

# Northern Illinois Synod, ELCA 2010 Congregational Guidelines for Determining an Associate in Ministry's (AIM) Compensation

*Creating and updating a compensation package for your rostered leader does not have to be a lengthy and confusing process. To that end, this document provides guidelines for congregations to use in determining a leader's compensation. This document is in three (3) sections: Rationale, Appendix, and Worksheet. The sections are separate so that they could be used side-by-side when using the rationale to fill out the worksheet.*

## Rationale

### I. COMPENSATION

**A. Cash Salary** – the following guidelines are considered appropriate for an Associate in Ministry of the ELCA (hereafter referred to as an AIM) serving in the Northern Illinois Synod.

1. **Base Salary** - The suggested entry-level base salary for a called and certified AIM with a college bachelor's degree is \$26,832.00. If an AIM has a master's degree, then the entry-level base salary is \$31,400.00. An AIM with a bachelor's degree who earns a masters degree, should be compensated at the new degree level. For additional years of service, use the table in Appendix A. For 2010, a year of experience is valued at \$515 for a bachelors and at \$644 for a master's degree. In addition to salary, the AIM and congregation, taking in to consideration factors such retirement funding, additional vacation time, etc should agree upon compensation beyond 25 years of experience. Finally, it is recommended that compensation for part-time positions should be pro-rated according to time contracted with the congregation. For instance, an AIM serving one-half time with a congregation should be paid one-half the appropriate base salary.

Additionally, when determining Base Salary it is important to consider **Previous Career Experience**. As more "second career" people enter this ministry, the question of a fair and equitable salary takes on new ramifications. In many cases, previous experience is relevant to the work of the ministry. Therefore, leaders who enter the rostered ministry after years of work in other occupations should be compensated 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 for purposes of calculating cash salary, that for every two years of professional experience in another field, the leader be credited with one year of professional experience in the ministry.

2. **Annual Merit Increase** – An annual salary increase for merit is encouraged. A merit increase in the range of 0-15% of the base salary is recommended. Factors influencing this decision include fulfilling the contracted continuing education requirement, attainment of advanced degrees, serving multiple point parishes, or fulfilling additional responsibilities, such as serving overseeing large program areas. Additionally, the congregation and leader may perform a mutual evaluation, such as the one found in the *Assessment of Staff and Congregational Ministry* professional evaluation forms available online at <http://www.nisynod.org/resources/mutualministry/index.htm>

### II. BENEFITS

#### **A. Social Security Tax (FICA)**

Providing for the retirement of an AIM is the responsibility of the congregation. AIMS are considered employees of the congregation for tax purposes. The congregation is required to contribute one-half of an AIMS Social Security (FICA) tax. The current FICA tax rate for an employee 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.

## **B. ELCA Board of Pensions Plan**

- 1. Defined Compensation** – The ELCA Board of Pensions uses **Defined Compensation** to determine the amount of a congregation's required **Retirement/Pension Contribution** as well as the contribution for a leader's **Health and Other Benefits**. **Defined Compensation** is comprised of the leader's actual cash salary and any additional allowances.
- 2. Retirement/Pension Contribution** – The Northern Illinois Synod **strongly encourages** a minimum pension contribution of 12% for all leaders. Congregations may also choose to exceed the 12% level; if this is the case, the Board of Pensions must be advised. In addition, the ELCA Optional Pension Plan may be used by the AIM to defer tax liability on additional retirement funds, such as an equity allowance from the congregation, certificates of deposits, inheritance, etc. Prudent financial planning by the AIM is recommended, so that retirement needs are met.
- 3. Health and Other Benefits** -- Each year the Board of Pensions sets the percentage a congregation should contribute for the pastor's Health and Other Benefits. The percentage is based on the expected cost of the plan.

**The percentages for the 2010 Board of Pensions amounts are as follows:**

Rate class: 3 Northern Illinois Synod		Yearly minimum	Yearly maximum
Coverages	Rates <sup>1</sup>		
<b>Health benefits</b>			
Member	13.10 %	\$ 6,168	\$ 8,340
Member and spouse	22.90 %	\$10,788	\$14,592
Member & children	22.90 %	\$10,788	\$14,592
Member, spouse & children	32.80 %	\$15,420	\$20,844
<b>Disability</b>	2.60 %		
<b>Survivor</b>	0.00 % <sup>2</sup>		
<b>Retiree support</b>	0.70 % <sup>3</sup>		

**Notes:**

1. Rates are a percentage of defined compensation.
2. Survivor Benefits Plan contribution is suspended.
3. Retiree support contribution helps provide health coverage during retirement for members who served one of the ELCA predecessor church bodies.

\*\*Note that calculators for these computations for the Board of Pensions, along with other information, are available at their website: <http://www.elcabop.org/>

## **C. Other Benefits for the "Wellness" of the Leader & Congregation**

There are many other benefits to negotiate in the call process. Discussing the following items in advance can help leaders and congregations avoid conflict later in the call when it seems that the benefits are changing. A section on "Wellness" has been added to this category because of the importance of health to the life of the leader and the congregation that is served.

- 1. Workweek** – For leaders working full time, it is recommended that 1.5 – 2.0 days a week are taken for personal time.
- 2. Vacation** - The need for annual vacation is self-evident. The congregation should provide two-four (2-4) weeks per year (encompassing 2-4 Sundays) of vacation with full pay. This does not include continuing education. 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. The congregation is encouraged to consider the tenure of the leader and his/her individual needs in setting vacation limits. Additional vacation weeks may be negotiated.
- 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 Sub-Committee and the Ministry Support Committee found at <http://www.nisynod.org/resources>

- 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 that 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/resources>
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 leader, six weeks of maternal leave should be available to mothers immediately following the birth of a child. For maternal leave, it is recommended that the congregation pay full salary and benefits. A two-week paid parental leave is recommended for a father immediately after the birth of a child. For paternal leave, at a minimum, full benefits should be maintained. Factors to be considered in determining salary and benefits during such a leave are vacation time available, housing costs, the leader’s length of service with the congregation, and the hardship to the leader or the congregation.
  - b. ***Parental leave following adoption*** - Guideline 4a. above applies to parents adopting children.
  - c. ***Parental leave granted at other times*** - Parental leave may be granted by the congregation at other times, such as during times of severe illness, trauma, or death of a child. The length of the leave and the salary and benefits that the congregation will provide the leader should be mutually negotiated. It is recommended that the congregation, at a minimum, provide full benefits for the leader 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 leader, 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 *Monthly Defined Compensation*.
  - c. ***Other compensation*** - If a full time leader, because of the disability, receives compensation from some source other than the ELCA disability plan, such as Workman’s Compensation, then the congregation and the recipient should negotiate compensation so that it shall not exceed the usual monthly compensation.

### III. REIMBURSABLE EXPENSES

Reimbursable expenses are not compensation to the leader, but are business expenses of the congregation. Special care should be given to document these expenses. Leaders should file expense reports with their congregations (an IRS requirement).

*(In general, due to tax implications, it is usually better for a leader to be reimbursed for the actual expense instead of receiving an allowance for an expense that may or may not be incurred. For suggestions for handling expenses, consult Minister’s Guide for Income Tax by Conrad Teitell. This booklet is an excellent resource by nationally recognized clergy tax expert. It is available free from the Board of Pensions.)*

**A. Automobile** - Reimbursement of automobile expenses for congregational business can be handled in one of three ways. Regardless of the method chosen, the amount should be for a yearly basis.

1. **Reimbursement of miles driven** - Reimbursement for actual business miles driven at the IRS established rate. *(You can find this rate easily using an internet search engine.)* Be aware that in the past several years, the mileage rate changed during the year, so be informed!

2. **Payment of a lump sum** - The congregation may choose to pay the leader a lump sum per year, prorated to a monthly basis. The leader must maintain accurate records of actual business mileage and provide documentation to the IRS. Under this method, the 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 leader. Often the cost to the congregation is no greater than a fair cents-per-mile reimbursement. Leaders will assume some IRS liability for non-business use of the vehicle. The congregation may also choose to have the leader 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. The leader, in consultation with the congregation, is strongly encouraged to annually prepare and submit a continuing education covenant to the synod office. Such a covenant covers the following topics:

1. **Continuing education reimbursement** - The ELCA recommends \$1,500 per year as an appropriate amount to be spent for the continuing education of a leader. The leader is encouraged to provide 1/3 of this amount, with the congregation providing 2/3. Therefore, it is recommended that the congregation budget \$1,000 annually for the continuing education of its leader.
2. **First Call Theological Education (FCTE)** - FCTE is a requirement of the ELCA for a leader in his/her first three years of ministry. This program helps leaders make the transition from seminary to congregational ministry. This replaces the continuing education requirement for the first 3 years of the leader's ministry. As above, it is recommended that the congregation budget \$1,000 annually for the continuing education of its leader, with the leader encouraged to pay 1/3 of this amount or \$500.
3. **Required time for continuing education** – A minimum of 50 contact hours per year of intentional continuing education is strongly encouraged. To meet this requirement, it is recommended that the congregation allow 14 days (including two Sundays) for continuing education. The congregation and the leader should negotiate the way to handle congregational ministry during the leader's absence.
4. **Resource reimbursement** - Congregations are also encouraged to provide reimbursement of books and resource materials up to \$700 per year.
5. **Sabbatical leave** - It is recommended that each congregation develop a sabbatical leave policy for their leader. Sample guidelines and proposals are available on the NIS website at <http://www.nisynod.org/resources/>

*a. A sabbatical leave is encouraged after 6 years* - When a leader has served longer than 6 years in a given congregation, the congregation is encouraged to grant sabbatical leave to permit participation in a longer program of continuing education. The leader should be encouraged to take not less than two months sabbatical leave for every 6 years of service without reduction in salary.

Note that the ELCA and other church consultants argue that a sabbatical, especially when paired with congregational planning, should be done more frequently, perhaps every 3-5 years. These might be shorter but will still provide for acquiring new perspectives, as well as rejuvenation for the new ministries ahead.

- b. A sabbatical program should be planned* - Though a sabbatical is not exclusively for study and should include time for re-creation and rejuvenation, it is important that the leader plan a detailed program for the time and present it to the congregation council for approval. The sabbatical's nature is ultimately a matter of agreement between the leader and the council. In addition, it is recommended that the approved program be submitted to the synod office.
- c. A sabbatical program should be funded early* – To spread the cost of a sabbatical over time, it is recommended that some sort of savings plan be established by both the congregation and the leader. Without this foresight, it becomes a huge burden to leave when the time comes.
- d. Responsibility to remain* - A leader is expected to remain with a congregation for at least one year, or an appropriate time agreed upon by the leader and congregation, after completion of the sabbatical leave.

**C. Conference Expenses** - All leaders under call are required to attend meetings of the Synod Assembly and other meetings called by the bishop. Attendance of the leader at the Synod Professional Leadership Conference is also normally a part of the business of the congregation. Expenses for attendance at these events should be budgeted and paid by the congregation, unless the expenses are reimbursed by the agency or group calling the meeting.

**D. Expenses of employment for a leader's accompanying spouse** – Congregations are encouraged to be sensitive to the employment needs of a relocating leader's accompanying spouse. Recognizing that two income families are now the norm, the congregation may choose to aid an accompanying spouse's employment by negotiating payment of re-certification or re-licensing. The congregation may also aid the accompanying spouse in other non-monetary ways, such as offering to connect the spouse with local employment agencies or even potential employers.

**E. Other expenses** - Congregations are encouraged to reimburse the leader for other expenses incurred if they are related to the ministry of the congregation.

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NIS Salary Guidelines Subcommittee

Pr. Thomas E. Rogers Jr., Chair

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***Approved by the Northern Illinois Synod Ministry Support Committee***

March 28, 2009

***Approved by the Northern Illinois Synod Council***

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## Appendix A – 2010 AIM Base Salary Charts

### AIM with Bachelor's Degree

		<u>base</u>			<u>base</u>
starting -- yr	0	26,832.00		13	33,527.00
after yr	1	27,347.00		14	34,042.00
	2	27,862.00		15	34,557.00
	3	28,377.00		16	35,072.00
	4	28,892.00		17	35,587.00
	5	29,407.00		18	36,102.00
	6	29,922.00		19	36,617.00
	7	30,437.00		20	37,132.00
	8	30,952.00		21	37,647.00
	9	31,467.00		22	38,162.00
	10	31,982.00		23	38,677.00
	11	32,497.00		24	39,192.00
	12	33,012.00		25	39,707.00

Years of service after 25 years may be figured by remembering that each additional year of service is valued at \$515.00.

Therefore for 30 years of service:  
 $\$ 26,832 + 30(515) = \$ 42,282.00$

### AIM with Master's Degree

		<u>base</u>			<u>base</u>
starting -- yr	0	31,400.00		13	39,772.00
after yr	1	32,044.00		14	40,416.00
	2	32,688.00		15	41,060.00
	3	33,332.00		16	41,704.00
	4	33,976.00		17	42,348.00
	5	34,620.00		18	42,992.00
	6	35,264.00		19	43,636.00
	7	35,908.00		20	44,280.00
	8	36,552.00		21	44,924.00
	9	37,196.00		22	45,568.00
	10	37,840.00		23	46,212.00
	11	38,484.00		24	46,856.00
	12	39,128.00		25	47,500.00

Years of service after 25 years may be figured by remembering that each additional year of service is valued at \$644.00.

Therefore for 30 years of service:  
 $\$ 31,400 + 30(644) = \$ 50,720.00$