



Church of the Brethren

3402 Plantation Road, NE, Roanoke, VA 24012



To: Church Board Chairs and Active Virlina District Pastors or Contact Persons
From: David K. Shumate, District Executive Minister
Subject: 2020 Guidelines for Pastors' Salaries & Benefits
Date: August 22, 2019

Every year, at budget time, we are informed that pastors and church leaders have not received this document. Please place this letter in an easily accessible place in order to avoid calling and reporting that you did not receive it. If you do lose it, it may be found on the district website.

This memo is being distributed to Church Board Chairs or equivalent and to Pastoral Leadership throughout the Virlina District. **If you are not currently the Church Board Chair or equivalent, please notify the Virlina District Resource Center immediately so that our records may be updated.** Additional copies should be made for other appropriate lay leadership involved in the contract and/or church budgeting process. Please review this material in preparation for conversations around pastoral compensation and 2020 budget planning.

There is now one form for both part and full time ministers. **If you are receiving this by U.S. Mail the form is enclosed. If you receive this by e-mail, please go to <http://www.brethren.org/ministryoffice/forms.html> to download the documents and forms needed. A fillable form is on the ministry office link.**

Be certain to complete and return a signed copy of the *Renewal Agreement* to the Virlina District Resource Center no later than January 31, 2020. This is an important document for your insurance, pension, and ministry records. A written agreement now reduces the chances of misunderstanding later!

A. GUIDELINES FOR PASTORS' SALARIES & BENEFITS:

Although this document is attached or enclosed, it may be found on the internet at <http://www.brethren.org/ministryoffice/documents/2020-salary-table.pdf> **It becomes necessary to prorate salaries according to the percentage of full time service given when a pastor is engaged on a part time basis. For assistance, please contact the District Executive Minister.**

1. The Pastoral Compensation and Benefits Advisory Committee seeks to encourage congregations to be fair but generous employers of our pastoral leadership. We acknowledge that it is a challenge for many congregations to utilize the denominationally approved salary table. We also recognize that these conversations provide a prime opportunity for you to be in conversation with congregations about their vision for mission and ministry as a people of faith including a vision for leadership/staffing needs. The Guidelines for Pastor's Salaries and Benefits reminds us that the "Ethics for Congregations in the Church of the Brethren" states, ***"If congregations find it impossible to meet the scale or to provide benefits, there is an ethical obligation to discuss the reason and their implications with the pastor(s) and to seek in good faith to take steps toward achieving the recommended scale and benefits as soon as possible."***

2. **The Cash Salary Guidelines & Recommended Minimum Cash Salary Table for Pastors - 2020** - This salary table, found attached or enclosed, was adopted by Annual Conference in Greensboro, North Carolina and represents a 2% cost of living increase above 2019. **Please note that almost all pastors should receive an increase due to another year of experience gained. Years of service are prorated for part time pastors.**
3. The IRS allowable mileage rate continues to be 58 cents per mile. The new 2020 rate will be set by the Internal Revenue Service later in the year. This rate will be circulated by e-mail to pastors and contact persons, as well as being included in the Memo for Ministers. A *Travel Log* detailing accurate ministry related mileage is **absolutely necessary**. Pastors should submit a monthly or quarterly statement of mileage to the church treasurer for reimbursement. This system provides appropriate documentation for IRS purposes protecting the pastor.
4. Congregations that provide a parsonage are encouraged to make a serious effort to contribute to the *Church of the Brethren Housing Fund*. This plan calls for a 1% contribution of the fair market value of the parsonage to be set aside for the pastor's future and/or retirement housing needs. This action will provide home equity for retirement years and a long-term blessing to the pastor and family.

B. CHURCH OF THE BRETHERN MEDICAL PLAN AND PENSION:

1. **Medical Insurance:** By action of the 2007 Annual Conference, the Brethren Medical Plan Administered by Brethren Benefit Trust (BBT) was terminated with the exception of agencies and nursing facilities. Congregations and pastors must continue to work together to secure appropriate health coverage for the pastor and family. **The Annual Conference reaffirmed that congregations and other church employers are expected to provide medical insurance for the pastor and family.**

Traditional contributions percentages, with one exception noted in the next paragraph, still apply: congregational share = 2/3 and pastoral share = 1/3. All Pastoral Medical Plans should continue to include the following standard elements: Health Coverage, Life Insurance, Short-Term Disability (STD) and Long-Term Disability (LTD) coverage; with vision and dental plans options. **All except the health plan are still available from Brethren Benefit Trust.** For more information call BBT at (800) 746-1505.

When a congregation provides reimbursement for a pastor's coverage under a spouse's insurance plan, this reimbursement should be 100% of the differential cost (i.e., the difference caused by the addition of the pastor to the spouse's plan). The congregation should not directly reimburse the spouse. The amount may be added to the cash salary (which will be fully taxable) or added to the Brethren Pension Plan as an extra "Employee Contribution" in order to preserve tax benefits. For more information, please contact the District Executive Minister.

First, congregations who only have one employee (pastor) can pay or reimburse health insurance premiums without violating the Affordable Care Act. The premium or reimbursement payments will not be taxable to the employee.

Second, if the congregation has more than one employee, it pays health insurance premiums or reimbursements for only one employee, and the other employees work less than 25 hours per week on a regular basis, then paying the premiums or reimbursing the one employee for premium payments will not violate the Affordable Care Act. The premium or reimbursement payments will not be taxable to the employee.

Third, if the congregation has more than one employee, it only pays health insurance premiums or reimbursements for one employee, and one or more of the other employees

works 25 or more hours per week on a regular basis, then paying the premiums or reimbursing the one employee for premium payments will not violate the Affordable Care Act. However, the premium payments may be taxable to the employee unless an exception to the section 105(h) rules applies.

For example, if all of the other non-participating employees have not attained age 25, then the premium payments are not taxable. Also, employees who have not completed three years of service at the beginning of a "plan year" can be ignored for the purpose of determining whether these payments are taxable to the employee. Finally, if the person you are reimbursing is not among the highest paid 25 percent of all employees, the section 105(h) rules won't be violated as a result of that reimbursement, and it can also be provided pre-tax.

Congress passed legislation in 2016 that permits a small employer to establish a health reimbursement account ("HRA") for certain employees without violating the Affordable Care Act. In some cases reimbursements for medical expenses from the HRA may be non-taxable, but the income tax consequences of such a "small employer HRA" are too complicated to address here.

Few employment situations are alike. Thus, to ensure that employees are limiting their tax burden while remaining compliant with ACA and IRS regulations, it is important for each congregation and/or organization to consult with the attorney or accountant who advises your church on tax matters. Some of the foregoing material came from BBT.

2. ***The Brethren Pension Plan:*** The Brethren Pension Plan, a 403b "Defined Contribution Plan, is available for both full and part time ministers. The normal division is based on the base cash salary plus housing allowance or the fair rental value of the parsonage (11% from employer for pension, 1% from employer for Church Worker's Assistance Plan and 4% from the employee for pension). Please review the attached ***Guidelines for Pastors' Salaries and Benefits*** for instructions in formulating the pension amounts. **ALL questions related to the Brethren Pension Plan should be made directly to Brethren Benefit Trust at (800) 746-1505.**

C. CONFERENCES AND CONTINUING EDUCATION

Annual Conference 2020 - Grand Rapids, MI – July 1-5, 2020

Annual Conference 2021 – Greensboro, NC – June 30 – July 4, 2021

1. Expense estimates for 2020 Annual Conference are as follows:

*TRAVEL (Round trip by air) \$255-417
Airlines and/or other forms of travel from various locations throughout the wide expanse of Virginia District will need to be explored locally. Expenses will vary according to the method of travel and location of departure. The foregoing are humbly presented as estimates based on internet fare comparisons from Roanoke to Grand Rapids for August 2019. They do not include baggage fees, shuttle fares or other services, nor are they adjusted for inflation.*

Automobile mileage for round trip from Roanoke at the current rate would be approximately \$770.00. This would decrease for congregations west and north of Roanoke and increase for congregations south and east of Roanoke.

*LODGING + TAX + HOTEL PARKING \$550-685
There is only one contracted hotel located on-site with the convention center. The rates for the Amway Grand and the Courtyard by Marriott are \$119/night plus tax and the J.W. Marriott is \$129/night plus tax. Tax rates are approximately 15%. Parking charges are unknown. The range above is for four or five nights.*

MEALS: GENERAL / TRAVEL / EVENT \$250
5 days @ \$50/day - includes travel day, costs increase for ticketed meals

NON-DELEGATE REGISTRATION & A.C. BOOK \$125*
Note: If the Pastor serves as the A.C. delegate, ADD \$190. Higher registration charges apply if registering onsite.*

MISCELLANEOUS EXPENSE [Tips, Tolls, and other incidentals] \$100

2020 ANNUAL CONFERENCE ESTIMATED EXPENSE RANGE: \$1,280 - \$1,770
Based on four or five days, traveling by air.

2. Expense estimates for the 2020 District Conference are as follows:
District Conference 2020: Roanoke, Virginia Area – November 13-14, 2020. Please budget mileage, plus room, plus meals for this event. Roanoke is 40 miles from Floyd, 150 miles from Fayetteville, West Virginia, 55 miles from Bassett, 125 miles from Winston-Salem, N.C., 165 miles from Concord, N.C., 180 miles from Richmond, Virginia and 250 miles from Newport News or Virginia Beach.

Delegate Registration Fee is \$25.00 per delegate. Each congregation has at least four delegates including the Pastor and Church Board Chairperson.

3. Continuing Education
To keep your pastor on the cutting edge, we recommend that your congregation provide adequate funds and time off for professional growth events. A minimum expectation for full time pastors would be \$500 and five days. **Pastors are expected to complete five Continuing Education Units (each CEU is equivalent to 10 contact hours) with an accredited institution over a five-year period.** In addition, a pastoral leader is expected to engage in at least one elective study annually. Pastors are responsible for sending a copy of their CEU certificates to the district office for inclusion in their file. You may view the denominational guidelines, Continuing Education Guidelines for Pastors, at <http://www.brethren.org/ministryoffice/forms.html>, or contact the Virginia District Resource Center.

Pastors are strongly encouraged to participate in the Virginia District Ministers and Spouses Retreat. This retreat will be held in February 28-29, 2020 at the Eagle Eyrie Conference Center near Lynchburg, VA. Please allow time and finances for both the pastor and spouse to attend this event. Approximate cost is expected to be \$150 for pastor and spouse, \$100 for individual and \$50 for a commuter.

D. PLANNING FOR THE FUTURE WITH YOUR PASTOR:

1. District/Denominational Service Opportunities Pastors in the Virginia District are participating in a wide range of service opportunities. These include being chaplains or counselors at Camp Bethel for a week, disaster response trips, participation in service/outreach projects in other countries, service on committees or teams, and other opportunities. Provision should be made for pastors to participate in district and denominational service opportunities. These are outreach ministries of your congregation and should not be considered vacation time.
2. Sabbath Rest Year
Church of the Brethren guidelines have called for Sabbath Rest for a pastor after seven years of service in one congregation. Action of the 2002 Annual Conference includes provision for a shorter Sabbath Rest after four to six years or a full Sabbath Rest after seven years. Please

contact the District Executive Minister for assistance and information regarding the preparation process for a Sabbath Rest.

Attachments (E-Mail Only) / Enclosures (U.S. Mail Only):

*Guidelines For Pastors' Salaries And Benefits – Church of the Brethren - Office of Ministry Document
Cash Salary Guidelines & Recommended Minimum Cash Salary Table For Pastors – 2020
Renewal Agreements for Pastor and Congregation*

NOTE: ALL ATTACHMENTS ARE AVAILABLE AT <<http://www.brethren.org/ministryoffice/forms.html>>

NOTE: THIS DOCUMENT AND ATTACHMENTS IN ITS ENTIREITY CAN BE FOUND AT
<<http://virlina.org/resources/downloads/category/3-forms.html>>

ECC: Director of Ministry
District Executive Ministers
Pastoral Compensation and Benefits Advisory Committee

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Cash Salary Guidelines – 2020

- A. All congregations are encouraged to meet The Recommended Minimum Cash Salary figures. Congregations should then consider going above and beyond the minimum when weighing:
- higher than average “cost of living” in various parts of the country
 - merit for outstanding pastoral leadership
 - acknowledgment of milestones and markers of ministerial service
 - evidence of application of growth in leadership through participation in continuing education events
- B. The Recommended Minimum Cash Salary assumes the pastor will pay parsonage utilities and the Self-Employment Tax.
- C. Implementation of the Affordable Care Act has changed the tax liability of insurance costs formerly paid by congregations and other denominational institutions for the pastor/family. For those pastors who are not eligible for reimbursable health plans, congregations are encouraged to supplement the base cash salary at a rate of $\frac{2}{3}$ of the health care premium in order to be consistent with our recommended guideline of $\frac{2}{3}$: $\frac{1}{3}$ ratio. Note: while this will increase the income tax amount for the pastor, the amount will also increase the support of the pension.
- D. The three columns on the salary scale assume completion of denominational educational requirements as defined in the 2014 *Ministerial Leadership* paper.

The Brethren Academy for Ministerial Leadership offers three types of non-degree (certificate) training: TRIM (Training in Ministry), EFSM (Education for Shared Ministry) and ACTS (Academy Certified Training Systems)

Ministerial training in non-Brethren institutions should be of high quality, as determined by a District Ministry Commission, and it should always be supplemented by additional course work in Brethren life and thought.

First salary column: A Bachelor’s degree from an accredited college, and the Master of Divinity degree (M.Div.) from an accredited seminary. The word accredited is important. If you are uncertain about an institution’s accreditation, call one of the Brethren colleges, Bethany Theological Seminary, or the Office of Ministry.

An adjustment should be made for a Master’s degree other than the M. Div. The Master of Arts in Theology (M.A.Th.), for example, is normally a two-year degree program, and it is not recommended as a ministerial degree. Additional course work would likely be in order for persons serving in the pastoral ministry.

Second salary column: Persons with a Bachelor’s degree who have completed an approved non-degree ministerial training program comparable to one of the Brethren Academy programs.

Third salary column: Persons who do not have a Bachelor’s degree, but have completed an approved non-degree ministerial training program comparable to one of the Brethren Academy programs.

- E. Those with the Doctor of Ministry (D. Min.) degree from an accredited seminary, add an additional 5% to the appropriate M. Div. figure.
- F. After 30 years of ministerial service, the congregation and pastor need to negotiate an annual increase in salary that reflects additional years of experience, education, and an annual cost of living increase.
- G. The mileage rate for parish work should be the figure established by the IRS.

Pastoral Compensation & Benefits Advisory Committee
Office of Ministry
1451 Dundee Avenue
Elgin, Illinois 60120-1694

Revised: July 2018

Recommended Minimum Cash Salary Table for Pastors - 2020

These recommended figures represent an increase in salary for each year of experience plus the Annual Conference approved cost of living increase for 2020 of 2%. After thirty (30) years of service, an annual increase in salary should be negotiated (See Letter F on other side). The salary table should be prorated for part-time ministry.

Years of Service	Master of Divinity Degree	Bachelor & Approved Ministry Training	No Bachelor & Approved Ministry Training
0	\$40,666	\$34,489	\$30,042
1	\$42,296	\$35,871	\$31,242
2	\$43,985	\$37,309	\$32,491
3	\$45,748	\$38,798	\$33,791
4	\$47,574	\$40,351	\$35,145
5	\$49,477	\$41,962	\$36,555
6	\$50,962	\$43,221	\$37,645
7	\$52,492	\$44,518	\$38,777
8	\$54,067	\$45,852	\$39,940
9	\$55,686	\$47,229	\$41,138
10	\$57,356	\$48,646	\$42,372
11	\$58,503	\$49,622	\$43,220
12	\$59,673	\$50,613	\$44,084
13	\$60,870	\$51,624	\$44,969
14	\$62,082	\$52,658	\$45,866
15	\$63,330	\$53,711	\$46,785
16	\$63,961	\$54,245	\$47,254
17	\$64,602	\$54,791	\$47,726
18	\$65,246	\$55,339	\$48,200
19	\$65,899	\$55,890	\$48,682
20	\$66,555	\$56,451	\$49,169
21	\$67,224	\$57,016	\$49,658
22	\$67,896	\$57,586	\$50,155
23	\$68,574	\$58,160	\$50,657
24	\$69,258	\$58,742	\$51,165
25	\$69,953	\$59,332	\$51,676
26	\$70,650	\$59,922	\$52,191
27	\$71,356	\$60,522	\$52,717
28	\$72,070	\$61,128	\$53,242
29	\$72,792	\$61,739	\$53,774
30	\$73,522	\$62,356	\$54,313

RENEWAL AGREEMENT FOR PASTOR AND CONGREGATION
Church of the Brethren

This Renewal agreement between the _____ Church of the Brethren and its _____ (Pastor, Associate Pastor, etc.) _____, is for the calendar year _____. If the agreement is for a period other than the calendar year, state the beginning and ending dates: from _____ to _____.

1. TERMS OF CALL TO SERVICE

The terms of call to service shall be as stated in the original **Start-Up** agreement between the Pastor and the congregation. Any change in the terms shall be mutually negotiated between the pastor and congregation. Major changes shall be made in consultation with district executive staff and may necessitate the completion of a new start-up agreement. Ninety (90) days notice shall be given in the event of reduction in service

2. FINANCIAL TERMS

Consult the “Guidelines for Pastors’ Salaries and Benefits” at <http://www.brethren.org/ministryoffice/documents/guidelines-pastor-salary-benefit.pdf> for assistance in completing all sections below. The Recommended Minimum Cash Salary Table for Pastors is available at <http://www.brethren.org/ministryoffice>.

A renewal agreement shall be completed annually and a copy submitted to the District office.

A. COMPENSATION

1. Cash Salary:

The amount from the Salary Table at _____ years of experience: \$ _____

If part time, the prorated amount at _____ - time ministry: \$ _____

Amount above and beyond Salary Table: \$ _____

Supplemental Income: \$ _____

Beginning _____ (date), the congregation shall pay the Pastor a salary of:
\$ _____

(Amount of cash salary designated for housing, utilities & furnishings: \$ _____)

2. Housing:

a. The congregation will provide a housing allowance of: \$ _____

b. In lieu of a housing allowance:

- the congregation will provide the use of a parsonage with a fair rental value of:
\$ _____

- the Housing Fund contribution (see Guidelines) by the congregation will be:
\$ _____

3. Pension Benefits:

The contributions to the plan maintained by the Brethren Benefit Trust should be the following:

- Congregation's contribution to pastor's pension plan (11%) \$ _____
- Congregation's contribution to Church Worker's Assistance Plan (1%) \$ _____
- Pastor's contribution to pension plan (4%) \$ _____

4. Insurance Benefits: Enter \$0.00 or NA if benefit is not offered or pastor does not enroll in benefit.

Medical Insurance Provider: _____
Congregation's Share \$ _____

Pastor's Share \$ _____

Health Savings Account Provider: _____
Congregation's Contribution \$ _____

Pastor's Contribution \$ _____

Short-Term Disability Provider: _____
Congregation's Share \$ _____

Pastor's Share \$ _____

Long-Term Disability Provider: _____
Congregation's Share \$ _____

Pastor's Share \$ _____

Term Life Provider: _____
Congregation's Share \$ _____

Pastor's Share \$ _____

Dental Provider: _____
Congregation's Share \$ _____

Pastor's Share \$ _____

Vision Provider: _____
Congregation's Share \$ _____

Pastor's Share \$ _____

Long Term Care Provider: _____
Congregation's Share \$ _____

Pastor's Share \$ _____

TOTAL COMPENSATION \$ _____

B. TIME OFF

1. Day Off:

- Not applicable for part-time positions
- Full time positions: _____ shall be the pastor's day off each week except for crisis ministry. An additional half day per week shall be at the pastor's discretion.

2. Vacation: The Pastor shall receive _____ weeks of vacation as per this agreement.
(The Pastor is credited with _____ years of pastoral service.)

3. Holidays: The following national holidays are considered paid days off and are in addition to the regular day off each week:

4. Special Circumstances: The Pastor has accumulated _____ paid days for special circumstances from prior service.

C. PASTOR-RELATED EXPENSES

1. Travel for Church Work: \$ _____
(Reimbursement is based on mileage actually driven for church work at the prevailing IRS rate. Travel between the Pastor's home and the church office is personal expense.)

2. Annual/District Conferences: \$ _____
Annual Conference: \$ _____ District Conference: \$ _____

3. Continuing Education:
Continuing education of _____ days as per this agreement: \$ _____
Annual Conference Guidelines for Continuing Education recommend at least 7 days per calendar year including one Sunday for full time ministry

4. Sabbath Rest
A period of Sabbath rest has been negotiated for the calendar year _____: \$ _____
Based upon the Annual Conference Guidelines for Sabbath Rest we have agreed upon _____ weeks after _____ years.

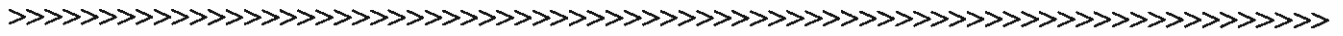
5. Professional Expense Account on actual cost basis to cover the following: \$ _____

6. Workers' Compensation will be provided by the congregation.

Total Pastor-Related Expenses \$ _____

D. TOTAL COMPENSATION, BENEFITS, AND EXPENSES \$ _____





As part of my employment, I reaffirm my covenant as a credentialed minister in the Church of the Brethren and to uphold the Code of Ethics for Ministerial Leaders as adopted by the Church of the Brethren Annual Conference. I recognize and accept the authority of the district and denomination being at all times subject to its discipline and governance.

Pastor

Date

I, the board chair, acknowledge the congregation's responsibility to uphold and periodically review the Annual Conference Congregational Ethics paper. I also acknowledge that it is my responsibility to place a signed copy of this agreement in a secure file in the church office, communicate its existence and location to my successor(s), and distribute copies to those office(r)s identified below.

Board Chair

Date

Copies: Pastor, Moderator, Board Chair, District Executive/Minister, Treasurer, Church Clerk

Pastoral Compensation and Benefits Advisory Committee
Office of Ministry
Church of the Brethren
1451 Dundee Avenue
Elgin, Illinois 60120-1694