NATIONAL CAPITAL
PRESBYTERY

**National Capital Presbytery**
**2026 Theological and Practical Guidance for Benefits Decision-Making**

Constitutional Framework

The Book of Order requires that terms of call include participation in the benefits plan of the Presbyterian Church (U.S.A.) (G-2.0804), leaving it to the Board of Pensions (BOP) to specify the precise terms of eligibility and enrollment. **The Book of Order also entrusts to presbyteries the responsibility of establishing minimum compensation standards for pastoral calls and those serving in temporary pastoral relationships** (G-3.0303c). In NCP, the Commission on Ministry develops these standards and publishes them in the annual compensation policy document. The new BOP offerings for pastors can be found on their website here. **Summary of the COM policy presented on the next page** (found as the *2027 Annual Addendum* to the *Compensation and Personnel Policy for Pastors*) covers aspects of coverage requirements and guidelines that lie beyond the scope of the BOP mandates.

Theological Guidance

Because it has been the nature of the church from the beginning to share in common the necessities of life (Acts 2 & 4), additional financial burdens created by the change in dues structure should be shared in an equitable way. The Apostle Paul reiterated this in his letter to the Galatians, "Bear one another's burdens, and in this way, you will fulfill the law of Christ" (6:2). "The very character of God as revealed in Scriptures compels those who worship and serve God to 'maintain justice and do what is right.' Hence from its inception the Church has affirmed just compensation for its servants." (*See A Theology of Benefits, Board of Pensions, Isaiah 56:1, I Corinthians 9:9-12, Second Helvetic Confession 5.168)*

When a pastoral relationship begins, the congregation answers the following question regarding their pastor (W-4.0404 c): Do we promise to pay [her/him] fairly and provide for [her/his] welfare as [she/he] works among us; to stand by [her/him] in trouble and share [her/his] joys?

The promise of welfare cannot be separated from the welfare of a pastor's family. Every minister, and every minister's spouse and dependent child, deserves medical coverage that does not unduly burden the family.

The 2027 BOP changes take a step toward that commitment: the new children's subsidy directly eases the fixed cost. Spousal coverage, however, still carries its full fixed cost with no subsidy, and medical dues continue to sit alongside the existing 10% income-protection dues.

In their Theology of Benefits, the Board of Pensions states that "as the body of Christ, we demonstrate abundant life to the world as a community of faith, hope, love, and witness. We call people to varied forms of service and covenant to support them so they may devote their best gifts and energies to the work of God's kingdom." As the church, we have an opportunity to demonstrate our trust in the abundance of God**. And I'm thankful for the faithful work of the COM, as I present their 2027 Practical Guidance.**

Alex Evangelista

Rev. Alex Evangelista, Stated Clerk, National Capital Presbytery

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**Minimum Ministerial Compensation for 2027**
**2027 Annual Addendum to the Compensation and Personnel Policy for Pastors**
**Effective January 1, 2027**

## Executive Summary of 2027 Changes to Appendix 1 and 2 of the *NCP Compensation and Personnel Policy for Pastors*

The Commission on Ministry sets minimum terms of call, applying the formulas in the NCP Compensation and Personnel Policy for Pastors. The figures below are the 2027 application of those formulas. The formulas are unchanged. Only the underlying data has been updated.

This is the 2027 annual addendum to the NCP Compensation and Personnel Policy for Pastors. This document sets the 2027 minimum ministerial compensation standards, so it does not do a full overhaul of the 2026 NCP Compensation and Personnel Policy for pastors. It carries the figures and provisions that change from year to year. It replaces Appendix 1 and Appendix 2 of that previous policy in full, and it supersedes the dollar amounts, percentages and benefits provisions stated elsewhere in the policy. *For congregations who may seek exceptions to any portion of this policy, requests for exceptions can be sent to the Congregational Transitions Commission.*

Everything in the policy that is not restated here remains in force. The policy continues to govern professional expenses, self-employment and SECA, medical reimbursement, disability benefits, worker’s compensations, performance evaluation, savings plans and annuities, and the operational details of part-time service, housing, relocation, study leave, and sabbatical. The two documents are read together.

The Commission adopts a new addendum each year. That keeps the figures under annual review, which the current Board of Pensions transitions require, without reopening the standing policy each time.

These minimums are mandatory for all pastors serving National Capital Presbytery congregations, in both installed and temporary pastoral relationships (G-2.0504). Compensation for a pastor working 20 or more hours per week is prorated on a 40-hour work week. Exceptions to these minimums must be approved by the Congregational Transitions Commission.

One structural note. Unlike presbyteries that publish a single dollar figure, NCP sets a fixed minimum cash salary and a geographically variable minimum housing allowance. There is therefore no single presbytery-wide minimum total compensation number. Each congregation's minimum is built from the fixed floor below plus the HUD Fair Market Rent applicable to its location.

The key changes are described below as guidance and requirements to churches developing or reviewing Terms of Call.

### What Changed for 2027 (High-Level)

| Element | 2026 | 2027 | Change |
|---|---|---|---|
| Churchwide median effective salary | $71,100 | $74,400 | +4.64% |
| **NCP minimum full-time cash salary** | **$43,798** | **$45,830** | **+$2,032** |
| Cost of living adjustment | 2.7% | 2.7% | no change |
| Manse equity allowance | $10,058 | $10,108 | +$50 |
| Congregational Pastors Package (CPP) medical, member-only | 17.5% | 19.75% | +2.25 pts |
| *CPP family add-on, annual | $22,200 | $19,752 | -$2,448 |
| Transitional Pastor's Participation | 37% | 42.25% | +5.25 pts |
| Income protection dues | 10% | 10% | no change |
| SECA offset | 7.65% | 7.65% | no change |

***Two items deserve particular attention.** First, the new 50% Board of Pensions subsidy for children's coverage reduces the family add-on for the first time since the Season of Rebuilding began, which partially offsets the medical rate increase for pastors with children. Second, spousal coverage receives no subsidy and its flat cost rose.

### How the Minimum Cash Salary Is Calculated

The formula is unchanged from the previous appendix in the NCP Compensation and Personnel Policy for Pastors.

| Step | Calculation | 2027 Result |
|---|---|---|
| a | Start with the churchwide median effective salary set by the Board of Pensions. This figure represents the middle salary and housing amount paid to pastors of Presbyterian churches nationwide. | $74,400 |
| b | Multiply by .77 to remove housing expenses as calculated by the Board of Pensions. Salary alone would then be: | $57,288 |
| c | The minimum cash salary for National Capital Presbytery has been set at .80 of this figure. Multiply $57,288 by .80. | $45,830 |

| Step | Calculation | 2027 Result |
|---|---|---|
| d | The 77% and 80% calculations together amount to 61.6% of the median effective salary. $74,400 x .77 = $57,288 x .80 = $45,830, or $74,400 x .616 = $45,830. | $45,830 |

Source: Board of Pensions, Effective Salary and Median Effective Salary. The median effective salary is $71,100 for 2026 and $74,400 for 2027. It is prorated for work schedules of less than 35 hours per week.

**Cost of Living Adjustment for 2027: 2.7%**

The Commission on Ministry calculates the change in cost of living using the Consumer Price Index for All Urban Consumers in the Washington-Arlington-Alexandria area. The January index for the current year is compared to the January index for the prior year.

> January 2026 index of 326.890 less January 2025 index of 318.175 yields a difference of 8.715. Dividing 8.715 by 318.175 yields a change of 2.7%.

The Presbytery recommends that congregations adjust salary packages by this percentage. The cost of living is a useful benchmark but should not be the sole factor. Experience, length of service, and ratios to other staff members also warrant consideration.

**Minimum Housing Allowance**

For a pastor not living in a manse, the congregation shall pay a housing allowance equal to or exceeding the HUD Fair Market Rent for a three-bedroom intermediate rent for the Washington-Arlington-Alexandria, DC-VA-MD HUD Metro FMR Area. The applicable zip code may be the church address, the pastor's residence, or an adjacent zip code not more than five miles from the church. Which zip code applies is negotiated between the congregation and the pastor. Multiply the monthly figure by 12. The HUD figure includes utilities.

At the time a PNC or Interim Search Committee is formed, or a temporary pastor is sought, the COM Administrator or the Director of Business Affairs generates the minimum compensation for that position based on the church address.

**Manse Equity Allowance: $10,108** (see NCP Pastor Compensation Policy, III)

A pastor living in a church-owned manse with paid utilities receives an equity allowance of one fortieth of the median house cost, placed in a separate fund such as a deferred equity allowance or 403(b), or paid as additional salary if the pastor has a long-term housing plan.

> The National Association of Realtors reported the national median existing single-family home price for metropolitan areas at $404,300 for the first quarter of 2026. One fortieth of that figure is $10,108.

If a manse is provided, the housing allowance amount included in effective salary shall be at least 30% of all other compensation. Separate manse utility and furnishing reimbursements paid to the pastor are also included in effective salary, in addition to the 30% rule.

## Board of Pension Dues for 2027

In 2027, there are three plans offered by the Board of Pensions: Congregational Pastors Package (CPP); Transitional Pastors Package (TPP); Covenant Package. Installed Pastoral Relationships must be enrolled in either the Congregational Pastors Package or the Transitional Pastors Package.

Expanded Eligibility: Effective January 1, 2027, eligibility for the Congregational Pastors Package extends to ministers of the Word and Sacrament and ruling elders elected to serve in mid-council leadership.

<u>Rationale for the 2027 Employer-paid medical change</u>

### Background

The Board of Pensions made two changes for 2027 that bear directly on this question.

- Medical dues for Member-only coverage under the Congregational Pastors Package rose from 17.5% to 19.75% of effective salary.
- **A new subsidy** covers 50% of the community-rated cost of children's coverage, applied automatically within the Employer Agreement with no application and no effective salary cap. The Child(ren) flat rate falls from $829.17 to $475 per month and the Family flat rate falls from $1,850 to $1,646 per month.

Spousal coverage received no subsidy. Its flat rate rose from $1,020.83 to $1,171 per month, an increase of 14.7%.

The Commission adopted the 90/10 split in 2025 in response to the Season of Rebuilding restructuring, which moved family coverage from an included benefit to an optional purchase at fixed cost. The split was a transitional accommodation, not a settled principle.

### Summary of the rationale

1. For congregations covering children, full coverage in 2027 still costs about $1,058 less than 2026 cost them. The change is self-funding at that coverage level.
2. The 90/10 split is administratively undefined in two respects that full coverage resolves. Previous policy did not say what the pastor's share is calculated against when a dues floor binds, and it does not say whether the share is a salary reduction or an after-tax deduction.
3. The two mechanisms produce different and unintended results. A salary reduction lowers the pastor's pension accrual. A salary offset costs the congregation 29.75% more than paying dues directly.
4. The split was adopted as a transitional measure, and the transition has outlasted its projected end. The policy dated the transitional period as ending December 31, 2027, but Transitional Pastor's Participation now runs through 2029 and the children's subsidy currently carries no assurance beyond 2027. Hence, COM will set the policy annually rather than leaving it standing.
5. Full coverage aligns the policy with what NCP already says theologically and with what the congregation promises at installation.

## Congregational Pastors Package (CPP)

Dues combine medical coverage with 10% of effective salary for income protection benefits, both paid entirely by the employer. The medical rate for 2027 is 19.75% of effective salary for Member-only PPO Premier coverage, subject to minimum and maximum dues.

| Coverage level | Dues | Annual minimum | Annual maximum |
|---|---|---|---|
| Member-only | 19.75% | $7,500 | $21,200 |
| Member + Child(ren) | 19.75% + $475/mo | $13,200 | $26,900 |
| Member + Spouse | 19.75% + $1,171/mo | $21,550 | $35,250 |
| Member + Family | 19.75% + $1,646/mo | $27,250 | $40,950 |

Child(ren) and Family rates above are net of the new 50% subsidy for children's coverage, which takes effect January 1, 2027. The subsidy is applied automatically within the Employer Agreement. There is no application and no effective salary cap.

### Employer-paid Medical Cost: COM Effective Change for 2027

Where the Congregational Pastors Package is chosen, the church shall pay the full cost of the desired family coverage. No portion is charged to the pastor. A pastor may decline the optional family coverage and instead negotiate a compensation increase that offsets the cost of family benefits available outside the Board of Pensions. Such a contribution is a taxable event. Pastors should consult a tax preparer regarding how best to structure the Terms of Call.

### Example overview of this change in CPP: Employer cost across both years

Total employer cost of medical dues at the 2027 minimum, using the illustrative housing figure described in the worked example.

| Coverage | 2026 at 90% | 2027 at 100% | 100% vs 2026 |
|---|---|---|---|
| Member + child(ren) | $22,920 | $21,861 | **-$1,058** |
| Member + spouse | $24,990 | $30,213 | **+$5,224** |
| Member + family | $33,945 | $35,913 | **+$1,969** |

A congregation that realizes savings on medical coverage in 2027, whether through the children's subsidy or through a pastor waiving unneeded family benefits, should direct those savings toward one or more of the following

- Earmarking the savings for future pastoral compensation, so that the congregation does not create a difficulty for itself in its next pastoral search
- Redirecting the savings into increased salary for the pastor, or into the cost of benefits for other staff members
- Contributing the savings toward the National Capital Presbytery cost-sharing fund, to help cover the cost of family benefits for ministers serving other congregations

## Transitional Pastor's Participation (TPP)

This package remains available only to those enrolled as of December 31, 2024. It is not available for new calls. Dues are the percentage of effective salary shown below for medical coverage, plus 10% of effective salary, paid entirely by the employer.

***The package was extended through 2029 for ministers already enrolled***. Board of Pensions materials also state that installed pastors in this package will be enrolled in the Congregational Pastors Package beginning January 1, 2028. Congregations should confirm with their Church Consultant which statement governs their pastor.

| Year | Dues | Minimum dues | Maximum dues |
|---|---|---|---|
| 2026 | 37% | $18,500 | $50,000 |
| **2027** | **42.25%** | **$21,600** | **$57,700** |

## Covenant Package

Unchanged for 2027. Dues are 10% of effective salary, paid entirely by the employer, for eligible employees working 20 or more hours per week regardless of ordination status. This includes non-installed ministers and non-ministerial staff.

## Worked Example: Full-Time Installed Pastor in CPP

**Housing figure is illustrative only.** The example below uses a housing allowance of $3,000 per month, which is $36,000 annually. Substitute the HUD three-bedroom Fair Market Rent for the applicable zip code. Every figure that derives from effective salary changes when the housing figure changes.

| | Member only | + Children | + Spouse | + Family |
|---|---|---|---|---|
| Minimum cash salary | $45,830 | $45,830 | $45,830 | $45,830 |
| *Housing allowance (illustrative)* | *$36,000* | *$36,000* | *$36,000* | *$36,000* |
| **Effective Salary (ES)** | **$81,830** | **$81,830** | **$81,830** | **$81,830** |
| SECA offset (7.65% of ES) | $6,260 | $6,260 | $6,260 | $6,260 |
| Income protection dues (10% of ES) | $8,183 | $8,183 | $8,183 | $8,183 |
| Study leave allowance (minimum) | $1,000 | $1,000 | $1,000 | $1,000 |
| **Subtotal before medical** | **$97,273** | **$97,273** | **$97,273** | **$97,273** |
| CPP medical, member (19.75% of ES) | $16,161 | $16,161 | $16,161 | $16,161 |
| Add child(ren), $475/mo | - | $5,700 | - | - |
| Add spouse, $1,171/mo | - | - | $14,052 | - |
| Add family, $1,646/mo | - | - | - | $19,752 |
| Total medical dues | $16,161 | $21,861 | $30,213 | $35,913 |
| **TOTAL minimum package** | **$113,434** | **$119,134** | **$127,486** | **$133,186** |

Totals exclude professional expenses, travel reimbursement, technology allowance, and any optional benefits, none of which carry a presbytery dollar minimum. All medical dues shown fall within the applicable Board of Pensions annual minimums and maximums at this effective salary. At effective salaries near the extremes, verify against the minimum and maximum dues tables above.

### Transitional Pastor's Participation, same example

For a pastor enrolled in this package, medical dues are 42.25% of effective salary in place of the Congregational Pastors Package medical dues. At an effective salary of $81,830, that is $34,573. The total minimum package would be $131,846. Family coverage is included in this package.

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## What Counts Toward Effective Salary

Effective salary is a Board of Pensions construct. It is not the same as taxable income reported to the IRS or the Social Security Administration. Employers must report annual effective salary for each Benefits Plan member and must report salary changes through Benefits Connect within 30 days of the effective date.

| Form of payment | Included in effective salary? |
|---|---|
| Annual cash salary, including bonuses | Yes |
| Housing allowance | Yes |
| Manse amount | Yes, at fair market value, minimum 30% of all other compensation |
| Utility and furnishing allowances | Yes |
| Deferred compensation | Yes |
| Unvouchered allowances and gifts from employer | Yes |
| SECA allowance up to 7.65% of effective salary | No |
| SECA allowance in excess of 50% of the estimated obligation | Yes, the excess portion |
| Employer matching contribution to the Retirement Savings Plan | No |
| Employer 403(b) contribution absent an employee contribution | Yes |
| Accountable, vouchered professional expenses and travel | No |
| Unaccountable expense reimbursements | Yes |
| Medical deductible and other medical allowances | Yes, unless reimbursed under a qualifying HRA |

This table summarizes NCP policy section VII and Board of Pensions guidance. The controlling authority is the Board of Pensions publication Understanding Effective Salary and the Total Effective Salary Calculator. Where this table and Board of Pensions guidance diverge, the Board of Pensions governs.

National Capital Presbytery does not provide tax, legal, or accounting advice. This material is informational only. Congregations and pastors should consult their own advisors.

**Effective salary is also the basis for**

- Pension dues and pension credit accrual
- Death and disability dues and benefits
- Medical dues under the Congregational Pastors Package and Transitional Pastor's Participation
- Deductibles and medical out-of-pocket maximums under the PPO Premier option

**Leaves, Holidays, and Time Off**

| **Leave** | **NCP minimum** | **Paid at termination** | **Notes** |
|---|---|---|---|
| Vacation (mandatory) | One Month, including four Sundays | Yes | Up to 10 days may roll into the next calendar year. |
| Study leave (mandatory) | Two weeks (14 days), this includes two Sundays; $1,000 allowance | No | May accrue to six weeks. Funds may accumulate three years. Written plan approved by session. Written report to session on return. |
| Family medical leave (mandatory) | Twelve weeks paid | No | Required by G-2.0804. More may be negotiated. |
| Sick leave (mandatory) | 12 days annually | No | Accumulates to 90 days. Ordinarily forfeited at termination unless the terms of call provide otherwise. |
| Sabbatical (recommended) | Three months after six years of service | No | Written plan approved by session and COM. Congregations are encouraged to reserve 4% of the annual salary package each year. |
| Weekly time off (mandatory) | One full uninterrupted day each week | No | An extra day the following week is encouraged after an unusually heavy week. |

**Paid holidays**

New Year's Day; Martin Luther King, Jr. Birthday; Presidents Day; Easter Monday; Memorial Day; Juneteenth; Independence Day; Labor Day; Thanksgiving Day and the following Friday; Christmas Day and the day after.

If a pastor works on a designated holiday, another day shall be recognized as a day off. A holiday falling on a Saturday or Sunday is observed on the nearest Friday or Monday. A holiday falling on a pastor's day off may be observed the day before or the day after.

## Other Rates and Positions

| Item | 2027 provision |
|---|---|
| Commissioned Ruling Elder | 2027 rate is $45/hour. For more than 20 hours per week, congregations are expected to offer medical benefits (which are also available through the Board of Pensions), in which the minimum rate would not apply and the contract shall be reviewed by the CTC. |
| Contracts under 20 hours per week | Minimum hourly rate is the congregation-specific minimum total salary divided by 2,080. The 2027 flat alternative is $65.00 per hour regardless of location. |
| Pulpit supply | 2027 rates are a minimum honorarium of $275 plus mileage for one service and $350 plus mileage for two services on the same Sunday. |
| Travel | Reimbursed at the current IRS business mileage rate under an accountable plan. Reimbursement above the IRS rate is added to compensation. |
| Relocation | Congregations are required to pay incurred moving expenses up to 12,000 pounds of household and professional goods. |
| Fees for pastoral services | Pastors shall typically not receive compensation from church members for baptisms, weddings, funerals, memorials, or pastoral counseling. |
| Retired pastors | Board of Pensions dues are reduced to 12% where an retired minister receiving pension benefits is employed 20 or more hours per week. |
| Exceptions | Exceptions must be approved by the Congregational Transitions Commission. Requests regarding the medical cost-sharing provisions are directed to the Commission on Ministry. |

## Key Dates

| | |
|---|---|
| **September 4 to October 2, 2026** | 2027 Employer Agreements open in Benefits Connect. Congregations select their 2027 benefits during this window. |
| **October 19 to November 6, 2026** | Annual Enrollment for ministers and staff. This depends on the Employer Agreement being finalized first. |
| **Before the last session meeting of 2026** | Each pastor submits a housing allowance request. Session approves the designated amount and records the action in the minutes. |
| **Annually** | Session reviews the terms of call under G-2.0804 and proposes changes for congregational action. The review is recorded in session and congregational minutes per G-1.0504c. The Session Records Committee notes compliance. Adopted terms of call are forwarded to the Administrator to the Committee on Ministry. |

**Where to Go for Help**

- Exceptions to any portion of this policy: the Congregational Transitions Commission
- Cost-sharing support through the NCP fund: NCP Director of Business Affairs, Heather Deacon
- Constructing a full-time pastoral position shared between congregations: Stated Clerk, Rev. Alex Evangelista
- Which dues package fits a given situation: the congregation's Board of Pensions Church Consultant, or Employer Services at 800-PRESPLAN

This policy shall be revised on an annual basis as we move through the transitional period ending December 31, 2029.