

# **MONTANA SYNOD-ELCA SALARY GUIDELINES and RECOMMENDATIONS FOR THE YEAR 2008**

## **INTRODUCTION**

The following guidelines were developed by the Administration Committee of the Montana Synod Council and adopted unanimously by the Council at its February, 2007 and September, 2007 meetings.

The Administration Committee is composed of lay and clergy members of the Synod Council. These leaders encourage all congregations within the synod to prayerfully consider the support they provide their clergy, Diaconal Ministers and AIMs and to use the guidelines as minimum standards of support.

## **BASE SALARY**

The following figures represent the recommended base salary and do not include housing, pension, medical, social security consideration or other ministry expenses:

### **ROSTERED CLERGY**

<b><u>YEAR OF ORDINATION</u></b>	<b><u>YEARS FROM ORDINATION TO1/01/08</u></b>	<b><u>BASE SALARY</u></b>	<b><u>YEAR OF ORDINATION</u></b>	<b><u>YEARS FROM ORDINATION TO1/1/08</u></b>	<b><u>BASE SALARY</u></b>
2008	0	28281	1998	10	32789
2007	1	28705	1997	11	33248
2006	2	29136	1996	12	33713
2005	3	29573	1995	13	34185
2004	4	30016	1994	14	34664
2003	5	30467	1993	15	35149
2002	6	30924	1992	16	35641
2001	7	31388	1991	17	36140
2000	8	31858	1990	18	36646
1999	9	32336	1989	19	37159
1988	20	37605	1978	30	42244
1987	21	38057	1977	31	42624
1986	22	38513	1976	32	43008
1985	23	38975	1975	33	43395
1984	24	39443	1974	34	43785
1983	25	39916	1973	35	44180
1982	26	40395	1972	36	44577
1981	27	40880	1971	37	44978
1980	28	41371	1970	38	45383
1979	29	41867	1969	39	45792

factors 0-9 =1.015  
 10-19=1.014  
 20-29=1.012  
 30-39=1.009

As minimum guidelines, congregations are advised that the base salary figures shown above do not include any consideration of (a) factors determining merit increase, (b) the economy of the congregation, (c) unusual cost of living expenses, (d) area or size of congregation and (e) other special circumstances or conditions which are considered in establishing a base salary.

**SOCIAL SECURITY**

Secular employers pay half of the Social Security taxes imposed upon an employee’s earnings. Because pastors are treated as self-employed (not as employees) for Social Security purposes, their Social Security tax is 15.3%. In order to offset this added tax burden required of pastors, the Montana Synod strongly recommends and encourages all congregations to pay one half of the Social Security tax just as other employers do.

This tax is levied on the Social Security tax base which includes the following:

- Cash salary**
- Housing allowance or actual expense**
- Furnishings allowance**
- Utilities allowance (paid to or on behalf of the pastor)**
- \*Social Security Offset**
- Other taxable income**

**\*FORMULA FOR CALCULATING SOCIAL SECURITY OFFSET**

<b>1.</b>	<b>Cash Salary</b>	_____
<b>2.</b>	<b>Housing Allowance, or if parsonage, 30% of Cash Salary or fair market</b>	_____
<b>3.</b>	<b>Other Cash Compensation (utilities allowance, furnishings allowances, book allowance, etc.)</b>	_____
	<b>Sub Total</b>	_____
 <b>Sub total</b> _____ <b>x .0765 x .9235** =</b>		 _____
		<i>(Social Security Offset)</i>

\*\*The Social Security allowance is includable as income for Social Security purposes but the SECA tax is calculated on only 92.35 percent of includable compensation.

**OTHER PROVISIONS**

**HOUSING**

It is requested that pastors be provided with an adequate parsonage or housing allowance. The housing allowance should defray a significant portion, if not all, of the costs of purchasing and maintaining an adequate three bedroom home.

**UTILITIES**

If a parsonage is provided, congregations provide for the payment of utilities either through direct payment or adequate allowance.

**VACATIONS**

The parish will provide a total of four weeks of annual paid vacation which will include four Sundays. This leave is non-cumulative.

### **PENSION/MEDICAL**

The congregation enrolls the pastor in the ELCA Pension Plan, including provisions for major medical and dental coverage with family coverage as needed

### **HOUSING EQUITY**

If a parsonage is provided, it is recommended that the congregation contribute an amount equal to **\$1,600** per year to a housing equity account maintained in the name of the pastor and invested either in the ELCA Retirement Plan or other appropriate investment which will be available for the use of the pastor when purchase of a home becomes necessary. This benefit assists pastors in gaining equity for future housing needs. Without this benefit, pastors who live in a parsonage may be unable to accumulate equity in a home and at retirement would have limited funds to provide for their housing needs. (The housing equity figure is 3% of the 2006 average ELCA clergy salary upon which regular pension contributions are calculated.)

### **MINISTRY EXPENSES**

The following items do not constitute compensation and should be listed as ministry expenses in the congregation's budget.

### **CAR ALLOWANCE**

The congregation is expected to provide the pastor with reimbursement for automobile expenses for carrying out the pastor's ministry. See following important note:

Professional expenses incurred, including automobile expenses, are reported on income tax returns in a different fashion. Those expenses can be deducted only by those who itemize their deductions and are subject to a 2% floor on miscellaneous deductions unless the congregation reimburses the pastor under an **ACCOUNTABLE PLAN (AP)**. With an AP, the congregation requires a pastor to keep written record of mileage expenses and requires the return of any unspent or unsubstantiated allowance. The pastor may receive up to **48.5** cents per mile from the congregation (or current IRS rates). Amounts paid to the pastor under an AP are totally excludable from the pastor's income. They are not to appear on the Form W-2 as compensation. Consequently, the pastor pays no tax on them and does not deduct them on the tax return.

If the pastor doesn't have an AP with the congregation, all employee business expenses whether reimbursed or not are reported on Form 2106. These expenses are miscellaneous itemized deductions and are deductible to the extent they exceed 2% of adjusted gross income.

Consultation with an accountant or tax preparer is recommended for a more complete explanation.

### **CONTINUING EDUCATION**

The congregation provides funds in the amount of \$700, and two weeks each year, for continuing education. Each pastor is encouraged to contribute \$300 in addition to the \$700 provided by the congregation.

### **PAYMENT TO SUPPLY PASTORS**

The congregation should establish reasonable reimbursement rates for the conducting of worship services and travel when the pastor is unavailable due to vacation, illness, attendance at a church event, military duty, sabbatical, or the like. The recommended rate for one worship service is \$100 and \$50 for each additional service on the same day and at the same location. Travel should be reimbursed at \$.485 per mile (or the current IRS rate).

**MONTANA SYNOD – ELCA**  
**2008 SALARY GUIDELINES FOR DIACONAL MINISTERS**

**As approved by the Synod Council, February, 2007 and September 2007**

The following figures, while keyed to the 2008 guidelines for ordained pastors and associates in ministry, take into consideration the relative difference in training and preparations for ministries between Associates in Ministry and ordained clergy. Unlike the guidelines for pastors, where a base salary figure is proposed and either the free use of a parsonage or a non-taxable cash housing allowance is to be added, the suggested cash salary for Diaconal Ministers is inclusive of housing. In cases where a congregation does provide housing, the cash salary can be divided by 1.3 to give an equivalent base salary exclusive of housing. Diaconal Ministers, however, are responsible for income tax on the combined base and housing figures.

For Diaconal Ministers who are serving part-time, equivalent figures are provided for compensation on an hourly rate.

In addition to base salary, it is assumed that congregations will provide for participation by the Diaconal Minister in the ELCA Pension, Medical and Other Benefits program, and for car allowance, and continuing education benefits as per the guidelines for ordained pastors. For details on car allowance and on other benefits please consult the 2008 Montana Synod Salary Guidelines for pastors. Social Security and Workers' Compensation for Diaconal Ministers, however, are to be handled as they would be for other lay employees of the congregation.

<b>DIACONAL MINISTERS</b>					
<b>Commissioned</b>		<b>Commissioning</b>			
<b>In</b>		<b>To</b>		<b>Salary</b>	
<b>Year</b>		<b>1/1/08</b>			
2008		0		27012	
2007		1		27546	
2006		2		27977	
2005		3		28474	
2004		4		28978	
2003		5		29493	
2002		6		30016	
2001		7		30550	
2000		8		31094	
1999		9		31645	
1998		10		32192	
1997		11		32748	

**MONTANA SYNOD – ELCA**  
**2008 SALARY GUIDELINES FOR ASSOCIATES IN MINISTRY**

**As approved by the Synod Council, February, 2007 and September 2007**

The following figures, while keyed to the 2008 guidelines for ordained pastors, take into consideration the relative difference in training and preparations for ministries between Associates in Ministry and ordained clergy. Unlike the guidelines for pastors, where a base salary figure is proposed and either the free use of a parsonage or a non-taxable cash housing allowance is to be added, the suggested cash salary for Associates in Ministry is inclusive of housing. In cases where a congregation does provide housing, the cash salary can be divided by 1.3 to give an equivalent base salary exclusive of housing. AIMS, however, are responsible for income tax on the combined base and housing figures.

For Associates in Ministry who are serving part-time, equivalent figures are provided for compensation on an hourly rate.

In addition to base salary, it is assumed that congregations will provide for participation by the Associate in Ministry in the ELCA Pension, Medical and Other Benefits program, and for car allowance, and continuing education benefits as per the guidelines for ordained pastors. For details on car allowance and on other benefits please consult the 2008 Montana Synod Salary Guidelines for pastors. Social Security and Workers' Compensation for AIMS, however, are to be handled as they would be for other lay employees of the congregation.

ASSOCIATES IN MINISTRY							
			Years From				Hourly Equivalent
Commissioned			Commissioning			Rate for AIMS	
In Year			To 1/1/08	Salary		Serving Part Time	
2008			0		25742		12.38
2007			1		26386		12.69
2006			2		26818		12.89
2005			3		27375		13.16
2004			4		27939		13.43
2003			5		28520		13.71
2002			6		29109		13.99
2001			7		29712		14.28
2000			8		30329		14.58
1999			9		30954		14.88
1998			10		31596		15.19
1997			11		32248		15.50