



National Capital
PRESBYTERY
MISSIONAL · PASTORAL · PROPHETIC

NCP COMPENSATION AND PERSONNEL POLICY FOR PASTORS | 2022

National Capital Presbytery

Strengthening & Transforming Our Congregations

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EXECUTIVE SUMMARY OF 2022 CHANGES IN COMPENSATION AND PERSONNEL POLICIES FOR PASTORS

In 2006, National Capital Presbytery adopted its Compensation and Personnel Policies for Pastors (Policy). The full text of the Policy follows the Executive Summary. Elements of the Policy change annually. The key changes are described below as guidance to churches developing or reviewing terms of call.

Annual Cost of Living Adjustment

The Presbytery provides congregations with a suggested percentage increase in the financial terms of call based on the increase in cost of living. For 2022, the cost-of-living percentage increase is 1.5%. This increase is applied to the total of the cash salary and housing allowance. While the cost of living is a good benchmark, it should not be used as the sole factor. Other considerations such as experience, length of service, and ratios to other staff members might also be considered.

Equity Allowance

Pastors living in church owned manses shall receive an equity allowance. The minimum allowance for 2022 is \$8948.

Minimum Effective Salary for Board of Pensions

The Policy establishes a minimum effective salary for pastors. For terms of call in calendar year 2022 (Jan. 1 – Dec. 31, 2022) minimum salaries are based on geographic locations to consider the widely varying housing costs within our Presbytery. See Appendix for more details.

Minimum Hourly Rate (less than 20 hours per week)

The minimum hourly rate for a pastor is based on the full-time salary which would be in effect for the geographical location. This rate is divided by 2080 hours to find the minimum hourly rate for a congregation. Minimum hourly salaries already include BOP and other benefits. No additional provisions need be made for contractual agreements of less than 20 hours per week.

Questions?

Contact the Administrator to the Committee on Ministry at dbickel@thepresbytery.org or call 240-514-5351.

NATIONAL CAPITAL PRESBYTERY COMPENSATION AND PERSONNEL POLICY FOR PASTORS - 2022

These policies have been developed as a means of providing a uniform set of compensation and personnel policies to guide the Sessions of National Capital Presbytery in their relationships with their pastors. These policies are required for all Installed Pastors, Associate Pastors, Designated Pastors, Designated Associates Pastors, Organizing Pastors, Stated Supply Pastors, Associate Stated Supply Pastors, Interim/Transitional Pastors and Interim/Transitional Associate Pastors. These policies provide a compensation guideline for all other pastoral relationships. Annual calculations of minimum compensation requirements are set out in the Appendix. An executive summary provides an overview of the required elements in the policy.

These policies were developed at the request of the Coordinating Team of Committee on Ministry by special task force. COM reviewed and amended this policy in January 2019.

In the policies the term "pastor" includes all ministers of the Word and Sacrament serving National Capital Presbytery congregations.

Where the terms "is", "required", "shall", or "will" appear, these shall be understood as mandatory. Where the terms "may" or "should" appear, these shall be understood as suggestive only.

In those circumstances where a congregation does not have a personnel policy or session records which specify personnel decisions and the Committee on Ministry is required to adjudicate discrepancies between the Session's understanding and the Pastor's understanding, the COM will be inclined to regard the recommendations found in this document as being operative for the particular church.

Originally Approved June 27, 2006

Updated June 10 & Sept 8, 2008

Updated July 1, 2009

Updated June 21, 2010

Updated June 29, 2011

Updated June 21, 2012

Updated June 13, 2013

Amended January 28, 2014

Updated June 19, 2014

Updated September 20, 2016

Updated July 5, 2017

Amended September 5, 2017

Updated, July 15, 2018

Amended January 8, 2019

Updated, August 27, 2019

Updated October 7, 2019

Updated January 4, 2021

Updated September 21, 2021

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INTRODUCTION

The called relationship between pastor and congregation is a unique employment situation. Presbyterian calls occur between pastors and congregations who have discerned God's direction in creating a relationship of mutual ministry, and who have had that call validated and affirmed by the Presbytery. Like other members of the Body of Christ, pastors are called to be servants of God. God calls pastors into service in a variety of settings each of which, when faithfully discerned, ought to be honored regardless of size or wealth of the congregation or specialized ministry. At the same time, faithful discernment of a call includes a practice of good stewardship of the resources of the whole of the denomination, not solely consideration of the preferences of a congregation. The connectional nature of Presbyterian call, and its initiation by God, preclude a purely economic or marketplace approach to the topic of compensation for pastors.

BASIC CONSIDERATIONS

When a pastor is called to a church, the local church, in the Call, promises the pastor a fair salary so that the pastor may "devote themselves full time to the ministry of the Word among us." The Session further promises and obligates itself "to review annually the minister's terms of call and shall propose for congregational action such changes as the session shall deem appropriate, provided that they meet the presbytery's minimum requirements." (Book of Order, G-2.0804).

This review shall be recorded in the Session and Congregation minutes. (Book of Order, G-1.0503c). The Session Records Committee will note compliance in their annual review of Session minutes. The Session will also forward to the Presbytery (Administrator to the Committee on Ministry) the terms of call as adopted each year.

Please note the following considerations:

- 1) The typical Presbyterian pastor has completed training equivalent to other professionals.
- 2) Many pastors come from seminary carrying heavy tuition indebtedness. In such circumstances committees calling pastors should discuss with them the implication for repaying these loans and how that fits into proposed salaries.
- 3) The cost of living in the Presbytery is among the highest in the nation.
- 4) Sessions must stress the importance of adequate stewardship by all members of the church to sustain a fair salary for the pastor.
- 5) Pastors affirm that their calls are calls to service and not for financial gain. There is a balance that pastors and churches must maintain between what is needed for the pastor to work in the ministry of the church and what the local church can support.
- 6) The goal of the Presbytery policy is to provide every pastor with an adequate salary by which they can live in this area and be able to retire after 40 years of service to the church with adequate resources to see them to their life's end. Creative approaches which may vary from this policy may be considered for approval by the Committee on Ministry; however ordinarily the Committee on Ministry will follow this policy and will not approve salary packages that do not minimally meet these standards.
- 7) Sessions may request an exemption to any portion of this policy through the Congregational Transitions Commission.

I. SALARY

The minimum salary for pastors working full time is 61.6% of the church- wide median effective salary as computed by the Board of Pensions. Part time pastors, those employed for 20 or more hours per week, may be prorated based on a 40-hour week. This applies to both installed and temporary pastoral positions.

The median effective salary as calculated by the Board of Pensions can be found at <https://www.pensions.org/what-we-offer/employer-guidance/effective-salary>

Rationale: The church-wide median effective salary includes housing which is computed by the Board of Pension formulas to be 30% of the salary. National Capital Presbytery's minimum cash salary is 80% of the church-wide median effective salary less housing. This is, in effect, 61.6% of the church-wide median effective salary including housing. See Item 2 in the Appendix for a step-by-step guide to this calculation.

GUIDELINES FOR SALARY LEVELS

- 1) Each year when the data is available the Committee on Ministry communicates a minimum salary level generated by the formulas in this policy for all full-time pastors for the coming year. It is recommended that no salary be below the minimums established by this policy. The compensation policy will be posted on the Presbytery website and updated annually (see Appendix for annual changes).
- 2) Part-time pastor compensation shall be proportional to the hours worked, based upon a 40-hour work week.
- 3) Typically, church professionals, such as pastors, work more than 40 hours per week. If a given week requires an atypical expenditure of time by the pastor, additional time off may be taken during the following week. For the health and well-being of both the pastor and the congregation, attention shall be given to a proper work-life balance.
- 4) If an honorably retired minister who is receiving BOP pension benefits is employed by a congregation, dues paid to the BOP are reduced from 37% to 12%. This applies to all pastors working 20 or more hours per week.

TAX REPORTING REQUIREMENTS

Pastors have a dual tax status. For federal income taxes, pastors are ordinarily considered employees, but for social security purposes they are considered self-employed regarding services performed in the exercise of their ministry. An IRS form W-2 should be issued by the church for pastoral services (see additional tax resources referenced in the Appendix). Pastors in manse are alerted that the fair market rental of the manse is included in the Social Security (SECA) salary amount. This can exceed the 30% amount added to calculate the BOP effective salary. Consult your tax advisor in this regard.

II. PART TIME PASTORATE

Part-time (less than 20 hours per week) Temporary Positions (non-Installed Pastors)

All pastors in the NCP will be provided BOP benefits if working 20 hours or more per week. This applies to both installed and temporary positions. Exceptions must be approved by the Congregational Transitions Commission.

- 1) Non-installed Teaching elders working fewer than 20 hours per week are not eligible to be included in the Pastor's Plan. All installed pastors are required to be in the Pastor's Plan regardless of the number of hours worked. Minimum BOP dues may apply.
<http://www.pensions.org/search?query=benefits+plan+2020>

New for 2021 is the Minister's Choice Plan. This plan provides important financial protection during active service and into retirement. It is available for non-installed pastors employed at least 20 hours per week. There may be situations where this plan is preferred. Check with the BOP for more information.

- 2) The minimum hourly rate to be used for all contracts of fewer than 20 hours shall be the total minimum salary [1- **effective salary**, 2- **BOP family coverage benefits amount** (currently 37%) plus 3- **The SECA offset**] divided by 2,080. This shall be recalculated annually according to this formula.
- 3) No paid days off, vacation or study leave time are required. Any time off, vacation or study leave should be arranged during the pastor's non-working time. No sick leave should be accrued. The pastor shall have at least 6 Sundays off annually (unpaid) during which the church shall make other arrangements for worship leadership. Short-term contracts will allow one unpaid Sunday off for every two months served.
- 4) Any benefits the pastor chooses to take may be represented as a corresponding reduction of compensation at the minimum hourly amount (medical, 403b, dental, etc.). Any reasonable amount (up to the full cost of housing) can be designated as housing allowance for the tax benefit of the pastor. This needs to be noted in the Session's minutes either at the beginning of the contract or prior to the beginning of succeeding calendar years and reported to the Presbytery.
- 5) Any amount of time over and above the agreed upon hours to be worked by the pastor shall be paid at the agreed hourly rate over and above the ordinary hourly agreement amounts. This additional work time shall be approved by the Session or by whomever the Session appoints to hold this authority.

- 6) While policy produces a minimum hourly rate, nothing prevents negotiations which would exceed these standards between a pastor and a Session.
- 7) Professional travel expenses shall be reimbursed at the current IRS rate.

III. HOUSING ALLOWANCE

The goal of a housing allowance is to provide (a) a means for adequate housing for the pastor and (b) sufficient resources whereby the pastor may be able to own a home (at national averages) after 40 years of service. Such arrangements should be designed for maximum tax advantage available to the pastor. Housing and salary are separate aspects of a pastor's call for tax purposes.

- 1) In the case of a pastor living in a manse with paid utilities, the church shall (a) place funds in a separate fund (deferred equity allowance, 403b, etc.) an amount of 1/40th of the "median house cost" or (b) pay the pastor additional salary if the pastor has a long-term housing plan. The "median house cost" is established as the latest annual reported US median sales price of existing single-family homes for metropolitan areas as calculated by the National Association of Realtors. This information is available at <https://www.nar.realtor/research-and-statistics/housing-statistics/metropolitan-median-area-prices-and-affordability>. The report for second quarter is [here](#).

OR

- 2) In the case of a pastor not living in a manse, the church shall pay the pastor a housing allowance equal to the combination of these two factors -
 - a. Housing amount equal to or exceeding the median fair market rent as calculated by HUD for a three-bedroom intermediate rent in the church zip code, the zip code of the pastor's residence (or an adjacent zip code not more than five miles from the church) for the **Washington-Arlington-Alexandria, DC- VA-MD HUD Metro FMR Area**. The HUD calculated Fair Market Rent for three bedrooms can be found at: [here](#).
 - b. Utilities at 25% of this HUD FMR for three bedrooms.

Creative housing alternatives such as equity sharing, low or no interest loans, or investments are permissible to help a pastor afford to live in the area. In such arrangements, the risk and the reward must be proportionately shared between the pastor and the congregation or calling agency in the judgment of the Committee on Ministry. All equity sharing, investment agreements, or other agreements related to housing are subject to the approval of the Committee on Ministry.

IMPORTANT CONSIDERATIONS

- 1) Housing costs in the Washington, DC, metro area are among the highest in the nation, both for rental and purchase.
- 2) There is great value in having the pastor living within and identifying with the same parish community in which most of the members live. Careful consideration of the equity of pastors and their families living in the geographical parish area is important. Studies demonstrate pastors living amid the community of the parish tend to have greater success.
- 3) Most housing costs now consume more than 40% of the total family income.

BASIC GUIDELINES

- 1) Under the Internal Revenue Code, an ordained minister may exclude a housing allowance from income for tax purposes, if it is designated in advance and paid as part of compensation when that allowance is used for:
 - a. Rent of a home, or
 - b. Purchase of a home, including down payment, mortgage, legal fees, fees for searching the title, installment payments, interest, taxes, fire and home liability insurance premiums, repairs, etc., and
 - c. Expenses for maintaining a home such as utilities, furnishings, repairs, and landscaping (other than for costs of food).
 - d. The Internal Revenue Service has ruled that an ordained pastor may exclude from their gross income "only an amount equal to the fair rental value of the home, including furnishings and appurtenances such as garage, plus the cost of utilities" or can exclude "the amount of compensation used for: (1) furnishings, running expenses and real estate taxes to the extent they do not exceed the fair rental value, and (2) utilities."
- 2) Prior to the last session meeting of each year, each pastor shall complete and submit to their Personnel Committee a request for an appropriate housing allowance for the coming year. Based upon this data the Personnel Committee and the Session will approve the specific amount to be designated for housing allowance for the subsequent year for each pastor. This action shall be recorded in the Session minutes. Such actions are to be reported to the congregation during the annual review of the call.
- 3) If the total amount designated for housing allowance is not fully used for housing it is the pastor's responsibility to include the balance as gross income in computing tax liability for the year in which it is received.
- 4) If the church provides a manse, it shall be in good repair and large enough for the pastor's family needs. There should be a committee of the Session and/or the Board of Trustees to work with the pastor to see that the manse is well maintained.
- 5) If a manse is provided, the Board of Pensions requires an amount be included in the effective salary for the calculation of dues. This amount should reflect the fair market value of the manse and must be at least 30% of the total cash salary.

- 6) The Session should encourage a pastor occupying a manse to check with their tax advisor on the impact this may have on their taxes. Typically, the IRS relies on the fair market rent of the manse for income tax purposes.

IV. RELOCATION ASSISTANCE

The National Capital Presbytery requires congregations to pay the cost of incurred moving expenses up to 12,000 pounds of household and professional goods.

The Presbytery recommends congregations extend reimbursement for

- a. in-transit insurance
- b. temporary storage up to a limit of one year
- c. moving costs for one personal car
- d. house hunting travel expenses for the pastor and one other individual of the pastor's choosing (one round trip covering a period not to exceed 5 days) including lodging and meals
- e. transfer travel expenses for the final trip of the family (not to exceed the cost based on air travel)
- f. temporary housing expenses at the new location (not to exceed 30 days)

Note: If the congregation reimburses the pastor for the cost of selling a prior residence, cost of buying or leasing a new residence, and/or terminating old lease (up to \$4,000), it is a taxable reimbursement to the pastor. These expenses include attorney's fees, escrow fees, appraisal fees, real estate agent's commissions, title costs, and "points" paid for service other than interest. Consult with your tax advisor about which, if any, of these reimbursements are deductible.

V. PROFESSIONAL EXPENSES

Many pastors experience professional costs other than car expenses and study leave expenses. Sessions are encouraged to establish a separate "professional expense" category in the terms of call or contract provisions which include such items as:

- 1) Attendance at Presbytery, Synod, General Assembly,
- 2) Attendance at professional conferences and continuing education events,
- 3) Books, professional journals, and digital programs which are used as essential tools for ministry,
- 4) Administrative costs for such items as meetings, special retreats and personnel expenses for the staff when involved in carrying out their duties.

Congregations may choose to combine Continuing Education, Professional Expenses, and Travel expenses into one-line item or in separate line items. If these items are not vouchered, the IRS will consider them as part of taxable income.

VI. SELF-EMPLOYMENT

- 1) Pastors are considered by the Internal Revenue Service as "self-employed" and therefore are subject to the Self-Employed Contributions Act. This is referred to as "SECA". Self-employed individuals pay into the Social Security and Medicare tax funds.
- 2) The base upon which a pastor pays SECA includes:
 - a. *Cash salary*
 - b. *Housing allowance and utilities or the fair market value of a manse*
 - c. *Other income*
- 3) Since the pastor is self-employed, the church cannot withhold Social Security tax from the pastor's compensation. All congregations in National Capital Presbytery shall pay 7.65% of the BOP effective salary as a SECA offset to their pastors. This offset is itself taxable income.
 - a. A pastor's SECA offset can be paid in regular installments with other pay, or
 - b. in quarterly portions corresponding to IRS deposit requirements (immediately prior to April 15, July 15, September 15, January 15); or
 - c. the pastor may direct the SECA offset be included in the form of excess withholding tax.
- 4) 100% of any SECA offset paid to the pastor must be added to the total salary upon which income taxes and Self-Employment Taxes are to be paid. (include in line 1 of W-2 form)
- 5) For current rates and earnings limits for Self-Employment tax, contact the local Internal Revenue Service office.
- 6) Some pastors have filed with the Internal Revenue Service to be exempt from Social Security payments. It should be noted:
 - a. Participation in Social Security is obligatory unless one objects to participation by reason of religious principle or conscience. Financial considerations are not a legal basis for waiving participation (i.e. feeling that one would be financially ahead by investing in another program.)
 - b. A member of the Presbyterian Pension Plan who does not participate in Social Security and is not eligible for Medicare Part A and Part B will not be eligible for the Board's Medicare Supplement coverage after retirement.

VII. PENSION-MAJOR MEDICAL

The Call of each pastor requires that they be enrolled in the Board of Pension's Pastor's Participation Plan of the Presbyterian Church (USA). Details of the plan can be found at <http://www.pensions.org/what-we-offer/benefits-packages/Pastors-Participation>.

The Board of Pensions calculates "Effective Salary" as the sum of these items:

- a. -----→ Annual Cash Salary
- b. -----→ Housing Allowance
- c. -----→ Deferred Compensation
- d. -----→ Utility and Furnishing Allowances
- e. -----→ Bonuses, Unvouchered Allowances, Gifts from Employer
- f. -----→ **Other Allowances**
(e.g., medical deductibles, SECA allowances in excess of 50% of estimated obligation, etc.)
- g. -----→ **Manse amount**
(should be fair market value and must be at least 30% of lines a-f for Members who qualify for the IRS housing allowance exclusion)

These items are defined carefully by the Board of Pension instructions. See the Understanding Effective Salary booklet [here](#).

Failure to make the required payment seriously jeopardizes the pastor's retirement benefits. Aid-receiving churches which are in arrears two quarters or more, will have pension dues deducted from their monthly check.

Vacancy Dues Eliminated - As of January 1, 2019 congregations no longer pay dues for vacant ministerial positions.

The percentage of dues paid on the pastor's total salary is established by the Board of Pensions. Congregations employing retired pastors should check with the Board of Pensions regarding required post-retirement payments.

All local churches and pastors should have a copy of the Terms of the Benefits Plan of the Presbyterian Church (USA). This may be secured from the Board of Pensions.

VIII. MEDICAL REIMBURSEMENT

Because the Major Medical Plan of the Board of Pensions does not fully reimburse a pastor for medical expenses, many churches have established a medical reimbursement fund upon which the pastors and their families/partners may draw each year. (Referred to as a "Cafeteria 125

fund,” some IRS rules apply.) If a church wishes to follow this practice, the amount of the fund shall be established annually, as a part of the annual compensation review. The fund shall be used only for the same type of deductibles which are covered by the Major Medical Plan of the Board of Pensions and other qualified medical and childcare uses defined by IRS rules.

IX. MATERNITY-PATERNITY LEAVE

In addition to other benefits, a session is encouraged to consider the inclusion of maternity and/or paternity leave in their personnel policies for all staff. Churches are required to address whether Maternity/Paternity benefits are included in the church’s Personnel Policies or in Session minutes. Churches can consult the National Capital Presbytery Personnel Policies if they care to see a sample policy in this regard.

X. SICK LEAVE

The congregation shall provide at least 12 days of sick leave annually for full-time pastoral positions which can be accumulated up to 90 days total. Typically earned-but-not-used sick leave is forfeited at employment termination without compensation. Exceptions to this provision should be included in the terms of call or contract provisions.

XI. DISABILITY BENEFITS

- 1) If a pastor remains disabled by illness or injury after exhausting all accumulated paid sick leave benefits, the pastor may be entitled to additional benefits. Contact the Board of Pensions and state/district/local statutes regarding disability benefits and policy

XII. WORKER’S COMPENSATION

Consult local regulations regarding requirements in this regard.

XIII. TRAVEL AND AUTO EXPENSES

A pastor’s work includes much travel for hospital and home visitations, as well as travel for governing body responsibilities. These travel costs should be reimbursed as part of the terms of the call or contract provisions. Auto expenses are not to be added to the W-2 form if the reimbursement is done in accordance with an accountable reimbursement plan. Each pastor must account to the church for travel expenses. Auto expenses are constantly increasing, and such reimbursements should reflect this. The current IRS mileage rate should be used for the

amount reimbursed. Reimbursement more than the IRS mileage rate must be added to the pastor's compensation. The IRS mileage rate for business travel may be found at IRS.gov

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

XIV. PERFORMANCE EVALUATION

Every pastor shall have an annual performance review with the Session itself or the Session's Personnel Committee.

The Session is also required by the Book of Order (G-2.0804) to review the adequacy of the pastor(s) salary. It is recommended this be done at a time separate from the performance review with several months between the two evaluations.

Such evaluations should be supportive and encouraging to help the effectiveness of the pastor. Criticism should be constructive. Please remember that people function better under proper encouragement. The Committee on Ministry stands ready to aid any session in this regard.

Each church shall have a current position description for each pastor. This position should be used in evaluating the pastor's work and effectiveness.

Evaluation tools may be secured from the Presbytery website. See <https://thepresbytery.org/wp-content/uploads/2019/02/Pastor-Evaluation-Process.pdf> as a sample evaluation.

XV. STUDY LEAVE

Study leave of at least two weeks per year (14 days including normal days off – see appendix for calculation examples) shall be provided for all full-time pastors as part of the terms of call. This includes two Sundays. Normally the study leave should be taken each year. The study leave may be accrued up to six weeks (three years). Unused study leave funds may be accumulated up to three years. Contact the Presbytery office or see the appendix for the minimum study leave allowance

The purpose of the study leave is to enhance the professional abilities of the pastor which shall be mutually beneficial to both the pastor and the church. The goal is for self-development in the work of ministry and not for vacation, recreation, or leisure.

Study leave should equip a pastor for the work not only in the local church, but the whole Church. Hence a study leave may have immediate and direct relevance broader than the current pastoral position.

Each pastor shall present the plans and rationale for each study leave to the Session for discussion, approval, and the timing of the leave.

In the event of termination of service, any accumulated study leave time and allowance shall be forfeited. Pay in lieu of this study leave will not be provided.

A written report of each study leave shall be given to the Session at the next meeting following the conclusion of the study leave.

Provision must be made in planning the study leave to cover the pastor's work during the absence.

XVI. SABBATICAL LEAVE

To enable pastors to devote significant time to their spiritual, technical, or professional development, sabbatical leave may be granted within the following guidelines:

- 1) Ordinarily, the pastor must have completed six (6) years of credited service in the local church, with the sabbatical leave to be taken in the seventh year of ministry. At the discretion of the session, sabbatical leave may be granted earlier.
- 2) At least six years should have elapsed since any previous extended sabbatical leave.
- 3) A written plan with identified goals must be approved by the Session and by the Presbytery Committee on Ministry. This must be done far enough in advance so that budget and staff needs will be met.
- 4) Ordinarily the length of sabbatical leave will be three (3) months. Earned vacation within a particular year or accumulated study leave from previous years can be added to the sabbatical time with the approval of the session.
- 5) The local church may, but is not required, be financially responsible for the pastor's expenses of sabbatical leave to a degree greater than the standard and accrued professional allowances.
- 6) It is recommended that the congregation reserve 4% of the amount of the pastor's annual salary package every year in a separate fund to accommodate additional leadership costs when the pastor is on sabbatical leave. This amount is not a salary reduction.

XVII. VACATION

- 1) A vacation with pay is provided for all pastors in full time positions. It is a necessary time of rest, refreshment, and relaxation for health and work performance.
- 2) It is the responsibility of the Personnel Committee and the pastor to see that vacation time is used annually to have an effective ministry.
- 3) Vacation is to be kept separate from study leave, attendance at conferences, or weekly days off and sabbatical leave.
- 4) Pastors are encouraged to take vacation in a large enough block of time (at least one week) for the refreshment which is necessary for effective renewal.

- 5) Full time Pastors in National Capital Presbytery shall have as part of their call or contract at least four weeks of vacation. This is to be defined as four times the number of working days in a standard work week. This includes four Sundays. (see appendix for example calculations). Pastors in positions which include 20 hours or more per week of labor but not full time should be considered for vacation on a percentage basis of the above.
- 6) The church is encouraged to provide one personal weekend in addition to vacation.
- 7) The church shall be financially responsible for coverage of all pastoral functions including preaching.
- 8) The Presbytery encourages that up to, but no more than 10 days of vacation time be rolled from one year into the next calendar year. The annual refreshment from vacation comes only if the pastor takes the vacation regularly. Excessive accumulation of vacation time does not provide for that regular refreshment. Unused vacation benefits are payable in full to the date of the dissolution of the call.

XVIII. WEEKLY TIME OFF

- 1) Pastors are expected to take at least one full, uninterrupted day off each week.
- 2) When there has been an unusually heavy week, pastors are encouraged to take an extra day off during the next week to compensate. This is not considered a vacation day.

XIX. HOLIDAYS

- 1) Congregations shall provide the following paid holidays:
 - a. New Year's Day
 - b. Martin Luther King, Jr. Birthday
 - c. President's Day
 - d. Easter Monday
 - e. Memorial Day
 - f. Independence Day
 - g. Labor Day
 - h. Thanksgiving Day and the following Friday
 - i. Christmas Day and the day after
- 2) If a pastor works on a designated holiday, another day shall be recognized as a day off.
- 3) When a holiday falls on a Saturday or Sunday, it shall be observed as a holiday on the nearest Friday or Monday, respectively.
- 4) When a holiday occurs on a pastor's day off, it may be observed either the day before or the day following.

XX. PULPIT SUPPLY FEE

- 1) The church shall establish an adequate budget reserve to cover the costs of a substitute for the pastor when required during periods of vacation, study leave, and other absences.
- 2) A guest preacher shall be reimbursed for travel expenses in addition to a minimum honorarium of \$220.
- 3) A guest preacher shall be paid a minimum of \$55 for each additional worship service.

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

Pastors shall typically not receive any compensation from church members for performing baptisms, weddings, funerals or memorials, or pastoral counseling.

XXII. SAVINGS PLANS AND ANNUITIES

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

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

Tax code provisions of any such plan must be closely followed by the Session and the pastor.

APPENDIX

These calculations will change from year to year and sometimes from quarter to quarter depending on the formulas employed. The formulas stay the same, the raw data referenced will change. This raw data was last researched and entered on September 8, 2021.

- 1) The **median effective salary** as calculated by the Board of Pensions can be found at: <http://www.pensions.org/what-we-offer/employer-guidance/effective-salary>. The church- wide median effective salary, announced for 2022 is \$62,100. The minimum fulltime cash salary in National Capital Presbytery is \$38,253.60.
- 2) To calculate the **Presbytery's minimum salary** figure from the churchwide median effective salary:
 - a. Start with the median effective salary which for 2022 is \$62,100. This figure represents the middle salary and housing amount paid to pastors of Presbyterian churches nationwide.
 - b. Multiply the median effective salary by .77 to remove housing expenses as calculated by the Board of Pensions. Salary alone would then be \$47,817.
 - c. The minimum cash salary for National Capital Presbytery has been set at .80 of this figure. Multiply the median effective salary reduced by housing \$47,817 by .80 to calculate the Presbytery's minimum cash salary.
 - d. The 77% and the 80% calculations together amount to 61.6% of the median effective salary (without housing). e.g. $\$62,100 \times .77 = \$47,817 \times .80 = \$38,253.60$ or $\$62,100 \times .616 = \$38,253.60$
- 3) The Presbytery provides congregations with annual guidance concerning increases in the financial terms of call. This advice usually comes in the form of a percentage increase which is linked to the increase in cost of living (see #8 below). The cost of living is a good benchmark but should not be used as the sole factor. Other considerations such as experience, length of service, and ratios to other staff members might also be considered. Use of an across the board percentage increase as the sole factor in determining salary increases leads to widening gaps between members of the pastoral staff, between pastoral staff and educators, and between professional staff and support staff which may not be intentional, faithful, or helpful. One possibility to consider is to give across-the- board fixed-cash amount as raises acknowledging that a dollar for one person buys the same thing as a dollar for another. Another possibility is to give a combination of a fixed-dollar amount and a percentage-of-salary amount together as the annual raise.
- 4) The "**median house cost**" is established to be latest quarterly reported US median sales price of existing single-family homes for metropolitan areas as calculated by the National Association of Realtors. They reported this figure for the second quarter of 2021 as \$357,900, 1/40th of which is \$8948. More information may be found on the National Association of Realtors [website](#).
- 5) The **HUD calculated Fair Market Rent** for three bedrooms for Washington-Arlington-Alexandria, DC-VA-MD HUD Metro FMR Area can be found using zip codes as basis [here](#).
 - a. This minimum is calculated by taking the 3br figure from the zip code list for *the*

church address, the pastor's home address, or an adjacent zip code not more than five miles from the church. Which of these zip codes to use may be negotiated between the congregation and the pastor. Multiply that monthly amount by 12 for the annual minimum housing allowance. Add to that amount 25% of this amount for the adequate Utility allowance.

- b. At the time, a PNC or an Interim Search Committee is formed, or temporary pastor is sought, the COM Administrator or the Director of Business Affairs will generate the minimum compensation for that position *based on the church address.*
- 6) **Vacation:** Vacation is four weeks. This includes four Sundays. The church is encouraged to provide one personal weekend in addition to the annual vacation.
- 7) **Study leave:** Study leave is two weeks. This includes two Sundays. The minimum study leave and book allowance for pastors is \$1,000 annually.
- 8) The **Cost of Living Index:** The “**cost of living**” is based on the percentage increase or decrease in the consumer price index, using data from the U.S. Bureau of Labor Statistics. (<http://data.bls.gov>). The Committee on Ministry calculates changes in the cost of living using data on the “Consumer Price Index for Urban Consumers” in the “Washington - Arlington-Alexandria” area. The difference between the January factors for the current and the previous year is divided by the January factor of the previous year. The Presbytery recommends that congregations adjust salary packages by this calculated cost of living percentage change. For 2022, the recommended increase is 1.5%. This was calculated by comparing the January 2020 factor of 266.433 and the January 2021 factor of 270.535, yielding a difference of 4.102. 4.102 divided by 266.433 yields a percentage change of (1.54), which is rounded to 1.5%.
- 9) The **minimum hourly rate** should be derived based on the minimum salary for a specific congregation. Alternatively, a rate of \$55.00 is permitted regardless of location. (See section II. 2.)
- 10) **Tax resources**
 - a. Internal Revenue Service Publication 517, Social Security and Other Information for Members of the Clergy and Religious Workers Available at <https://www.irs.gov/pub/irs-pdf/p517.pdf>
 - b. Internal Revenue Service Publication 17, Your Federal Income Tax for Individuals Available at <https://www.irs.gov/pub/irs-pdf/p17.pdf>
 - c. Internal Revenue Service, Tax Guide for Churches and Religious Organizations <http://www.irs.gov/pub/irs-pdf/p1828.pdf>