

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:

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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.

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 Chair

2. ACTION BY THE PRESBYTERY

This call was approved by the **Presbytery of Los Ranchos** (its Commission _____)

Date of Action: _____
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: _____
(Candidate 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 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.