

Planning for Your Pastor's Support for the Year 2021

A Guide for Staff/Pastor Parish Relations Committee Prepared by the Cabinet of the Iowa Conference of the United Methodist Church and the Iowa Annual Conference Benefits Office

Introduction

Among the questions asked at the time of their ordination, United Methodist clergy answer "yes" when asked, "Are you determined to employ all your time in the work of God?" They are supposed to answer "no" when asked, "Are you in debt so as to embarrass you in your work?" To benefit as fully as possible from the gifts of clergy committed to itinerant ministry, the United Methodist Church is committed to providing adequate support. While the Annual Conference establishes minimum amounts to which full-time clergy are entitled, the primary responsibility for determining the amount and payment of pastoral support is with the charge where clergy serve.

Setting the support amount begins with the recommendation of the Staff/Pastor Parish Relations Committee. In determining that recommendation, the S/PPRC is encouraged to visit with the pastor so as to understand his or her hopes and needs while being aware of the resources and needs of ministry of the congregation. This guide provides information to assist the committee in fulfilling its responsibility.

Process

The steps for setting pastoral support as specified in the 2016 *Book of Discipline* are:

- a. The Staff/Pastor Parish Relations Committee makes its recommendation to the Church Council and also reports it to the Committee on Finance (§258.2.g.16);
- b. After receiving the Staff/Pastor Parish Relations Committee recommendation, the Church Council makes its recommendation to the Charge (or Church) Conference (§252.4.d);
- c. The Charge (or Church) Conference shall in consultation with the Conference District Superintendent set the compensation of the pastor and other staff appointed by the bishop. (§247.13)

NOTE: Some income exclusion provisions in the compensation package intended for tax reduction benefits must be adopted prior to January 1, 2021, to qualify.

Determining Support Amount

Pastoral Support is the total package of compensation, housing, benefits, and expenses reimbursements paid to or for a pastor to support his or her ministry.

In determining the amount to provide for pastoral support, the Staff/Pastor Parish Relations Committee has some guidance through decisions of the Annual Conference and a great deal of flexibility in their understanding of their needs for ministry, the resources of their congregation, and the relation of compensation to the professional and pastoral qualification, experience, and present work of their pastor. Some points to include are:

1. Considering the pastor as an individual with skills, experience, and education alongside the circumstances of the church, its size, varieties of ministry, and responsibilities of the pastor.
2. Comparing compensation with minimum amounts established by the conference; the Denominational Average Compensation for 2021 is \$74,199. This includes the 25% housing factor. The Conference Average Compensation for 2021 is \$72,390.
3. Seeking fairness through consideration of the cost of living index, local conditions which can affect buying power, and the pastor's out of pocket expenses from which the church benefits.

4. Increasing the actual spending power of the compensation provided without an increase in cost through qualified tax reduction plans.

NOTE: The information provided in this guide is not intended to be expert tax advice. Clergy are responsible for the tax implications of their compensation package and should consult their own tax advisor or the IRS for accurate information.

5. Avoid factors which should not be a part of determining compensation such as age, sex, race, handicapping conditions, marital status, or spouse's income.

Minimum Base Compensation for 2021 adopted at the 2020 Annual Conference-please see the last two pages of this document. (See Legislative Item #402)

Travel Reimbursements for all pastors serving a local charge will be the IRS rate currently in force.

Continuing Education amount shall be a minimum of \$500 for clergy serving full-time. Clergy serving full-time or less-than-full-time shall be given a minimum annual vacation with pay based on total years of relationship with one or more Annual Conferences as follows:

(a) First year under appointment: two weeks' vacation, including two Sundays.

(b) Subsequent years under appointment: four weeks' vacation, including four Sundays.

The vacation year is to be from July 1 to June 30. Annual Conference, camping programs, and other connectional responsibilities (ex. Course of Study, continuing education) are not considered as vacation time. Vacations may not accumulate from year-to-year.

Completing the Pastoral Support Report Form

Complete a separate form for each pastor appointed to the charge. **All drop down boxes must have selections made from the drop down lists in order for the formulas for pension and insurance to work.**

Effective Date. This is set to default to January 1, 2021

Pastor's Last Name, First Name and Middle Initial must be filled in.

Charge. Fill in the name of the Charge.

The following must be selected from the drop-down list for the form to calculate properly:

Pastor's Conference Relationship. Enter as shown in the current *Iowa Conference Journal*. The choice made here affects later calculations.

Pastor's Total Appointment Status. Benefit eligibility is based on appointment status. In order to correctly bill for benefits, this line needs to be completed. **Select from the drop-down list. This is the TOTAL appointment status.** For example, if a pastor serves $\frac{1}{4}$ time at one charge and $\frac{1}{4}$ time at another, their status is $\frac{1}{2}$ time.

Pastor's Housing. The choice made here affects later calculations. **Select from the drop-down list. If there is a parsonage available and the pastor chooses not to live in the parsonage, then it is waived and they are not eligible for housing compensation/allowance.**

Pastor's Pension. The choice made here affects later calculations. If pension is waived, you must file a pension waiver with the Human Resources/Benefits Office, email: hr@iaumc.org. Only $\frac{1}{4}$ -time and $\frac{1}{2}$ -time clergy who are eligible for pension **may** waive pension.

Church Name. Fill in the name of the church.

Church Number. Fill in the church General Council on Finance and Administration number assigned to your church. If you are having trouble locating this number, please go to the iaumc.org website and look in Finance and Administration under Church Remittance Forms.

Line 1 **Cash Compensation (Annual)** is the total of the amount paid directly to the pastor as cash *and* optional amounts authorized by the pastor as payment to qualified pension or salary reduction plans or other payments on behalf of the pastor, including utilities when a parsonage is provided. Not included are: payment for vouchered expenses reimbursement, compensation in lieu of a parsonage, or church's share of payments for pension and health insurance. Cash compensation is the figure used for calculating pension payments. Enter the total amount to be provided as cash payments to the pastor and as payments on behalf of the pastor. The total amount should be for the full year, even if you know your pastor will be changing on July 1. If the pastor is not eligible for the conference health insurance and the church elects to pay a contribution towards an individual account, this amount should be included in line 1, Cash Compensation.

Line 2 Housing Compensation/Allowance. Enter the amount if an allowance is provided in lieu of a parsonage. According to the 2003 Iowa Annual Conference Journal, Housing Allowance, when a parsonage is NOT provided, is between 25% and 40% of the Conference Average Compensation (CAC). The CAC for 2021 is \$72,390. The housing formula of 25-40% of CAC means **that the housing compensation/allowance for 2021 should be at least \$18,097.50 and not more than \$28,956.** If there is a parsonage available and the pastor chooses not to live in the parsonage, then it is waived and they are not eligible for housing compensation/allowance.

Line 3 **Travel Expenses.** Enter the **total amount budgeted** for reimbursement. Travel reimbursements for all pastors serving a local charge will be at the IRS mileage rate currently in force.

Line 4 **Continuing Education.** Enter the amount budgeted. The Conference requires a minimum of \$500 for continuing education for clergy serving full-time. Continuing education activities are reported by the pastor to the Staff/Pastor-Parish Relations Committee and the Conference District Superintendent.

Line 5 **Annual Conference Attendance.** Enter the amount budgeted for the pastor to attend Annual Conference.

Line 6 **Other Reimbursed Expenses** is the amount budgeted in advance and paid to the pastor after he/she has provided proper documentation for expenses incurred in the performance of pastoral service including travel, meals, subscriptions, dues, continuing education, telephone, supplies and postage. Reimbursement of expenses is generally not counted as taxable income if documentation is provided. Payment in the form of monthly allowances or end of the year lump sum payment of the unused budgeted amounts may be considered taxable income. Enter the amount budgeted for reimbursement by the church for other expenses of the pastor --- which may include books, subscriptions, meals, membership dues, materials, and supplies. All reimbursable expenses must be supported by receipts.

Total Non-Travel Expenses. The sum of Lines 4 through 6 is automatically calculated

Churches Appointment Fee for Health Insurance is the amount of local church obligation for the health insurance and pension benefit provided clergy. For a pastor serving three-quarter time or more in 2021, the mandatory single coverage for the HDHP (High Deductible Health Plan) is \$1451 per month or \$17,412 per year for the health insurance. If the pastor chooses family coverage, an additional \$471 per month (\$5652 per year) will be direct billed for the HDHP plan—to be paid by the pastor. The choices made from drop-down lists earlier determine the amount which is automatically calculated on Line 10. Please note that no clergy in retired status is eligible for health insurance.

Churches Share of Pastor's Pension. For 2021, every local church/charge or conference agency with a clergyperson eligible for Revised CRSP participation shall be billed directly an amount equivalent to 15% of the clergy's plan compensation: 9% for the defined benefit portion of CRSP, 3% for the defined contribution of CRSP, and 3% for the Comprehensive Protection Plan (CPP). Every local church/charge or conference agency with an active clergyperson appointed quarter-time shall be billed directly an amount equivalent to 9% of the clergy's plan compensation: 6% for the UMPIP contribution and 3% for the CPP. Clergy's plan compensation is the cash compensation increased by 25% to account for value of the parsonage, or the actual housing compensation provided in lieu of parsonage. Pastor's personal contribution is in addition to that amount. The choices made from drop-down lists earlier determine the amount which is automatically calculated on Line 11. If a pastor is waiving pension, a notarized waiver form must be filled out and is available from the benefits office.

Total compensation Package for Pastor. This will be calculated from the above to total the amount.

Line 7 Housing Exclusion. Enter the amount designated as housing exclusion. This amount must be voted on when determining the compensation. This amount is not included in taxable income. The pastor must have documentation to show actual housing expenses. Any unused part of the housing exclusion is reported by the pastor as additional income. Even if a clergy has a housing allowance, he/she is still eligible to have an amount set aside as an exclusion. As this is for tax purposes only, if there are any questions, please contact the pastor's tax advisor. Housing Exclusion, according to Section 107 of the Internal Revenue Code, is an amount of the compensation designed in advance to cover the expenses of furnishing and maintaining a residence while serving as pastor. The amount is not included as taxable income if there is documentation that it was used for utilities, furnishings, household repairs, homeowner's or renter's insurance and other expenses.

Amount Received from Conference Support. Enter amounts received if the church receives support from the Conference for equitable compensation, mission support, parish development, or other support for the pastor.

Will Conference Support be applied for 7/1/21-6/30/22? Use the drop-down box to enter yes or no.

NOTE: Proving payments and reports for the Conference and government revenue agencies can become complicated in charges with more than one church. If a pastor is appointed to more than one church, not connected in a charge, an exception may be granted by request. Contact the Benefits Office for information on this.

Signatures Required. SPRC Chair, Administrative Board/Church Council Chairs for each church, Pastor. The Presiding Elder and/or District Superintendent will sign when it is approved at Charge Conference.

Email an unsigned copy of the Pastoral Support Report to the District Office at least two weeks before the church conference.

2021 Minimum
Salary for those
in Full
Connection

		1 Church	2 Churches	3 Churches
First Year	Full	\$44,269.00	\$44,669.00	\$45,069.00
	¾	\$33,201.75	\$33,501.75	\$33,801.75
	½	\$22,134.50	\$22,334.50	\$22,534.50
	¼	\$11,067.25	\$11,167.25	\$11,267.25
Second Year	Full	\$44,669.00	\$45,069.00	\$45,469.00
	¾	\$33,501.75	\$33,801.75	\$34,101.75
	½	\$22,334.50	\$22,534.50	\$22,734.50
	¼	\$11,167.25	\$11,267.25	\$11,367.25
Third Year	Full	\$45,069.00	\$45,469.00	\$45,869.00
	¾	\$33,801.75	\$34,101.75	\$34,401.75
	½	\$22,534.50	\$22,734.50	\$22,934.50
	¼	\$11,267.25	\$11,367.25	\$11,467.25
Fourth Year	Full	\$45,469.00	\$45,869.00	\$46,269.00
	¾	\$34,101.75	\$34,401.75	\$34,701.75
	½	\$22,734.50	\$22,934.50	\$23,134.50
	¼	\$11,367.25	\$11,467.25	\$11,567.25
Fifth Year	Full	\$45,869.00	\$46,269.00	\$46,669.00
	¾	\$34,401.75	\$34,701.75	\$35,001.75
	½	\$22,934.50	\$23,134.50	\$23,334.50
	¼	\$11,467.25	\$11,567.25	\$11,667.25
Sixth Year	Full	\$46,269.00	\$46,669.00	\$47,069.00
	¾	\$34,701.75	\$35,001.75	\$35,301.75
	½	\$23,134.50	\$23,334.50	\$23,534.50
	¼	\$11,567.25	\$11,667.25	\$11,767.25
Seventh Year	Full	\$46,669.00	\$47,069.00	\$47,469.00
	¾	\$35,001.75	\$35,301.75	\$35,601.75
	½	\$23,334.50	\$23,534.50	\$23,734.50
	¼	\$11,667.25	\$11,767.25	\$11,867.25
Eighth Year	Full	\$47,069.00	\$47,469.00	\$47,869.00
	¾	\$35,301.75	\$35,601.75	\$35,901.75
	½	\$23,534.50	\$23,734.50	\$23,934.50
	¼	\$11,767.25	\$11,867.25	\$11,967.25
Ninth Year	Full	\$47,469.00	\$47,869.00	\$48,269.00
	¾	\$35,601.75	\$35,901.75	\$36,201.75
	½	\$23,734.50	\$23,934.50	\$24,134.50
	¼	\$11,867.25	\$11,967.25	\$12,067.25
Tenth Year	Full	\$47,869.00	\$48,269.00	\$48,669.00
	¾	\$35,901.75	\$36,201.75	\$36,501.75
	½	\$23,934.50	\$24,134.50	\$24,334.50
	¼	\$11,967.25	\$12,067.25	\$12,167.25

2021 Minimum
Salary for those
Not in Full
Connection

		1 Church	2 Churches	3 Churches
First Year	Full	\$43,657.00	\$44,057.00	\$44,457.00
	¾	\$32,742.75	\$33,042.75	\$33,342.75
	½	\$21,828.50	\$22,028.50	\$22,228.50
	¼	\$10,914.25	\$11,014.25	\$11,114.25
Second Year	Full	\$44,057.00	\$44,457.00	\$44,857.00
	¾	\$33,042.75	\$33,342.75	\$33,642.75
	½	\$22,028.50	\$22,228.50	\$22,428.50
	¼	\$11,014.25	\$11,114.25	\$11,214.25
Third Year	Full	\$44,457.00	\$44,857.00	\$45,257.00
	¾	\$33,342.75	\$33,642.75	\$33,942.75
	½	\$22,228.50	\$22,428.50	\$22,628.50
	¼	\$11,114.25	\$11,214.25	\$11,314.25
Fourth Year	Full	\$44,857.00	\$45,257.00	\$45,657.00
	¾	\$33,642.75	\$33,942.75	\$34,242.75
	½	\$22,428.50	\$22,628.50	\$22,828.50
	¼	\$11,214.25	\$11,314.25	\$11,414.25
Fifth Year	Full	\$45,257.00	\$45,657.00	\$46,057.00
	¾	\$33,942.75	\$34,242.75	\$34,542.75
	½	\$22,628.50	\$22,828.50	\$23,028.50
	¼	\$11,314.25	\$11,414.25	\$11,514.25
Sixth Year	Full	\$45,657.00	\$46,057.00	\$46,457.00
	¾	\$34,242.75	\$34,542.75	\$34,842.75
	½	\$22,828.50	\$23,028.50	\$23,228.50
	¼	\$11,414.25	\$11,514.25	\$11,614.25
Seventh Year	Full	\$46,057.00	\$46,457.00	\$46,857.00
	¾	\$34,542.75	\$34,842.75	\$35,142.75
	½	\$23,028.50	\$23,228.50	\$23,428.50
	¼	\$11,514.25	\$11,614.25	\$11,714.25
Eighth Year	Full	\$46,457.00	\$46,857.00	\$47,257.00
	¾	\$34,842.75	\$35,142.75	\$35,442.75
	½	\$23,228.50	\$23,428.50	\$23,628.50
	¼	\$11,614.25	\$11,714.25	\$11,814.25
Ninth Year	Full	\$46,857.00	\$47,257.00	\$47,657.00
	¾	\$35,142.75	\$35,442.75	\$35,742.75
	½	\$23,428.50	\$23,628.50	\$23,828.50
	¼	\$11,714.25	\$11,814.25	\$11,914.25
Tenth Year	Full	\$47,257.00	\$47,657.00	\$48,057.00
	¾	\$35,442.75	\$35,742.75	\$36,042.75
	½	\$23,628.50	\$23,828.50	\$24,028.50
	¼	\$11,814.25	\$11,914.25	\$12,014.25