

Northern Illinois Synod, ELCA
2006 Congregational Guidelines
Determining Compensation for a
Diaconal Minister

Creating and updating a compensation package for a Diaconal Minister is every bit as difficult a process as the one congregation experience's when creating a package for their pastor. The following document has been created for the purpose of providing guidelines to congregations for use in determining the compensation of their Diaconal Ministers. These guidelines have been divided into the following sections: cash salary, benefits, reimbursable expenses, and a worksheet.

I. CASH SALARY - The following guidelines are considered appropriate for a Diaconal Minister serving in a congregational setting.

A. Salary level with experience - Congregations are encouraged to reward Diaconal Ministers for the knowledge and experience gained through length of service. It is recommended that a length of service amount be added to the Diaconal Minister's base salary. The length of service amount may be calculated by selecting a percentage within a 2-4% range. Once a percentage has been chosen, multiply it by the appropriate minimum base salary. The percentage dollar figure should fall within \$556-1,112. This dollar figure should then be multiplied by the number of years of service (up to 20 years).

B. Annual Merit increase - An annual salary increase for merit is encouraged. A merit increase in the range of 1-10% of the base salary is recommended. To help decide this, your congregation may perform an evaluation, such as the one found in the *Assessment of Staff and Congregational Ministry* professional evaluation forms available from the NIS office. For Diaconal Ministers with more than 20 years service, a consideration may be to give a 'bonus' equivalent to a merit increase; this would not increase the base salary or impact upon fringe benefits.

C. Entry level base salary - The suggested entry level cash salary for a called and certified Diaconal Minister is \$27,809. Compensation for a part-time Diaconal Minister should be pro-rated according to the time contracted with the congregation. For instance, a Diaconal Minister working one-half time should be paid one-half the appropriate base salary.

D. Previous career experience - As more and more "second career" people enter this ministry, the question of a fair and equitable salary takes on new ramifications. In many cases, the previous experience may be relevant to the work of this ministry. Diaconal Ministers who enter the ministry after years of work in other occupations should not be compensated at the beginning of the scale, but rather at a rate that recognizes the value of their work experience and maturity. Congregations are urged to consider giving experience credit for previous work. It is recommended that for purposes of calculating cash salary, that for every two years of professional experience in another field, the Diaconal Minister be credited with one year of professional experience in the ministry.

(Cost of living varies widely within our synod and these guidelines may not reflect the economic conditions for your

congregation. Additional information on establishing salaries can be found in the "Compensation Planning" guidebook, available through the ELCA Division for Ministry, 8765 W. Higgins Road, Chicago, IL 60631.)

II. BENEFITS

A. Social Security Tax (FICA) - Providing for the retirement of a Diaconal Minister is the responsibility of the congregation. Diaconal Ministers are considered employees of the congregation for tax purposes. The congregation is required to contribute one-half of a Diaconal Minister's Social Security (FICA) tax. The FICA tax rate for Diaconal Minister's is 15.3%* of their total cash salary. Therefore, congregations are required to pay one-half of the tax or 7.65% of the total cash salary. The congregation may, of course, choose to pay more than one-half of their Diaconal Minister's tax consequences. (**This information is based on 2001 data. Please contact the IRS for current information.*)

B. ELCA Pension Plan - The ELCA Board of Pensions uses **DEFINED COMPENSATION** to determine the amount of a congregation's required pension contribution. **Defined Compensation** for Diaconal Ministers is the total cash salary, which they receive. Total cash salary includes any additional FICA tax paid over and above the amount required by law. (For example, if the congregation paid 60 % of the Diaconal Minister's FICA tax consequences, instead of the required 50 %, that additional 10% would need to be included as total cash salary.) Once this total cash salary amount or **Defined Compensation** has been obtained, multiply the correct percentage from the chart below by **Defined Compensation** to arrive at the congregations required contribution.

<u>Age attained on 12/31/96</u>	<u>Contribution Rate</u>
55 or older	12%
45 - 54	11%
<45 and all other members	10%

These rates are subject to change. Please consult the latest Board of Pensions mailing.

The Northern Illinois Synod strongly encourages a minimum pension contribution of 12% for all Diaconal Ministers. Pension benefits are encouraged for Diaconal Ministers serving part-time. Congregations may also choose to remit contribution above the 12% level. (If a congregation decides to do so, the Board of Pensions must be advised.) Congregations should consider the retirement needs of the Diaconal Minister when settling on a pension contribution percentage. The ELCA Optional Pension Plan may be used by the Diaconal Minister to defer tax liability on further retirement savings' money, such as inheritance, certificates of deposit, etc. Financial planning by the Diaconal Minister, so that retirement needs will be met, is recommended.

C. ELCA Medical, Dental, Disability and Survivor Benefits

The ELCA Board of Pensions uses the same **Defined Compensation** figure for determining the rate of contribution for a Diaconal Minister's health benefit package. Each year the Board of Pension sets the percentage a congregation should contribute for its Diaconal Minister's health benefit package. The percentage is based upon its expectation of the cost of the plan. The percentages for **2005**, as set by the Board of Pensions, were as follows:

<i>Medical and Dental Plan</i>	<i>Contribution Rate as a % of Defined Compensation</i>	<i>Minimum Monthly Contribution</i>	<i>Maximum Monthly Contribution</i>
<i>Health Benefits</i>			
Member Only	10.7%	\$357	\$531
Member and Spouse	18.8%	\$625	\$930
Member and Children	18.8%	\$625	\$930
Member, Spouse and Children	26.9%	\$893	\$1,328

Disability and Survivor Benefits: Contributions by the congregation for these benefits are a percentage of Defined Compensation. In 2005, this percentage was 3.6%. That rate includes a percentage for administrative expenses for the pension/health benefits plan. (Please note that these rates were for 2005. You should receive notification of new rates for 2006.)

D. Other Benefits

- 1. Workweek** - For Diaconal Ministers working full time, it is recommended that 1.5 – 2.0 days be set aside each week for personal time.
- 2. Vacation** - The need for annual vacation is self-evident. The congregation should provide a full time Diaconal Minister with 2 - 4 weeks per year (encompassing 2 - 4 Sundays) of vacation with full pay. Time spent on continuing education, churchwide or synodical committees, congregational retreats or congregational camping programs is not to be considered as vacation time or time off.
- 3. Wellness** – It is important that leaders in our church take care of their physical and spiritual health. Please use the resources found at <http://www.elcaforwellness.org> and the following guidelines recommended by the Northern Illinois Synod Spiritual Formation Committee and the Ministry Support Committee.
 - a. Spiritual Renewal** – It is recommended that all rostered leaders under call be given three days to one week or more per year for spiritual renewal which is not classified as vacation or educational leave. It is suggested that the rostered leader spend this time at a retreat center or facility where s/he is able to fully focus on "renewal."
 - b. Spiritual Guidance** – It is recommended that all rostered leaders be encouraged to have a spiritual guide during their time of call. Resources for finding and selecting a Spiritual Guide can be found at <http://www.nisynod.org>.
- 4. Parental leave** - The church places a high value on family. These guidelines are offered to help congregations approach situations requiring parental leave in a caring manner.
 - a. Parental leave following the birth of a child** - For a full-time Diaconal Minister, six weeks of maternity leave should be available to mothers immediately following the birth of a child. The needs of each Diaconal Minister and congregation may vary. It is recommended that the congregation pay full

salary and benefits during this time. A two-week paid parental leave is recommended for a father immediately following the birth of a child. At a minimum, full benefits for the Diaconal Minister should be maintained during a maternity or parental leave. Some factors that may be considered in determining the salary and benefits which the congregation will provide during such a leave are the Diaconal Minister's length of service with the congregation, vacation time available, housing costs, and the hardship to the Diaconal Minister and the congregation.

b. Parental leave following adoption - The above guidelines apply to parents who are adopting children.

c. Parental leave granted at other times - Parental leave may be granted by the congregation at other times; for example, during times of severe illness, trauma, or death of a child. The length of the leave and the salary and benefits which the congregation will provide the Diaconal Minister should be negotiated by the Diaconal Minister and the congregation. It is recommended that the congregation, at a minimum, provide full benefits for the Diaconal Minister during any parental leave granted.

5. Temporary Disability

a. Full compensation and benefits for the first 60 days - In the event of the temporary disability of a full-time Diaconal Minister, it is recommended that the congregation continue to pay the individual's full compensation and benefits for the first 60 days of disability.

b. Providing compensation to supplement the ELCA disability plan - After the first 60 days of disability, the ELCA disability plan becomes effective and will pay 66 and 2/3% of *monthly Defined Compensation*. Consideration should be given by the congregation to paying the remaining 33 and 1/3% of the *monthly Defined Compensation*.

c. Other compensation - If a full-time Diaconal Minister, as a result of disability, receives compensation from some source other than the ELCA disability plan, such as Workman's Compensation, then the congregation and the recipient shall negotiate compensation so that it will not exceed the usual monthly compensation.

III. REIMBURSABLE EXPENSES - Reimbursable expenses are not compensation to the Diaconal Minister, but are business expenses of the congregation. Special care should be given to document these expenses. Diaconal Ministers should file expense reports with their congregations (an IRS requirement). (*Congregations need to have on file a congregational "Accountable Reimbursement Policy"; there is one available through the ELCA Division for Ministry, 8765 W. Higgins Road, Chicago, IL 60631.)

A. Automobile - Reimbursement of automobile expenses for congregational business can be handled in one of three ways.

1. Reimbursement of miles driven - Reimbursement for actual business miles driven at

the IRS established rate. The IRS rate for 2005 was \$.405 cents per mile.

2. Payment of a lump sum - The congregation may choose to pay a Diaconal Minister a lump sum per year, pro-rated to a monthly basis. The Diaconal Minister must maintain accurate records of actual business mileage and provide that documentation to the IRS. Under this method, the entire lump sum, minus expenses, is taxable.

3. Congregation purchases or leases a car – Congregations may consider the purchase or lease of an automobile for use by the diaconal minister. Often the cost to the congregation is no greater than a fair cents-per-mile reimbursement. Diaconal Ministers will assume some IRS liability for non-business use of the vehicle. The congregation may also choose to have the Diaconal Minister reimburse the congregation for personal use of the vehicle at a rate comparable with the above IRS standard.

B. Continuing Education - The 1997 Churchwide Assembly affirmed the importance of lifelong learning for healthy and effective leaders of the church. Each Diaconal Minister, in consultation with his/her congregation, is strongly encouraged to annually prepare and submit a continuing education covenant to the synod office.

1. Continuing education reimbursement - The ELCA recommends that \$1,500 per year as an appropriate amount to be spent for a full-time Diaconal Minister's continuing education. The Diaconal Minister is encouraged to provide $\frac{1}{3}$ of this amount, with the congregation providing $\frac{2}{3}$. Therefore, it is recommended that the congregation budget \$1,000 for the continuing education of its Diaconal Ministers.

2. First Call Theological Education (FCTE) - FCTE is a requirement of the ELCA for a Diaconal Minister in his/her first three years of ministry. This program helps Diaconal Ministers make the transition from seminary to congregational ministry. A continuing education allowance is therefore critical for newly commissioned Diaconal Ministers. The \$1,500 amount, recommended above for continuing education, should be sufficient to cover FCTE expenses. The Diaconal Minister is encouraged to provide $\frac{1}{3}$ of this amount.

3. Time for continuing education - It is recommended that the congregation allow 14 days (including two Sundays) for continuing education.

4. Resource reimbursement - Congregations are also encouraged to provide reimbursement of books and resource materials up to \$700 per year. Straight reimbursement of costs for these items is not taxable. (Use of an allowance, a lump sum amount not tied to actual expenses, is taxable.)

4. Sabbatical Leave - It is recommended that each congregation develop a sabbatical leave policy for their Diaconal Minister.

a. A sabbatical leave is encouraged after 6 years - When a Diaconal Minister has served a congregation longer than 6 years, the congregation is encouraged to grant sabbatical leave to permit participation in a longer program of continuing education. The Diaconal Minister should be encouraged to take not less than two

months sabbatical leave for study every 6 years of service, with pay.

b. A program of study should be planned - In all study situations, it is important that the Diaconal Minister be expected to plan a program of study and present a detailed plan to the congregation's council for approval. The nature of the sabbatical is ultimately a matter of agreement between the Diaconal and the council. The synod office is available to assist in planning. It is recommended that the program of study be submitted to the synod office.

c. Responsibility to remain – A Diaconal Minister is expected to remain with a congregation after completion of the sabbatical leave for one year or an appropriate time agreed upon by the Diaconal Minister and the congregation.

C. Conference Expenses - All consecrated Diaconal Ministers are required to attend meetings of the Synod Assembly and other meetings called by the bishop. Attendance of the Diaconal Ministers at the Synod Professional Leadership Conference is also normally a part of the business of the congregation. Expenses to such official meetings should be budgeted and paid for by the congregation, if they are not reimbursed by the agency or group calling the meeting.

D. Other Expenses - Congregations are encouraged to reimburse a Diaconal Minister for other incurred expenses, which are related to the ministry of the congregation.

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