

FREQUENTLY ASKED QUESTIONS REGARDING THE TERMS OF CALL

There is a one page paper on the Policies/Forms section of the presbytery website (sangabpres.org) that helps churches properly list the salary. Look for the "Detailed Salary Listing" as a separate listing on the Policies/Forms, sub-group Forms list. The presbytery minimums are regularly listed in the Stated Clerk's Report and Presbytery Digest, especially at the beginning of the year.

1) What is the minimum salary (salary and housing allowance) for pastor's serving churches in San Gabriel Presbytery?

For 2005 - \$41,038

For 2006 -\$42,222.60

2) If I remember correctly, the study leave figure was raised recently to \$750/year (I believe effective in 2006)...correct?

Yes, \$500 minimum in 2005, \$750 in 2006.

3) Is there a separate expense amount specifically for study leave (apart from the \$750 which I presume is for seminar-type fees)?

No. The \$750 is specifically for study leave. It is loosely defined intentionally. Churches and pastors can use it for continuing education, seminars, self-study, etc. COM does encourage the use of good quality university courses over one day seminars, but doesn't monitor it.

4) What is the minimum professional expense amount?

The amount is \$2,000 but COM is considering raising it for 2006. No decision yet.

Originally the allowance/reimbursable was \$2,000 for auto. COM changed it to auto/professional. Otherwise, a pastor would be restricted to using it only for auto expenses. If there was left over money, it would not be available to pay for other legitimate professional expenses if restricted to "auto." Pastors will sometimes have other reimbursable expense accounts to cover, books, attendance at General Assembly, etc.. If there is an agreement as to what expenses are covered, one fund called "professional expenses" would work just as well. Professional expenses paid by the church from vouchers for the expenses are not reported to the IRS, which may be the motivation for having several accounts. I suppose a pastor might want the congregation to know that there are a variety of expenses associated with doing ministry.

5) How are the minimums applied when the call is less than full-time?

The salary and housing amounts and the professional expense amounts are prorated according to the percentage of time worked. The study leave amount and time does not change, because study leave costs do not diminish simply because you are not working full-time. The vacation time is still one month, but is usually not an issue since the call is less than full-time.

The pension benefit is more complicated. The 11 % pension and 1% death and disability are generally calculated on the salary. The medical of 19% requires a minimum participation basis. Check with the Board of Pensions website on how to calculate the medical dues. (Go to the website, click on "Publications," click "Alphabetically," scroll down to the "Dues Schedule" for the current year.) If you are uncertain, it is best to call the Board of Pensions directly since you will need to know how to use a complicated formula correctly as well as know how to apply the hours of employment per week. A Board of Pensions representative is trained

to give you an accurate answer.

The amount paid to the Board of Pensions for the (20 hours or more) salary for an Honorably Retired pastor will be less when the pastor is not paying in to the pension plan, generally 12% Post Retirement Dues. It is best to consult the Board of Pensions directly with the exact circumstances at your church. The 12% is a contribution which funds the Medicare Supplement for those receiving pensions.

The website is <http://www.pensions.org> and the phone number is (800) 773-7752.

6) In the salary package, there was something known as a "SECA Contribution." What would that be?

Since pastors are considered employees for the purpose of taxes, but self-employed (thus SECA rather than FICA) for the purpose of Social Security, churches will sometimes pay an additional 7.65% to compensate the pastor for the extra Social Security costs, the full 15.3%. I don't think there is a tax advantage unless some special (and complicated) cafeteria plan has been set up. I think the Board of Pensions exempts the 7.65% from the pension calculation, but not the full 15.3%.

Regarding the SECA in terms of call: some pastors include this in the public listing of the terms of call to help church members realize that ministers have to pay social security taxes as if self-employed. Ministers don't receive as much "take home pay" as it appears when looking at the gross salary. For example, a church may include an amount equal to ½ of the self employment tax in the salary line, and the other, similar to what most people are familiar with their employer paying on their behalf, in a line labeled SECA. It has no tax benefit for, but it is informative for church members.

7) What is the guideline as to vacation time?

The official presbytery minimum is "one month of vacation." The presbytery has not chosen to define what a month is exactly. The local church is welcome to define it if they feel a need for that much precision. Trying to define it is surprisingly complicated.

Probably most churches think of a month as four weeks. But, you could legitimately take a 31 day month off and pick a month with five Sundays. I think you see how it gets complicated. Then, you have to define what two weeks of study leave is, and then relate vacation, study leave, days off and holidays to away time. Add in definitions of sabbatical just for fun. I think the presbytery personnel policies have taken on some of these issues. Contact Janet Wichman of the Personnel Committee if you wish.

8) Study leave - how many days annually and may unused study leave days be carried over from one year to the next?

The presbytery policy is two weeks of study leave and has not refined it further. It is probably typical of churches to allow study leave carry over up to six weeks to enable an extended leave for summer courses or study abroad, for example. Feel free to give guidelines or to increase study leave if you feel it would be helpful for your pastor.

9) How is the value of a manse determined in computing the pension/medical contribution?

There are no guidelines set by the presbytery in setting the value of the manse. The Board of Pensions requires that the value of the manse be set at no less than 30% of the salary for calculating the pension. I think the practice of some churches in the past was simply to set it at 30% of the salary with no independent effort made to determine the value of the manse, however I don't know for sure. You could argue in favor of this practice because it might save the church money in calculating the pension, assuming that this resulted in a

lower value for the manse. You could argue against this practice since it might lower the pension contribution for the pastor and result in lower pension credits. The church might consider how it would determine the value if it were going to rent the manse to a family. Perhaps that would help determine the fair market value.

10) I believe the pension/medical contribution is based upon 31% of cash salary, plus housing (including attributed manse value if applicable)?

Yes, as well as such things as retirement savings plans, 403B, IRA, etc. The <http://www.pensions.org> website has a wealth of good material on this and nearly all Board of Pensions matters. Look for "Determining Effective Salary." You can also call the Board of Pensions. They welcome calls from churches. The number is (800) 773-7752.

11) In the case where a manse is offered, is it possible to also allocate some of the cash salary to housing?

Certainly, many pastors have additional housing allowance since there are expenses which qualify under IRS rules that the church does not pay; utilities, for example, if the church does not pay them. Any housing money that cannot be claimed as spent for housing expenses is declared as income.

12) Is it possible for a pastor to opt out of the PCUSA pension/medical plan?

The Board of Pensions requires participation from churches with installed pastors. If there are special circumstances that would allow a minister to opt out, you would have to verify that with the Board of Pensions. The payments to the Board of Pensions produce a communal benefit plan. Pastors with higher salaries pay more for the same medical benefits (and in some cases, pension credits) than pastors with lower salaries. There are benefits, such as shared grants, that the Board provides. This is intentionally designed to help ministers and church employees across the PCUSA. It has an element of mission giving in it that is different than a pure insurance plan.

Pastors from full communion denominations (United Church of Christ, Evangelical Lutheran Church in America, Reformed Church in America) may remain with their denomination's plan while serving in PCUSA churches.

13) Does the presbytery have a policy on sabbatical leave?

The presbytery has no policy on this issue. Some of the larger churches in the presbytery have policies on sabbatical. Check with the stated clerk if you need a sample policy.

I hope this is helpful. If you have questions, feel free to call the stated clerk.

(Prepared by the San Gabriel Presbytery Committee on Ministry. **Revised 11-16-05.**)