 4-5). Thus, it is appropriate that the congregation, through its responsible officers, should ensure adequate vacation and weekly rest.

We also desire the emotional support for our workers, their spouses and children, as they conduct their ministries, to encourage a joyful sharing of the Gospel. So we remind each other to pray for them, to encourage them by our words and actions and to appreciate their need to gather frequently with other peers and professionals.

Continuing education is also important. Our workers need to relate to the issues and challenges of the day so that, through their understanding, a strong and healthy witness of the Gospel to the world may flourish. The congregation will want to make time and funds available for the worker's continuing education (II Timothy 2: 15).

In summary, the worker is called of God to be servant, leader, counselor, caregiver, proclaimer, teacher, listener, evangelist, and steward. The Christian congregation is called to respond to these benefits and blessings. This is demonstrated by providing adequate salary, housing, transportation, vacation time, and financial assistance for spiritual and professional growth with genuine care, concern, and love for the worker and his/her family.

Therefore, this guide is submitted for serious consideration by congregations of the Southeastern District in order that the office of ministry will be honored and upheld as God is glorified.

**A. Purpose**

These guidelines are provided as a resource to assist congregational leaders and organizations in planning for the salaries and benefits they will provide to their Professional Church Workers. They encourage fair and equitable compensation within the pastoral, teaching and related ministries of our District on the basis of:

- Years of Experience
- Professional Growth and/or Formal Education
- Levels of Responsibility

The Professional Church Workers to whom these guidelines apply include:

Rostered Workers

- Ministers of Religion - Ordained - Pastors
- Ministers of Religion - Commissioned - Rostered Teachers, Directors of Christian Education, Directors of Christian Outreach, Certified Lay Ministers, Directors of Family Life Ministry, Directors of Parish Music, and Deaconesses

Professional Lay Workers - Lay

- Lay Minister, Lutheran Social Worker, Parish Nurse
- Lay Workers serving in ministry to the congregation

**B. Establishing Sound Standards for Compensation**

The following guidelines are intended to assist congregations in planning equitable and financially sound standards for compensation of their workers. Since the guidelines are just that - guidelines - and do not take into consideration all factors relevant to a worker's value in a given ministry, the following factors are also to be considered:

1. Commitment - dedication of self and time to the study of Scripture and the teaching/preaching/living thereof; vigilance in caring for people; openness and availability; seeing role as a calling.
2. Education - continued growth through seminars, workshops, clinics, institutes, conferences, graduate courses, reading of relevant books, journals, and publications.
3. Experience - time in the ministry, leading, conducting, or participating in workshops, seminars, etc., for own parish or others; creative and/or innovative preaching, teaching, planning, organizing, administration, evangelism, assimilation, stewardship, worship, church growth.
4. Responsibility - good time management; conscientious in leadership role and responsibilities; continuing growth in understanding of self and own capabilities; delegation of appropriate responsibilities; awareness and attention to one's own spiritual needs, commitment to God, spouse, children, church, in that order; spiritual leadership; compassion; preparation for preaching, teaching, meetings.
5. Productivity - doing the right job well; administrating/delegating appropriately; good use of time, setting goals and objectives for self and ministry; seeing opportunity for ministry and seeking to meet the need; educating, stimulating, motivating, equipping the body of Christ for its ministry; utilizing gifts of people for the work of the church; seeking spiritual growth and development in the people as well as self.

It is recommended that each congregation develop a position description for their workers indicating areas of responsibility and expected performance levels. The job description should include what the congregation will do to assist the worker in being the servant/leader they have called him/her to be, e.g., money/time for workshops, seminars; method and timing of evaluation.

While these guidelines and recommendations are not binding upon any congregation, the document presented is a guide for evaluating present levels of compensation. The guidelines do offer suggestions or equitable means of evaluating duties and the performance of those duties so that congregational leaders might be equipped to establish fair and reasonable levels of remuneration for their workers.

District leadership encourages members of the congregations to be actively involved in the decision-making process affecting the compensation of their Professional Church Workers. Before the subject of compensation

is discussed in detail within a congregation, it is hoped that congregations will make an intentional effort to inform their members concerning the process and the importance of their involvement. As part of this process a review of the "Introduction" and "Establishing Sound Standards for Compensation" are considered appropriate. Congregations are encouraged to establish Mutual Ministry Committees to assist with the ongoing evaluation and support of the workers. Additional information about Mutual Ministry Committees may be obtained through the Southeastern District Office.

The matter of compensation is a potentially sensitive issue to both our Professional Church Workers and congregations. One of the purposes of these guidelines is to decrease the sensitivity on this subject that might exist by providing guides for Professional Church Workers' compensation that are considered minimally reasonable for the current economic period. These guidelines reflect current District recommendations, and each congregation is encouraged to use them in establishing Professional Church Workers' salaries and allowances. Its use is not to be considered mandatory by all congregations. However, we encourage each congregation to seriously examine the suggested levels of compensation for pastors, teachers and all Professional Church Workers. Perhaps a good beginning is to establish the present percentage level you are at relative to the guidelines and develop a plan for implementation, which will effectively install your guidelines over a period of time.

Those congregations and ministries that receive financial assistance from the Southeastern District are requested to consult with their Regional Mission and Ministry Facilitator for necessary advice and assistance in the matter of staff compensation. All other congregations are encouraged to understand the basic philosophy set forth in OM-330, to use those parts of the guidelines that are possible within their financial capability, and to adopt at least the minimum salary and allowances suggested.

Because the District covers a large geographic area, the economic conditions vary significantly from area to area, particularly as they apply to salaries and cost of living. Therefore, congregations are urged to avail themselves of information available from local cities, towns, counties, and school systems that provide comparable studies on salaries and cost of living for your area. Information regarding the cost of living relative to a specific area may be located on the World Wide Web. The following URL may be helpful:  
<http://www.homefair.com/index.asp?cc=1>

Communication and coordination are vital to the process of salary review. If salary review is not already a standing requirement for your Mutual Ministry Committee or one of your boards or committees, it is recommended that a salary review committee be appointed. Their goal should be to discover feelings and issues that may need correcting during a thorough review process. It is also recommended that such a committee include representation from the Board of Elders, the School Board and the Financial Committee/Board.

As a first step, prior to the time you begin to consider specific amounts or benefits, sit down with your Professional Church Workers to discuss how things are going from their viewpoint(s). Do the salary and benefits you provide afford your worker and his/her family a standard of living appropriate to the important role he/she plays in the life of your congregation? Are they adequate enough so that he/she is not diverted from his/her ministerial duties because of concerns for "just making it" financially? Take the time to hear him/her out and to discuss ways in which you can work together to give the worker and his/her family a feeling of ease in this key area of their lives.

## **II. COMPENSATION GROUPS**

Total compensation for Professional Church Workers consists of the following four compensation groupings, each of which is intended to meet the different needs of the individual workers and his/her family. Each of these groups includes those items commonly provided to salaried employees as part of a normal salary and benefits package. This breakdown should also assist your review committee as they make comparisons with other professions during the review process.

Exhibit I, "A Worksheet for Development of Professional Church Workers Compensation", is included at the end of this document to assist in establishing levels of compensation and support for your worker(s).

**A. Basic Salary**

This compensation item should be sufficient to allow the Professional Church Worker and his/her family to maintain a reasonable standard of living. Specific needs that should be met include food and clothing, durable goods, a reasonable amount for savings, etc. Basically, this should be adequate to provide normal essentials that are not otherwise provided for through one of the following grouping items. The housing allowance for a worker is included in the basic salary. However, the amount designated as housing allowance needs to be determined by the worker and annually authorized by the congregation.

**B. Allowances**

These can be for any number of items, but the basic intent is that a cash amount is given to the Professional Church Worker in lieu of that particular expense being paid or a particular commodity being provided, such as a housing equity or an utilities allowance.

Housing equity for Ministers of the Gospel: Ordained and Commissioned - a special allowance that would enable workers to build an equity fund as if they were purchasing their home rather than living in the parsonage/teacherage or other church-owned housing.

**C. Supplemental Benefits**

These are benefits that are provided or paid to others by the congregation for items that directly benefit the worker and his/her family either now or in the future.

- Concordia Retirement and Welfare Plan
- Other life or hospital insurance plans
- Vacations
- Tax deferred annuity/tax-sheltered annuity/IRAs
- Sabbatical leave

**D. Ministry Related Expenses**

These are reimbursements by the congregation to the worker for church related expenses. These are not income but simply expenses incurred in maintenance of the office of the worker for which the congregation has agreed to reimburse the worker.

- Car operation expenses
- Continuing education/professional development
- Attendance at professional conferences
- Professional organizations membership
- Professional books and equipment

**III. BASIC SALARY GUIDELINES**

As previously discussed, factors which should be considered when arriving at an appropriate level of compensation for your Professional Church Workers include:

- The economy and cost of living in your area (<http://www.homefair.com/index.asp?cc=1>)
- Years in ministry
- Compensation should increase commensurate with the size of your congregation or school and the scope of responsibility of the worker
- Size of the staff - Being a senior pastor in a multiple ministry or an administrator in a Christian school should impact the worker's salary.
- A multiple parish
- Performance and educational achievement - If not a practice of your congregation/school, this should be provided in relation to an annual performance review.
- Normally, graduates of seminaries or colleges will enter a salary scale at year "0". However, if an individual enters a ministry as a second career, later in life, adjustments should be made to reflect his/her past experience and professional maturity. Determine the number of years in the workforce, since age 22. Subtract the seminary years (if living residential). Divide by two and use that number as years of service. For example, if your candidate was 42 years of age and was resident on campus for 3 years, you would:  $20 \text{ (years)} - 3 \text{ (residency)} = 17/2$  or 9 years experience.

Each year, the basic salary guidelines are reviewed and adjusted based on increases or decreases in the cost of living based on the national Consumer Price Index. The following salary scales, which reflect the latest adjustments, are provided to assist congregations in developing the basic salary levels for their Professional Church Workers.

**A. Professional Church Workers**

Exhibit 2 provides minimum salary guidelines for Professional Church Workers. **The Professional Church Workers’ salary scale includes a housing allowance**. IRS regulations indicate that a Synodically-rostered worker may designate, by annual congregation resolution, a portion of the salary as a housing allowance. (Exhibit 4)

**1. Salary Base**

The salary base, from which all salaries are calculated, is defined as the salary of a first-year teacher with an AA degree. This base salary should be adjusted yearly, taking into consideration the relative cost of living.

(<file://localhost/http://www.ssa.gov:pressoffice:pr:2013cola-pr.html>)

Congregations and schools that are located in large metropolitan areas should also take into consideration the higher costs of living, especially as it pertains to housing costs, when determining the base salary. (<http://www.homefair.com/index.asp?cc=1>)

**2. Salary Index**

It is important to carefully examine the role that each person serves in the school and congregation. The size of the school and congregation, the scope of the extra responsibility, the amount of time necessary to complete the tasks and the amount of experience and training are usually taken into consideration. It is expected that the nature and scope of the task will vary from congregation to congregation, from school to school. A chart, at the end of this section, provides the additional salary index related to each area.

Suggested increase to base salary for additional responsibilities

Pastors:

0-200 Worship Attendance	0.00
201-400 Worship Attendance	0.10
401-800 Worship Attendance	0.15
801-1200 Worship Attendance	0.20
Over 1200 Worship Attendance	0.25
More than one congregation	0.10

Assistant or Associate Pastors can be paid using the base of one-half of the percentage identified above of the congregation’s worshipping size.

Principals/Administrators

0-200 Students	0.00
201-275 Students	0.10
276-400 Students	0.15
More than 400	0.20

Assistant Principals can be paid using the base of one-half of the above scale.

Early Childhood/Child Care Directors

0-75 Students	0.00
76 –150 Students	0.05
151-200 Students	0.10
More than 200 Students	0.15

Teachers

Recognizing that the primary responsibility of a teacher is in the classroom, the index factor for responsibility and extra duties assigned should reflect the percentage of time a person in that position would normally spend in performing those duties above and beyond those normally associated with a classroom teacher. Those workers who have taken on additional responsibilities: church organist, youth ministry, evangelism, coaching may be placed as Teacher, 12 month.

Additional Salary Index based on worship attendance and school size for Year 2012-2013, based on Salary Base of \$30,111.19:

.05	1505.56
.075	2258.34
.10	3011.12
.125	3763.90
.15	4516.68
.20	6022.24
.25	7527.80

Advanced Education

Workers are encouraged to develop a continuous growth program. Congregations are also encouraged to recognize this growth with the following additional percentages for advanced education.

**3. Salary Schedule**

Once a salary index has been established for each staff position, a salary schedule can be constructed which takes into consideration the education and the years of experience the staff member brings to the position.

Years of experience refer to total years in church and school ministry (not just those in the current congregation). The experience factor adds more to the value of the salary in the first years, and thus, the step increments should be larger. After 10 years, the additional experience has less value to the performance of the duties of the position, and consequently, the percentage increase per step is less.

**4. Salary Scale** - A sample salary scale is shown in Exhibit 2.

**B. Other Professional Church Workers**

The salary schedules and scales referenced above contain various factors for determining appropriate salary levels for other Professional Church Workers. Additional salary information may be available from Synodical colleges and universities or from the SED Office.

**IV. ALLOWANCES****A. Housing****1. General**

- a. The Southeastern District, LCMS encourages home ownership for professional workers. It does so with the conviction that home ownership during working years provides an opportunity for accumulating residence equity, thereby assuring a means for meeting the retirement housing needs of the worker and dependents. Home ownership permits Professional Church Workers the freedom of acquiring housing particularly suitable to needs and desires. It also removes the worker from a situation of direct dependency upon a congregation or committee, thereof, for housing improvement, maintenance and repair while, at the same time, it relieves the congregation from the many cares of parsonage/teacherage ownership and upkeep.

- b. Congregations may assist workers in securing a home by requesting a housing or down payment loan through the Lutheran Church Extension Fund. In addition, the rostered worker may now go directly to LCEF to apply for a housing loan. Information and applications for such loans must be obtained from the LCEF Vice President located at the Southeastern District Office. Congregations and the worker must demonstrate financial capability and meet the LCEF qualifications and guidelines.

## 2. Church-Owned Housing: Parsonage or Teacherage

Where housing is provided by the congregation, it is recommended that the congregation assume full responsibility for all housing-related costs, including general maintenance and repair, decorating, utilities and telephone. The personal choices of the residents should be considered when changes are being made to the decorating.

A worker living in a parsonage or teacherage may also receive a housing allowance to cover the cost of such items as garbage removal, lawn care, home furnishings, repairs, and maintenance, if any of these are paid for directly by the worker.

If the congregation prefers to have the worker pay utilities, it should carefully determine the actual costs and provide an allowance adequate to cover the total cost.

The LCMS Congregational Treasurer's Manual states: "If a parsonage or teacherage is provided a worker, the congregation needs to determine the value of providing this housing for the worker and consider it as income. By not owning a home, a worker does not enjoy the opportunity to build equity in a home. Congregations can help here by setting aside an amount each year in a restricted fund so that when a worker retires or moves on to a new call, the worker will have the equivalency of housing equity available to him. His next call may not provide housing. Though a specific amount is not suggested, it may be worthy to consider an amount equal to the amount of property taxes that would be paid if the dwelling was taxed." Another method is to price the dwelling from year to year and let the difference in market value determine the equity contribution amount.

It is highly advisable that a congregation provides a housing equity allowance for Professional Church Workers who are required to live in church-owned housing. This is a special allowance that would enable workers to build an equity fund as if they were purchasing their home rather than living in the parsonage/teacherage or other church-owned housing. The LCEF has designed a housing equity program for use by congregations, information can be obtained by calling LCEF.

## 3. Individually Owned or Rented Housing

Where the congregation provides a cash housing allowance to its Ministers of the Gospel: Ordained and Commissioned, such allowance should be sufficient to enable the worker to secure and maintain housing that reflects the local residential home market. The amount will vary depending on the economic conditions from place to place and should be reassessed annually.

- a. Ministers of religion, ordained and commissioned, who are eligible for a tax excluded housing allowance will need to fulfill the basic requirements set by the IRS. The congregation must designate a portion of the total compensation as a "Housing Allowance", and a resolution designating the amount allowed must be entered in the Congregation's minutes in December (or earlier) before the calendar year in which it is to be effective.
- b. This action may be amended at any time but is be applicable to future payments (not retroactive). Once the amount of the allowance has been properly designated, it need not be paid to the worker separately. It can be included in one check covering both the allowance and salary.
- c. The housing exclusion is intended to cover the expenses the worker actually spends which are directly related to renting or providing a home. For this purpose, the term "home" not only means a dwelling place, but also includes other related structures such as a garage. Expenditures directly related to renting or providing a home include rental payments and mortgage installment payments on a home and such related expenditures as real estate commissions, attorney fees, escrow fees,



mortgage interest, real estate taxes and special assessments; utilities, garbage removal, repairs and maintenance, home furnishings and the cost of insurance coverage for fire, theft, and liability.

- d. The amount of money designated as "housing allowance" is not considered income for federal income tax, but is considered income when computing Social Security Tax.
- e. The designation of a "housing allowance" has tax benefits for Ministers of Religion: Ordained and Commissioned. The portion of salary determined to be housing allowance is exempt from Federal Income Tax. In addition, the worker is allowed to pay the interest on the home mortgage loan and property taxes out of the housing allowance and declare them as deductions for tax purposes.
- f. Exhibit 4 provides sample resolutions for establishing housing allowances. Exhibit 4 also provides a format on which the church worker can estimate his/her housing expenses.

#### 4. Housing for Ministers of Religion: Ordained and Commissioned and Housing

Support to your Ordained or Commissioned Minister should be considered as one of the following forms:

- a. **Church-Owned Home** - When a parsonage or teacherage is provided, it is recommended that the congregation consider providing an annual Housing Equity Allowance to off-set the inability he/she has for building equity as a result of owning a home.
- b. **Worker-Owned Home** - Housing and utility allowances are ordinarily included in the total salary. When reporting payments to its staff, the congregation should not include the amount of the housing or utility allowances. To obtain allowable tax exemptions for staff members, the IRS requires congregations to have a resolution recorded annually, which authorizes the housing allowance in advance of the payment. No authorization is needed if the congregation provides a residence, but, if a supplemental utilities allowance is paid, it too must be authorized in advance. Staff members may exclude from income only that part of the housing allowance or utility allowance that is actually used - the excess is subject to tax. These explanations are not all-inclusive. Congregations should check with a tax consultant regarding individual cases.  
  
Congregations are advised to encourage home ownership for staff members in lieu of providing housing. This permits the staff member to build up equity and provide for housing needs during the latter years of his/her career and in retirement.
- c. **Rented Home** - Compensation should be based on factors discussed for a worker-owned home. However, in this case, the congregation should consider providing a Housing Equity Allowance.

#### B. FICA (Social Security)

- a. **Contract Workers**- Congregations must withhold social security and Medicare taxes from the salaries of all workers except self-employed. In addition, congregations must match the employees withheld FICA taxes. The social security tax rate is 6.2%, the Medicare tax rate is 1.45%, therefore the FICA tax rate, which is the combination of the two rates, is 7.65%. These rates are in effect for 2007 and have been consistent since 1995. Check <http://www.ssa.gov/pubs/10022.html> and search for the Fact Sheet for the most recent information.
- b. **Self-employed Workers** - It should be noted that for FICA tax purposes, "called" workers are considered "self-employed" and therefore pay this tax on both "salary" and "housing" at a higher tax rate than if they were considered "employees" where the employer matches the employee's share of the FICA costs. Congregations may choose to reimburse their called workers for a portion of these costs. (Please note, these payments are taxable as income to the worker.)

The FICA tax rate for self-employed persons is 13.3%.

See IRS Publication 505 “Tax Withholdings and Estimated Tax” (<http://www.irs.gov/pub/irs-pdf/p505.pdf>) – provides detailed information on the change in computing self-employment Social Security taxes. These paragraphs, reproduced below, provide reductions in taxable income and self-employment income, thus reducing the tax paid by the workers.

IRS Publication 505, states: “Deduction for Self-Employment Tax: You can deduct one-half of your self-employment tax for the year as a business expense in figuring adjusted gross income. This is an income tax deduction only; it is not a deduction in figuring net earnings from self-employment subject to self-employment tax.

**You are encouraged to review your annual Social Security statement.**

## V. SUPPLEMENTAL BENEFITS

### A. Health, Disability, Survivor, and Retirement Plans (Concordia Plan Services)

1. The Lutheran Church - Missouri Synod offers Worker Benefit Plans for congregational participation. They provide for future retirement income to Professional Church Workers, medical and dental care for the worker and his/her dependents, and future income for the surviving spouse and minor children in the event of the worker's death.
2. In situations where the congregation does not participate in Concordia Plan Services, other provisions should be made by the congregation to provide for these future needs, such as life insurance, health insurance, tax deferred annuities, etc.
3. Congregational Benefit packages are consistent for all employees. A congregational policy should identify if spouse and children are covered as part of the worker's benefits, as well as which options of the Health Plan are available in the benefit package.

**Detailed information on the Concordia Plan Services can be obtained from the website at: <http://www.concordiaplan.com>**

### B. Vacation

Each congregation should have a documented policy for all church workers. Vacation and days off each week are necessary if the worker is going to avoid overwork and "burnout." The amount of time will perhaps vary with each situation so this must be determined locally. (A minimal suggestion would be one day per week off (perhaps 1 1/2 - 2 days per week) and 3 - 4 weeks, including Sundays, per year vacation. Providing this time and encouraging the worker to take advantage of it will benefit both the worker and the congregation.)

### C. Leave Time

Each congregation should have documented policies for all workers which defines leave time in a variety of areas, such as:

- Sick Leave
- Personal Leave
- Administrative Leave
- Sabbatical Leave
- Continuing Education Leave
- Leave of Absence
- Maternity/Paternity Leave

The Lutheran Church – Missouri Synod has a personnel manual template that can help you review or develop polices (<http://www.lcms.org/page.aspx?pid=1138>)

**D. Flexible Spending Plan**

A Flexible Spending Account (FSA) is a type of cafeteria plan authorized under Section 125 of the Internal Revenue Code. FSAs allow workers to purchase qualified benefits, such as mental or dental expenses, on a before-tax basis. Congregational treasurers will want to identify these amounts yearly and have the worker sign a payroll deduction.

A sample form is located in the section marked: Exhibit 5.

**E. Tax-Sheltered Annuity (TSA) or IRA**

A TSA, IRA, or 401B are options available to workers. It should be his/her election to determine what portion of the before-tax income is so utilized.

## VI. PROFESSIONAL EXPENSES GUIDELINES

### A. Auto

Professional Church Workers are required to account to the IRS for auto allowance income. Because of changing tax laws concerning a church worker's tax liability for auto allowance, it is recommended that congregations seek advice from a tax consultant and from the IRS. Allowances could be provided for actual miles driven basis or by a monthly allowance.

The congregation should provide an annual allowance for pastors and other workers who make extensive use of their personal car for their ministry. This allowance should be sufficient to replace, on a periodic basis, the auto used by the church worker. On the average it is anticipated that this replacement would occur every four years.

It is the perspective of the Southeastern District Executive Staff that a leased vehicle or receiving the IRS recommended mileage reimbursement is adequate and more than compensates for the replacement allowance.

#### NOTE: 2012 Standard Mileage Rates

The standard mileage rate for the business use of a car in 2012: 55.5 cents per mile. IRS posts annual mileage rate reimbursement on <http://www.irs.gov/Tax-Professionals/Standard-Mileage-Rates>

### B. Books / Periodicals

A sum should be identified in the church budget for these purposes. This amount is not added to the church worker's compensation but is made available when needed.

### C. Professional Development / Continuing Education

All Professional Church Workers should be encouraged to have an annual plan for professional development and continuing education for his/her personal benefit and for the benefit of those whom he/she serves. This allowance is placed in the budget to be used, when needed. The amount should not be a "token" amount, but should be sufficient to permit the worker to avail him/herself of a meaningful development opportunity.

The worker should not be expected to use his/her vacation or days off to attend opportunities for continuing education.

### D. Convention and Conference Attendance

These are part of church business and they benefit both worker and congregation. The congregation should reimburse the church worker for registration, travel, meals, and lodging costs attendant to these events. This should be an allowance, the amount of which should be determined between the church worker and the salary review committee, based on the events included on the Southeastern District's calendar of events.

## VII. IMPORTANT DOCUMENTS FOR EACH CONGREGATION

### A. Congregational Treasurer's Manual

The Congregational Treasurer's Manual is published by the Lutheran Church - Missouri Synod and provides invaluable information on:

- Federal and State Taxes
- Accounting and Finance
- Insurance

Each congregation and school is provided one copy of this manual by the District. This resource is available through the Synodical website: <http://www.lcms.org/page.aspx?pid=1128>

### B. Congregational Personnel Manual

The Congregational Personnel Manual is published by the Lutheran Church - Missouri Synod and provides helpful information for assisting congregations and schools in establishing a written personnel manual. Each congregation and school is provided one copy of this manual by the Southeastern District. A copy of the manual is available through the Synod at <http://www.lcms.org/page.aspx?pid=1138>

### **C. Student Loan Forgiveness**

Public Service Loan Forgiveness forgives federal student loan debt after 10 years or 120 qualifying payments for people working in certain public service jobs. To qualify for forgiveness, a borrower must make the right type of payments (Income-Based Repayment, Income-Contingent Repayment, or a 10-year standard payment) on the right type of loan (federal Direct Loan) while working in the right type of job (government, nonprofit, etc.). <http://www.IBRinfo.org> is a leading source of consumer information about the programs.

Exhibit 1

Worksheet for Congregational Development of Professional Church Worker Compensation

1. Base Salary

a. Education Level and  
 Number of years of creditable service \_\_\_\_\_  
 (Exhibit 2, p. 17-18) (See p. 6, 7<sup>th</sup> bullet in Part III for  
 assistance in determining levels of second career workers.)

b. Adjustment for size of congregation/school  
 $\frac{\text{_____}}{\text{(Salary Index, p. 8)}} \times \frac{\text{_____}}{\text{_____}}$

c. Adjustment for regional COLA \_\_\_\_\_

Subtotal \_\_\_\_\_

(Amount designated for  
 Housing Allowance \_\_\_\_\_)  
 (Exhibits 3 and 4, p. 19-20)

2. Allowances and Supplemental Benefits

a. Housing Equity  
 (if parsonage or renting)  
 (p. 9-10) \_\_\_\_\_

b. Social Security  
 (p. 12) \_\_\_\_\_

c. Retirement, Welfare, Survivor Benefits  
 (p. 12) \_\_\_\_\_

d. CHP off-set, 5.0% \_\_\_\_\_

e. \_\_\_\_\_

3. Ministry Related Expenses

a. Auto  
 (p.14) \_\_\_\_\_

b. Continuing Education, Professional Seminars  
 (p.14) \_\_\_\_\_

c. Conferences (District/Synod)  
 (p.14) \_\_\_\_\_

d. Memberships in Professional Organizations \_\_\_\_\_

e. Professional Books/Periodicals  
 (p.14) \_\_\_\_\_

f. \_\_\_\_\_

g. \_\_\_\_\_

TOTAL \_\_\_\_\_

2008	EXPERIENCE		Dir/Minister	DCE, DCO or			Pastor
	Completed	Yearly	of Music	Deaconess	SMP	Pastor	w/staff
	Years	Increment	1.35	1.40	1.50	1.60	1.80
Base							
30111.19	0		40650.11	42155.67	45166.79	48177.90	54200.14
	1	1.030	41869.61	43420.34	46521.79	49623.24	55826.15
	2	1.060	43089.11	44685.01	47876.79	51068.58	57452.15
	3	1.090	44308.62	45949.68	49231.80	52513.92	59078.15
	4	1.120	45528.12	47214.35	50586.80	53959.25	60704.16
	5	1.150	46747.62	48479.02	51941.80	55404.59	62330.16
	6	1.175	47763.88	49532.91	53070.97	56609.04	63685.17
	7	1.200	48780.13	50586.80	54200.14	57813.48	65040.17
	8	1.225	49796.38	51640.69	55329.31	59017.93	66395.17
	9	1.250	50812.63	52694.58	56458.48	60222.38	67750.18
	10	1.275	51828.89	53748.47	57587.65	61426.83	69105.18
	11	1.295	52641.89	54591.59	58490.99	62390.39	70189.18
	12	1.315	53454.89	55434.70	59394.32	63353.94	71273.19
	13	1.335	54267.89	56277.81	60297.66	64317.50	72357.19
	14	1.355	55080.89	57120.93	61200.99	65281.06	73441.19
	15	1.375	55893.90	57964.04	62104.33	66244.62	74525.20
	16	1.390	56503.65	58596.38	62781.83	66967.29	75338.20
	17	1.405	57113.40	59228.71	63459.33	67689.96	76151.20
	18	1.420	57723.15	59861.05	64136.83	68412.62	76964.20
	19	1.435	58332.90	60493.38	64814.34	69135.29	77777.20
	20	1.450	58942.65	61125.72	65491.84	69857.96	78590.21
	21	1.465	59552.41	61758.05	66169.34	70580.63	79403.21
	22	1.480	60162.16	62390.39	66846.84	71303.30	80216.21
	23	1.495	60771.91	63022.72	67524.34	72025.97	81029.21
	24	1.510	61381.66	63655.06	68201.85	72748.64	81842.21
	25	1.525	61991.41	64287.39	68879.35	73471.30	82655.22
	26	1.535	62397.91	64708.95	69331.01	73953.08	83197.22
	27	1.545	62804.41	65130.50	69782.68	74434.86	83739.22
	28	1.555	63210.92	65552.06	70234.35	74916.64	84281.22
	29	1.565	63617.42	65973.62	70686.02	75398.42	84823.22
	30	1.575	64023.92	66395.17	71137.69	75880.20	85365.22
	31	1.585	64430.42	66816.73	71589.35	76361.98	85907.23
	32	1.595	64836.92	67238.29	72041.02	76843.76	86449.23
	33	1.605	65243.42	67659.84	72492.69	77325.54	86991.23
	34	1.615	65649.92	68081.40	72944.36	77807.31	87533.23
	35	1.625	66056.42	68502.96	73396.03	78289.09	88075.23
	36	1.635	66462.92	68924.51	73847.69	78770.87	88617.23
	37	1.645	66869.43	69346.07	74299.36	79252.65	89159.23
	38	1.655	67275.93	69767.63	74751.03	79734.43	89701.24
	39	1.665	67682.43	70189.18	75202.70	80216.21	90243.24
	40	1.675	68088.93	70610.74	75654.36	80697.99	90785.24

OM-330 2013 Salary Scale  
Educator  
Base Salary is \$30,111.19

EXPERIENCE		Teacher				Teacher -		PRINCIPAL	
Completed	Yearly	Non-Degreed	AA Degree	BA Degree	Master	BA Degree	12 month Master	BA Degree	Master
Years	Increment	0.80	1.00	1.10	1.15	1.30	1.35	1.70	1.75
		base salary							
0		24088.95	30111.19	33122.31	34627.87	39144.55	40650.11	51189.02	52694.58
1	1.030	24811.62	31014.53	34115.98	35666.70	40318.88	41869.61	52724.69	54275.42
2	1.060	25534.29	31917.86	35109.65	36705.54	41493.22	43089.11	54260.36	55856.26
3	1.090	26256.96	32821.20	36103.32	37744.38	42667.56	44308.62	55796.04	57437.09
4	1.120	26979.63	33724.53	37096.99	38783.21	43841.89	45528.12	57331.71	59017.93
5	1.150	27702.29	34627.87	38090.66	39822.05	45016.23	46747.62	58867.38	60598.77
6	1.175	28304.52	35380.65	38918.71	40687.75	45994.84	47763.88	60147.10	61916.13
7	1.200	28906.74	36133.43	39746.77	41553.44	46973.46	48780.13	61426.83	63233.50
8	1.225	29508.97	36886.21	40574.83	42419.14	47952.07	49796.38	62706.55	64550.86
9	1.250	30111.19	37638.99	41402.89	43284.84	48930.68	50812.63	63986.28	65868.23
10	1.275	30713.41	38391.77	42230.94	44150.53	49909.30	51828.89	65266.00	67185.59
11	1.295	31195.19	38993.99	42893.39	44843.09	50692.19	52641.89	66289.78	68239.48
12	1.315	31676.97	39596.21	43555.84	45535.65	51475.08	53454.89	67313.57	69293.38
13	1.335	32158.75	40198.44	44218.28	46228.20	52257.97	54267.89	68337.35	70347.27
14	1.355	32640.53	40800.66	44880.73	46920.76	53040.86	55080.89	69361.13	71401.16
15	1.375	33122.31	41402.89	45543.17	47613.32	53823.75	55893.90	70384.91	72455.05
16	1.390	33483.64	41854.55	46040.01	48132.74	54410.92	56503.65	71152.74	73245.47
17	1.405	33844.98	42306.22	46536.84	48652.16	54998.09	57113.40	71920.58	74035.89
18	1.420	34206.31	42757.89	47033.68	49171.57	55585.26	57723.15	72688.41	74826.31
19	1.435	34567.65	43209.56	47530.51	49690.99	56172.42	58332.90	73456.25	75616.73
20	1.450	34928.98	43661.23	48027.35	50210.41	56759.59	58942.65	74224.08	76407.14
21	1.465	35290.31	44112.89	48524.18	50729.83	57346.76	59552.41	74991.92	77197.56
22	1.480	35651.65	44564.56	49021.02	51249.25	57933.93	60162.16	75759.75	77987.98
23	1.495	36012.98	45016.23	49517.85	51768.66	58521.10	60771.91	76527.59	78778.40
24	1.510	36374.32	45467.90	50014.69	52288.08	59108.27	61381.66	77295.42	79568.82
25	1.525	36735.65	45919.56	50511.52	52807.50	59695.43	61991.41	78063.26	80359.24
26	1.535	36976.54	46220.68	50842.74	53153.78	60086.88	62397.91	78575.15	80886.18
27	1.545	37217.43	46521.79	51173.97	53500.06	60478.33	62804.41	79087.04	81413.13
28	1.555	37458.32	46822.90	51505.19	53846.34	60869.77	63210.92	79598.93	81940.08
29	1.565	37699.21	47124.01	51836.41	54192.61	61261.22	63617.42	80110.82	82467.02
30	1.575	37940.10	47425.12	52167.64	54538.89	61652.66	64023.92	80622.71	82993.97
31	1.585	38180.99	47726.24	52498.86	54885.17	62044.11	64430.42	81134.60	83520.91
32	1.595	38421.88	48027.35	52830.08	55231.45	62435.55	64836.92	81646.49	84047.86
33	1.605	38662.77	48328.46	53161.31	55577.73	62827.00	65243.42	82158.38	84574.80
34	1.615	38903.66	48629.57	53492.53	55924.01	63218.44	65649.92	82670.27	85101.75
35	1.625	39144.55	48930.68	53823.75	56270.29	63609.89	66056.42	83182.16	85628.70
36	1.635	39385.44	49231.80	54154.98	56616.56	64001.33	66462.92	83694.05	86155.64
37	1.645	39626.33	49532.91	54486.20	56962.84	64392.78	66869.43	84205.94	86682.59
38	1.655	39867.22	49834.02	54817.42	57309.12	64784.23	67275.93	84717.83	87209.53
39	1.665	40108.11	50135.13	55148.64	57655.40	65175.67	67682.43	85229.72	87736.48
40	1.675	40348.99	50436.24	55479.87	58001.68	65567.12	68088.93	85741.61	88263.43

Southeastern District, LCMS  
11/1/12



Exhibit 3

Sample Resolutions for Establishing Housing Allowances

Sample 1

RESOLVED, that (name of Congregation) as a Standing Resolution to remain in force and effect until such time as amended or revoked, hereby authorizes and establishes a housing allowance for each Minister of the Gospel at any time serving it in the amount of \$\_\_\_\_\_per year.

Sample 2

RESOLVED, that (name of Congregation), as a Standing Resolution to remain in force and effect until such time as amended or revoked, hereby authorizes and establishes a housing allowance for each Minister of the Gospel at any time serving it in an amount each year equal to \_\_\_% of that person's gross annual compensation.

Sample 3

RESOLVED, that (name of Congregation), as a Standing Resolution to remain in force and effect until such time as amended or revoked, here authorizes and establishes a housing allowance for (individual's name) at any time serving it in the amount of \$\_\_\_\_\_ per year.

Sample 4

RESOLVED, that (name of Congregation), as a Standing Resolution to remain in force and effect until such time as amended or revoked, hereby authorizes and establishes a housing allowance for (individual's name) at any time serving it in an amount each year equal to \_\_\_% of that person's annual compensation.

Sample 5

BE IT RESOLVED that the dollar amounts noted adjacent to the names of those individuals listed below, be stipulated as rental allowance for the year \_\_\_\_\_ in accordance with the regulations of the Internal Revenue Service. It should be noted also, that each of those individuals fully understands that the "Burden of Proof" is upon them to substantiate those amounts."(List professional workers below.)

Housing Allowance Designation

In compliance with the IRS ruling for housing allowance, that provides for advance declaration of the amount of housing allowance before receipt of payment, I (we) make the following declarations:

ITEM	Amount
Housing Payments (Principal and Interest or Rental)	_____
Taxes	_____
Utilities	_____
Telephone	_____
Insurance	_____
Maintenance	_____
Repairs	_____
Furnishings	_____
Total	_____

I (we) request that (Name and location of Congregation and Governing Body), take formal action to designate \$ \_\_\_\_\_ of my 201\_\_ remuneration as "Housing Allowance" and record same into the minutes of the Voter's Assembly of (Title of Responsible Body) meeting to be held (insert date). I also understand that it is my (our) declaration and the "Burden of Proof" is mine (ours) in the event I (we) would be challenged and had to proved the amounts indicated above.

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Date)

(If you file a joint return, both husband and wife should sign.)

Exhibit 5

Flexible Spending Arrangement

SALARY REDUCTION AGREEMENT

This Agreement is made and entered into on \_\_\_\_\_, 201\_\_.

by and between \_\_\_\_\_ (the "Employer") and  
\_\_\_\_\_ (the "Worker").

RECITALS

SINCE, the Worker is employed by the Employer;

SINCE, the Worker is a participant in the Concordia Health Plan of The Lutheran Church-Missouri Synod and pays all or part of the cost for Dependent coverage under said Plan;

SINCE, the Employer has adopted a resolution adopting a flexible spending arrangement (the "Flexible Spending Arrangement") which is attached hereto and incorporated by reference; and

SINCE, the Worker desires to participate in the Flexible Spending Arrangement, and the Employer desires to offer the worker the opportunity to participate in the Flexible Spending Arrangement:

TERMS AND CONDITIONS

THEREFORE, in consideration of the mutual promises herein contained, the Employer and the Worker agree as follows:

1. By means of this Agreement, the Worker elects to participate in the Flexible Spending Arrangement.
2. During the term of this Agreement, the worker authorizes the Employer to withhold in equal installments on a periodic basis (based upon the Employer's regular payroll period) the annual amount of \_\_\_\_\_ dollars (\$\_\_\_\_\_.\_\_) per calendar year ("Yearly Contribution Amount") from his/her salary, beginning with the first payment of compensation after the effective date of this Agreement. The Yearly Contribution Amount shall be prorated for periods of employment during any such calendar year, which is less than a full calendar year.
3. The Employer and the Worker agree that the amount withheld from the Worker's salary will be credited by the Employer to a bookkeeping account bearing the name "Dependent Withholding". The Employer agrees to remit the installment to the Concordia Health Plan in payment of the worker's share of the Concordia Health Plan contributions.
4. The Worker and the Employer agree that this Agreement shall be effective (a) for one year beginning on the first day of the immediately succeeding January, or (b) for the portion of the current calendar year remaining in the case of a newly eligible worker, or (c) in the first year of the Flexible Spending Arrangement in the case of worker eligible to participate in the Flexible Spending Arrangement before the effective date, for the portion of the year remaining after the effective date of the Flexible Spending Arrangement. Unless the Worker in writing notifies the Employer prior to the expiration of this Agreement of his/her intention not to renew this Agreement, this Agreement will be automatically renewed for another one-year term effective the next succeeding calendar year.

5. The Employer agrees (a) to reduce the Worker’s gross income by the amount of the Yearly Contribution Amount actually withheld and remitted pursuant to the Agreement, and (b) to adjust the Worker’s gross income to reflect his/her lower salary for purposes of state (if applicable) and federal income tax and Social Security tax withholding.

6. The Worker agrees that his/her election to participate in the Flexible Spending Arrangement, as evidenced by this Salary Reduction Agreement, is irrevocable for the plan year to which it applies; provided, however, that he/she may change this elect on account of a change in family circumstances, provided that the change in the election directly related to the changed circumstances, as permitted by the Internal Revenue Code of 1986, as amended. The Worker agrees that he/she may not repudiate, or “take back,” his/her election in order to receive his/her normal salary, a refund or the Yearly Contribution Amount, or some other benefit. The Worker and the Employer further agree that the Worker shall not be able to use a Salary Reduction Agreement to decrease his/her salary for one year in order to obtain any benefits in later years.

7. This Flexible Spending Arrangement has not been and will not be submitted to the Internal Revenue Service for approval, and this, the Employer does not assure that intended tax benefits will be available. By accepting potential benefits under this Flexible Spending Arrangement, any covered Worker and his/her covered dependents agree to be liable for any taxes or penalties, plus interest, if any, that the federal or state government may impose with respect to these benefits for the Yearly Contribution Amount.

8. The Worker agrees that the Employer shall not be liable for any loss or obligation with respect to any medical or dental benefit under the Concordia Health Plan. The Worker further agrees that in the event of the Employer’s failure to properly remit the withheld amount to the Concordia Health Plan, his/her exclusive remedy under this Agreement (after giving the Employer adequate opportunity to correct any error) will be a refund of the amount withheld, which was not properly paid.

IN WITNESS WHEREOF, the parties have executed this Agreement

this \_\_\_\_\_ day of \_\_\_\_\_, 201 \_\_\_\_

---

Worker Signature

---

Employer Representative Signature & Title

Additional Worksheets

Worksheet for Congregational Development of Professional Church Worker Compensation

1. Base Salary

a. Education Level and  
 Number of years of creditable service \_\_\_\_\_  
 (Exhibit 2, p. 17-18) (See p. 6, 7<sup>th</sup> bullet in Part III for  
 assistance in determining levels of second career workers.)

b. Adjustment for size of congregation/school  

$$\frac{\text{_____}}{\text{(Salary Index, p. 7-8)}} \times \text{_____}$$

c. Adjustment for regional COLA \_\_\_\_\_

Subtotal \_\_\_\_\_

(Amount designated for  
 Housing Allowance \_\_\_\_\_)  
 (Exhibits 3 and 4, p.19-20)

2. Allowances and Supplemental Benefits

a. Housing Equity  
 (if parsonage or renting)  
 (p.9-10) \_\_\_\_\_

b. Social Security  
 (p.12) \_\_\_\_\_

c. Retirement, Welfare, Survivor Benefits  
 (p.12) \_\_\_\_\_

d. CHP off-set, 5.0% \_\_\_\_\_

e. \_\_\_\_\_

3. Ministry Related Expenses

a. Auto  
 (p.14) \_\_\_\_\_

b. Continuing Education, Professional Seminars  
 (p.14) \_\_\_\_\_

c. Conferences (District/Synod)  
 (p.14) \_\_\_\_\_

d. Memberships in Professional Organizations \_\_\_\_\_

e. Professional Books/Periodicals  
 (p.14) \_\_\_\_\_

f. \_\_\_\_\_

g. \_\_\_\_\_

TOTAL \_\_\_\_\_

Additional Worksheets

Worksheet for Congregational Development of Professional Church Worker Compensation

1. Base Salary

a. Education Level and  
 Number of years of creditable service \_\_\_\_\_  
 (Exhibit 2, p. 17-18) (See p.6, 7<sup>th</sup> bullet in Part III for  
 assistance in determining levels of second career workers.)

b. Adjustment for size of congregation/school  

$$\frac{\text{_____}}{\text{(Salary Index, p. 8)}} \times \text{_____}$$

c. Adjustment for regional COLA \_\_\_\_\_

Subtotal \_\_\_\_\_

(Amount designated for  
 Housing Allowance \_\_\_\_\_)  
 (Exhibits 3 and 4, p.19-20)

2. Allowances and Supplemental Benefits

a. Housing Equity  
 (if parsonage or renting) \_\_\_\_\_  
 (p.9-10)

b. Social Security \_\_\_\_\_  
 (p.11)

c. Retirement, Welfare, Survivor Benefits \_\_\_\_\_  
 (p.12)

d. CHP off-set, 5.0% \_\_\_\_\_

e. \_\_\_\_\_

3. Ministry Related Expenses

a. Auto  
 (p.14) \_\_\_\_\_

b. Continuing Education, Professional Seminars  
 (p.14) \_\_\_\_\_

c. Conferences (District/Synod)  
 (p.14) \_\_\_\_\_

d. Memberships in Professional Organizations \_\_\_\_\_

e. Professional Books/Periodicals  
 (p.14) \_\_\_\_\_

f. \_\_\_\_\_

g. \_\_\_\_\_

TOTAL