

**TERMS OF CALL  
FOR FULL-TIME MINISTERS  
FLINT RIVER PRESBYTERY**

These minimum Terms of Call apply to all Flint River Presbytery congregations with full-time pastoral services of a Teaching Elder (Minister of Word and Sacrament) or a full-time Certified Christian Educator. All Terms of Call shall meet or exceed the minimum standards of this policy. These Terms of Call shall also be considered as guidelines to prorate compensation for part-time Calls. Initial Calls, and Annual Reviews and/or adjustments, must be approved by the Committee on Ministry (COM), acting on behalf of Flint River Presbytery. A minister or certified educator may elect to request an exemption from the minimum requirements for elements of effective salary.

**ANNUAL COST OF LIVING ADJUSTMENT**

All congregations are urged to consider annual merit increases and to adjust the Terms of Call annually to give the minister or certified educator no less than a Cost of Living increase equal to the rate of inflation for the previous year.

**ANNUAL REVIEW**

Our constitution requires that the Terms of Call of all ministers serving congregations be reviewed annually by their congregation and be approved by the Committee on Ministry, acting on behalf of the presbytery. Congregations are encouraged to take this action prior to the beginning of the new tax year to simplify the reporting and subsequent tax preparation. Any amount designated as housing allowance must be approved by the congregation prior to payment. The presbytery

requests Terms of Call be submitted by January 31<sup>st</sup> to the Committee on Ministry for review and approval. This action of the Committee on Ministry will be reported at the next stated meeting of Flint River Presbytery. Congregations may assume presbytery approval is forthcoming, unless notified otherwise, and are authorized to begin payments of revised Terms of Call as approved by the congregation when the changes are cost of living adjustments of effective salary, the reallocation of salary and housing allowance, or adjustments of reimbursable allowances. Any **reduction** in effective salary must receive **prior approval** of the Committee on Ministry, acting on behalf of the presbytery, before payments are changed. Also, bonuses and gifts paid by the church exceeding 20% of effective salary must receive prior approval by the Committee on Ministry, acting on behalf of the presbytery.

## KEY POINTS

- I. **Effective Salary.** Effective Salary is any compensation paid to the minister or certified educator that is subject to Board of Pensions (BOP) dues. The more common examples of types of compensation considered as Effective Salary are:
  - a. Annual Cash Salary (Full amount of Cash Salary)
  - b. Professional Expenses paid as a *non-accountable* reimbursement plan (See Professional Expenses below): books, auto, continuing education
  - c. Bonus (adjustments to the Effective Salary are made when bonuses are paid)
  - d. Co-Insurance Payments and Deductible Reimbursements (Flexible Spending Account)
  - e. Deferred Compensation (voluntary deductions for 403(b) and other types of annuities)
  - f. Housing Allowance (allowance given for housing-related expenses and appurtenances)
  - g. Insurance Premiums (premiums for optional benefits under the BOP Plan)
  - h. Manse Value (30% of all other compensation included in Effective Salary)
  - i. Social Security Reimbursement (*for more than 50%* of the Social Security obligation)
  - j. Shared Housing Equity (Compensates ministers living in a manse for the loss of equity appreciation they would otherwise realize as homeowners)
  - k. Utilities Allowance (Utility expenses paid directly to the minister)
  - l. Dental Insurance (Congregation *may* reimburse for dental insurance coverage by the Presbyterian Church (U.S.A.) Board of Pensions, or equivalent coverage through another policy, or reimbursement of actual expenses up to the cost of dental insurance of the Board of Pensions. When paid by the congregation, this coverage shall be

included as part of Effective Salary for calculating BOP dues when the congregation does *not* provide dental coverage for all employees.)

**Housing Allowance** (Terms of Call without Manse): The minister, with the approval of the Session, Congregation, and the Committee on Ministry, may adjust how the salary and housing will be divided so that the minister receives the maximum tax benefit of a housing allowance. The designation for **Housing or Manse Allowance** must be approved before the calendar year begins in order to meet IRS requirements. “The tax code now limits the nontaxable portion of a church-designated housing allowance for ministers who own their home to the annual fair rental value of the home (furnished, plus utilities), beginning in 2002. As a result, ministers who own their home will not pay Federal Income Taxes on the amount of their compensation that their employing church designates in advance as a housing allowance, to the extent that A) the allowance represents compensation for ministerial service, B) is used to pay actual housing expenses, and C) does not exceed the annual Fair Rental Value of the home (furnished, plus utilities).” **This is not an option when the pastor lives in the manse. If the congregation provides a manse, consult with Presbytery staff regarding special rules.**

- II. **Social Security Offset.** The congregation must pay the minister a Social Security Offset of at least 50% of the SECA tax obligation.
- III. **Board of Pensions Dues.** The congregation pays for full pension (including death and disability coverage) and medical benefits through the Presbyterian Church (U.S.A.) Board of Pensions. Professional expenses (see Effective Salary) and other benefits *may* also be included. SECA

amounts *in excess of 50%* must also be included as part of Effective Salary for calculating BOP dues. For further information and publications, see <https://www.pensions.org>.

- IV. Professional Expenses.** These expenses should be set up under an Accountable Reimbursement Plan (ARP) and substantiated by adequate documentation before reimbursement by the congregation. [This is beneficial to the minister since Professional Expense Allowances paid to ministers are reportable as taxable income on the W-2 Form, and deductible only to the extent that they exceed 2% of adjusted gross income. It is also beneficial to the congregation because cash allowances are included in Effective Salary for purposes of calculating Board of Pension dues.] The minister shall be provided a *minimum* of \$1,000 per annum for continuing education and professional books, and a *minimum* of \$3,000 per annum for church business and travel expenses (including mileage, parking fees, toll charges, professional books and journals, dues to professional organizations, business meals, and purchases and maintenance of clerical garments). All expenditures charged through the ARP need to be mutually agreed upon by the minister and the Pastor Nominating Committee at the time of extension of an Initial Call, and by the Session at the time of changes in the Terms of Call (with subsequent approval by the congregation).
- V. Vacation.** A *minimum* of four weeks of vacation allowed per year.
- VI. Continuing Education.** A *minimum* of two weeks of continuing education allowed per year (may be accumulated up to four weeks *maximum*).

**VII. Paid Family Leave.** Provision for *a minimum* of twelve weeks of paid family leave, which includes, but is not limited to, leave to accommodate the birth, foster placement, or adoption of a child; leave to provide care to an ill or disabled family member; leave to heal following a loss or tragic event.

## **ADDITIONAL NOTES:**

- 1. Internal Revenue Service (IRS) Considerations.** Ministers called by congregations are considered by the IRS to be “employees” for Federal Income Tax purposes, and yet “self-employed” for purposes of Social Security taxation. Ministers are exempt from Federal withholding either for income taxes or for Social Security taxes. Rather, they are required to pay quarterly estimated Federal income taxes and Self Employment Contributions Act (SECA) taxes. The minister may elect to have taxes withheld by the church. At year’s end, the minister’s salary and certain cash allowances are reported in Block 1 of the W-2 Form, upon which both Federal Income and SECA taxes must be paid. The Housing Allowance is reported in Block 14 of a W-2, upon which only SECA taxes must be paid (to the extent that the Housing Allowance is used specifically for this purpose). Both income and SECA taxes must then be paid on any housing allowance received in excess of what the IRS allows.
- 2. Moving Expenses.** The congregation reimburses the minister for actual moving expenses incurred.
- 3. Additional Agreements.** Any additional agreements shall become part of the Terms of Call when approved by the Committee on Ministry, acting on behalf of the presbytery.
- 4. Automobile Provision.** Congregations may consider leasing an automobile for the minister’s professional use. All personal use must be documented by the minister and shown as income on the W-2 Form.
- 5. Dissolution of Pastoral Relationship.** When a minister’s relationship with a congregation is dissolved upon the congregation’s request and concurrence

by the presbytery, the policy of Flint River Presbytery is that the severance package shall consist of two (2) to six (6) months continuance of the Terms of Call in effect at the time of dissolution, subject to mutual agreement between the minister, the congregation, and the Committee on Ministry.