

**The Presbytery of Beaver-Butler
Ministry and Vocation Committee
P.O. Box 279, Zelienople, PA 16063**

October 4, 2023

TO: Clerks of Session, Treasurers (with copy to all Pastors)
(Please see that this material is passed to the appropriate persons responsible for salary review.)
FROM: Ministry and Vocation Committee (MVC)
Rev. Bob Goossen, Chair
Dear Clerks of Session and Treasurers:

To fill the requirements of Form of Government G-2.0804 and the Presbytery, it is time for your church to conduct its annual review of compensation for your pastor and other church employees. To aid you in your work, the Ministry and Vocation Committee forwards the following information:

(1) MINIMUM COMPENSATION:

At the meeting on September 26, 2023, Presbytery adopted the minimum compensation for pastors for the period beginning January 1, 2024. The terms are as follows:

Compensation	-----	\$47,467.40 Free use of the Manse Actual cost of Utilities (based on previous year's usage)
OR, where no manse is provided	----	\$66,049.22 which includes salary and an allowance for housing and utilities
Board of Pensions Benefits	-----	For 2024 total dues are set at 39% of effective salary. This amount includes 10% for benefits (8.5% for Retirement and 1% for Death and Disability Benefits, and .05% for Temporary Disability Benefits) and 29% for Member's Major Medical Benefits, regardless of family status.
Study Leave	-----	Two weeks and \$1,200 per year, cumulative to six weeks and \$3,600
Automobile Expenses	-----	(1) Expenses paid as vouchered for mileage at the IRS-approved rate plus parking, tolls, and other expenses approved by the session; <i>OR</i> (2) If the pastor and session both agree, an allowance of \$2,500 plus 31 cents per mile over 10,000 business miles The first option is recommended by MVC. It conforms with IRS regulations and minimizes a pastor's federal income tax liability.
Vacation	-----	One Month (Four weeks including four Sundays, or a full continuous month which may include either four or five Sundays).
Family Medical Leave	-----	A minimum of 12 weeks of Family Medical Leave as set forth in the session's policy.

There shall be an **annual review** of the terms of call with the pastor. All calls must include the clause:
The compensation shall be automatically adjusted to any changes in the minimum, if it is less, as set by the Presbytery.

If this presents a financial hardship to your church, please contact the Ministry and Vocation Committee.

(2) MINIMUM COMPENSATION FOR PART-TIME CALLS

Teaching elders serving in a part-time call or temporary supply position are required to receive compensation based on a percentage of the minimum compensation, and benefits based on the Board of Pensions formula. For example, a church must provide half of the minimum compensation for their pastor who serves half-time.

(3) COST OF LIVING INCREASE:

The Presbytery recommends a 3 % cost of living adjustment for 2024. Presbytery does encourage a *merit* increase. This is a recommended guideline for all pastors currently above the minimum compensation, including stated supply pastors, and for other church employees. Please consider the adequacy of the compensation as you conduct the annual review for your pastor and other employees. The church may choose to offer additional vacation in lieu of a merit increase, but MVC permission is required if this results in less-than-minimum compensation.

(4) BOARD OF PENSIONS DUES:

In calculating pension dues under the Benefits Plan, please note that dues are to be based on the “Effective Salary” of the member. This includes cash salary and deferred compensation, plus the fair rental value of the manse (not less than 30% of cash salary) or housing allowance, and utilities. For assistance in calculating effective salary, go to www.pensions.org and search "effective salary calculator". It is the responsibility of the church to report pastor salary to the Board of Pensions annually even if there is no change in salary.

(5) OTHER BENEFITS:

- A. **Utilities:** The cost of utilities, where they are paid directly by the pastor as part of his/her compensation, are to be based on the previous year’s (2023) actual cost of the utilities. Utility allowance is part of “Effective Salary.”
- B. **Provision for study leave:** Study leave is intended for the professional development of the pastor, thus enhancing the church’s ministry. It is not to be used as additional vacation time. The plan for study leave is to be mutually agreed upon by the Pastor and the Session. The provision for accumulating study leave time and allowance for up to 6 weeks and \$3,600 is to make it possible to take advantage of a longer experience of continuing education periodically, rather than for a short time each year. Note that the two weeks of study leave includes two Sundays. This is so that pastors may fully attend to their professional development during this time, rather than be distracted by the need to prepare for upcoming worship services.
- C. **Medical Expense Allowances:** In your salary review, consider the provisions of the Major Medical portion of the Board of Pensions plan. Detailed information is available from the Board of Pensions at www.pensions.org. Because of these potential out-of-pocket costs for pastors’ medical care, some churches offer a Medical Expense allowance of around 2% and 4% of effective salary. For tax purposes, the pastor may designate an amount of their salary set by the IRS to a Flexible Spending Account (FSA) for either the pastor or dependent, available through the Annual Enrollment period with the Board of Pensions. The Ministry and Vocation Committee recommends, but does not require, that such medical allowances be offered.
- D. **Social Security:** Be aware that pastors are considered self-employed for the purpose of Social Security. The percentage rate pastors must pay out of pocket normally is 15.3%. Therefore, many congregations provide a Social Security supplement to reimburse what would normally be the employer’s social security contribution (7.65%). Social Security supplements are not considered part of “Effective Salary” by the Board of Pensions; so no dues are charged on such amounts. They do, however, “count” toward satisfying the minimum terms of call.