

# PERSONNEL POLICIES FOR CLERGY

(aka Clergy Policies)



THE PRESBYTERY OF  
LOS RANCHOS

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# **PERSONNEL POLICIES FOR CLERGY**

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## **PRESBYTERY OF LOS RANCHOS**

These policies have been developed as a means of providing a uniform set of personnel policies to guide the Sessions of the Presbytery of Los Ranchos in their relationships with their pastors.

In the policies we have used the terms "pastor" and "clergy" to include all ordained ministers of the Word and Sacrament in an installed, designated or temporary position.

**"SHALL" OR "WILL" REFLECT MANDATORY PRESBYTERY POLICY.**

"MAY" IS SUGGESTIVE ONLY.



## PERSONNEL POLICIES FOR CLERGY

### Presbytery of Los Ranchos

#### I. SALARY

##### A. Basic Considerations

1. When a pastor is called to a church in the Presbytery, that church promises the pastor a fair salary so that the pastor may devote his/her full time to the ministry of the Word among us.
2. The Session further promises and obligates itself to review with the pastor annually the adequacy of this compensation. This compensation shall be recorded in the Session and Congregation minutes.
3. The church recognizes that the typical Presbyterian pastor graduating from seminary has completed training equivalent in other professional fields to a Masters or a Doctorate.
4. Many pastors come from seminary carrying heavy tuition indebtedness. Committees calling pastors should discuss with them repaying these loans and how that fits into proposed salaries.
5. Pastoral work is a heavy drain on time and energy, often taking the pastor away from critical personal needs. Local churches must consider with their pastors the level of stress placed upon the pastor resulting from inadequate salary levels.
6. Sessions must stress the importance of adequate stewardship by all members of the church to sustain a fair salary for the pastor. They should not make the pastor carry the burden of poor congregational stewardship.
7. Sessions of our Presbytery should recognize that the cost of housing in this presbytery is among the highest in the nation.
8. There is a balance which pastors and churches must maintain between what is needed for the pastor to work in the ministry of the church, and what the local church can support.
9. Guidelines for Salary Levels
  - a. Each year the Presbytery establishes a minimum salary level for all full-time pastors (“Minimum Full Time Pastoral Salary”). No salary shall be below this level. For information on what this minimum level is, please call the Presbytery office [(714) 956-3691].
  - b. The Presbytery publishes annually the salary level of pastors within the Presbytery and the size of the church. This is a helpful guide for comparisons.
  - c. Churches which have exhausted all other means to maintain the minimum salary level established by Presbytery may apply to the Executive Presbyter for aid from the Presbytery Supplement Samaritan Fund. Such support is not guaranteed.
  - d. Part-time Clergy Compensation: The Presbytery requires that any individual employed in a salaried part-time position must be paid a monthly salary equivalent to at least the Minimum Full-Time Pastoral Salary in that year multiplied by a fraction, the numerator of which is the

number of hours to be worked by the part-time pastor and the denominator of which is 48 (“the Minimum Part-Time Pastoral Salary”). Future increases in the Minimum Full-Time Pastoral Salary will result in corresponding increases in the Minimum Part-Time Pastoral Salary.

B. Tax Reporting Requirements

1. Our denomination considers the majority of our clergy to be employees for Federal Income Tax, and a W-2 should be issued.
2. This does not mean that the clergy are employees for Social Security Tax (see Section V, Social Security/Self-Employment Tax).

## II. HOUSING

A. Important Considerations

1. The Personnel Committee needs to recognize that the housing costs in the Los Angeles and Orange County areas are among the highest in the nation, both for rental and purchase.
2. There is great value in the pastor living within and identifying with the same parish community in which most of the members live. The Session's Personnel Committee needs to carefully consider what is equitable for a pastor and family to live within the geographical parish area.
3. Most housing costs now consume over 40% of the total family income.

B. Basic Guidelines

1. Under the Internal Revenue Code, an ordained pastor may exclude any housing allowance from income for tax purposes, if it is designated in advance and paid as part of compensation when that allowance is used for:
  - a. Rent of a home.
  - b. Purchase of a home, including down payment, mortgage, legal fees, fees for searching the title, escrow fees, installment payments, interest, taxes, fire and home liability insurance premiums, repairs, etc.
  - c. Expenses for maintaining a home (other than for costs of food) such as utilities, furnishings, repairs, cleaning services, and landscaping.
2. The Internal Revenue Service has ruled that an ordained pastor may exclude from her/his gross income "only an amount equal to the fair rental value of the home, including furnishings and appurtenances such as garage, plus the cost of utilities" or can exclude "the amount of compensation used for: (1) furnishings, running expenses and real estate taxes to the extent they do not exceed the fair rental value and, (2) utilities."
3. Before the last session meeting of each year, each pastor shall complete and submit to her/his Personnel Committee a request for an appropriate housing allowance for the coming year. Based upon this data the Personnel Committee and the Session will approve specific amounts to be designated for housing allowance for the upcoming year for each pastor. This action shall be recorded in the Session minutes.
4. If the total amount designated for housing allowance is not used for housing it is the pastor's responsibility to include the balance as gross income in computing

tax liability for the year in which it is received.

5. If the church provides a manse, it shall be attractive, modern, well-arranged and large enough for the pastor's family needs. There should be a committee of the Session or Trustees to work with the pastor (and spouse) to see that the manse is well maintained.
  - a. If a manse is provided, the Personnel Committee shall consider some provision, such as an annuity, for the pastor to develop a savings plan to provide for housing when the pastor retires, there being no possibility of building equity in a manse.
  - b. If a manse is provided, the Board of Pensions requires an amount be added to effective salary for the calculation of dues. Contact the Board of Pensions for details at 1-800-PRESPLAN.

### **III. RELOCATION ASSISTANCE**

- A. The Presbytery of Los Ranchos requires congregations to assist clergy with moving expenses. The church will reimburse clergy for reasonable relocation expenses. The nature of the relocation expenses to be reimbursed, and the amount of such reimbursement, is subject to negotiation between the pastor and the church, through its Session, and may include, but is not limited to, moving costs and in-transit insurance for the pastor's household goods and personal effects; temporary storage of and insurance for household goods and personal effects for up to one year; moving costs for vehicles; house hunting travel expenses for the pastor and spouse; transfer travel expenses for one final trip of the pastor and, if applicable, his or her family; temporary housing expenses at the new location; and any other relocation expenses agreed to between the pastor and the church.
- B. If the church agrees to reimburse the pastor for the cost of selling the pastor's old residence, the cost of buying or leasing a new residence, and/or terminating the pastor's old lease, such sales costs may include reasonable attorney's fees, escrow fees, appraisal fees, real estate agent's commissions, title costs, and "points" other than interest paid for an acquisition loan.

### **IV. HOUSING ASSISTANCE**

- A. Pastors who move into the area may require assistance in the purchase of a home. Sessions may wish to consider entering into an agreement with the pastor for either second mortgages, swing loans (short-term loans between the closings of buying and selling escrows), or equity-sharing agreements if the church advances all or a portion of the down payment to the pastor.
- B. Such assistance shall be given to the pastor upon approval of the Session and the Presbytery Committee on Ministry.
- C. Such assistance is not transferable by the pastor and shall be payable in full if the pastor sells the home prior to the scheduled repayment date of the loans, or within six months from the time of the dissolution of the pastoral relationship. These loans must be interest bearing. If a church waives the interest due in any year, a taxable event occurs for the pastor. The amount of interest forgiven must be added to the pastor's salary and reported on the pastor's W-2.

### **V. PROFESSIONAL COSTS**

Many pastors experience professional costs other than car and study leave expenses. Sessions may want to establish a separate "professional cost" category which would include expenses incurred in connection with:

- A. Attendance at Presbytery, Synod, General Assembly.
- B. Attendance at professional conferences.
- C. Books and professional journals used as essential tools for ministry.
- D. Administrative costs for meetings, special retreats and personnel expenses for the staff when involved in carrying out their duties.

## **VI. SELF-EMPLOYMENT TAX/SOCIAL SECURITY**

- A. Pastors are considered by the Internal Revenue Service as "self-employed" for Social Security, and therefore the entire Social Security tax is to be paid by the pastor. This is called "Self-Employment Tax".
- B. The base upon which a pastor pays Self-Employment Tax (Social Security) includes:
  - 1. Cash salary
  - 2. Housing allowance
  - 3. Utilities and other Internal Revenue Service allowable expenses if paid separately from housing
- C. Since the pastor is self-employed, the church cannot withhold Social Security tax from the pastor's compensation. Many churches do reimburse the pastor a percentage of the self-employment (Social Security) tax. If the pastor desires, the church may deduct an amount each pay day to be remitted to the pastor quarterly for payment of estimated taxes OR paid directly to the taxing agency as income tax withholding.  
  
100% of any self-employment tax reimbursement amount paid to the pastor must be added to the total salary upon which income taxes and Self-Employment Taxes are to be paid.
- D. For current rates and earnings limits for Self-Employment tax, contact the local Internal Revenue Service office.
- E. Some pastors seek exemption from Social Security payments from the Internal Revenue Service. It should be noted:
  - 1. Participation in Social Security is now obligatory unless one objects to participation from religious principle or conscience. Financial considerations are not a legal basis for waiving participation (i.e., feeling that one would be financially ahead by investing in another program or that they are adequately protected by the Presbyterian Pension Plan.)
  - 2. A member of the Presbyterian Pension Plan who does not participate in Social Security and is not eligible for Medicare Part A and Part B will not be eligible for the Board's Medicare Supplement coverage after retirement.

## **VII. PENSION-MAJOR MEDICAL**

- A. The Call of each pastor requires that she/he shall be enrolled in the Board of Pension's pension and major medical plan of the Presbyterian Church (USA) ("the Presbyterian Pension Plan").



- B. The Session shall remit QUARTERLY to the Board of Pensions the required dues based upon:
1. \$\_\_\_\_\_ Annual cash salary
  2. \$\_\_\_\_\_ Housing allowance
  3. \$\_\_\_\_\_ Deferred compensation
  4. \$\_\_\_\_\_ Utility and furnishing allowances
  5. \$\_\_\_\_\_ Bonuses, unvouchered allowances, gifts from employer
  6. \$\_\_\_\_\_ Other allowances (e.g., medical deductibles, SECA allowances over 50% of estimated obligation, etc.)
  7. \$\_\_\_\_\_ Manse amount (must be at least 30% of lines a-f for Members who qualify for the IRS housing allowance exclusion)
- C. Failure to make the required quarterly payment jeopardizes the pastor's retirement benefits. An aid-receiving church that is in arrears two quarters or more will have pension dues deducted from its monthly aid check.
- D. The percentage of dues paid on the pastor's total salary is established by the Board of Pensions. The Presbytery office will have this information.
- E. Churches employing retired pastors shall check with the Board of Pensions regarding required post-retirement payments.
- F. All local churches and pastors shall have a copy of the Terms of the Benefits Plan of the Presbyterian Church (USA) from the Board of Pensions. Call the presbytery office for the name and phone number of the area representative.
- G. Pastors are reminded that a Board of Pensions Service/Salary Change form must be completed any time there is a change in the terms of call.

### **VIII. MEDICAL REIMBURSEMENT**

Because the Major Medical Plan of the Board of Pensions does not fully reimburse a pastor for medical expenses, the church may establish a medical reimbursement fund from which the pastors and their families may draw each year. If a church wishes to follow this practice, the amount of the fund shall be established annually as part of the annual compensation review. The fund shall be used only for the same type of deductibles covered by the Major Medical Plan of the Board of Pensions. Unused funds at the end of each year, or at the dissolution of the pastoral relationship, remain with the church.

### **IX. MATERNITY-PATERNITY LEAVE**

Besides other benefits, a pastor shall have a leave in the period immediately before and following the arrival (birth, adoption, or guardianship) of a child:

- A. Absent exceptional circumstances, the pastor(s) shall apply for the leave at least one month before the expected arrival of the child, specifying the time desired. The leave ordinarily should be unbroken, except for any period absence caused by medical problems.
- B. The leave may be up to four (4) months. The leave may include a period of time before the expected arrival and also a period of time following the arrival.

- C. The first month of the leave will be at full pay. The remaining leave will be at seventy-five (75%) percent of the pastor's salary (cash salary, housing and utilities).
- D. If the pastor is the secondary caregiver, a leave may be granted upon approval of the Session of up to 30 days. The leave may include a period of time before the expected arrival and also a period of time following the arrival. Compensation for the leave will be at 100% of the pastor's salary (cash salary, housing and utilities).
- E. Any approved leave beyond the employer's reimbursement period may be without pay. Unused maternity-paternity leave will not be compensated.
- F. Upon completion of the leave, the pastor shall return to her or his position. The position will not be filled during the leave except on a temporary basis.
- G. Any salary increase action for which the pastor(s) may become eligible in the course of the leave will be effective upon return to employment.

## **X. SICK LEAVE**

Pastors will receive twelve (12) working days of sick leave each calendar year cumulative up to 120 days to be used if illness occurs. At the time of termination of employment, a pastor shall have no claims for pay in lieu of unused sick leave. The certification of a medical doctor may be required by the church for the payment of sick leave benefits.

## **XI. DISABILITY BENEFITS**

If a pastor remains disabled by illness or injury after exhausting all accumulated paid sick leave benefits, the pastor will also be entitled to:

- A. A pastor is eligible for disability benefits as a participating member of the Benefits Plan of the Presbyterian Church (USA). Disability benefits commence after 90 days of disability.
- B. At present, disability benefits equal 60% of the pastor's effective salary on the date disability began.
- C. Churches are responsible for the pastor's compensation for the first 90 days of disability, including payment for previously unused sick leave up to the 120-day maximum cumulative sick leave.
- D. Benefit coverage (except vacation and sick leave accrual) and service credit will continue during the entire leave, with the cost of benefits paid by the church.
- E. Upon completion of the pastor's disability leave, the pastor shall return to the position. The position will not be filled during the leave except on a temporary basis.
- F. Any salary increase action for which the pastor may become eligible in the course of the leave will be effective upon return to employment.
- G. These disability benefits meet the requirements of state governments which have legislated such benefits. For current information on disability benefits, contact the Board of Pensions area representative.

## **XII. WORKER'S COMPENSATION**

All pastors in all churches shall be covered by worker's compensation insurance provided by the church, in accordance with the laws of the State of California, to provide for benefits in case of an on-the-job accident.

### **XIII. TRAVEL AND AUTO COSTS**

A pastor's work includes much travel for hospital and home visitations, and travel for governing body responsibilities. These travel costs shall be reimbursed as part of the terms of the Call to the pastor. Auto expenses are not to be added to the 1099 or W-2 form if the reimbursement is done under an accountable reimbursement plan, but each pastor must account to the church for travel expenses. Auto expenses are constantly increasing, and such reimbursements should reflect this. It is recommended that the current I.R.S. mileage rate be established as the amount reimbursed. Reimbursement over the I.R.S. mileage rate must be added to the pastor's W-2 as additional compensation. For more information about accountable reimbursement plans, contact the Presbytery office.

### **XIV. PROFESSIONAL EVALUATION**

- A. Every pastor shall have an annual performance review with the Session's Personnel Committee. (A personnel committee shall consist of at least three members.)
- B. The Session is also required by the Book of Order to review the adequacy of the pastor(s) salary. This should be done at a time separate from the performance review with several months between the two evaluations.
- C. Such evaluations should be supportive and encouraging to help the effectiveness of the pastor. Criticism should be constructive. It is to be remembered that people function better with proper encouragement.
- D. Each church shall have a current job description for each pastor, against which the pastor may be evaluated for work completed and effectiveness of her/his ministry.
- E. Evaluation tools may be secured from the Presbytery office.

### **XV. STUDY LEAVE**

- A. A study leave of at least two weeks per year shall be provided for all full-time pastors as part of the terms of Call. Normally the study leave should be taken each year. Unused study leave and study leave funds may be accumulated over a period of three years. Contact the Presbytery office for the minimum study leave allowance.
- B. The purpose of the study leave is to enhance the professional abilities of the pastor which shall be mutually beneficial to both the pastor and the church. The goal is for self-development in the work of ministry and not for vacation, recreation, or leisure. Study leave should equip a pastor for the work not only in the local church, but the whole Church. Hence a study leave may have immediate and direct relevance broader than the pastoral position.
- C. Each pastor shall present the plans and rationale for each study leave to the Session for discussion, approval, and the timing of the leave.
- D. If termination of service occurs, any accumulated study leave time and allowance shall be forfeited. Pay in lieu of this study leave will not be provided.
- E. A written report of each study leave shall be given to the Session at the next meeting following the conclusion of the study leave.
- F. Provision must be made in planning the study leave to cover the pastor's work during the

absence.

## **XVI. EXTENDED SABBATICAL LEAVE**

To enable pastors to give extended study to subjects which will contribute to the work of their church and to their own technical or professional development, Presbytery encourages all churches to grant their pastors an extended sabbatical leave. This leave shall continue terms of call and shall be granted only within the following guidelines:

- A. Extended Sabbatical Leave cannot be taken in the same year as Study Leave under Section XV above.
- B. Ordinarily, the Pastor must have completed six (6) years of credited service in the local church, with the sabbatical leave to be taken in the seventh year of ministry. At the discretion of the session, sabbatical leave may be granted earlier.
- C. At least seven years must have elapsed since any previous extended sabbatical leave.
- D. A written plan of study with identified goals must be approved by the Session in consultation with the Presbytery Committee on Ministry. This must be done long enough in advance so budget and staff needs will be met.
- E. The maximum length of extended sabbatical leave will be four (4) months. It may be taken with earned vacation within a particular year but may not be combined with annual study leave since a pastor is not eligible for both types of leave within the same year.
- F. The ongoing work of the particular church and its total functions will be primary factors in considering granting extended sabbatical leaves.
- G. The local church may, but is not required to, be financially responsible for the pastor's expenses of sabbatical leave.

## **XVII. VACATION**

- A. A vacation with pay is provided for all pastors. It is a necessary time of rest, refreshment, and relaxation for health and work performance.
- B. It is the responsibility of the Personnel Committee and the pastor to see that vacation time is used annually to have an effective ministry.
- C. Vacation is to be kept separate from study leave, attendance at conferences, or weekly days off.
- D. Pastors are encouraged to take vacation in a large enough block of time (at least one week) for the refreshment necessary for effective renewal.
- E. Pastors have as part of their Call thirty days of vacation. Normal days off and holidays (see §XVIII and §XIX) shall not be counted as part of the thirty days. Generally, no more than five Sundays shall apply to the thirty days' vacation. The congregation may grant the pastor additional vacation time and additional Sundays at its discretion.
- F. The church shall be financially responsible for coverage of all pastoral functions, including preaching, during the pastor's vacation.
- G. The pastor shall not be called back for parish duties during this vacation period.
- H. Vacation time may be accumulated up to a maximum of 60 days with the written permission of the Session. Once a maximum of 60 days has been accrued, there will be no future accruals of vacation time until some is used. Under no circumstances will over

60 days of vacation time be allowed to accrue. Unused vacation benefits are payable in full to the dissolution of the call.

### **XVIII. WEEKLY TIME OFF**

- A. The Committee on Ministry of the Presbytery considers a normal full time pastoral week to be between thirty-five (35) hours and forty-eight (48) hours per week.
- B. If a pastor works more than forty-eight (48) hours in any one week, the pastor is encouraged to take time in the following week in an amount equal to the time in excess of forty-eight (48) hours incurred in the “over 48 hour” week.
- C. Pastors are expected to take at least one full, uninterrupted day off each week.

### **XIX. HOLIDAYS**

- A. A pastor is entitled to twelve (12) floating holidays each calendar year on dates to be agreed to between the Pastor and Session that do not interfere with the church’s ecclesiastical calendar.
- B. If a pastor works on a floating holiday, another day shall be recognized as a day off, to be scheduled within two weeks of the holiday.

### **XX. GUEST PREACHER FEE**

- A. The church shall establish an adequate budget reserve to cover the costs of a substitute for the pastor when required during periods of vacation, study leave, and other absences.
- B. A guest preacher shall be reimbursed for travel expenses besides a minimum honorarium of \$150.00.

### **XXI. FEES FOR BAPTISM, WEDDINGS AND FUNERALS/MEMORIAL SERVICES**

Pastors should expect no compensation from church members for performing baptisms, weddings, funerals or memorials.

### **XXII. SAVINGS PLANS AND ANNUITIES**

The local church and pastor may wish to enter into some arrangement whereby money is withheld from the pastor's salary and placed into a long-range savings plan. There are various tax-sheltered plans and annuities available for such purposes. One specific plan has been designated by the Internal Revenue Service as a "Tax-sheltered Annuity Program for Employees of Public Schools and Certain Tax-exempt Organizations." Tax code provisions of any such plan must be closely followed by the Session and the pastor.