



## Terms of Call for 2021

The Connecting Our Ministry Commission (COM) recommends the following actions on terms of call for the year 2021:

### Effective Salary for 2021

- **A mandated 1% increase in the minimum effective salary.** For pastors with salary & housing allowance (**not in a manse**), the minimum effective salary is \$56,906. The Social Security offset is paid upon this amount, as well as Board of Pension dues in installed positions, and retirement/medical contributions for those in contracted positions.

For pastors who live in a church-owned manse, the Board of Pensions requires that the manse value be at least 30% of total Effective Salary. The manse value is used in calculating Board of Pension dues for those in installed positions. The Social Security offset is paid upon this amount, as well as Board of Pension dues in installed positions, and retirement/medical contributions for those in contracted positions.

- **A recommended 1% increase in effective salary for those above minimum.** COM recommends that congregations, if able, raise effective salaries at least 1% to reflect increases in the cost of living. COM recognizes that the COVID-19 pandemic has made financial projections challenging for congregations. They also recognize that the cost of living has increased in 2020 and encourage congregations to work with pastors for sustainable compensation.

### Benefits for 2020

- **Please see the 2020 Annual Review of Compensation forms** on the Presbytery website for the details on all aspects on compensation (available in Mid-October). Board of Pension dues may be calculated once the amount of Effective Salary is determined. Board of Pensions dues for 2021 for installed pastor will remain at 37% of Effective Salary. This is called the “Pastor’s Plan” by the Board of Pensions. Medical Dues will be 27% (increased from 25% in 2020). Pension Dues will be 8.5% (reduced from 11% in 2020). Death and Disability Dues remain at 1%. A new program – Temporary Disability – is 0.5%. The total remains at 37% of Effective Salary. (As a reminder: There is no longer a difference between single and family medical coverage).

The specific amount determined to be salary will be different based upon whether this is an installed position in the Pastor’s Plan, or a covenant position with benefit allowances or Minister’s Choice, and whether or not there is a manse. Each Terms of Call Annual Review form is individualized for the specifics of each pastoral position.

- For **Pastors in a Covenant (Temporary Pastoral Relationship)** the minimum required medical contribution remains at 11% of Effective Salary, the required retirement contribution at 11%. Death and Disability Insurance is also required (it may be purchased from the Board of Pensions at 1% of Effective Salary for those participating in either Medical or Retirement, at 2.5% for those who do not participate, or from a private insurance company). If the pastor does not need medical reimbursement, then that amount may be applied to retirement savings. For those in a less than half-time position, benefits are encouraged but not required. Because of the flexibility available in Covenant positions, COM approves these individually, based upon conversations with the pastor and session.

The Board of Pensions has introduced a new program, called “Minister’s Choice,” for 2021. Its cost is 10% of Effective Salary, and it includes the Pension Plan, the Death and Disability Plan, and the Temporary Disability Plan (as well as access to assistance and education programs available in Pastor’s Participation). COM encourages congregations to consider Minister’s Choice for covenant positions. **For 2021, COM will consider any conflicts between Minister’s Choice and the Presbytery of Donegal’s policy on a case by case basis.**

- For all pastors whose **compensation is at Presbytery minimum, COM highly recommends a Longevity Step Increase** in Effective Salary each year. Specific amounts would depend upon experience, and the compensation ability of the congregation. COM is available to help with this conversation.
- **Mileage reimbursement** is at the IRS standard mileage rate. Sessions should budget this expense based upon expected mileage. If expenses for mileage and travel authorized by the session exceed the budgeted amount, submitted expenses must continue to be paid.

The use of an “accountable” reimbursement arrangement is recommended for tax purposes. This requires that business miles are substantiated with adequate records at least every 60 days at the IRS approved rate. Following other reimbursement arrangements potentially makes the payment taxable income to the recipient.

- **Continuing Education:** a minimum of \$750 and a minimum of 2 weeks (defined as fourteen days, including 2 Sundays.) Both the time and Con Ed allowance are cumulative for three years and must be documented in the minutes by the session. This figure is not taxable to the minister and not part of Effective Salary for Board of Pension purposes.
- **Vacation:** A minimum of one month (defined as thirty days, including four Sundays. The session is free to define one month as thirty-one days.)

- **Technology Expenses:** Sessions have two choices for technology access for pastors. They may provide cellphone and internet access as part of the church expense budget. Otherwise, a Technology Allowance of a minimum of \$600 annually is required if the session expects to be able to contact the pastor electronically (via email or cell phone) when the pastor is not in the church office. This allowance may be used for mobile phone expenses, internet service expenses or a combination of both, and is generally paid on a pro-rated monthly basis.

**Questions?** We know these calculations are increasingly complex. In many cases determining salary is different for IRS and Board of Pension purposes. Please contact the Stated Clerk or the Executive Presbyter for any questions related to calculating terms of call.