

## CHAPTER VI

### PNC or APNC IDENTIFIES A CANDIDATE AND OBTAINS COM APPROVAL

(Negotiate the Call; COM approved Ask Session to Call Congregational Meeting)

Now is the most exciting and intense time for the PNC or APNC, negotiating the call with the final candidate. Look again at the financial information on the Ministries Information Form (MIF) and come to a preliminary decision on the total effective salary to offer the nominee. The PNC/APNC cannot negotiate a total effective salary beyond the amount allocated by the Session. If there is need to do this, Session approval must be obtained, but without disclosing the name of the nominee. That disclosure will happen after the negotiations have been successful.

For additional information, see “A Guide to Negotiating Pastoral Compensation” at the end of this chapter (pages VI-11 to VI-13).

#### A. TOPICS TO CONSIDER IN NEGOTIATIONS:

- Salary
- Housing and Utilities Allowance
- Shared Equity Agreement-if applicable Note: Contact Presbytery office for guidance. The housing issue needs to be fully researched as to potential costs that may require arrangements such as shared equity or other capital contributions toward down payment. These may be needed if the candidate does not have sufficient equity or resources to find adequate housing.
- Deferred Income (annuity, life insurance, IRA)
- Social Security offset
- Moving costs
- Annual Vacation (minimum 30 working days, with 4 Sundays)
- Study Leave for Continuing Education (minimum 2 weeks/year; cumulative to 6 weeks)
- Sick Leave (minimum 12 working days)
- Attendance at Presbytery’s Annual Pastors’ Retreat
- Sabbatical leave
- Military service leave
- Effective date of the call
- Reimbursable Expenses:
  - Auto expenses
  - Study Leave Education Expenses
  - Books and journals
  - Business expenses
  - Medical and dental supplement
- Tentative Schedule for Next Steps:
  - COM/Presbytery approval
  - Date for Congregational meeting for PNC report to Congregation
  - Possible date for dissolution of nominee’s current position

When negotiations are successful, and the terms of call are within the Session approved range, begin preparations for the COM examination.

**B. EXAMINATION BY COMMITTEE ON MINISTRY (COM)**

The final candidate must be examined by COM before being recommended to the Congregation by the PNC/APNC. This can be docketed through the Stated Clerk. No Congregational meeting may be called to vote on the call until COM has approved the individual for Presbytery membership. It is the responsibility of the PNC/APNC in coordination with the com liaison to make sure that the FOLLOWING FORMS ARE SENT TO PRESBYTERY ONE WEEK BEFORE THE COM MEETING:

1. **Authorization & Release Information** – see pages V-5 – V-10
2. **Form for Reporting Terms of Call to COM** – see page VI-3, VI-4
3. **Personal Information Form (PIF) of the Candidate**
4. **Statement of Faith** – if the candidate prefers one more comprehensive than in the PIF
5. **Proof/Certificate of sexual misconduct prevention training**
6. **Acknowledgment Form & “Mandated Reporter” Certification**  
(Signed receipt Sexual Misconduct Prevention & Response Policy VI-5)
7. **Presbytery Standing Rules – Signed Receipt** (See page VI-6)
8. **Personnel Policies for Clergy – Signed Receipt** (See page VI-7 & Appendix VI-A)

By the time you are bringing the candidate to meet with COM, please have prepared and bring to COM FOUR originals of the Pastor Call Form. These are the legal contract documents. See VI-8, VI-9, and VI-10 for the form.

**C. PASTORAL CALL FORM INSTRUCTIONS: (See pages VI-8, VI-9, and VI-10.)**

Prepare four originals of the same form, each being three pages long. (This form is available electronically from the Presbytery office, and a sample is included in the Appendix of this document as VI-A.) When all the signatures have been secured, one copy will go to the Pastor, one to the church, one to Presbytery of Los Ranchos and one to the Presbytery where the Pastor is currently a member.

One person on the PNC/APNC is to be assigned the responsibility to complete the forms in time to bring to COM on the day of the interview. Forms requires the Pastor’s full name, effective date, all financial terms approved by PNC/APNC and Presbytery and to be approved by the Congregation. Any unique wording needs to be included or attached to all copies.

After the COM meeting, be sure to take the Pastor Call forms so that at the conclusion of the Congregational meeting the Moderator can sign all copies, as well as members of the PNC/APNC.

The Pastoral Call forms are now sent to the Stated Clerk, Presbytery of Los Ranchos, P. O. Box 910, Anaheim, CA 92815-0910. The Stated Clerk will secure the additional signature from the other Presbytery. When returned, two copies will be returned to the church: one for the Pastor and one for the permanent files of the church.

The signed Pastoral Call form should be filed in a safe location at church as it is the legal contract with the Pastor.

PRESBYTERY OF LOS RANCHOS  
COMMITTEE ON MINISTRY

Pastor Nominating Committee Request to Presbytery COM to Call Pastor/Associate Pastor  
[To be submitted to Stated Clerk prior to interview with COM)

Church: \_\_\_\_\_ Position: \_\_\_\_\_

Name of nominee: \_\_\_\_\_

Nominee's Presbytery: \_\_\_\_\_

Date of proposed Congregational meeting: \_\_\_\_\_

Moderator of Congregational meeting: \_\_\_\_\_

The Call to be effective (date): \_\_\_\_\_

Terms: Annual salary: .....\$ \_\_\_\_\_

Housing:.....\$ \_\_\_\_\_

Utilities: .....\$ \_\_\_\_\_

Value of manse (if provided) (30% of Salary) ....\$ \_\_\_\_\_

Deferred Income (e.g. 403b, annuity, etc.).....\$ \_\_\_\_\_

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

Total of above lines ("EFFECTIVE SALARY"/pension base)

\*\*\*\*\*

Moving costs:..... Full?: \_\_\_\_\_ Up to Limit of: \$ \_\_\_\_\_

Taxable Social security offset (if any).....\$ \_\_\_\_\_

Vacation (30 working days; 4 Sundays)..... \_\_\_\_\_

Professional Development Leave:.....  
(Minimum is two weeks annually, cumulative to six weeks)

Annual Pastors' Retreat (3 days) ..... \_\_\_\_\_

Full pension (37% of Effective Salary in 2019).....\$ \_\_\_\_\_

*We further promise and obligate ourselves to reimburse your professional expenses, subject to the terms of the Accountable Reimbursement Policy adopted by the Session of the Congregation, up to the following amounts:*

AUTOMOBILE EXPENSES: (Vouchered @ IRS rates) \$ \_\_\_\_\_  
(Minimum \$2,600—vouchered & reimbursed)

PROFESSIONAL DEVELOPMENT:.....\$ \_\_\_\_\_  
(Cumulative to \$3,000) (Minimum—\$1,000.00)

BOOKS AND JOURNALS: .....\$ \_\_\_\_\_

BUSINESS EXPENSES: .....\$ \_\_\_\_\_

MEDICAL SUPPLEMENT: .....\$ \_\_\_\_\_  
(Flexible Spending Arrangement/Cafeteria Plan)

OTHER (specify): .....\$ \_\_\_\_\_

Have the diversity and inclusiveness requirements of equal opportunity in ministry been met? YES\_\_ NO\_\_

**MANDATORY SALARY MINIMUM**

Minimum Cash Salary      \$58,240 in 2021

For additional salary guidance, see the Presbytery Approved **MINIMUM FOR A CALL** document on website [www.losranchos.org](http://www.losranchos.org) under Resources.

The following instructions reflect the means for taking maximum advantage of Internal Revenue Service regulations that consider clergy "Employees" for income tax purposes and "self-employed" for social security purposes. Check stubs should clearly indicate housing separate from salary and entered on line 14 of W-2's. "Housing Allowance" includes all expenses (e.g. drapes, furnishings, cleaning supplies, taxes, insurance, etc.) [inc. Rent] necessary to maintain a home--even if a manse is provided. Any housing allowance NOT spent to provide a house is considered taxable income. The Session resolution itemizing housing and salary may be a "percentage basis of salary" (e.g. "40% of cash salary") and may continue indefinitely, but must properly be restated each time the terms of call change and at the beginning of each fiscal year for IRS purposes.

If a manse is provided, the fair market value of manse, added to utilities and furnishings, must equal at least 30% of salary plus deferred income (if any), for pension dues computation. Pension dues are calculated on "Effective Salary".

Business related expenses should be part of a Session's Accountable Reimbursement Policy that reimburses properly vouchered expenses. If so, they are not reported to the IRS. If provided as a monthly amount, without vouchered itemization, they must be reported to the IRS as salary on form W-2. Medical Supplements, to be tax exempt, must be part of a Session adopted "Flexible Spending Plan" or "Cafeteria Plan" which meets IRS regulations.

## ACKNOWLEDGMENT FORM & "MANDATED REPORTER" CERTIFICATION

### PREVENTION AND RESPONSE POLICY: SEXUAL MISCONDUCT

By my signature I acknowledge that I have received a full and complete copy of the "Prevention and Response Policy: Sexual Misconduct" of the Presbytery of Los Ranchos.

By my signature, I further understand that I am a "mandated reporter" as that term is defined in the California Child Abuse and Neglect Reporting Law and have certain reporting obligations pursuant to California Penal Code Section 11166 as well as certain confidentiality obligations under subdivision (d) of Section 11167. I certify that I have been provided a copy of California Penal Code Sections 11165.7, 11166, and 11167 and have reviewed them. {Relevant sections follow. The full document is attached separately}

I also acknowledge that I understand that it is the expectation of the presbytery that I have read the above documents and am familiar with the behavioral boundaries created by these documents, the consequences of violating those boundaries, and the procedures that will be followed if allegations of sexual misconduct are made by me or against me. I further understand the education and training requirements established by this policy and the consequences of failure to attend such opportunities.

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**Signature**

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**Name Printed**

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**Date Signed**

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**Witness**

*New ministers seeking membership in the Presbytery of Los Ranchos must provide proof of prior sexual misconduct prevention training or participate in such training within the first two years of their call.*

**ACKNOWLEDGEMENT OF RECEIPT OF “THE STANDING RULES”  
OF THE PRESBYTERY OF LOS RANCHOS**

*“I acknowledge that I have received a copy of the current “Standing Rules” of the Presbytery of Los Ranchos and understand that I am responsible for knowing their content.”*

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Minister’s Signature**

\_\_\_\_\_  
**Print Name**

Return to

**Carol Bridgeman  
Presbytery of Los Ranchos  
PO Box 910  
Anaheim, CA 92815-0910**

**ACKNOWLEDGEMENT OF RECEIPT**  
**PERSONNEL POLICIES for CLERGY**  
**OF THE PRESBYTERY OF LOS RANCHOS**

*“I acknowledge that I have received a copy of the current Personnel Policies for Clergy of the Presbytery of Los Ranchos and understand that I am responsible for knowing their content.”*

\_\_\_\_\_

**Date**

\_\_\_\_\_

**Minister’s Signature**

\_\_\_\_\_

**Print Name**

Return to

**Carol Bridgeman**  
**Presbytery of Los Ranchos**  
**PO Box 910**  
**Anaheim, CA 92815-0910**

PASTORAL CALL

(For Pastor or Associate Pastor)

The \_\_\_\_\_ Presbyterian Church (U.S.A.) PIN# \_\_\_\_\_ of \_\_\_\_\_, CA belonging to the Presbytery of Los Ranchos (PIN 360-352), being well satisfied with your qualification for ministry and confident that we have been led to you by the Holy Spirit as one whose service will be profitable to the spiritual interests of our church and fruitful for the Kingdom of our Lord, earnestly and solemnly calls you,

\_\_\_\_\_ (Name)

to undertake the office of

\_\_\_\_\_

of this congregation, promising you in the discharge of your duty all proper support, encouragement, and allegiance in the Lord.

Effective Date of the Call (date work is to begin): \_\_\_\_\_

That you may be free to devote yourself full time (part time--specify terms: \_\_\_\_\_) to the ministry of the Word and Sacrament among us, we promise and obligate ourselves to pay you the following: (Complete those agreed upon.)

ANNUAL SALARY: .....\$ \_\_\_\_\_
To be paid: Monthly: \_\_\_\_; Semi-Monthly: \_\_\_\_; Weekly: \_\_\_\_; Bi-Weekly \_\_\_\_\_

USE OF THE MANSE: ("Fair Market Value"/30% of Salary for Pension) .....\$ \_\_\_\_\_

ANNUAL HOUSING ALLOWANCE: .....\$ \_\_\_\_\_

ANNUAL UTILITIES ALLOWANCE: .....\$ \_\_\_\_\_

DEFERRED INCOME: (Annuity, Life Insurance, IRA, Retirement Savings, etc.).....\$ \_\_\_\_\_

TAXABLE SOCIAL SECURITY OFFSET: .....\$ \_\_\_\_\_

Moving Costs: (check one) FULL: \_\_\_\_ or Clergy Policy \_\_\_\_ OTHER: \_\_\_\_ (Please specify) ....\$ \_\_\_\_\_

ANNUAL VACATION: (Minimum 30 working days, with 4 Sundays) ..... \_\_\_\_\_

ANNUAL STUDY LEAVE FOR CONTINUING EDUCATION: ..... \_\_\_\_\_

(Minimum 2 weeks per year cumulative to 6 weeks)

Annual Pastors' Retreat (3 days)..... \_\_\_\_\_

SICK DAYS: (Minimum 12 working days)..... \_\_\_\_\_

and we will pay regularly in advance to the board responsible for benefits a sum equal to that requisite percent of your effective salary which may be fixed by the General Assembly of the Presbyterian Church (U.S.A.) for participation in the Benefits Plan of the Presbyterian Church (U.S.A.), including both pension and medical coverage, or any successor plan approved by the General Assembly, during the time of your being and continuing in the pastoral relationship set forth in this call to this church.

\_\_\_\_\_ We further promise and obligate ourselves to reimburse your professional expenses, subject to the terms of the Accountable Reimbursement Policy adopted by the session of the congregation, up to the following limits:

PASTORAL CALL (cont'd)

AUTOMOBILE EXPENSES: (minimum \$2,600—vouchered amount @ IRS rate must be paid) ...\$ \_\_\_\_\_

STUDY LEAVE EDUCATION EXPENSES: (cumulative to 6 weeks) (Minimum \$1,000).....\$ \_\_\_\_\_

ANNUAL PASTORS' RETREAT EXPENSES: .....\$ \_\_\_\_\_

BOOKS & JOURNALS: .....\$ \_\_\_\_\_

BUSINESS EXPENSES: .....\$ \_\_\_\_\_

MEDICAL SUPPLEMENT: ("Flexible Spending Arrangement"/Cafeteria Plan) .....\$ \_\_\_\_\_

OTHER: (Please specify) .....\$ \_\_\_\_\_

OR

\_\_\_\_\_ "We further obligate ourselves to reimburse you for business/professional expenses incurred in the conduct of your ministry, including expenses for continuing education, travel, etc., according to the Accountable Reimbursement Plan of this congregation and subject to the budget limits adopted from time to time by the Session--and which meet or exceed then current Presbytery minimums. PNC Moderator initial if this includes an IRS approved Medical Supplement: \_\_\_\_\_."

\*\*\*\*\*

We further promise and obligate ourselves to review with you annually the adequacy of this compensation and of the expense reimbursements limits shown above.

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In addition, we promise to provide:

In testimony whereof we have subscribed our names this \_\_\_\_\_ day of \_\_\_\_\_, A.D. 201\_: [Signatures of persons elected by the congregation to sign the call]

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

\*\*\*\*\*

Having moderated the congregation meeting which extended a call to \_\_\_\_\_  
 \_\_\_\_\_ for ministerial services, I do certify that the call has been made in all respect according to the requirements of the Form of Government, and that the persons who signed the foregoing were authorized to do so by vote of the \_\_\_\_\_  
 Presbyterian Church (U.S.A.) of \_\_\_\_\_, California.

(Moderator of the Meeting) \_\_\_\_\_

CERTIFICATION OF THE CALL

of the Rev. \_\_\_\_\_  
to \_\_\_\_\_ Presbyterian Church

A. BY THE CHURCH'S PRESBYTERY

1. ACTION OF THE COMMITTEE/COMMISSION ON MINISTRY

This Call has been reviewed by the Committee on Ministry. The Committee recommends that the Presbytery approve (not approve) this call. This is a Commission action: Yes\_\_\_\_ No\_\_\_\_.

Date of Action: \_\_\_\_\_  
Chairperson, Committee on Ministry

2. ACTION BY THE PRESBYTERY

This call was approved by the Presbytery of Los Ranchos (its Commission \_\_\_\_\_)

Date of Action: \_\_\_\_\_  
Rev. Forrest Claassen, Stated Clerk

B. BY THE MINISTER'S/CANDIDATE'S PRESBYTERY

1. ACTION OF THE COMMITTEE/COMMISSION ON MINISTRY

This call has been reviewed by the Committee on Ministry. The Committee recommends that the Presbytery find it expedient (not expedient) to release \_\_\_\_\_ to accept this call. This is Commission action: Yes\_\_\_\_ No\_\_\_\_.

Date of Action: \_\_\_\_\_  
(Chairperson, Committee on Ministry)

2. ACTION BY THE PRESBYTERY

The Presbytery of \_\_\_\_\_ (or its Commission \_\_\_\_\_) hereby finds it expedient (not expedient) to release \_\_\_\_\_ to accept this call and therefore has placed (has not placed) this call in the minister's/candidate's hands.

Date of Action: \_\_\_\_\_  
(Stated Clerk)

C. ACCEPTANCE OF THE CALL

This is to certify that I have received and accept this call.

Date of Acceptance: \_\_\_\_\_  
(Signature)

## A GUIDE TO NEGOTIATING PASTORAL COMPENSATION

FOR PASTORS AND PASTOR NOMINATING COMMITTEES

Because of IRS regulations with substantial tax implications for ordained ministers (including the handling of vouchered, reimbursable expenses), along with the coverage provided by the Board of Pensions program, it is important that ministers and pastor nominating committees have a basic understanding of how to get to the best possible compensation package for each party. The following is intended as a guide to facilitate negotiations in hopes that when Terms of Call reaches the Committee on Ministry, all critical elements are included in a form that is agreeable to all parties.

### EFFECTIVE SALARY

This is the Board of Pensions term which we also employ to refer to the following elements of a compensation package:

- Cash Salary
- Housing Allowance/Value of Manse
- Utilities/Furnishings
- Deferred Income (403b, Annuities, etc.; Deductions from Cash Salary)
- Social Security offset greater than 50%
- “Other” Income (Severance; church paid “gifts,” vouchered allowances)

“Effective Salary” is the figure used for calculating Board of Pensions dues. This is the mandatory amount, paid by the church, for coverage for ministers for:

- Medical coverage
- Pension (defined benefit)
- Disability
- Life Insurance
- Salary Continuation

For current information on the percentage basis, go to <http://pensions.org>.

### MINIMUM SALARY:

Presbytery establishes a “minimum salary” for all full-time, ordained ministers in the presbytery. This is an “Effective Salary” figure and no church may pay less than this amount without specific exception from presbytery. For current minimums call the Presbytery office at 714/956-3691 ext. 125.

### HOUSING:

The most substantial tax benefit available to ordained ministers is that the amount designated by the church for “housing” is not subject to income tax. [It is for Social Security taxes—see below.] The amount actually spent for obtaining and maintaining a home is not included as income when filing for taxes. Payments, insurance, taxes, maintenance, improvements, upkeep, utilities, are all eligible to be included as “housing.” Always make sure the Call includes more income designated “housing” than will actually be spent: the excess simply becomes additional income—but if you under estimate, you cannot switch “cash salary” to “housing.”

However, ordained ministers, who are considered “employees” for income tax purposes (and thus subject to a W-2, are considered “self-employed” for Social Security purposes and must pay

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7.65% of adjusted income (including housing) for Social Security. [Board of Pensions allows a church to provide up to 7.65% SS offset without it being considered “effective salary”—but IRS considers the offset “income” for tax purposes.]

### DEFERRED INCOME

The Board of Pensions provides an excellent 403b program with Fidelity Investments. Ministers are encouraged to participate—and churches are encouraged to provide matching funds. It is one of the critical financial tools for insuring adequate income in retirement. Ministers can designate “cash salary” go to 403b; church pays that amount as part of Pensions billing, and the amount is not taxable.

In addition, certain life insurance and annuity programs can be sheltered from taxes. An insurance agent or financial advisor/planner can assist with these programs.

### OTHER INCOME

Please consult the presbytery regarding tax and Board of Pensions implications and consequences for other forms of income—especially “gifts” to the pastor—to insure minimum tax exposure. Note that below market loans result in “imputed income” which must be treated as income. “Allowances” (expenses covered by other than vouchered, reimbursable process) are income.

### OTHER BENEFITS

Presbytery mandates that ordained ministers receive one month’s vacation (30 working days) and two weeks of professional study leave per year. [The study leave can accumulate—if not used—up to six weeks.] Pastors with long tenures and who have been ordained a long period of time often will seek an additional week of vacation.

Professional Study Leave: Presbytery mandates Terms of Call include \$1000 minimum financial reimbursement for Study Leave. This should be set up as a vouchered, reimbursable arrangement. Your church may want to consider offering more than the minimum to attract more competitive candidates.

Travel Reimbursement: Presbytery mandates Terms of Call include \$2,600 minimum financial reimbursement for Travel. Churches are expected to have a vouchered (at IRS approved rate), reimbursable program that covers the cost of all “business related” travel by pastors. An amount can be included in budgets—but if actual costs exceed budget, the church is responsible for paying the actual amount.

Medical/Dental Supplement: Many pastors will seek, and many churches will provide, a medical /dental supplement to offset the cost of Pension plan deductibles or non-coverage. Technically, this should only be done as part of an FSA 105 or 125 programs for all employees. Consult a professional tax advisor before entering into such an arrangement.

Professional Expenses/Book Allowances/Conferences: Many pastors will seek, and many churches will provide, budget items for the following kinds of expenses (preferably as vouchered, reimbursable accounts):

Professional: meals with parishioners, robe upkeep, professional organization dues, etc.

Books and Journals: cost of books, magazines, journals, and electronic media necessary to remain current in profession.

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Conferences: the cost of one day or short term events directly related to professional competence or expectations for upgrading specific knowledge or skills.

Moving Expenses: The Presbytery's Personnel Policies for Clergy provide clear guidelines for the cost and reimbursement for travel expenses. The negotiated details of such an agreement must be spelled out in the Terms of Call form so that all parties have written verification of agreements.

### NEGOTIATIONS

Pastors and pastor nominating committees are responsible for negotiating final terms of call. Any coverage that exceeds the maximums authorized by Session must be resubmitted to Session for review. [Note: The Pastor Nominating Committee, as a committee of the congregation, does not have to have Session approval of the Terms of Call—only the congregation can approve those terms. However, to avoid an embarrassing disagreement at a congregational meeting between a PNC saying it must have this amount and the Session arguing the church can't afford that amount—it is best to have Session's approval of amounts exceeding what was approved.] If necessary, an amendment for the Call Form can be attached, spelling out any unusual details to figures included in the Terms of Call. The terms must be approved by the presbytery (through its COM) for the Call to become official/legal, so keep presbytery informed of the negotiating process so that potential difficulties can be recognized and dealt with early in the process.

Remember: HOW the Terms of Call are set up can have thousands of dollars of consequences for the pastor and the church. The presbytery always stands ready to consult in the negotiating process to make sure that the final terms provide maximum advantages to all parties.