

**COMPENSATION GUIDELINES AND
EMPLOYMENT INFORMATION
FOR ROSTERED MINISTERS
SOUTHWESTERN WASHINGTON SYNOD
2024**

Southwestern Washington Synod Office
SWWSYNOD@PLU.EDU; 253-535-8300

Compensation for Ordained Ministers

As we believe in the ministry of all the baptized, we also train and call persons to specific ministries such as pastors and deacons:

"This church affirms the universal priesthood of all its baptized members. In its function and its structure this church commits itself to the equipping and supporting of all its members for their ministries in the world and in this church. It is within this context of ministry that this church calls or appoints some of its baptized members for specific ministries in this church." (ELCA Constitution 7.11)

Compensation for rostered ministers and lay staff is a spiritual matter for your congregation's health and vitality. We know that the church is not a business, although it uses the wisdom of business practices. We are a community of faith. We recommend reading and reflecting on the following passages as you prepare a compensation package for your rostered leader: Psalm 127:1, Psalm 145: 10- 21, Proverbs 2: 1-11, Ephesians 4: 11- 16, 1 Timothy 5: 17-18

After you have read this document thoroughly, if you have any questions on the Compensation Guidelines for Ministers, please contact the Southwestern Washington Synod Office at 253-535-8300 or email swwsynod@plu.edu, or you may contact Portico Benefits Customer Care Center at 800.352.2876. If you have any specific tax questions, please consult a tax professional that is familiar with clergy and church taxes.

Congregation as Employer—Understanding Employment Law

In addition to compensation and benefit numbers, congregational leaders are responsible for keeping up to date on current state employment laws and the practices of the ELCA. As an employer, this is the duty of the congregation, not the pastor or deacon. *It is strongly recommended that each congregation have written personnel policies and people set aside to steward these policies, keeping them in alignment with state and federal laws.*

The following information is offered to assist your congregation in stewarding this responsibility:

1. Overtime Exemption—changes in Washington State

The state of Washington has increased the minimum hourly rate many times in the last few years, but these are the first major changes to the state's overtime exempt rules since 1976. The change in the overtime exempt salary threshold impacts "white collar" positions held by executive, administrative, and professional workers plus computer professionals and outside salespeople. According to the table published by the Washington State Department of Labor and Industries in 2023, in order to be exempt from earning overtime in 2024, a worker must earn at least the minimum salary of \$1,302. a week or \$67,725. a year and their duties must meet a jobs test *in a business with less than 50 employees.*

Therefore, if you pay your Pastor or Deacon less than \$67, 725. a year, no matter how many hours they work a week or what duties they perform, their salary will be calculated based on an hourly and they will receive time-and-a-half for all hours worked in excess of 40 hours/week. This will most likely mean that all part-time rostered leaders will be paid hourly and will receive time-and-a-half for hours worked over 40 hours a week, since they are probably paid less than \$67, 725. a year.

There are a wealth of resources about the new overtime laws on the state's L&I website, including commonly asked questions. These may be accessed here: <https://lni.wa.gov/workers-rights/wages/overtime/overtime-rules-resources>

2. Paid Sick Leave

As of January 1, 2018, employers in Washington are required to provide all their employees with paid sick leave. The Washington State Department of Labor and Industries says that church workers are NOT exempt from the overtime, minimum wage or paid sick leave requirements unless they are volunteers.

Current details of this law may be found at <https://www.lni.wa.gov/workers-rights/leave/paid-sick-leave/>

3. Washington State Paid Family and Medical Leave

Washington's Paid Family and Medical Leave provides time off when you need it most. This state program is quite different than the Federal Family Medical Leave Act (FMLA) and applies more directly to congregations.

Current employer information about Paid Family and Medical Leave <https://paidleave.wa.gov/small-businesses/>.

4. SWWA Synod Parental and Family Leave

The 2019 Synod Assembly voted to recommend providing parental leave of up to 12 weeks. A parental leave plan shall be drawn up in open consultation with the rostered minister and the mutual ministry committee, with the final approval of the congregation/agency/council. Letters of Call and Letters of Appointment should include provisions for parental and sick leave. These issues should be discussed, and an official policy established by the congregation's council. Specific conditions, including number of weeks leave before and after the birth or adoption of a child, should be negotiated in advance in writing. Parental Leave is not based on whether a parent is primary or secondary care giver. In the case of a birth, adoption or fostering, the leave should include up to 12 weeks of full salary and benefits. When both parents are pastors (either in the same congregation/agency/Synod or separate ones), both should be given the recommended leave.

5. Federal Family and Medical Leave Act

The Family and Medical Leave Act (FMLA) entitles eligible employees of covered employers to take unpaid, job-protected leave for specified family and medical reasons, including mental health.

FMLA leave is available to:

- Eligible employees: Employees are eligible if they work for a covered employer for at least 12 months, have at least 1,250 hours of service for the employer during the 12 months before the leave, and work at a location where the employer has at least 50 employees within 75 miles.
- Covered Employers: *Private employers are covered employers under the FMLA if they employed 50 or more employees in 20 or more workweeks in the current or preceding calendar year, including joint employers or successors in interest to another covered employer.* Public agencies, including a local, state, or Federal government agency, and public and private elementary and secondary schools are FMLA covered employers regardless of the number of employees they employ.

Current information about FMLA may be found at <https://www.dol.gov/agencies/whd/fmla>

6. Washington CARES Fund

Long-term care insurance that is paid BY THE EMPLOYEE through quarterly premiums taken from the employee's paycheck. Washington is the first state in the nation to develop a public plan that makes long-term care affordable. **WA Cares Fund** gives members access to a lifetime benefit they can use on a wide range of long-term services and supports—should they need it.

Current information about WA Cares may be found at <https://wacaresfund.wa.gov/>

7. Administrative Costs Washington State Workers' Compensation Plan

All congregations are required by law to provide Workers' Compensation coverage for all employees. For purposes of Workers' Compensation, clergy are employees and therefore must be covered under Workers' Compensation.

8. Portico Disability

If a rostered minister becomes **disabled** as a direct result of injury, physical or mental disorder and is therefore unable to perform the material duties of his or her occupation for the employer, the ELCA Portico Benefits Service expects the employing congregation or institution to pay full salary and benefits during the first two months of disability. Beginning with the third month of disability, Portico Benefits Services provides 2/3 of pre-disability pay to qualifying plan members. Portico must be part of the conversation from the start of the injury or illness.

Current information on Portico disability insurance may be found at <https://porticobenefits.org/>

Note: Rostered leaders may need to access specific information through their myporticobenefits site.

Compensation and Benefits for Rostered Leaders

When a congregation calls a Pastor or Deacon, leaders are asked to complete the ELCA's "Definition of Compensation, Benefits and Responsibilities for Ministers" form.

It is strongly recommended that this form be completed by the council each year as part of making decisions about rostered leader compensation and filed in the rostered leader's personnel file.

Links to these forms may be found here:

[https://swwasynod.org/wp-content/uploads/2023/09/Compensation and Benefits for a Pastor Form.pdf](https://swwasynod.org/wp-content/uploads/2023/09/Compensation_and_Benefits_for_a_Pastor_Form.pdf)

[https://swwasynod.org/wp-content/uploads/2023/09/Compensation and Benefits Word and Service-1.pdf](https://swwasynod.org/wp-content/uploads/2023/09/Compensation_and_Benefits_Word_and_Service-1.pdf)

Explanation of changes to 2024 Defined Compensation

At the time these guidelines were prepared, the US Bureau of Labor Statistics calculated the year-over-year CPI at +4.6% for our area.

These guidelines include this cost-of-living increase for all rostered leaders, plus the yearly experience increase. Please see the small chart at the bottom of each page for the percent of STEP increase per years of experience.

**SOUTHWESTERN WASHINGTON SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA
2024 COMPENSATION GUIDELINES FOR MINISTER OF WORD AND SACRAMENT (COMPARISON)**

2024 WA EXEMPT DEFINED COMPENSATION				
YEARS EXPERIENCE	BASE SALARY+ HSG ALLOW	SOC SECURITY ALLOWANCE	TOTAL	
0	56,735	4,340	61,075	
1	58,295	4,460	62,755	
2	59,898	4,582	64,480	
3	61,545	4,708	66,254	
4	63,238	4,838	68,075	
5	64,977	4,971	69,948	
6	66,764	5,107	71,871	
7	68,600	5,248	73,848	
8	70,486	5,392	75,878	
9	72,425	5,540	77,965	
10	74,416	5,693	80,109	
11	76,091	5,821	81,912	
12	77,803	5,952	83,755	
13	79,553	6,086	85,639	
14	81,343	6,223	87,566	
15	83,173	6,363	89,536	
16	85,045	6,506	91,551	
17	86,958	6,652	93,611	
18	88,915	6,802	95,717	
19	90,915	6,955	97,870	
20	92,961	7,112	100,073	
21	94,007	7,192	101,198	
22	95,064	7,272	102,337	
23	96,134	7,354	103,488	
24	97,215	7,437	104,652	
25	98,309	7,521	105,830	

BASE SALARY IS COMPUTED AS FOLLOWS:
 2024/23 STARTING SALARY NEW MOWAS (WA EXEMPT)
 EACH ADDITIONAL YEAR OF SERVICE THRU 1-10 2.75%
 EACH ADDITIONAL YEAR OF SERVICE THRU 11-20 2.25%
 EACH ADDITIONAL YEAR OF SERVICE THRU 21-30 1.125%
 EACH ADDITIONAL YEAR OF SERVICE THRU 31-50 1.00%
 COST OF LIVING INCREASE FOR 2024/23 (I/I) 4.60%

2023 WA EXEMPT DEFINED COMPENSATION				
YEARS EXPERIENCE	BASE SALARY+ HSG ALLOW	SOC SECURITY ALLOWANCE	TOTAL	
0	54,240	4,149	58,389	
1	55,732	4,263	59,995	
2	57,265	4,381	61,645	
3	58,839	4,501	63,341	
4	60,457	4,625	65,082	
5	62,120	4,752	66,872	
6	63,828	4,883	68,711	
7	65,584	5,017	70,601	
8	67,387	5,155	72,542	
9	69,240	5,297	74,537	
10	71,144	5,443	76,587	
11	72,745	5,565	78,310	
12	74,382	5,690	80,072	
13	76,056	5,818	81,874	
14	77,767	5,949	83,716	
15	79,517	6,083	85,600	
16	81,306	6,220	87,526	
17	83,135	6,360	89,495	
18	85,006	6,503	91,509	
19	86,918	6,649	93,567	
20	88,874	6,799	95,673	
21	89,874	6,875	96,749	
22	90,885	6,953	97,838	
23	91,907	7,031	98,938	
24	92,941	7,110	100,051	
25	93,987	7,190	101,177	

2023
 54,240
 2.75%
 2.25%
 1.125%
 1.00%
 7.50%

ANNUAL INCREASE
 2,686
 4,365
 4,485
 4,608
 4,735
 4,865
 4,999
 5,136
 5,278
 5,423
 5,572
 5,325
 5,444
 5,567
 5,692
 5,820
 5,951
 6,085
 6,222
 6,362
 6,505
 5,526
 5,588
 5,651
 5,714
 5,778

PCT. INCREASE
 4.60%
 7.48%
 7.48%
 7.48%
 7.48%
 7.48%
 7.48%
 7.48%
 7.48%
 7.48%
 6.95%
 6.95%
 6.95%
 6.95%
 6.95%
 6.95%
 6.95%
 6.95%
 6.95%
 5.78%
 5.78%
 5.78%
 5.78%

PLEASE NOTE: INCREASE SHOWN ARE THE STEP INCREASE PLUS SOCIAL SECURITY OFFSET COMPARED TO 2023 PRIOR YEAR EXPERIENCE

According to WA State Law these salaries do not meet the exempt threshold. Workers are to be paid overtime (see page 2.)

**SOUTHWESTERN WASHINGTON SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA**

2024 COMPENSATION GUIDELINES FOR MINISTER OF WORD AND SACRAMENT (COMPARISON)

2024 WA EXEMPT DEFINED COMPENSATION			
YEARS EXPERIENCE	BASE SALARY+ HSG ALLOW	SOC SECURITY ALLOWANCE	TOTAL
26	99,415	7,605	107,020
27	100,533	7,691	108,224
28	101,664	7,777	109,442
29	102,808	7,865	110,673
30	103,965	7,953	111,918
31	105,004	8,033	113,037
32	106,054	8,113	114,168
33	107,115	8,194	115,309
34	108,186	8,276	116,462
35	109,268	8,359	117,627
36	110,361	8,443	118,803
37	111,464	8,527	119,991
38	112,579	8,612	121,191
39	113,705	8,698	122,403
40	114,842	8,785	123,627
41	115,990	8,873	124,863
42	117,150	8,962	126,112
43	118,322	9,052	127,373
44	119,505	9,142	128,647
45	120,700	9,234	129,933
46	121,907	9,326	131,233
47	123,126	9,419	132,545
48	124,357	9,513	133,871
49	125,601	9,608	135,209
50	126,857	9,705	136,561

BASE SALARY IS COMPUTED AS FOLLOWS:
 2024/23 STARTING SALARY NEW MOWAS (WA EXEMPT) 56,735
 EACH ADDITIONAL YEAR OF SERVICE THRU 1-10 2.75%
 EACH ADDITIONAL YEAR OF SERVICE THRU 11-20 2.25%
 EACH ADDITIONAL YEAR OF SERVICE THRU 21-30 1.125%
 EACH ADDITIONAL YEAR OF SERVICE THRU 31-50 1.00%
 COST OF LIVING INCREASE FOR 2024/23 (I/I) 4.60%

2023 WA EXEMPT DEFINED COMPENSATION			
YEARS EXPERIENCE	BASE SALARY+ HSG ALLOW	SOC SECURITY ALLOWANCE	TOTAL
26	95,044	7,271	102,315
27	96,113	7,353	103,466
28	97,195	7,435	104,630
29	98,288	7,519	105,807
30	99,394	7,604	106,998
31	100,388	7,680	108,067
32	101,392	7,756	109,148
33	102,406	7,834	110,240
34	103,430	7,912	111,342
35	104,464	7,991	112,455
36	105,509	8,071	113,580
37	106,564	8,152	114,716
38	107,629	8,234	115,863
39	108,706	8,316	117,022
40	109,793	8,399	118,192
41	110,891	8,483	119,374
42	112,000	8,568	120,567
43	113,119	8,654	121,773
44	114,251	8,740	122,991
45	115,393	8,828	124,221
46	116,547	8,916	125,463
47	117,713	9,005	126,718
48	118,890	9,095	127,985
49	120,079	9,186	129,265
50	121,279	9,278	130,557

2023
 54,240
 2.75%
 2.25%
 1.125%
 1.00%
 7.50%

PLEASE NOTE: INCREASE SHOWN ARE THE STEP INCREASE PLUS SOCIAL SECURITY OFFSET COMPARED 2023 TO PRIOR YEAR EXPERIENCE

**SOUTHWESTERN WASHINGTON SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA
2023 COMPENSATION GUIDELINES FOR MINISTER OF WORD & SERVICE (COMPARISON)
(WITHOUT MASTERS)**

2024			2023			2024			2023		
YEARS EXPERIENCE	SALARY		YEARS EXPERIENCE	SALARY		YEARS EXPERIENCE	SALARY		YEARS EXPERIENCE	SALARY	
0	45,365	4.60% INCREASE	0	43,370	1.99%	26	79,493	4.60%	26	76,000	5.77% INCREASE
1	46,613	3,243	1	44,565	3,243	27	80,387	7.48%	27	76,855	5.77%
2	47,895	3,330	2	45,791	3,330	28	81,291	7.47%	28	77,720	5.77%
3	49,212	3,421	3	47,050	3,421	29	82,206	7.47%	29	78,594	5.77%
4	50,565	3,516	4	48,344	3,516	30	83,131	7.47%	30	79,478	5.77%
5	51,956	3,612	5	49,673	3,612	31	83,962	7.47%	31	80,273	5.64%
6	53,385	3,712	6	51,039	3,712	32	84,802	7.47%	32	81,076	5.64%
7	54,853	3,814	7	52,443	3,814	33	85,650	7.47%	33	81,887	5.64%
8	56,361	3,918	8	53,885	3,918	34	86,506	7.47%	34	82,706	5.64%
9	57,911	4,026	9	55,367	4,026	35	87,371	7.47%	35	83,533	5.64%
10	59,504	4,137	10	56,889	4,137	36	88,245	7.47%	36	84,368	5.64%
11	60,842	3,953	11	58,169	3,953	37	89,127	6.95%	37	85,212	5.64%
12	62,211	4,042	12	59,478	4,042	38	90,019	6.95%	38	86,064	5.64%
13	63,611	4,133	13	60,816	4,133	39	90,919	6.95%	39	86,924	5.64%
14	65,042	4,226	14	62,185	4,226	40	91,828	6.95%	40	87,794	5.64%
15	66,506	4,321	15	63,584	4,321	41	92,746	6.95%	41	88,671	5.64%
16	68,002	4,418	16	65,015	4,418	42	93,674	6.95%	42	89,558	5.64%
17	69,532	4,518	17	66,477	4,518	43	94,611	6.95%	43	90,454	5.64%
18	71,097	4,619	18	67,973	4,619	44	95,557	6.95%	44	91,358	5.64%
19	72,696	4,723	19	69,502	4,723	45	96,512	6.95%	45	92,272	5.64%
20	74,332	4,830	20	71,066	4,830	46	97,477	6.95%	46	93,195	5.64%
21	75,168	4,102	21	71,866	4,102	47	98,452	5.77%	47	94,127	5.64%
22	76,014	4,148	22	72,674	4,148	48	99,437	5.77%	48	95,068	5.64%
23	76,869	4,195	23	73,492	4,195	49	100,431	5.77%	49	96,019	5.64%
24	77,734	4,242	24	74,319	4,242	50	101,435	5.77%	50	96,979	5.64%
25	78,608	4,290	25	75,155	4,290						

2024			2023		
YEARS EXPERIENCE	SALARY	PCT. INCREASE	YEARS EXPERIENCE	SALARY	PCT. INCREASE
0	43,370	4.60%	26	79,493	4.60%
1	44,565	2.75%	27	80,387	7.48%
2	45,791	2.25%	28	81,291	7.47%
3	47,050	1.125%	29	82,206	7.47%
4	48,344	1.00%	30	83,131	7.47%
5	49,673	4.60%	31	83,962	7.47%
6	51,039	1.00%	32	84,802	7.47%
7	52,443	1.00%	33	85,650	7.47%
8	53,885	1.00%	34	86,506	7.47%
9	55,367	1.00%	35	87,371	7.47%
10	56,889	1.00%	36	88,245	7.47%
11	58,169	1.00%	37	89,127	6.95%
12	59,478	1.00%	38	90,019	6.95%
13	60,816	1.00%	39	90,919	6.95%
14	62,185	1.00%	40	91,828	6.95%
15	63,584	1.00%	41	92,746	6.95%
16	65,015	1.00%	42	93,674	6.95%
17	66,477	1.00%	43	94,611	6.95%
18	67,973	1.00%	44	95,557	6.95%
19	69,502	1.00%	45	96,512	6.95%
20	71,066	1.00%	46	97,477	6.95%
21	71,866	1.00%	47	98,452	5.77%
22	72,674	1.00%	48	99,437	5.77%
23	73,492	1.00%	49	100,431	5.77%
24	74,319	1.00%	50	101,435	5.77%
25	75,155	1.00%			

BASE SALARY IS COMPUTED AS FOLLOWS"
 2024 STRT SALRY FOR NEW MWS W/O MST (2023 - 43,370 X 4.6%)
 EACH ADDITIONAL YEAR OF SERVICE THRU 1-10
 EACH ADDITIONAL YEAR OF SERVICE THRU 11-20
 EACH ADDITIONAL YEAR OF SERVICE THRU 21-30
 EACH ADDITIONAL YEAR OF SERVICE THRU 31-50
 COST OF LIVING INCREASE

PLEASE NOTE: INCREASES SHOWN ARE THE STEP INCREASE PLUS THE INCREASED COST OF LIVING.
PLEASE NOTE: FOR THE FIRST 16 YEARS (PROJECTED), THIS IS NON-EXEMPT STATUS WHICH IS ELIGIBLE FOR OVERTIME COMPENSATION

According to WA State Law these salaries do not meet the exempt threshold. Workers are to be paid overtime (see page 2.)

**SOUTHWESTERN WASHINGTON SYNOD
EVANGELICAL LUTHERAN CHURCH IN AMERICA
2024 COMPENSATION GUIDELINES FOR MINISTER OF WORD & SERVICE (COMPARISON)
(WITH MASTERS)**

2024			2023			2024			2023		
YEARS EXPERIENCE	SALARY	4.60% INCREASE	YEARS EXPERIENCE	SALARY	4.60% INCREASE	YEARS EXPERIENCE	SALARY	7.48% INCREASE	YEARS EXPERIENCE	SALARY	4.60% INCREASE
0	46,090	2,030	0	44,060	2,030	26	80,757	4,60%	26	77,206	4,410
1	47,354	3,294	1	45,272	3,294	27	81,665	7.48%	27	78,074	4,459
2	48,656	3,384	2	46,517	3,384	28	82,584	7.48%	28	78,953	4,509
3	49,994	3,477	3	47,796	3,477	29	83,513	7.48%	29	79,841	4,560
4	51,369	3,573	4	49,111	3,573	30	84,452	7.48%	30	80,739	4,611
5	52,782	3,671	5	50,461	3,671	31	85,297	7.48%	31	81,547	4,558
6	54,233	3,772	6	51,849	3,772	32	86,150	7.48%	32	82,362	4,603
7	55,725	3,876	7	53,275	3,876	33	87,011	7.48%	33	83,186	4,649
8	57,257	3,982	8	54,740	3,982	34	87,881	7.48%	34	84,018	4,696
9	58,832	4,092	9	56,245	4,092	35	88,760	7.48%	35	84,858	4,743
10	60,450	4,205	10	57,792	4,205	36	89,648	7.48%	36	85,706	4,790
11	61,810	4,018	11	59,092	4,018	37	90,544	6.95%	37	86,563	4,838
12	63,200	4,108	12	60,422	4,108	38	91,450	6.95%	38	87,429	4,886
13	64,622	4,201	13	61,781	4,201	39	92,364	6.95%	39	88,303	4,935
14	66,076	4,295	14	63,171	4,295	40	93,288	6.95%	40	89,186	4,985
15	67,563	4,392	15	64,593	4,392	41	94,221	6.95%	41	90,078	5,034
16	69,083	4,491	16	66,046	4,491	42	95,163	6.95%	42	90,979	5,085
17	70,638	4,592	17	67,532	4,592	43	96,115	6.95%	43	91,889	5,136
18	72,227	4,695	18	69,051	4,695	44	97,076	6.95%	44	92,808	5,187
19	73,852	4,801	19	70,605	4,801	45	98,047	6.95%	45	93,736	5,239
20	75,514	4,909	20	72,194	4,909	46	99,027	6.95%	46	94,673	5,291
21	76,363	4,170	21	73,006	4,170	47	100,017	5.78%	47	95,620	5,344
22	77,222	4,217	22	73,827	4,217	48	101,017	5.78%	48	96,576	5,398
23	78,091	4,264	23	74,658	4,264	49	102,028	5.78%	49	97,542	5,452
24	78,970	4,312	24	75,498	4,312	50	103,048	5.78%	50	98,517	5,506
25	79,858	4,360	25	76,347	4,360						

BASE SALARY IS COMPUTED AS FOLLOWS*
 2024 STRT SALRY FOR NEW MWS W/MST (2023 - 44,060+4.6%)
 EACH ADDITIONAL YEAR OF SERVICE THRU 1-10 2.75%
 EACH ADDITIONAL YEAR OF SERVICE THRU 11-20 2.25%
 EACH ADDITIONAL YEAR OF SERVICE THRU 21-30 1.125%
 EACH ADDITIONAL YEAR OF SERVICE THRU 31-50 1.00%
 COST OF LIVING INCREASE 4.60%
 2024 46,090
 2023 44,060

**PLEASE NOTE: INCREASES SHOWN ARE THE STEP INCREASE PLUS THE INCREASED COST OF LIVING BASED UPON PRIOR YR EXPERIENCE
 PLEASE NOTE: FOR THE FIRST 16 YEARS (PROJECTED), THIS IS NON-EXEMPT STATUS WHICH IS ELIGIBLE FOR OVERTIME COMPENSATION**

According to WA State Law these salaries do not meet the exempt threshold. Workers are to be paid overtime (see page 2.)

The following information is offered to assist with understanding Defined Compensation, Benefits and other components of a Rostered Leader compensation package.

DEFINED COMPENSATION

Defined compensation is the term used for salary+housing+social security offset. This is the number found on the charts above.

Portico Benefits uses the Defined Compensation number, along with the rostered leader's date of birth and synod of service to calculate benefits.

Clergy Housing

Five Things to Know about the Clergy Housing (or Parsonage) Allowance from the IRS (IRC § 107):

1. The Housing Allowance is a benefit for Word and Sacrament ministers (pastors) only, as approved by the IRS. The term "housing allowance" includes church provided parsonages, rental allowances with which the minister may rent a home, and housing allowances with which the minister may purchase a home. A minister can receive a housing allowance for only one home.
2. Clergy need to determine the cost of maintaining **one** residence for the upcoming calendar year or for the remainder of the year if a call commences during a year. The housing allowance amount is the **lesser of**:
 - Amounts actually paid for housing and related expenses.
 - The fair rental value of the home.
 - The amount actually paid or declared by the congregation as the housing allowance.
3. The clergy housing allowance amount must be requested annually and recorded in writing by official action by the congregation council, treasurer/financial secretary or the congregation. The onus to prove the housing allowance amount is up to the clergy alone.
4. The housing allowance is not subject to federal income tax, but it is subject to self-employment tax (social security tax). On the W-2, it is not reported in Box 1. It is reported as an information item in Box 14 of the W-2 form.
5. A housing allowance operates prospectively; in other words, it is declared ahead of when the expenditures are made. It can be modified if significant expenses not anticipated earlier are identified, but the allowance must always be changed ahead of the expenditures.
6. Clergy need to maintain records of their costs, including receipts, in order to document the housing expenses in the event of an IRS audit. The proof of the qualified amount is on the pastor only.
7. The housing allowance does not qualify as taxable benefit, but the pastor still has to pay social security tax on the fair rental value of the home/personal.

Current information about Clergy Housing Allowance may be found at <https://www.irs.gov/faqs/interest-dividends-other-types-of-income/ministers-compensation-housing-allowance/ministers-compensation-housing-allowance>

Housing Equity Fund

The Southwestern Washington Synod suggests a minimum annual contribution of \$750 into a Housing Equity Fund for pastors living in a church-owned parsonage, since the clergy are unable to have increased home value that they can sell when leaving this call. The ELCA Portico Benefits Services provides an Optional Pension account for such contributions that has unique tax advantages, though other investment vehicles may be used. A significantly larger tax-free contribution can be made annually into such a fund. Housing Equity contributions are not considered part of "Defined Compensation" and therefore do not increase the cost of benefits. To determine the maximum annual housing equity contribution, contact Portico Benefits Services and your tax advisor.

Self-Employment Contributions/ Social Security Offset for Clergy

All pastors are considered self-employed by the IRS for Social Security purposes. This means that they must pay both the employee and the employer share of social security tax under the Self-Employed Contribution Act (SECA) which is 15.3% in 2023.

Congregations are prohibited from directly paying social security tax for clergy. They can, however, include an allowance for their pastor, which offsets their social security burden* ("social security offset".) It is the synod's expectation that every congregation assume at least 50% of its pastor's Social Security burden* through a Social Security Allowance paid to them. This is 7.65% of the pastor's cash salary/ housing, regardless of whether the housing is provided in the form of a housing allowance or in the form of a parsonage with utilities and taxes paid by the church. The IRS considers Social Security and Medicare allowance as taxable income to the pastor. Any allowance is typically reported as part of the taxable income in box 1 on an IRS Form W-2, not in boxes 2 or 4. The allowance is included in the pastor's total defined compensation when reported to Portico for purposes of determining Defined Compensation amounts. If a pastor resides in a church parsonage, the annual monetary value of that benefit (fair rental value, plus all utilities, maintenance, and applicable taxes) is considered "taxable" for purposes of them computing their self-employment contributions, too.

**Ordained clergy may choose to opt out of the Social Security system. This means that they do not pay into the Social Security system and have waived their rights to all benefits under the Social Security Act, including hospital insurance benefits. This also means that the congregation does not need to pay a social security offset for them.*

Social Security for Deacons

For the purposes of Social Security, Deacons are considered lay employees of the congregation/ministry and receive social security benefits from their congregation/agency just like other lay employees do. They do not pay into social security as self-employed.

BENEFITS

Portico Benefits Services

The ELCA benefit program provides one comprehensive, efficient set of wellness-oriented benefits:

- Health — medical and mental health, prescription drugs, dental, wellness benefits (such as a fitness center discount, financial incentives, and the employee assistance program);
- Disability — monthly income and continuation of other benefits;
- Life — basic group life, accidental death & dismemberment insurance, opportunity to purchase additional coverage at group rates;
- Retirement — 403(b) defined contribution plan, 20 fund options including 8 social purpose funds, social impact investing aligned with ELCA social policies and teachings, financial planning services Members of the ELCA benefit program also have opportunities to utilize tax advantaged accounts to help them manage out-of-pocket health and dependent (day) care expenses, and to apply for individual long-term care insurance policies with a Portico discount.

Portico is the ELCA's benefits and insurance ministry that all active rostered leaders must be enrolled in, and lay non-rostered employees may also be enrolled in. Benefits are based on the Defined Compensation of the enrolled employee.

What's changing for 2024 (from Portico Trustees)

- The 2024 ELCA-Primary health contribution baseline rate is increasing 2.5%, which is lower than the 3% rate increase last year, making it the lowest in ten years. The 2.5% contribution increase also applies to organizations that provide the ELCA Medicare-Primary Standard benefit option to sponsored members age 65+. In addition to the baseline increase, contribution rates may also increase approximately 2-3% annually due to your age.
- To maintain the ELCA-approved level of cost sharing between employers and members, if you have the ELCA-Primary Gold+ option, deductibles will increase to \$1,700 for member only, \$2,550 for member and children, and \$3,400 for member and spouse or member, spouse, and children. Coinsurance, out-of-pocket limits, and prescription drug cost-share will not change.
- Disability and survivor contribution rates are decreasing by a total of 0.7% of defined compensation for employers. The ELCA Disability Benefits Plan rate is decreasing from 0.9% to 0.6% of defined compensation and the ELCA Survivor Benefits Plan rate is decreasing from 0.8% to 0.4% of defined compensation. Employers are currently paying 1.7% of defined compensation for these two benefits; next year they will pay 1%.

Waiving ELCA Health Benefits

- When your organization sponsors employees in the ELCA Traditional Benefits Program, you must offer ELCA health benefits to all sponsored plan members.
- Sponsored plan members can choose to waive ELCA health benefits if they qualify. They only qualify if they have other valid health coverage, such as through a spouse's employer, or receive a subsidy on a state, federal, or state/federal partnership individual health insurance exchange and purchase coverage through the individual exchange.
- Sponsored plan members who choose to waive ELCA health benefits will need to provide information about their other valid health coverage.

- Plan members who don't have valid health benefits waiver for 2024 must either enroll in ELCA health benefits or end their participation in the ELCA Traditional Benefits Program.

Retirement Benefits

Regular pension contributions to the ELCA Portico Benefits Services are computed based on age. 2024 Pension Contribution Rates for Clergy Enrolled in a Predecessor Church Pension Plan before 1988 (Based on Age of Member on December 31, 2023)

Under 61 = 10.0% 62-70 = 11.0% 71+ = 12.0%

If service in the church began in 1988 or later, the required pension contribution is 10% of "Defined Compensation" regardless of age.

Required Portico Benefits for Active Rostered Leaders (even if Medical Insurance is waived):

- Life Insurance Benefit - The cost of the basic life insurance coverage is 0.8% of the rostered minister's defined compensation.
- Disability - These contributions are down to 0.9% of Defined Compensation.
- Basic Group Life Insurance - The supplemental life insurance policy rate varies by age, so be sure to use the Portico Benefits calculator on their website for this rate.

EXPENSES

Auto Expense Reimbursement/Auto Allowance

Auto expenses and other work-related travel are a business expense for the congregation and are not part of a church professional's salary or benefits. An appropriate place for this line item in the church budget is under church operating expenses.

Auto reimbursement plans or auto allowances should be sufficient to cover all congregation-related expenses including cost of fuel, repairs, insurance, tolls, parking, and depreciation. The IRS is increasingly requiring accurate records (including odometer readings, mileage, date and time, etc.) to support auto expenses claimed as congregation-related travel. A paper spreadsheet, or even a phone app can be used to track mileage. Expenses for automobiles may be handled in one of the three following ways:

1. The easiest method is for the congregation to reimburse the minister for actual miles driven at the current IRS standard mileage rate for operating an auto for business. The minister submits a monthly log and reimbursement is based on the actual miles driven for congregation business. An annual budget figure for this type of reimbursement program is usually based on a review of the work-related miles driven by a congregation professional in the previous year. The actual annual pay-out may be more or less based on the actual requirements for travel in each year. Reimbursement for mileage cannot be given to the minister from their home to church, unless they have a work-related stop (e.g., a meeting or pastoral care) to do on the way.
2. Congregations can purchase or lease a car and assume the total automobile expense. The pastor, in order to comply with tax regulations, is required to report and to reimburse the congregation for personal use of the vehicle.

3. The congregation can pay a pre-determined dollar amount on a monthly basis in the form of an auto allowance. An auto allowance is considered taxable income and it should appear as part of wages on either W-2 or 1099-MISC Forms and also as part of their defined compensation for Portico Benefits costs. Clergy filing under self-employed status may be able to deduct some of their auto expenses using Schedule C and Form 4562 (Depreciation & Amortization).

Professional Expense Reimbursement Plan

A congregation and its rostered minister(s) can work together to maximize the reimbursement of professional expenses, which are typically paid out-of-pocket with after-tax wages by the pastor. These expenses can include the cost of periodicals, books, professional supplies, conferences, etc. Using methods that meet the IRS requirement for "Accountable Reimbursement" plans, a pastor can receive reimbursements which are exempt from all taxes (federal and social security) and which are not considered part of "Defined Compensation" when calculating the medical/dental contribution to the ELCA Portico Benefits Services plan. This is an especially advantageous plan for pastors who are planning an extensive study leave for which there will be expenses greater than continuing education set-aside accumulations. Appropriate motions must be passed by the congregation council at its first meeting after the congregation's budget is passed and a system for submitting vouchers and receipts for reimbursement is established by the council. For reference in meeting the IRS requirements for an accountable plan, contact the IRS.

Moving Expenses

Congregations are expected to pay for their rostered ministers to move into their community when this is selected by the minister. Usually, a contract with the moving company is secured by the minister and then paid for by the congregation.

CONTINUING EDUCATION

Congregations should expect pastors to be involved in continuing professional and theological education programs which provide opportunities for personal development, enrichment of devotional life, and growth in pastoral effectiveness and competency. The purpose of continuing education is "professional growth" and "self-renewal" as distinguished from program development, vacation, or synod and regional pastoral leadership retreats. Synod guidelines call for at least two (2) weeks study leave per year and a minimum of \$700 per year for continuing education expenses, both cumulative up to three (3) years. It may be beneficial to establish a policy regarding accrued continuing education time such as:

A rostered leader may take only as many days of accumulated continuing education time as they have used in the previous eleven (11) months when those days will be used after the date of the announcement of his or her resignation or termination of call.

Accumulating continuing education accounts may be established and managed through the Region I Financial Services Office, in Mill Creek, WA. It is an option for pastors to contribute an additional \$350 each year to their continuing education through a salary reduction plan. If your congregation wants to establish this with the ELCA Region 1 Financial Services Office, please contact Region 1 Bookkeeper Alyce Bakker at alyce.bakker@elcaregion1.org.

First Call Theological Education (FCTE)

Pastors and Deacons in the first 3 years of call are required to participate in Region 1 FCTE. This annual retreat is a Monday afternoon to Thursday mid-day in November. The cost is \$500 per rostered minister, payable by the congregation/ministry. If your first-call pastor or deacon is paid according to 2024 Synod Guidelines, he/she/they will be considered a non-exempt employee, eligible for overtime pay. It will be necessary for congregational leaders to decide how the pastor or deacon will be compensated for this 4-day retreat. Conversations are currently taking place among the synods of Washington state (those affected by the new state Overtime law) about best practices. If you would like to be part of these conversations, please contact the SWWA Synod Office (253-535-8300).

TIME AWAY

Weekly Sabbath

The Southwestern Washington Synod expects all ministers, all other church professionals and synod staff to be able to observe and enjoy a weekly Sabbath. This means that at least one (1) full day free from professional congregational leadership responsibilities should be provided each week for the rostered minister's Sabbath and, when possible, arrangements be made for having two (2) consecutive days off.

Annual Vacation

Pastors are "on call" day and night, carrying heavy responsibilities daily, are often separated from family and relatives for great lengths of time, must regularly produce fresh material for the spiritual growth of parishioners, and are seldom able to take advantage of three-day weekends and other holidays. The SWWA Synod guidelines call for a minimum of four (4) weeks annual paid vacation, including four (4) Sundays*. Keep in mind that part-time clergy cannot be given a straight percentage of vacation time, because this would potentially have them working more Sundays than a full-time clergy. During this time, meetings should not be scheduled which would require a pastor's attendance and the pastor should be considered available only in the event of a personal emergency. Ministers will help to secure a substitute for them, if necessary. Pulpit supply lists are available from the Synod Office swwsynod@plu.edu. A congregation should encourage these days off for relaxation.

*** Unused Vacation Time.** In the absence of any other officially recognized agreement or policy about the accumulation of unused vacation days, the synod recommends that congregations adopt the following ELCA Churchwide policy, as follows: *A maximum of ten (10) days of vacation time may be "carried over" from one year to the next. No more than ten (10) days of additional vacation time may ever be retained.*

Schedule Flexibility and Holidays

Because the schedule and demands of parish ministry are fluid and ever-changing, care and conversation should guide the setting of schedules. A Minister's office hours and availability need to be predictable and still flexible enough to permit responsiveness to pastoral needs as they arise. Additionally, flexibility for Ministers to attend to family needs and events, providing care is taken to make up the time elsewhere, is a valued benefit that congregations can offer without additional financial cost. Communication up front regarding expectations around schedule and flexibility will help both the Minister and congregation when unscheduled needs arise.

Regarding holidays, the local context should always be considered and, again, expectations should be clarified in advance. This is an excellent use of a Mutual Ministry Committee, or the Executive Committee when there is no Mutual Ministry Committee. The following is our recommended place to start the conversation with your Minister.

Salaried Ministers should receive paid holidays similar to those of other salaried professionals. As household needs and community expectations vary, care should be taken in establishing a calendar of holidays annually, especially when the Minister has school-age children. Salaried Ministers expect to work on some statutory holidays, particularly Thanksgiving, Christmas Eve, Christmas Day, New Year's Day, and Independence Day when it falls on a day with a regularly scheduled worship service. If there are services on those days, grant an agreed upon day before or after as a holiday.

Additional statutory holidays for Ministers may include: Rev. Dr. Martin Luther King Jr. Day, Memorial Day, Juneteenth, Labor Day, Veteran's Day, Thanksgiving and the day after Thanksgiving. If the community context expects a worship or prayer service on these days it is important to communicate that to the Minister in advance, including any information regarding rotational responsibilities with other clergy in the community. When your Minister leads services on one of those days, grant an agreed upon day before or after as a holiday.

Sabbatical Leave

The congregation and its rostered minister(s) are encouraged to plan together for a time when the rostered minister can take a sabbatical leave of three (3) months for personal growth and reflection in the fifth year of service in the congregation and every fifth year after that. This will be an on-going part of the Rostered minister's compensation package.

MISCELLANEOUS

Payment to Supply Pastors

The 2024 synodical rate of payment to supply pastors is \$200 for one worship service and \$75 for each additional service/adult forum/Bible study on the same day and at the same location. Travel should also be reimbursed at the current IRS rate per mile, plus applicable parking, ferry, and road or bridge tolls. The payment of these expenses is the sole responsibility of the congregation and should be paid on the day in which a supply pastor fills the pulpit. The Synod Office keeps a list of pastors who are willing to serve as supply preachers. Please reach out to Stefanie DeZarn at 253-535-8300, swsynod@plu.edu.

Mutual Ministry—More than a Once-A-Year Conversation

The Southwestern Washington Synod encourages congregations to form a Mutual Ministry Committee for each member of its rostered leadership. The function of the Mutual Ministry Committee is to provide a space for conversation between ministerial staff, council and congregational members in order to grow together in ministry.

The functions of a Mutual Ministry Committee fall into four areas:

1. Identifying professional leadership needs for the congregation, preparing job descriptions, assisting the call or interview committee at the time when a congregation seeks to call a pastor, or as the exit interview group when a pastor leaves. They may also serve as the personnel committee, dealing with other staff, such as the secretary, organist, choir director, or custodian.
2. Identifying continuing education possibilities with the pastor considering his/her and the congregation's needs, enabling the rostered minister to participate in such opportunities.
3. Providing on-going reflection on the needs and expectations of both minister and congregation, guided by the mission statement of the congregation, and periodically reviewing the call/contract/appointment extended to the pastor, as provided for in the Letter of Call.
4. Serving as the personal and confidential support group to the rostered minister(s) and spouse (and lay staff), providing opportunities for open communication between congregation and minister, initiating possibilities for reconciliation in times of conflict.

The synod suggests a Mutual Ministry resource, "Pastor and People, Making Mutual Ministry Work," which can be ordered from Augsburg Fortress at

<https://www.augsburgfortress.org/store/product/9780806646510/Pastor-and-People>