

**Presbytery of Scioto Valley
Committee on Ministry**

Presbytery Minimum Compensation Guidelines

The Presbytery of Scioto Valley annually adopts minimum compensation guidelines for Pastors, Commissioned Lay Pastors, and Certified Christian Educators for cash salary and benefit programs provided by the Board of Pensions and as described below. The annual “Per Capita and Minimum Compensation Guidelines” report is considered as Attachment A to this policy.

Churches and the pastors serving them are required to report annually in January the compensation for the new calendar year. Because certain forms of compensation are not taxable under applicable federal and state law, the Presbytery, the church, and the pastor need to attest the compensation amounts. Failure to have the compensation amounts approved by all three parties in pastoral calls means that any portions of the compensation package not normally taxed lose their tax-sheltered privilege. The form for reporting annual compensation packages is Attachment B.

I. Ministerial Compensation

- A. The compensation guidelines are based on the definition of “Effective Salary” as provided by the Board of Pensions.

Effective Salary is not to be confused with taxable income as defined by the Internal Revenue Service.

Effective Salary only relates to compensation received from the member’s employing organization. Amounts received directly from other organizations or persons are not included (for example, honoraria, or gifts).

Effective Salary includes most compensation, whether received in cash, in kind, or in deferred form. Generally, fringe benefits only offered to individual employees, or where an employee can elect an optional or supplemental benefit in lieu of cash, are included in Effective Salary. Tax-free fringe benefits (other than housing-related expenses or fringe benefits in lieu of cash) are generally excluded if the benefit is offered to all employees. The current taxability of the compensation under federal and state income tax laws does not determine whether an item of compensation is to be included in effective salary. Any and all compensation, whether received in cash, in kind, or in deferred form, is included.

Effective Salary does not include accountable reimbursements for business expenses advanced by the member on behalf of the employing organization. Accountable reimbursements for business expenses are those expenses paid by an employing organization upon substantiation or an accounting from the

member of the purpose, date, amount, and place of the expenditure. See the Internal Revenue Service website, www.irs.gov, for Publication 463, Travel, Entertainment, Gift, and Car Expenses, (<http://www.irs.gov/publications/p463/index.html>) or the *Tax Guide for Ministers and Churches* from the Board of Pensions for further clarification of requirements. Generally, Effective Salary includes reimbursement of personal expenses and general lump sum allowances for which the member has no obligation to account to the employing organization. (See also Appendix 1.)

For calculating housing allowance expenses, see the worksheet in Appendix 2.

Effective Salary (for calculating Pension/Medical Plan Dues)

- 1.0 Annual Cash Salary
- 2.0 Housing
 - 2.1 Fair Rental Value of Manse
 - 2.2 Housing Allowance
 - 2.3 Furnishing Allowance
 - 2.4 Down Payment
 - 2.5 Equity Allowance
- 3.0 Deferred Compensation
 - 3.1 Elective Individual Contributions
 - 3.2 Tax-deferred or Tax-sheltered Annuities
- 4.0 Loans
 - 4.1 Forgiven Loan Principal
 - 4.2 Interest Savings on Interest-free Loans
- 5.0 Reimbursements
 - 5.1 Lump-sum Non-accountable Reimbursements
 - 5.2 Co-payment and Deductible Reimbursements
- 6.0 Insurance Premiums
 - 6.1 Individual Policies (life, health, auto, etc.)
 - 6.2 Section 125 Allowances
- 7.0 Self-Employment Contributions Act (SECA) Reimbursements
(amount over 50%)
- 8.0 Other Income
 - 8.1 Bonuses
 - 8.2 Gifts from the Employing Organization
 - 8.3 Overtime
 - 8.4 Severance Payments

Items not included in calculating Effective Salary are:

- Group insurance premiums
- Group insurance co-payment and deductible reimbursements
- Employer matching contributions to deferred compensation
- Board of Pensions Plan dues
- Honoraria and gifts from individuals

- Loan principal
- Accountable reimbursed expenses
- Study allowances
- Utilities paid by the employing organization

For a fuller explanation of items included or excluded from calculating Effective Salary, see Appendix 1 or the Board of Pensions website, www.pensions.org, "Understanding Effective Salary," <http://web.pensions.org/Publications/pensions/Home/Forms%20%26%20Publications/Booklets%20%26%20Brochures/pln-103.pdf>.

B. Time

1. Full time is considered to be 48 hours per week.
2. Under the definition of the Fair Labor Standards Act, ministers are classified as exempt employees; that is, they are exempt from the requirement of pay for overtime but not from the requirement of working overtime.
3. Vacation time and study leave time is calculated in terms of weeks per year. The time designated as vacation or study leave is part of the time for which compensation is paid. Minimum times are:
 - a. Vacation is four (4) weeks per year.
 - b. Study leave is two (2) weeks per year. At the church's discretion the study leave can accrue up to six (6) weeks over a three year period.
4. Sabbatical Leave is a time of renewal to enhance and strengthen a minister's effectiveness by giving him/her an uninterrupted time to care for his/her own well being, and to return him/her to work with renewed energy and enthusiasm. For more information, refer to the "Sabbatical Leave Policy."

C. Reimbursed Business Expenses

1. Continuing Education Expenses include items such as tuition, room, board, and travel to study events (etc.) and should be reimbursed as spent by the minister, as required by IRS.
2. Professional Expenses include items such as books, subscriptions, business meals, and should be reimbursed as spent by the ministers, as required by IRS. Professional expenses are not part of the minister's income; they are part of the congregation's cost of ministry.
3. Automobile and Travel Expenses should be reimbursed at the annual rate as announced by the IRS per vouchered mile. Churches should anticipate 5,000-10,000 miles per year for budget purposes. Travel expenses may also include the cost of parking, tolls, public transportation, commercial travel and related costs, meals in transit or at attended functions, and/or lodging. Travel expenses are not part of the minister's income; they are part of the congregation's cost of ministry.

D. Medical/Disability/Pension/Death Plan

The church will pay regularly in advance to the Board of Pensions a sum equal to that requisite percent of salary which may be fixed by the General Assembly of the Presbyterian Church (U.S.A.) for participation in the pension plan. The Board of Pensions publishes the Dues Schedule annually.

E. Annual Review

Sessions shall annually review the adequacy of ministerial compensation, in accordance with the Form of Government, G-10.0102n and G-14.0534, and will follow the Minimum Compensation Guidelines established by the Presbytery of Scioto Valley.

II. Other Fees and Expenses

- A. Honoraria for Pulpit Supply. Whenever a pastor/certified lay preacher leads worship and preaches for a congregation as a visiting guest, the church shall pay the amount as published in the Minimum Compensation Guidelines. In addition to the honorarium, travel shall be reimbursed at the IRS approved rate per vouchered mile. When a minister is invited from a remote area, lodging should be provided by the church.
- B. Hourly Salary for Ministerial Contracts. If a Temporary Pulpit Supply or other minister is contracted to provide additional pastoral services beyond leading worship and preaching, additional compensation must be negotiated with the minister and the Committee on Ministry. The minimum hourly amount for these services is published in the Minimum Compensation Guidelines. In addition to the honorarium, travel shall be reimbursed at the IRS approved rate per vouchered mile, plus meal and negotiated travel time.
- C. Session Moderator's Honorarium. Moderators of churches without installed pastors, stated supplies, or interim pastors shall be given an honorarium in the amount as published in the Minimum Compensation Guidelines. This will be for each meeting of the session or congregation, plus the IRS approved rate per vouchered mile for travel. Sessions without installed pastors are reminded that the Form of Government, G-11.0502f and G-14.0550, requires churches to meet with the Committee on Ministry (COM), and with its aid, advice and consent, secure the services of temporary supplies and interim pastors.
- D. Pulpit Nominating Committee Expenses. Ministers candidating for a congregation in the presbytery and have been invited to preach at a neutral pulpit, shall have their expenses reimbursed by the Pulpit Nominating Committee of the church that is seeking a pastor, not the host church of the "neutral pulpit."

III. Part-Time Positions

Part-time positions are subject to the Presbytery Minimum Compensation Guidelines. All part-time position descriptions will specify what proportion of full-time the position requires. A comparable proportion of full-time Minimum Compensation Guidelines will be applied to the part-time position. (For example, a half-time position must be compensated at fifty percent of the full-time minimum.) Any proportionate time which is 20 hours a week or greater requires participation in the Board of Pensions Benefits Plan.

IV. Other Positions

- A. Certified Christian Educators are those who have passed all certification requirements as specified in G-14.0720-.0722 and have been certified by the General Assembly Education Certification Council. The Minimum Compensation Guidelines for Certified Christian Educators shall be the same as those for clergy.
- B. Associate Certified Christian Educators. The Minimum Compensation Guidelines for Associate Certified Christian Educators (as defined by the General Assembly Education Certification Council) shall be 80 % of the minimums for clergy.
- C. Enrolled Educational Assistant. The Minimum Compensation Guidelines for Enrolled Education Assistants (as defined by the General Assembly Education Certification Council) shall be 65 % of the minimums for clergy plus one percent per year for each year of experience beyond five years.

V. Taxes

For information regarding federal taxes, go to:

- A. "Tax Guide for Ministers and Churches," at <http://web.pensions.org/Publications/pensions/Home/Forms%20%26%20Publications/Booklets%20%26%20Brochures/tax-000.pdf>. This publication is updated annually.
- B. "Publication 517, Social Security and Other Information for Members of the Clergy and Religious Workers," at <http://www.irs.gov/publications/p517/index.html>. This publication is updated annually.
- C. An accountant or qualified tax preparer.

Appendices

1. Effective Salary As Defined by the Board of Pensions (01/2009)
2. Housing Allowance Expense Worksheet

Attachments

1. Per Capita and Minimum Compensation Guidelines (Current Year)
2. Annual Review of Installed Pastor's Compensation (Current Year)

Appendix 1

Effective Salary As Defined by the Board of Pensions

The Board of Pensions of the Presbyterian Church (U.S.A.) describes in detail the definition of "Effective Salary". Below is a brief summary of what is considered "Effective" Salary for computing pension and medical dues for the Board of Pensions. (See *Understanding Effective Salary*, as published the Board of Pensions)

Items included in Effective Salary

Annual Cash Salary

The full amount of gross cash compensation paid to the member must be included in effective salary. The annual salary or 12-month salary must be reported. For example, if the salary is \$20,000 but the member starts July 1, report the annual salary of \$20,000, not the amount the member receives for the part of the year he/she works.

Bonuses

An adjusted effective salary incorporating the actual amount of the bonus is to be reported within 30 days of the award. Pension credits for the bonus are accrued during the year in which the bonus is paid.

Deferred Compensation – Elective Contributions and Certain Employer Contributions.

Deferred compensation plans (funded and unfunded) include employer and member contributions to 403(b) plans (including the Retirement Savings Plan), Rabbi Trusts, and other forms of funded and unfunded deferred compensation arrangements. These arrangements are generally elective and negotiated as part of an individual member's overall compensation package. As long as the member has a legally enforceable right to the deferred sums at some time in the future, the sum set aside in a given year to reserve for that obligation is to be included in the member's Effective Salary that year.

If an employer offers to match elective contributions made to the Retirement Savings Plan, the employer match portion of the contribution is not to be included in Effective Salary.

Down Payment

If any amount for a down payment on a house/condominium is given to the member or paid for the member outright (that is, without the stipulation that the member must pay it back), such an amount is compensation, which is included in Effective Salary.

Equity Allowance

Sums paid or contributed by an employing organization to a deferred compensation plan or other account, on behalf of a member residing in a manse, to compensate for equity which the member forgoes by not owning his or her own residence. See Deferred Compensation for additional details.

Furnishings

These arrangements are generally elective and negotiated as part of an individual member's overall compensation package. If a member lives in a manse

and receives an additional allowance for utility services and/or furnishings, the additional allowances are to be included in effective salary, in addition to the 30% manse amount.

Gifts from the Employing Organization

Gifts of cash given to the member by the employing organization must be included in Effective Salary as they are compensation in addition to annual cash salary. Adjustments to the annual effective salary because of the gift are required to be reported at the time the gift is given. Dues and pension credit accruals will be adjusted retroactively.

Housing Allowance

This allowance is an elective portion of an individual member's compensation package. For this reason, it is included as part of effective salary. The housing allowance amount is designated annually by the session or employing organization in advance of payment. Effective Salary also includes any amount designated as housing allowance and used to pay rent to the employing organization. Rent reported as housing allowance for the employer-provided housing is the fair market value of the housing as determined annually through appropriate means.

Insurance Premiums (Individual Policies)

Premiums for individual insurance policies (auto, disability, life, supplemental medical, etc.), other than dues for participation in the basic benefits provided by the Benefits Plan of the Presbyterian Church (U.S.A.), that the employing organization pays for or reimburses to the member at his/her request are compensation to be included in Effective Salary. Subscription dues for optional benefit coverage under the Benefits Plan paid for by the employing organization are to be included in Effective Salary on the same basis.

Loan Forgiveness

Loan forgiveness should be reported as Effective Salary.

Interest Free Loans

Interest savings to the member because of the nature of this type of loan are included. The amount of interest to be included in the Effective Salary calculation is that amount reportable under federal income tax laws.

Manse

If a manse is provided, the rental value of the manse is included in Effective Salary. The amount included shall be at least thirty percent (30%) of all other compensation included in Effective Salary. If utility or furnishings allowances are provided to a member residing in a manse, those allowances are to be included in Effective Salary **in addition to** the manse value defined above.

Overtime

Overtime pay is to be reported in January each year for the preceding year and will be credited to the year for which it was paid. Dues will be billed retroactively.

Section 125 Allowances

These allowances are voluntary salary reductions from a member's cash salary. They are, therefore, to be included in Effective Salary.

Self-Employment Contributions Act Reimbursements

If the employing organization pays for or reimburses the member more than 50% of this expense, then the amount in excess of 50% of the expense must be included in the Effective Salary.

Severance Pay

A severance payment is any money given by an employing organization to a Benefits Plan member in association with the member's termination of eligible service regardless of the description of that payment (gift, goodwill payment, payment for unused vacation, etc.). The presence or absence of a formal written agreement is not a factor when determining if the payment is considered severance.

Dues are payable on any and all components of effective salary which are part of the severance arrangement. This applies whether or not the severance arrangement provides that the employing organization continue to pay for benefits under the traditional program and whether or not the severance payment is a lump sum or in installments.

When a severance arrangement extends the terminated employee's benefits beyond the last day worked, dues continue until the date specified in the arrangement as if the employee were still on the payroll.

When a severance arrangement does not extend the terminated employee's benefits beyond the last day worked, dues are paid in a single payment on all components of effective salary included in the severance payment based on the member's level of benefits participation on the last day worked.

Severance payments are to be reported within 30 days. If applicable, adjustments to dues and pension credits will be made for the year in which the payment is made.

Study Leave

Pay during study leave is generally part of an employee's annual cash salary and constitutes compensation to be included in Effective Salary even though the member is not working.

Tax-Deferred or Tax-Sheltered Annuities

These allowances are voluntary salary reductions from a member's cash salary. They are, therefore, compensation to be included in Effective Salary.

Vacation

Vacation pay is generally part of an employee's annual cash salary even though the member is not working and constitutes compensation to be included in effective salary.

Reimbursement – Lump Sum Payments

Allowances for Books, Car (Mileage), Study, or Utilities

It **is** included if it is a lump sum amount paid directly to the member and not a reimbursement processed through an accountable reimbursement plan.

Co-Payment and Deductible Reimbursement

It **is** included if the copayment amounts are paid or reimbursed to the member by the employing organization on an individual basis, even if the payments are made through a Flexible Spending Plan (Sec. 125 Plan).

It **is** included if the member's copayment amounts are paid or reimbursed by a third party as part of a supplemental wrap-around plan provided by the employing organization on an individual basis. The amount includes the dues or premiums paid by the employing organization for that coverage, not the benefits actually received.

Items NOT included in Effective Salary

Copayment Reimbursement

It **is not** included if the member's copayment amounts are paid or reimbursed by a third party as part of a supplemental wrap-around plan provided by the employing organization (under Internal Revenue Code Sec. 105) on a group coverage basis to all employees of that employing organization or members of the sponsoring governing body.

Deductible Reimbursement

It **is not** included if the member's deductible amounts are paid or reimbursed as part of an HRA (Health Reimbursement Account) plan, or supplemental wrap-around plan provided by the employing organization under Internal Revenue Code Sec. 105 on a group coverage basis to all employees of that employing organization or members of the sponsoring governing body.

Deferred Compensation – Matching Employer Contributions

Employer contributions made to the PC(USA) 403(b)(9) Retirement Savings Plan administered by the Board of Pensions to match elective contributions by employees are not to be included in Effective Salary. Any match program must be available universally to all eligible employees.

Dues/Benefits Plan

The amount paid by the employing organization represents that organization's share of the funds needed to provide the benefits to all members of the Benefits Plan. The amount is not tied to the sum required to fund the promised benefits to the individual members.

Gifts from Individuals

Gifts from private donors are not included in the Effective Salary.

Healthcare Reimbursement Account

An option under which expenses paid for medical or other healthcare services not reimbursed by the Medical Plan such as vision, hearing, dental care, and cost-sharing requirements (deductibles and copayments, for example) are reimbursable by the employing organization on a nontaxable basis provided that Internal Revenue Code Sec. 105 requirements are met. See also Deductible Reimbursement.

Honoraria

These are gifts for services provided to an organization other than the employing organization and are not to be included.

Insurance Premiums (Group Policies)

Premiums for group coverage provided by an employing organization to all employees are not to be included.

Loans – Principal

The principal of the loan is not included in effective salary because it will be paid back to the lender.

Reimbursed Expenses (Accountable) – Books, Professional Expenses, Car (Mileage), Study

These are professional expenses which, if reimbursed through an accountable reimbursement plan, are not to be included.

Study Allowance

It **is not** included if it is reimbursed to the member through an accountable reimbursement plan, provides for studies that are related to employment, and is actually undertaken in the current year.

Utilities

If a member lives in a manse and the utility services are maintained in the employing organization's name and paid for directly by the employing organization, the value of those services **is not** to be included in Effective Salary.

Appendix 2

Housing Allowance Expense Worksheet
(For Pastor's Use Only)

Ministers are permitted to exclude from their church income (for Federal Income Tax purposes) a "housing allowance" designated by their employing church, to the extent that the allowance is used to pay housing expenses. (Amounts in excess of the actual housing expense are taxable income.) To assist the minister and the church in designating an appropriate amount, use this worksheet to estimate the housing expenses for the next calendar year. The calculated total may be used in the minister's request to the Clerk of Session for the Session's recommendation to the Congregation for approval of changes in the terms of the pastor's call. (Only Session approval is needed if there is no change in the Annual Effective Salary.)

Category of Expense	Estimated Amount
Mortgage payments principal & interest	_____
Rental payments	_____
Down payment on home	_____
Real estate taxes	_____
Property insurance	_____
Utilities (electricity, gas, water, trash pickup, local telephone charges, cable television, broadband internet)	_____
Furnishings & appliances (purchase & repair)	_____
Structural repairs and remodeling	_____
Yard maintenance and improvements	_____
Maintenance items (light bulbs, cleaning items, pest control, etc.)	_____
Homeowners Association dues	_____
Miscellaneous	_____
Total Estimated Expenses for Calendar Year _____	_____

HOUSING ALLOWANCE REQUEST

Based on expenses in previous years and on planning for the upcoming year, _____, I respectfully request that \$_____ of my annual cash salary as approved by the congregation of the _____ Presbyterian Church of _____ be designated as "Housing Allowance" in accordance with federal tax law.

This Amount represents a reasonable estimate of my housing expenses. I understand and agree that:

- The Session will not designate a portion of my compensation as housing allowance until I submit this form. Retroactive designations of housing allowances are NOT permitted by the IRS tax code.
- It is my responsibility to notify the Session in the event that these estimates prove to be materially inaccurate during the year.
- The actual housing allowance exclusion is the lowest of three amounts: (1) my actual housing expenses for the year, (2) the church designated housing allowance, or (3) the annual fair rental value of my home (furnished, including utilities).
- My housing allowance exclusion is exclusion for Federal Income Taxes only. I must add my housing allowance as income in reporting my self-employment taxes on Schedule SE (unless I am exempt from self-employment taxes).

Signature of Minister

Date

I attest that I received this form from the above named minister on _____ and _____ that at a properly called meeting of the session of the _____ Presbyterian Church of _____, held on _____, the above Housing Allowance Request for the year _____ was approved and a copy returned to the pastor.

Signature of Clerk of Session

Date

Attachment A**2011 Minimum Terms of Call** (approved by Presbytery, September 21, 2010)

<u>Ministers:</u>	Cash and Salary Housing/Utilities	\$43,770*
	Automobile Reimbursement	IRS Rate†
	Pension/Medical/Disability	31.5% of Total Salary
	Continuing Education Allowance	\$800
	Annual Study Leave	2 Weeks
	Annual Vacation	4 Weeks

*This represents a 2% increase over the 2010 minimum. † The IRS will announce the mileage rate before the end of the year.

Commissioned Lay Pastors: The minimum Salary and Housing terms for Commissioned Lay Pastors is 75% of the above rate, or \$32,826.

Certified Christian Educators: The minimum for Certified Christian Educators is the same as for Ministers.

Part-time Positions: Part-time position are pro-rated.

Session Moderators: The Session Moderators honorarium was increased to \$50, plus mileage (IRS rate).

Pulpit Supply: The rate for Pulpit Supply was increased to \$100 for one service (two services remains at \$150) plus the IRS mileage rate for travel.

A full-time position constitutes 48 hours/week; the percentage of part-time is based on this figure.

Attachment 2

**The Presbytery of Scioto Valley
 Annual Review of Installed Pastor's Compensation for 2011**

Instructions: The Form of Government (G-14.0534) requires an annual review of the adequacy of the compensation of ministers. The Session (or a delegated committee) should conduct the review and report its recommendations to the congregation for approval. This form gathers data in accordance with the Board of Pensions' definition of Effective Salary and the Presbytery policy on Minimum Compensation Guidelines (November 2010). (See attached Notes for explanation of individual items.) The Committee on Ministry will compile this information for approval by the Presbytery June 21, 2011.

This form may be filled out using Microsoft Word®. Please fill out one form for each installed pastor and return to Presbytery Office by **February 16, 2011**.

PLEASE COMPLETE THE FOLLOWING INFORMATION

City _____ Church _____ PIN # _____

Minister _____ E-Mail _____

Pastor Associate Co-Pastor Designated Lay Pastor

If this position is part-time, what is the percent of full-time (48 hrs/wk)? _____ %

On the _____ day of _____ 20 ____ at a properly called meeting of the Session of the _____ Presbyterian Church located in _____ Ohio, the adequacy of the compensation for the Reverend _____ was conducted, and subsequently approved by the congregation on the _____ day of _____ 20 ____ at the following annual terms:

2011 EFFECTIVE SALARY FOR PENSION CALCULATION (Fill in all that apply)

1.0	Annual Cash Salary		\$
2.0	Housing		
	2.1 Fair Rental Value of Manse		
	2.2 Housing/Utilities Allowance		
	2.3 Furnishing Allowance		
	2.4 Down Payment		
	2.5 Equity Allowance		
	Total Housing		\$
3.0	Deferred Compensation		
	3.1 Elective Individual Contributions		
	3.2 Tax-deferred or Tax-sheltered Annuities		
	Total Deferred Compensation		\$
4.0	Loans		
	4.1 Forgiven Loan Principal		
	4.2 Interest Savings on Interest-free Loans		
	Total Loans		\$
5.0	Reimbursements		
	5.1 Lump-sum Non-accountable Reimbursements		
	5.2 Co-payment and Deductible Reimbursements		

	Total Reimbursements	\$
6.0	Insurance Premiums	
	6.1 Individual (not group) Policies (life, health, auto, etc.)	
	6.2 Section 125 Allowances	
	Total Insurance Premiums	\$
7.0	Self-Employment Contributions Act Reimbursements (amount over 50%)	\$
8.0	Other Income (Bonuses, Employer Gifts, Overtime, Severance)	\$
	TOTAL EFFECTIVE SALARY (Carry over to other side)	\$

PENSION AND BENEFITS CALCULATION

Total Effective Salary (From other side)		\$
P1	2011 Required Retirement Dues (11% of Total Effective Salary)	\$
P2	2011 Required Disability Dues (1% of Total Effective Salary)	\$
P3	2011 Required Medical Plan Dues (19.5% of Total Effective Salary)	\$
TOTAL PENSION AND BENEFITS PAYMENT		\$

VOUCHERED AND REIMBURSED EXPENSES

V1	Continuing Education Expenses	\$
V2	Professional Expenses	\$
V3	Automobile and Travel Expenses (IRS approved mileage rate for 2011 is \$0.51/mi)	\$
V4	Other:	\$
V5	Other:	\$
V6	Other:	\$

VACATION AND STUDY LEAVE

L1	Vacation – Number of weeks per year	Weeks
L2	Study Leave – Number of weeks per year	Weeks

All calls are subject to the Presbytery of Scioto Valley Sexual Misconduct Policy.

Attested: _____ Date _____
 Clerk of Session

Accepted: _____ Date _____
 Minister

EXPLANATORY NOTES*

EFFECTIVE SALARY

- 1.0 ANNUAL CASH SALARY.** The full amount of gross cash compensation paid to the member must be included in effective salary. The annual salary or 12-month salary must be reported. For example, if the salary is \$20,000 but the minister starts July 1, report the annual salary of \$20,000, not the amount the minister receives for the part of the year he/she works.
- 2.0 HOUSING**
 - 2.1 Fair Rental Value of Manse.** If a manse is provided, the rental value of the manse is included in Effective Salary. The amount included shall be at least thirty percent (30%) of all other compensation included in Effective Salary. If utility or furnishings allowances are provided to a member residing in a manse, those allowances are to be included in Effective Salary **in addition to** the manse value defined above.
 - 2.2 Housing/Utilities Allowance.** This allowance is an elective portion of an individual member's compensation package. For this reason, it is included as part of effective salary. The housing allowance amount is designated annually by the session or employing organization in advance of payment. Effective Salary also includes any amount designated as housing allowance and used to pay rent to the employing organization.
 - 2.3 Furnishing Allowance.** These arrangements are generally elective and negotiated as part of an individual member's overall compensation package. If a member lives in a manse and receives an additional allowance for utility services and/or furnishings, the additional allowances are to be included in effective salary, in addition to the 30% manse amount.
 - 2.4 Down Payment.** If any amount for a down payment on a house/condominium is given to the minister or paid for the minister outright (that is, without the stipulation that it must be paid back), such an amount is compensation, which is included in Effective Salary.
 - 2.5 Equity Allowance.** Sums paid or contributed by an employing organization to a deferred compensation plan or other account, on behalf of a member residing in a manse, to compensate for equity which the member forgoes by not owning his or her own residence.
- 3.0 DEFERRED COMPENSATION**
 - 3.1 Elective Individual Contributions.** Deferred compensation plans (funded and unfunded) include employer and member contributions to 403(b) plans (including the Retirement Savings Plan), Rabbi Trusts, and other forms of funded and unfunded deferred compensation arrangements. These arrangements are generally elective and negotiated as part of an individual member's overall compensation package. As long as the member has a legally enforceable right to the deferred sums at some time in the future, the sum set aside in a given year to reserve for that obligation is to be included in the member's Effective Salary that year.
If an employer offers to match elective contributions made to the Retirement Savings Plan, the employer match portion of the contribution is not to be included in Effective Salary.
 - 3.2 Tax-deferred or Tax-sheltered Annuities.** These allowances are voluntary salary reductions from a member's cash salary. They are, therefore, compensation to be included in Effective Salary.
- 4.0 LOANS**
 - 4.1 Forgiven Loan Principle.** Loan forgiveness should be reported as Effective Salary.
 - 4.2 Interest Savings on Interest-free Loans.** Interest savings to the member because of the nature of this type of loan are included. The amount of interest to be included in the Effective Salary calculation is that amount reportable under federal income tax laws.
- 5.0 REIMBURSEMENTS**
 - 5.1 Lump-sum Non-accountable Reimbursements.** Lump-sum amounts paid directly to the minister and not through an accountable reimbursement process must be included in Effective Salary.
 - 5.2 Co-payment and Deductible Reimbursements.** Co-payment amounts paid or reimbursed to the minister by the church on an individual basis, even if the payments are made through a Flexible Spending Plan (Sec. 125 Plan) must be included in Effective Salary.
- 6.0 INSURANCE PREMIUMS**
 - 6.1 Individual (Not Group) Policies (life, health, auto, etc.).** Premiums for individual insurance policies (auto, disability, life, supplemental medical, etc.), other than dues for participation in the basic

benefits provided by the Benefits Plan of the Presbyterian Church (U.S.A.), that the church pays for or reimburses to the member at his/her request are compensation to be included in Effective Salary. Subscription dues for optional benefit coverage under the Benefits Plan paid for by the employing organization are to be included in Effective Salary on the same basis.

- 6.2 Section 125 Allowances.** These allowances are voluntary salary reductions from a member's cash salary. They are, therefore, to be included in Effective Salary.
- 7.0 SELF-EMPLOYMENT CONTRIBUTIONS ACT REIMBURSEMENTS (SECA) (over 50%).** If the church pays for or reimburses the member more than 50% of this expense, then the amount in excess of 50% of the expense must be included in the Effective Salary.
- 8.0 OTHER INCOME (BONUSES, EMPLOYER GIFT, OVERTIME, SEVERANCE).** See the details for these particular items in Policy 2010-10 – Minimum Compensation Guidelines, which may be found on the Presbytery website, http://psvonline.org/index.php/resource-center/filing-cabinet/doc_download/238-minimum-compensation-guidelines

PENSION AND BENEFITS CALCULATION

- P1 Retirement Dues.** Multiply the Total Effective Salary by 0.11 (11%) to calculate the amount of retirement dues.
- P2 Disability Dues.** Multiply the Total Effective Salary by 0.01 (1%) to calculate the amount of disability dues.
- P3 Medical Plan Dues.** Multiply the Total Effective Salary by 0.195 (19.5%) to calculate the amount of medical plan dues.

VOUCHERED AND REIMBURSED EXPENSES

- V1 Continuing Education Expenses.** Continuing education expenses include items such as tuition, room, board, and travel to study events which are related to employment, and which are actually undertaken in the current year. The expenses are to be reimbursed to the minister through an accountable reimbursement plan.
- V2 Professional Expenses.** Professional Expenses include items such as books, subscriptions, business meals. The expenses are to be reimbursed to the minister through an accountable reimbursement plan.
- V3 Automobile and Travel Expenses.** The IRS approved mileage rate for 2011 has been set at \$0.51/mile. Churches should anticipate 5,000-10,000 miles per year for budget purposes. Travel expenses may also include the cost of parking, tolls, public transportation, commercial travel and related costs, meals in transit or at attended functions, and/or lodging. The expenses are to be reimbursed to the minister through an accountable reimbursement plan.
- V4 Other.**

VACATION AND STUDY LEAVE

- L1 Vacation.** Vacation time is calculated in terms of weeks per year. The time designated as vacation is part of the time for which compensation is paid. The minimum vacation time is four (4) weeks per year.
- L2 Study Leave.** Study leave time is calculated in terms of weeks per year. The time designated as study leave is part of the time for which compensation is paid. The minimum study leave time is two (2) weeks per year. At the church's discretion the study leave can accrue up to six (6) weeks over a three year period.

*All explanatory notes are based on the Presbytery's "Minimum Compensation Guidelines" policy which may be found on the Presbytery web-site at http://psvonline.org/index.php/resource-center/filing-cabinet/doc_download/238-minimum-compensation-guidelines