APPENDIX A – Detailed Explanation

DEFINITION OF COMPENSATION, BENEFITS, AND RESPONSIBILITIES OF THE ROSTERED MINISTER

HOUSING ALLOWANCE DECLARATION FOR IRS (MINISTERS OF WORD & SACRAMENT ONLY)
Under the IRS tax code, Ministers of Word & Sacrament are allowed a tax advantage by declaring a portion of their income to be a Housing Allowance. The Baseline Salary for Rostered Ministers in the Compensation Worksheet includes both Salary and Housing Allowance. Each Minister of Word & Sacrament must determine what portion of their income should be designated as their Housing Allowance. This amount must be designated in a church council meeting prior to the beginning of the year. (See box below). The amount allocated as housing allowance is limited by the actual costs, the amount designated by the congregation, or by the fair rental value in the community. Rostered Ministers are strongly urged to consult with a tax professional to determine their Housing Allowance and should keep abreast of the latest IRS regulations.

Annually, a housing allowance designation statement should be included in the minutes of the Congregational Council. A sample housing allowance designation form follows:

Designation of Housing and/or Furnishings Allowance by Congregational Council

Upon motion duly made and seconded, it was voted to designate $_____of the cash salary for 20___ to be paid to the Rev. _____as a housing/furnishings allowance in response to the Minister of Word & Sacrament's request and acknowledgement that the allowance so designated does not exceed the fair rental value of his/her home, furnished, plus the cost of utilities (or the fair rental value of the furnishings where a parsonage is provided). Therefore, cash salary shall be $_____and the housing allowance shall be $_____.

_____ Date:_____ _____ Date:_____
Signed by an officer *Signed by the Minister of Word & Sacrament*

PLEASE NOTE: The Housing Allowance is NOT the same as Box B in the Rostered Minister Compensation Worksheet entitled "COMMUNITY HOUSING COST ADJUSTMENT". Please read the instructions for each carefully. Mis-stating one's Housing Allowance can have tax complications.

ROSTERED MINISTER COUPLES
If one spouse does not have a parsonage or housing allowance, that person's pension contribution should be based on the Rostered Minister's salary plus a minimum of 30%.

PARSONAGE PROVISIONS FOR ROSTERED MINISTERS
Where a congregation provides a parsonage, the congregation should assume all costs for maintenance, heat and utilities. They may pay these costs directly or give an allowance to the Rostered Minister sufficient to cover the expenses. In addition to these costs, the congregation should provide and maintain major appliances in the parsonage.

If a parsonage is provided, the congregation is encouraged to provide the Rostered Minister an annuity for their future housing needs. For this purpose, the congregation may want to establish a "Housing Equity Account" by making additional employer contributions to the ELCA Optional Pension Plan. It is recommended that these contributions total at least 3% of the defined compensation (Salary & Cash Value of Parsonage).

OTHER INSURANCE OR BENEFITS (B-3)
It is suggested that a reimbursable plan be put into effect to help reduce the deductible and co-insurance payment for the Rostered Minister. Congregations may wish to consult with an insurance company to arrange this coverage or establish a reserve account for this coverage.

AUTOMOBILE EXPENSE REIMBURSEMENT (C-1)
Automobile expense and other work-related travel are a business expense for the congregation and should not be reported to the congregation as part of salary. Some examples of reimbursement are:
1. The congregation reimburses for actual business miles traveled at a specified rate per mile that shall be based on the current IRS automobile mileage allowance. (In order for this not to be income, a record of expenses must be submitted for reimbursement.)
2. The congregation purchases or leases a car and assumes the total automobile expenses. The Rostered Minister will need to keep track of business mileage and personal mileage.
3. An allowance is provided (Please Note: This option may have tax implications.)

PROFESSIONAL EXPENSES (C-2, 3)
The congregation should provide for professional expenses incurred in the performance of the duties of the Rostered Minister. It is recommended that a minimum of $200 be granted annually. In addition, the congregation should pay all expenses incurred by the Rostered Minister for attending required meetings and events (i.e., synod assembly, professional leaders' conference).

CONTINUING EDUCATION (C-4, D-2)
Continuing-education time should be provided for Rostered Ministers for updating skills and for professional growth in order to strengthen their ministries. This time should be considered as necessary for improving and building ministry - it is not vacation time. It is recommended that a minimum of two weeks and $1,000 be granted annually, accumulative for up to three years. *The ELCA expects a minimum of 50 contact hours annually in continuing education. A contact hour is defined as a typical 50-minute classroom instructional session or the equivalent.* Continuing education may be courses, seminary classes, workshops, or independent study, when directed toward a specific goal.

Each year the Rostered Minister's continuing-education plan should be developed in consultation with the congregation's council or appropriate ministry team.

FIRST CALL ACCOMPANIMENT (FCTE) (D-3)
New seminary graduates are required to participate in First Call Accompaniment program, which means they must take at least 50 continuing-education hours per year for the first three years of their ministry. The congregation that calls a new graduate will submit $1,200 annually to the Pacifica Synod to offset the portion of the cost to participate in the FCA program, as well as grant the Rostered Minister the time for the two Core Events each year. This cost is a part of the continuing-education money granted to a Rostered Minister when a Letter of Call is issued.

PERIODICALS, BOOKS AND PUBLICATIONS (C-5)
Expenses acknowledged by the IRS such as periodicals, books and publications shall be shared by the congregation. It is recommended that a minimum of $250 be granted annually.

VACATION (D-1)
A paid vacation of at least four weeks, including four Sundays, shall be granted to the Rostered Minister and the cost of pulpit supply for these absences shall be borne by the congregation. Time spent in outdoor ministries or retreats with congregational youth, adults, or family groups should not be considered as vacation time when it is part of the church program/job-related activity.

HOLIDAYS
When a Federal Holiday falls on a Rostered Minister's regular day off, the Rostered Minister, in consultation with the Church Council may schedule additional time off during that week.

SICK LEAVE (D-5)
Congregations are to provide sick leave up to 60 days with full salary, housing and benefits, and provision for partial disability thereafter as agreed upon, coordinated with ELCA pension and benefit guidelines.

DISABILITY (D-5)
In order to avoid awkward and hardship situations, both for Rostered Minister's families and for the congregation, it is recommended that each congregation develop an explicit written policy relating to permanent disability. In case of disability, it is expected that the congregation will continue to pay full salary, housing and benefits contributions for the first 60 days of disability, until the disability benefits of the ELCA Pension Plan go into effect. Any period of disability (beginning date, length, and return to active duty) should be based on a physician's recommendation. Congregations may wish to consult with an insurance company to arrange this coverage for the first 60 days at a minimal annual cost rather than being faced with major expenses should disability occur.

(All ELCA pension benefits coordinate with the benefits of Social Security or other governmental benefits. Disability benefits for Rostered Ministers who have chosen to opt out of Social Security would be reduced by the amount of benefits Social Security would have paid.)

PARENTAL LEAVE (D-6)
Caring for children and parents is a high priority. Where applicable, parental leave for up to twelve weeks, with full salary, housing, and benefits, is recommended ELCA policy. In the event of a medical emergency or death within the Rostered Minister's family, up to three weeks of paid leave is recommended.