

November 21, 2006

Dear Friends and Colleagues:

Greetings in the name of Jesus Christ! I am writing to provide updates concerning terms of call and changes planned for 2007.

This year, instead of mailing Terms of Call Forms, we are posting all call-related documents on our Presbytery web site at [www.gracepresbytery.com](http://www.gracepresbytery.com). The web site address will change to [www.graceresbytery.org](http://www.graceresbytery.org), on December 1<sup>st</sup>. Click on the box entitled "**COM**" and then pick the appropriate form that you need. You will see that you may choose from compensation worksheets as well as reporting forms for different pastoral situations. Another document spells out our COM-approved loan policy for all clergy.

If you have any questions or you want us to mail you a hard copy, contact Sheryl Taylor at [sheryl@gracepresbytery.org](mailto:sheryl@gracepresbytery.org) and she'll send what you request. You can also reach Sheryl at the Presbytery Offices at 1-800-678-4502

The main change in the Terms of Call Form concerns minimum effective salary;

base salary of \$ 37,200 (for full-time calls)  
the IRS mileage reimbursement rate will be raised from the current \$.445 per mile to \$.485 per mile.

The minimum salary figure is arrived at by taking 80% of the 2006 median salary for ministers as reported by the Board of Pensions (\$46,500). This formula comes as a result of a previous action of this presbytery.

For all 2007 calls, the Board of Pensions is increasing dues for healthcare and pension (currently, 31% of effective salary) to 31.5 %. This breaks down as follows: 19.5% for health insurance, 11% pension, and 1% death and disability coverage.

Our Committee on Ministry advocates full disclosure of all benefits to pastors, including loans for house purchase. At a Congregational Meeting to act on Session-recommended changes in terms of call for a pastor, for clarity's sake, please give the full terms of call spelled out in detail, and do not say "we recommend a 5% increase for our pastor." Minutes of the Congregational Meeting should also reflect these details.

**Notice to Specialized Ministers--**Feel free to report your annual terms on the form used by the calling agency.

Best wishes to you in your ministry.

Sincerely,

Tom Finley Brown  
Moderator, Compensation Committee  
Grace Presbytery Committee on Ministry  
(817)-399-1880  
[tfinbrown@sbcglobal.net](mailto:tfinbrown@sbcglobal.net)

October 12, 2004

Greetings!

We proclaim the gospel through the lives that we live. Paul thought of Christians as living epistles. (2 Corinthians 3:2-3) The message of our faith is written in our lives. The proclamation of the Gospel cannot be deterred by the sinfulness of Ministers, but it can be bruised and damage can be done. Many folk will hear the Gospel we vow to proclaim by the way we live.

This theological preamble is our foundation for our determination to require Pastor Nominating Committees in Grace Presbytery to do criminal background checks and to obtain credit reports on final candidates for service in our presbytery. Our experience, in the matters that pertain to the Committee on Ministry, tells us that these two expressions of trust and credibility are needed for the protection of God's children under our care.

Additionally, the COM of Grace Presbytery wants it clearly known to all our churches, that all loans, bonuses, and gifts given to a minister should be reported on the annual compensation report form and as a matter of course, voted on by the congregation. Exceptions to reportable gifts are defined in Grace Presbytery by the following; Ordinary gestures of hospitality and tokens of esteem of modest monetary value are excluded from being reported on compensation report forms.

In addition, we strongly advise members of our churches not to loan money to their Ministers as this creates a dual relationship\* for both the Minister and the member. In the instance that such a loan is made, it should be approved by the session and reported on the annual compensation report form, which in turn, is approved by the congregation and Grace Presbytery.

\*Dual relationships occur when a Minister/Pastor has more than one type of relationship with a member, such as a business relationship. In the event of conflict, the professional must decide which role takes precedence thereby allowing the other role to suffer.

Further, we advise all congregations and Member Ministers of Grace Presbytery to read and implement Standards of Ethical Conduct for Ordained Officers in the Presbyterian Church (U.S.A.). These standards can be obtained by going on-line to <http://www.pcusa.org/oga/publications/ethical-conduct.pdf>.

Finally, in conjunction with the Standards of Ethical Conduct and the Book of Order, we already have in place Guidelines for Pastoral Courtesy, an approved document for ministers and sessions, to order life together after a Minister has moved on from leadership in a particular church. This document can be obtained from the Presbytery office or members of the COM.

We pray for wisdom and guidance as we endeavor to be faithful to our calling of witnessing to the gospel of Christ in words and in deeds. Let us affirm together our need for the discipline of lives lived in community. Caring guidance from our brothers and sisters, and the grace of the Holy Spirit, can heighten our living epistles impact on the world God so loves.

Paul D. Williams,  
*Moderator, Committee on Ministry*

Terri Matthews  
*Moderator, Grace Presbytery*

revised 11/26/06st

**GRACE PRESBYTERY**  
**2007 COMPENSATION REPORT FORM WORKSHEET**

This document may be filled out using Acrobat Reader. You will need to print this form when you finish filling out the form. The yellow fields will not print.

**PART ONE: Compensation subject to Board of Pension Dues**

1. Annual Cash Salary

To enter the Annual Cash Salary amount, click above the line and the cursor will appear. Hit Tab to advance to the next line.

\$ \_\_\_\_\_

Annual Cash Salary - Annual Cash Salary refers to compensation paid to a minister on a regular basis. (Monthly, Semi-Monthly or Weekly). Employed minister's salary is to be reported on Form W-2, Box 1. Ministers are not to use IRS Schedule C (Form 1040) for reporting salary.

2. Housing Allowance

\$ \_\_\_\_\_

Housing Allowance - The amount designated as Housing Allowance is to be reported at actual expenses. The allowance normally includes utilities' cost.

a. **MINISTERS WHO OWN HOME** - If you own your home and you receive as part of your pay a house allowance, you may exclude from taxable gross income the smallest of the following amounts:

1. The amount actually used to provide a house.
2. The amount officially designated as a housing allowance.

Ministers who own their home will want to designate a housing amount to cover the total cost of owning, cost of their furnishings, cost of decorating, utilities, yard maintenance, etc. Any housing allowance that is more than these cost must be included as taxable gross income.

b. **MINISTERS WHO RENT THEIR HOME** -- If you rent your house you will want to designate an amount to cover the actual rent paid, cost of decorating, utilities, yard maintenance, etc. Any housing (rental) allowance that is more than these cost must be included as taxable gross income.

c. **MINISTERS WHO LIVE IN A MANSE** -- An amount may be placed here to cover the cost of decorating, utilities, yard maintenance, etc. Any housing allowance that is more than these cost must be included as taxable gross income.

3. Utility Allowance

\$ \_\_\_\_\_

Utility Allowance - The estimated figure for a minister's cost for utilities is usually included under Housing Allowance. However, if a separate payment for utilities is made to the minister it should be reported here. The Utility Allowance may be in addition to the value of the manse. The following notations should be considered in handling of Utility Allowance:

a. These allowances, if paid to the minister, are to be included in Effective Salary for dues computation.

b. If the utility service is registered in the name of the employing organization and the utilities are paid directly by said organization, the value of these services are not included in Effective Salary. In this case a \$0.00 should be placed on this line.

4. Taxable Medical Supplement \$ \_\_\_\_\_

Taxable Medical Supplement - Additional allowances paid or reimbursed by the congregation to the minister (other than dues for participation in the basic benefits provided by the Board of Pensions) are included in Effective Salary: payments for medical deductibles, coinsurance payments, dental insurance, and individual medical insurance policies.

5. Taxable Social Security Allowance \$ \_\_\_\_\_

Since the minister is considered as self-employed by the Social Security Administration, churches often provide income to offset this cost. The Board of Pensions allows the church to place up to 8.24% of the ministers Effective Salary into Social Security Offset (line 14). However, any payment which exceeds 8.24% is not exempt from Effective Salary and this excess amount should be place on line 5.

6. Deferred Income \$ \_\_\_\_\_

Deferred income includes retirement benefits offered by some congregations to their minister. Deferred income includes tax sheltered annuities, IRS 403(b) Plans, Retirement Savings Plans, Housing Equity Allowance, and other forms of funded or unfunded arrangements. All amounts set aside for deferred compensation contracts are considered as Effective Salary for Board of Pension dues calculations.

7. Bonuses, Lump Sum Allowances, Gifts, Etc. \$ \_\_\_\_\_

Year-end and other bonuses, lump sum allowances which are not part of an accountable reimbursement plan (as defined by the IRS), gifts from the church or employing organization (not gifts from private donors), down payment grants, and savings from interest-free loans (not loan principle) are compensation to be included in Effective Salary.

8. Other Applicable Income \$ \_\_\_\_\_

9. Manse \$ \_\_\_\_\_

If the congregation provides a manse, there is no direct payment to the minister related to housing. Nevertheless, the congregation is required to pay pension dues on the fair rental value of the manse. For Board of Pension calculations this figure should be at least 30% of the total of lines 1 thru 8. The value of the manse is free of income tax liability; however, the value of the manse is still subject to Self-employment tax (Social Security).

Subtotal of lines 1 thru 8 \$ \_\_\_\_\_ X .30 = \$ \_\_\_\_\_

When you enter a figure here, the formula is automatically computed. You will need to enter the figure on Line 9

10. Effective Salary \$ \_\_\_\_\_

This field will automatically add lines 1 thru 9.

The Effective Salary is the sum of lines 1 thru 9. The Effective Salary is the amount subject to Board of Pension Dues.

11. Board of Pension Dues This field will automatically compute the BOP Dues based on the figure in Line 10. → \$ \_\_\_\_\_

Dues are paid to the Board of Pensions Benefit Plan of the PCUSA. The dues for 2006 are computed on the basis of 31.5% of the Effective Salary. The total dues of 31.5% consist of 12% for Pension (including death and disability benefits) plus 19.5% for Major Medical benefits.

#### PART TWO: Reimbursable and Allowances

An Accountable Reimbursement Plan for ministry related expenses has several advantages for the minister and congregation. It is a way to more accurately estimate the minister's true income for the purposes of calculating tax and pension dues. The underlying principle of such a plan is that the minister is not liable for Board of Pension dues on these expenses. An Accountable Reimbursement Plan allows the minister to pay taxes on true income and allows the congregation to pay pension on medical dues on actual salary.

For the congregation's dues calculation, continuing education, professional and auto expenses are not included in Effective Salary for dues compensation **IF** they are reimbursed to the minister through an Accountable Reimbursement Plan.

According to the IRS to qualify as an Accountable Reimbursement Plan, ministers must "adequately account" to their employers for their ministry related expenses. They must give their employers documentary evidence of all their expenses -- maintaining the same type records and supporting information they would have to furnish the IRS to substantiate a deduction. To qualify, an Accountable Reimbursement Plan must meet the following three requirements:

- a. all expenses reimbursed under the plan must be ministry related.
- b. there must be adequate accounting.
- c. there must be provision for a return of any excess reimbursement. If the excess is not returned this amount must be reported as other applicable income (line 8), and it must be reported as income for tax purposes.

12. Travel Reimbursement Presbytery suggestion is entered. To change, click on it and cursor will appear. \$ \_\_\_\_\_

This would include automobile expenses, airfare, public transportation, taxis, parking, etc. **The Presbytery suggests the figure of \$3,000, for budgeting purposes.**

13. Professional Development Reimbursement Presbytery minimum is entered. To change, click on it and cursor will appear. \$ \_\_\_\_\_

This includes such items as tuition, room, board, travel to study events. If this amount is not spent during the year it is cumulative for up to three years. **The Presbytery minimum is \$500.**

14. Social Security Offset This field not is not automatically computed. → \$ \_\_\_\_\_

For 2007 Social Security Offset is computed on the basis of 8.24% of the Effective salary.

15. Book and other Professional Expenses \$ \_\_\_\_\_

Book and other Professional Expenses includes such items as books, subscriptions to magazines, office supplies, computers, computer software, meals related to the practice of ministry, vestments, etc., and should be reimbursed as spent to the minister. **The Presbytery minimum is \$500.**

16. Other Vouchered Reimbursable Expenses \$ \_\_\_\_\_

17. Total Reimbursable and Allowances This field will automatically add lines 12 thru 16 → \$ \_\_\_\_\_

Line 17 is the total of lines 12 thru 16

This field will automatically add lines 10, 11 & 17. ↙

18. **Total Cost of Ministry to the Church** (*the total of lines 10, 11, and 17*) \$ \_\_\_\_\_

19. Vacation Presbytery minimum is entered.   
To change, click on it and cursor will appear. \_\_\_\_\_

Grace Presbytery has set a minimum vacation for its church professionals as 4 weeks which includes 4 Sundays.

20. Continuing Education Leave Presbytery minimum is entered.   
To change, click on it and cursor will appear. \_\_\_\_\_

Grace Presbytery has set a minimum Continuing Education Leave to be 2 weeks which is cumulative for three years. Each week includes one Sunday. Continuing Education Leave is cumulative for up to six weeks.

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**Grace Presbytery has a set minimum Effective Salary of \$37,200 for 2007.**

**GRACE PRESBYTERY  
2007 CLERGY COMPENSATION REPORT FORM**

This document may be filled out using Acrobat Reader. You will need to print this form when you finish filling out the form. The yellow fields will not print.

**PART ONE: Compensation subject to Board of Pension Dues**

- 1. Annual Cash Salary
- 2. Housing Allowance
- 3. Utility Allowance
- 4. Medical Supplement
- 5. Taxable Social Security Allowance
- 6. Deferred Income
- 7. Bonuses, Lump Sum Allowances, Gifts, Etc.
- 8. Other Applicable Income
- Specify: \_\_\_\_\_
- 9. Manse

To enter the Annual Cash Salary amount, click above the line and the cursor will appear. Hit Tab to advance to the next line.

\$ \_\_\_\_\_  
\$ \_\_\_\_\_  
\$ \_\_\_\_\_  
\$ \_\_\_\_\_  
\$ \_\_\_\_\_  
\$ \_\_\_\_\_  
\$ \_\_\_\_\_  
\$ \_\_\_\_\_  
\$ \_\_\_\_\_

- 10. Effective Salary (Total of lines 1 - 9)
- 11. Board of Pension Dues (31.5% of Effective Salary - line 10)

\$ \_\_\_\_\_  
\$ \_\_\_\_\_

This field will automatically add lines 1 thru 9.

This field will automatically compute the BOP Dues based on the figure in Line 10.

**PART TWO: Reimbursable and Allowances**

- 12. Travel Reimbursement  
(Actual at IRS rate of \$0.485/mi.)
- 13. Professional Development Reimbursement (\$500 minimum)
- 14. Social Security Offset (Can be up to 8.24% of line 10)
- 15. Book and other Professional Expenses (\$500 minimum)
- 16. Other Vouchered Reimbursable Expenses

\$ \_\_\_\_\_  
\$ \_\_\_\_\_  
\$ \_\_\_\_\_  
\$ \_\_\_\_\_

Presbytery minimum is entered.  To change, click on it and cursor will

Specify: \_\_\_\_\_

- 17. Total: Reimbursables and Allowances (lines 12 - 16)

\$ \_\_\_\_\_

This field will automatically add lines 12 thru 16

- 18. TOTAL COST OF MINISTRY TO CHURCH  
(Total lines 10, 11, and 17)

\$ \_\_\_\_\_

This field will automatically add lines 10, 11 & 17.

**PART THREE: Other Benefits**

- 19. Vacation (minimum four weeks including four Sundays)
- 20. Continuing Education Leave  
(minimum two weeks including Sundays and may accumulate to six weeks)

\_\_\_\_\_  
\_\_\_\_\_

Presbytery minimum is entered.  To change, click on it and cursor

**Grace Presbytery's minimum Effective salary (line 10) is \$37,200.**

\_\_\_\_\_  
Pastor/Associate/Designated Pastor Date

\_\_\_\_\_  
Clerk of Session Date

\_\_\_\_\_  
Church Name

\_\_\_\_\_  
City