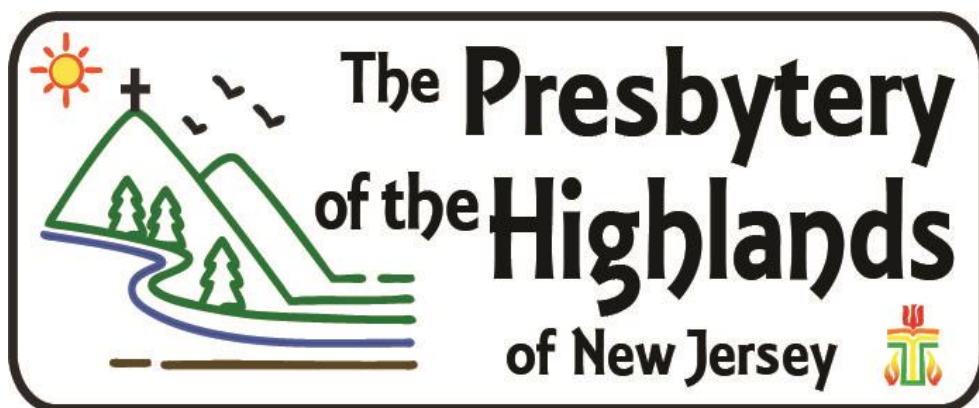


# Instructions and Guidelines for the Presbytery of the Highlands Terms of Call Worksheet



## Introduction

When a congregation calls a pastor, they make a promise in the ordination and Installation vows to pay the pastor fairly and provide for their welfare. The Presbytery of the Highlands annually provides an updated Annual Terms of Call to assist congregations and session in fulfilling this vow.

*W-4.4006b (3) - Do we promise to pay him/her fairly and provide for his/her welfare he/she works among us; - Ordination/Installation questions for the congregation.*

The Presbytery of the Highlands annually reviews the Terms of Call of all pastors ( installed and not installed) serving in congregations within our bounds. (G-3.0108a). To do that we **require** all congregations to fill out the Terms of Call Worksheet for their pastor(s).

Over the years the Terms of Call for a pastor have become complicated and at times confusing. This is a guide to assist and provide clarity in filling out the Terms of Call Worksheet



## Terms of Call Worksheet

### Pastor's Name

**Effective Date** – Date when the Terms of Call are effective such as January 1 or when the pastor's covenant (non-installed) is renewed.

**Church and Town/City** – Make sure you include the town or city because we have a lot of "First Church"

### Full time or Part time

In the Presbytery of the Highlands full time is 40 hours per week. Part time anything less than 40 hours.

### Position Type

The drop-down menu will assist you in including the Ecclesiastical Occupational Code for the pastor. Below is the list of those normally part of

the Presbytery of the Highlands. If you do not find the code related to the pastor's position, please contact your COM liaison.

- Installed Pastoral Relationships
  - 101 Pastor or Co-Pastor
  - 103 Associate Pastor
  - 191 Designated Pastor
  - 193 Designated Associate Pastor
- Covenant (Temporary) Pastoral Relationships
  - 105 Interim Pastor or Interim Associate
  - 108 Temporary Relationship
  - 107 Ruling Elder Commissioned to a Church
- Member of Another Denomination (Temporary Membership G-2.0506)
  - 151 Pastor or Co-Pastor
  - 153 Associate Pastor
  - 155 Interim Pastor or Interim Associate
  - 158 Temporary Relationship
- Presbytery/Synod Councils
  - 302 Executive
  - 303 Stated Clerk

### **Shared or Bi-vocational**

Check the box if your pastor also serves another congregation in the presbytery or is Bi-vocational - part time and also serves a non-congregation position.



### **What is an Effective Salary?**

- According to the Board of Pensions (BOP) – Any compensation received during a “Plan Year” by a Plan Member from an employer, including but not limited to any sums paid as a housing (including utilities and furnishings) allowance.
- Not all pastors/CRE are BOP Plan members however this presbytery uses their guidelines/policies to determine our Minimum Terms of Call for **all** Pastors and CREs whether they are installed or Covenant Supply.
- Details about Effective Salary can be found in the [Board of Pensions publication Understanding Effective Salary](#)

## **Included in Effective Salary**

### **Line 1 – Annual Cash Salary**

- The full amount of gross cash compensation paid to the member must be included in effective salary. The annual salary or 12-month salary must be reported. For example, if the salary is \$20,000 but the member starts July 1, report the annual salary of \$20,000, not the amount the member receives for the part of the year they work.

### **Line 2 – Housing Allowance (Pastor not living in a manse)**

- Designated housing allowance, which is an elective portion of an individual member's compensation package, is included as part of effective salary. Rent reported as housing allowance for the employer-provided housing is the fair market value of the housing as determined annually through appropriate means.

### **Line 3 – Furnishing Allowance**

- Often used for pastor in a manse. If a member lives in a manse and receives an additional allowance for furnishings, the additional allowance is included in effective salary, in addition to the 30% manse amount. Can be annually or a one-time allowance. Treated like housing allowance for tax purposes.

### **Line 4 – Bonuses/Grants/Gifts/Manse Equity Allowance/Unvouchered Expenses**

- Include bonuses, unvouchered professional expense allowances, gifts from employing organizations, and manse equity allowances (unless contributed to a qualified deferred compensation program). Also include year-end or other bonuses, unvouchered allowances (such as expenses that are not paid through an accountable reimbursement plan), down payment grants for the purchase of a home, savings from interest-free or interest-reduced loans (not loan principal), and gifts paid by the employing organization. (Gifts received directly from private donors or honoraria are NOT included.) See BOP Understanding Effective Salary for more information.

### **Line 5 - Medical Expenses, Premiums, Deductibles**

- Churches may provide funds towards the Pastor's deductible or other medical expenses. These are considered effective salary, even if vouchered. They are also considered taxable income by the IRS and needs to be included on the W-2 Form as income.

**Line 6 – Flexible Spending Account (FSA managed by a third party only) The Board of Pensions provides a third party vendor for employers - [Further by Health Equity](#)**

- Voluntary salary reductions from a member's cash salary for Section 125 tax-advantaged plans (e.g., healthcare FSA, dependent care FSA, or HSA) are included in effective salary.

**LINE 7 – Excess SECA Any amount greater than the amount recorded on Line 13**

- SECA tax is generally 15.3 percent of the minister's net income. If the employer pays for or reimburses the minister more than 50 percent of that amount (in other words, more than 7.65 percent) of the expense, the amount in excess of 7.65 percent is included in effective salary

**Line 8 – Utilities (only if billed to Pastor and paid directly to Pastor by Employer)**

- Utilities (only billed to pastor and paid directly to pastor by employer) In such a time when the utilities are billed directly to the Pastor and paid directly to the Pastor by the Employer. For tax purposes is treat as housing allowance.

**Line 9 – Value of Manse**

- The rental value of a manse may only be designated if provided to a minister of the Word & Sacrament or commissioned lay pastor, and the rental value of the manse is included in effective salary. The amount included shall be at least 30 percent of all other compensation included in effective salary. Line 9 shall not be less than that amount. The actual value on Line 9 may exceed that amount. If the pastor does not live in a manse or receives a housing Allowance (line 2) leave line 9 blank. The minimum of 30% is based on BOP recommendations in publication [Understanding Effective Salary](#).

**Line 10 Total Annual Effective Salary (total of lines 1 - 9)**

This is calculated for you. The Board of Pensions dues are based on this number.



## **Line 11 Board of Pensions Dues**

Medical, Pension, Death and Disability (BOP - Pastor Participation Program) are mandatory for all Installed Pastors and for all Covenant Pastors\* working 20 hours or more per week.

*\*For Covenant Pastors who can demonstrate that they have other medical insurance they may opt out of the medical coverage only. However, should the pastor no longer have that coverage the church must provide it through the Board of Pensions, Pastor Participation Program. The Pensions, Death and Disability and Temporary Disability will be through the BOP Minister's Choice program.*

As of January 2023, Board of Pensions Dues is 39% of Effective Salary.

[Use the Board of Pensions Dues Calculator to fill in the following boxes.](#)

From the Dues Calculator include the following information:

- Medical
- Pension
- Death & Disability
- Temporary Disability

Medical, Pension, Death & Disability and Temporary Disability are mandatory for ALL Installed Pastors and for Covenant pastors 20 hours or more.

### **Optional Dental**

This box is for Employer Contribution for Optional Dental

### **Supplemental Death**

This box is for Employer Contribution for Supplemental Death

Employer Contribution to Optional Dental and Supplemental Death through the Board of Pensions are not considered towards Effective Salary.

### **Opt out of Medical Coverage – Non installed/Covenant Pastor only.**

Opt Out of Medical Coverage box. If the Covenant pastor (20 hours or more) has medical coverage from a different source this box **MUST** be checked. If not, COM will assume that your BOP calculations are incomplete and not approve the TOC. You are required to provide Pension, Death & Disability and Temporary Disability.

## Optional Dental Employee Contribution & Optional Supplemental Death Contribution

Employee Contribution to Optional Dental or Supplemental Death (deducted from salary) is for record only and does not affect BOP dues.

### Information on how dues are calculated

Medical 29%

Pension 8.5%

Long term Disability 1%

Temporary Disability .5

The Board uses salary information reported to it as of May 1 of each year to set median effective salaries for the next year. When a member's annual effective salary is less than the median, pensions credits, disability benefits, and death benefits, are calculated based on the *applicable median salary*.

Use the [Board of Pensions Dues Calculator](#) to calculate the accurate BOP dues.



### Line 12 SECA Allowance

*SECA tax is currently 15.3 percent of the minister's net income. If the employer pays for or reimburses the minister more than 50 percent of that amount (in other words, more than 7.65 percent) of the expense, the amount in excess of 7.65 percent is included in effective salary.*

*( [Understanding Effective Salary, BOP publication, page 7](#) )*

\*\*\*Effective for all **new calls** beginning January 1, 2023, the Presbytery of the Highlands requires congregations and sessions to provide 50% of the SECA Allowance. \*\*\*

### Line 13 Retirement Savings

403(b) Employer Match Employee Match. BOP - Employer contributions made to the Retirement Savings Plan of the Presbyterian Church (U.S.A.) to match elective contributions by employees are not included in effective

salary. **Any matching program must be available universally to all eligible employees.**

If line 13 is more than line 1A then the difference must be added to line 4.

#### **Line 14 - Continuing Education Reimbursement**

This a required minimum of \$1,200.

This is not included in effective salary if it is reimbursed to the member through an accountable reimbursement plan. This is for studies that are related to employment. **This is required** and should not be merged with line 16 – Travel/professional expenses.

*\*\*The work of the church is constantly changing, and it is important that the pastor's participate in **Continuing Education** each year in order to keep up with the changing church environment. The session or personnel committee should request that pastor provide a summary of his/her continuing education events each year.\*\**

#### **Line 15 - Travel/Professional Expenses**

**This is required at a minimum \$1000**

The professional expense, if reimbursed through an accountable reimbursement plan, is not included in effective salary.

This should be used to cover travel expenses, in accordance with IRS regulations. It can also cover expenses related to the work of the pastor. It should not be for church expenses that are normally covered by the church budget such as church office supplies or worship expenses.

#### **Line 16 – Manse Utilities**

If a member lives in a manse and the utility services are maintained in the employer's name and paid for directly by the employer, the value of those services is not included in effective salary.

If paid directly to the employee, utility allowances are included in effective salary. If a member lives in a manse and receives an additional allowance for utility services and/or furnishings, the additional allowances are included in effective salary, in addition to the 30 percent manse amount. This should be included on line 8.

#### **Line 17 TOTAL compensation for 2023**



This line is calculated

### **Line 18 – Vacation Time**

Vacation Time is mandated by the Book of Order to be a minimum of 4 weeks and 4 Sundays. A congregation may choose to provide more than 4 weeks. **This is mandatory for both Part and Full time.**

*\*\*\*If these boxes are not filled in the COM will consider the TOC incomplete.*

### **Line 19 – Study Leave/Continuing Education**

Study leave/Continuing Education is mandated by the Book of Order to be a minimum of 2 weeks and 2 Sundays. A congregation may choose to provide more than 4 weeks. **This is mandatory for full time and part time positions.**

*\*\*\*If these boxes are not filled in the COM will consider the TOC incomplete.*

### **Line 20 Moving Expenses (For a new call only)**

Moving Expenses for relocation for a new position reimbursed or paid for by an employer pursuant to itemized receipts are not included in effective salary. (Understanding Effective Salary, BOP publication, page 7)

### **Signatures Required**

The Pastor and Clerk of Session should sign the form before sending it to the Committee on Ministry. Following approval of the Terms of Call by the Committee on Ministry, a signed copy will be returned to the church.