



Instructions for filling out the 2019 Terms of Call Annual Report for an Installed Pastor with a Housing Allowance

Greetings. Thank you for your faithfulness in ministry! Each year, all pastors and sessions are required to fill out an Annual Review of their Terms of Call. This allows the presbytery to confirm that each session has completed an annual review and that the pastor's terms of call are above the presbytery minimum.

G-2.0804 Terms of Call: The terms of call shall always meet or exceed any minimum requirement of the presbytery in effect when the call is made. The session shall review annually the minister's terms of call and shall propose for congregational action (G-1.0501) such changes as the session deems appropriate, provided that they meet the presbytery's minimum requirements. The call shall include participation in the benefits plan of the Presbyterian Church (U.S.A.), including both pension and medical coverage, or any successor plan approved by the General Assembly.

Please fill out the form to the best of your ability. The grey boxes are where you enter data. Please note that many of those boxes are only filled in if they are applicable to your situation. There are lots of options for terms of call, and we are happy to help figure out what is best for a particular situation. The form is designed to auto calculate both the sub-totals and the final total. (These cells are outlined in blue.) When the form is completed, confirm that your budget matches these totals. This form will round numbers to the nearest dollar. If you prefer, you are able to print the form and fill it out by hand. Then, of course, it will not auto calculate. If you have any questions, don't hesitate to contact the Presbytery Office.

Explanation of the Form:

Effective Salary

This amount is used by the Board of Pensions to calculate Medical, Pension, and Disability Dues. Their booklet can be accessed here:

www.pensions.org/AvailableResources/BookletsandPublications/Documents/pln-103.pdf

- **Line 1 -- Annual Cash Salary** – This is the base salary.
- **Line 2 -- Housing Allowance** – This includes all housing, utility, and furnishing allowances. It is recorded here, if known. If it is not known, the session sets the Housing Allowance as a portion of the Annual Cash Salary. It can be adjusted through the year by the Session, but the housing allowance cannot be backdated.
- **Line 3 -- Employee's contributions to 403(b)(9) plan.** This is contributions to tax-deferred plans. It refers to any deferred income or tax shelter device used to benefit the minister. This line includes

elective employee contributions; see below for church contributions paid for the employee. It does NOT include employer matching contributions to the PCUSA 403(b)(9) Retirement Savings Plan (see Item 16).

- **Line 4 -- Employer's contributions to 403(b) plan, TSA, equity allowance (not including matching contributions)** -- Include employing organization contributions to 403(b)(9) plans, tax-sheltered annuity plans, and equity allowances. Matching contributions to the Board's optional Retirement Savings Plan are not included in Total Annual Effective Salary. See Line 16.
- **Line 5 -- Optional pre-tax salary reduction - Health FSA (Flexible Savings Account) (\$2,500 maximum)**. If the minister participates in a Health FSA, then the amount of salary reduction goes on this line. The maximum allowable deduction is \$2,500. This is different from a Group Plan Health Reimbursement Account (HRA). See line 17.
- **Line 6 -- Optional pre-tax salary reduction - Dependent Care FSA (\$5,000 maximum)** - If the minister participates in a dependent care FSA, then the amount of salary reduction goes here, up to a maximum of \$5,000.
- **Line 7 -- Is minister enrolled in Social Security?** Social Security Enrollment: Please answer **Yes or No**.
 - If you have questions about this, here is a link to information from the Board of Pensions: <http://www.pensions.org/availableresources/benefitoverviews/documents/pts-635.pdf>
 - If the answer is No, it is **not** a requirement for the church to pay this item for any other use. However, the church may provide this amount for other somewhat comparable investments/insurance if it desires.
 - **Line 7a** -- If Line 7 is Yes: SECA (Social Security) Tax Allowance in excess of 50% of SECA tax obligation. - This item is **optional**. Only monies paid in excess of 7.65% of line 9 need to be entered on line 3a. The amount is included in Effective Salary because it affects other benefits.
 - **Line 7b** -- If Line 7 is No: Allowance in place of SECA. This item is **optional**.
- **Line 8 -- Other (optional medical, dental reimbursement)** – Include all other forms of compensation not otherwise covered in the fields above, including medical deductible and medical expense reimbursement allowances not paid through a group benefit plan, insurance premiums for additional insurance coverage provided for individual employees (premiums for group plan coverage are not included), and others. Identify these forms of compensation in the gray box below.
- **Line 9 -- Other, continued** - Include bonuses, unvouchered professional expense allowances, gifts from employing organizations, and manse equity allowances (unless contributed to a qualified deferred compensation program). Also include year-end or other bonuses, unvouchered allowances (such as expenses that are not paid through an accountable reimbursement plan), down payment grants for the purchase of a home, savings from interest-free or interest-reduced loans (not loan principal), and gifts paid by the employing organization. (Gifts received directly from private donors or honoraria are NOT included.) Identify these forms of compensation in the gray box below.
- **Line 10 – Subtotal: Effective Salary** – This will auto calculate. This must meet the presbytery minimum. The minimum must meet the combination of salary and housing, unless the pastor has

requested that portions of either of those be used for deferred compensation. Here is a link to more information on Effective Salary:

<http://www.pensions.org/AvailableResources/BookletsandPublications/Documents/pln-103.pdf>

Required Benefits

Churches are required to provide pension, death, disability, and medical coverage through the Pastor's Participation plan in the Board of Pensions. More information can be found here:

A Theology of Benefits:

<http://www.pensions.org/AvailableResources/BookletsandPublications/Documents/pln-600.pdf>

An Overview of the 2019 Benefits Plan

<http://www.pensions.org/AvailableResources/BookletsandPublications/Documents/med-230.pdf>

Ministers with effective salary below the 2019 medical minimum basis (\$44,000) must use that medical minimum basis for calculating medical coverage. The Excel spreadsheet version of the ToC form performs this calculation.

Post-retirement dues are 12% of effective salary, if the retired pastor is working 20 or more hours/week. If the retired pastor is working 19 or fewer hours/week, there are no Board of Pensions dues. Vacancy dues are 12% of effective salary of previous installed pastor, and must be paid for 12 months. The spreadsheet does not calculate either of these. If your situation involves either post-retirement dues or vacancy dues, please contact the Presbytery Office.

- **Line 11 – Pension Dues** – This is set by the Board of Pensions and is required for installed pastors. It is set at 11% of Effective Salary for 2019.
- **Line 12 – Death and Disability Dues** – This is set by the Board of Pensions and is required for installed pastors. It is set at 1% of Effective Salary for 2019.
- **Line 13 – Medical Dues** – This is set by the Board of Pensions and is required. It is set at 25% of Effective Salary for Medical coverage for 2019.
- **Line 14 – Employer's portion of SECA** -- (7.65% of Line 10 (Effective Salary))
It is a Presbytery requirement for churches to pay the amount representing the employer's portion of the Social Security Tax toward the pastor's self-employment contributions. This is a complicated complication, which involves a number of factors. We are consulting with a tax professional about the most accurate way to calculate this. Right now, the basis for figuring this payment is Effective Salary. This payment (Line 14) it is not included in Effective Salary because it is a church expense and is not income for the minister. If the church contributes **more than** 7.65% to Social Security, the additional amount is taxable income and must entered in Line 7a.

Churches are strongly encouraged to provide tax-advantaged plans for their ministers. A minister participating in such a plan funds it by pre-tax deductions from salary. For more information on tax-

advantaged plans, please see the Board of Pensions resource page below, or contact the Committee on Ministry. www.pensions.org/AvailableResources/TaxAdvantagedPlans/Pages/default.aspx

Optional Benefits

There are a number of benefits that churches are encouraged to provide for their pastors. These are options and are not required.

- **Line 15 – Dental Insurance** – The Board of Pensions provides the option of Dental Insurance. Information can be found here:
<http://www.pensions.org/plansandprograms/optionalprograms/dentalplan/pages/default.aspx>
- **Line 16 – Vision Insurance** – The Board of Pensions provides the option of Vision Insurance. This is considered to be a relatively low-cost benefit to provide, and the Connecting our Ministry Commission encouraged congregations to provide this benefit. Information can be found here:
<http://www.pensions.org/PlansAndPrograms/MedicalPlan/MedicalBenefits/pages/visionbenefits.aspx>
- **Line 17 – Group Term Life Insurance** -- The Board of Pensions provides optional death benefits. Information can be found here:
<http://www.pensions.org/plansandprograms/optionalprograms/pages/supplemental-death-benefits.aspx>
- **Line 18 – Other Deferred Compensation** [Employer matching contributions to PCUSA 403(b)(9)] Employer contributions to the PCUSA 403(b)(9) Retirement Savings Plan administered by the Board of Pensions to **match** elective contributions by employees.
- **Line 19 – Group Plan Health Reimbursement Account (HRA)**. A “group plan” covering medical deductibles, coinsurance, dental premiums refers to a supplemental medical plan offered by the church to cover its employees' additional medical expenses. If offered as a group plan (i.e. to all qualifying employees), qualifying expenses can be paid by the church and excluded from the minister's gross wages for Federal income and Social Security tax purposes. If the expenses are reimbursed through a discretionary means and are not offered to all employees, then they constitute an allowance that is subject to income and Social Security taxes, are included in Effective Salary, and must be reported on line 5a. More information can be found here:
<http://www.pensions.org/AvailableResources/TaxAdvantagedPlans/pages/default.aspx>
- **Line 20 – Subtotal** – Benefits – both required and optional

Reimbursed Expenses and Allowances

The church should review these figures to determine if they are adequate for its minister/ministers. To meet IRS guidelines, these items should be reimbursed through an accountable reimbursement plan.

- **Line 21 – Auto/Travel Reimbursement** -- This item is to cover all expenses for maintaining a car to carry on pastoral duties and any other necessary travel expenses. Auto travel is reimbursed at the

current IRS rate. Churches are required to reimburse for professional miles driven and should budget accordingly.

- **Line 22 -- Continuing Education/Professional Development.** This item is to cover professional education that will enhance the ministry of a minister in the church being served. It should be developed through dialogue with the session's personnel committee and approved by the session for the enrichment of the church through the new or increased skills of the minister. In addition to the budgeted dollar amount, a minimum of two weeks must be provided for study leave. Both time and money are cumulative up to three years.
- **Line 23 – Books.** To cover books, magazines, periodicals, and CDs/DVDs which are specifically related to the professional practice of ministry.
- **Line 24 – Technology and Communications Allowance –** This allowance is for the pastor to have access to cellular and/or computer technology in order to practice ministry effectively. If the congregation expects to reach the pastor on an electronic device (cell phone, tablet, etc.) that the congregation is required to provide appropriate reimbursement for the cost of access. For 2019, the minimum is \$600.00
- **Line 25 – Professional Expenses Allowance.** Professional Expenses Allowance is for the pastor's vocation-related and "out of pocket" miscellaneous ministerial expenses, parking, professional lunches, etc.
- **Line 26 – Other, continued – Identify –** any other reimbursed expenses or allowances, please identify and describe
- **Line 27 – Subtotal: Reimbursed Expenses/Allowances (lines 18-24)**
- **Line 28 – Total Compensation, Benefits, And Expenses**
- **Line 29 --Technology Agreements –** This involves any agreement between the minister and congregation about laptops, cell phones, or other technology (to whom the equipment belongs upon departure, how often it will be replaced, etc.)
- **Line 30 -- Vacation - minimum one month (30 days, including 4 Sundays)**
- **Line 31 -- Study Leave - minimum 2 weeks (14 days, including 2 Sundays)**
- **Line 32 – Pastor Study Groups and Other Cohorts—**This is for participation in regular pastor study groups, including Donegal Presbytery's NewLead Group.
- **Line 33 -- Other Leave (Military, Sabbatical, etc.)**
- **Line 34 -- Person to contact regarding this form**
- **Line 35 -- Phone**
- **Line 36 -- Date of Session meeting where the terms were renewed:**
- **Line 37 -- Date of Congregational meeting where the terms were adopted** (required only if there are changes in the Terms of Call)

The Book of Order requires Presbytery to establish minimum compensation standards for pastoral calls (G-3.0303c) and to ensure that there is an annual review by the Session (G-2.0804). Your annual Report on Terms of Call, whether changes are made or not, helps Presbytery carry out that responsibility. All Requests for changes will be reported to Presbytery for its approval.