



2023

Compensation Guidelines

Rostered Ministers

(Guidelines for Rostered Ministers of
Word and Service and Ministers of Word and Sacrament)
Approved September 24, 2022

The Virginia Synod
P.O. Box 70
Salem, VA 24153-0070
Phone: (540) 389-1000
Fax: (540) 389-5962



The Virginia Synod

of the Evangelical Lutheran Church in America
IN PARTNERSHIP WITH THE ISLAND DISTRICT, PAPUA NEW GUINEA

Since, then, we have such a hope [through Christ Jesus], we act with great boldness. (2 Corinthians 3:12 NRSV)

TO: Council Presidents/Vice Presidents of Congregations and Rostered Ministers
FROM: Synod Council, Virginia Synod
DATE: September 2023
SUBJECT: 2023 Recommended Minimum Compensation and Reimbursement Guidelines

We are pleased to share with you the 2023 recommended minimum compensation guidelines for all Virginia Synod Rostered Ministers. To make it easier to identify major updates for 2023 the following note will be included at various points in the document: **(Updated in 2023)**.

For 2023, the Synod Council considered two main factors in recommending new compensation guidelines:

- **The projected cost of living increase for social security in 2023 is between 8.7 and 9.6%, and**
- **The rapid rise of inflation means that many congregations have seen increased overall expenses.**

With those factors in mind, the Synod Council suggests that for 2023 congregations consider giving **a 3% to 7% cost of living increase and a step increase of 1.75% based on years of experience**. These increases are reflected in the tables included in Appendix A. *(Note: In previous years, the recommendations have included the full cost of living increase recommended for Social Security and the 1.75% cost of living increase.)* **(Updated in 2023)**.

The 2023 compensation guidelines include a method to adjust for the local cost of housing and tools to suggest adjustments for related non-pastoral experience, additional education, and complexity of call.

To assist with these calculations, please download and use 2023 Compensation Workbook (Excel) at: <https://www.vasynod.org/resources/compensation-guidelines/>. There are tabs for calculating Compensation for Pastor or Deacons, Reimbursable Expenses, Benefits, and a tab providing 2022 Housing Data as a reference document to show the median cost of housing around the Synod.

In addition to the information that we have provided, you will need information from Portico Benefits regarding pension, health, and disability contributions for the coming year. That information, along with guidelines for pension contributions, will be sent directly to each parish. The Portico website is www.porticobenefits.org.

We encourage the formation of a Mutual Ministry Committee in every congregation. We also recommend *Pastor and People—Making Mutual Ministry Work*, in the [Congregational Leader](http://www.augsburgfortress.org) Series from Augsburg Fortress www.augsburgfortress.org.

If you need any assistance from our Synod Council, please contact the Virginia Synod office at 540-389-1000.

May God continue to bless your ministry, and may you be able to see God's hand moving and guiding you in this process of compensation so that the partnership in your parish helps usher in the kingdom and brings glory to God.

Peace,
The Synod Council

Table of Contents

COMPENSATION PLANNING

NOTES ON REIMBURSEABLE EXPENSES

	10
<u>Appendix A: 2023 Rostered Minister Cash Compensation Guidelines</u>	11
<u>Appendix B: Equity Allowance</u>	15
<u>Appendix C: Pulpit Supply</u>	15
<u>Appendix D: Sabbatical/Extended Study Leave</u>	15
<u>Appendix E: Counseling for Rostered Ministers and Their Families</u>	16
<u>Appendix F: Reimbursement Policy - Example</u>	17
<u>Appendix G: Reimbursement Authorization Form – Example</u>	19
<u>Appendix H: Rostered Ministers' Housing Allowance Designation - Example</u>	20
<u>Appendix I: Defined Compensation for Portico Benefits Service</u>	21
<u>Appendix J: Suggested Office Holidays</u>	22

COMPENSATION PLANNING

It is a special opportunity and responsibility of the Christian community for members of the congregation to work together prayerfully with their pastor to provide fair compensation. Both congregations and the rostered minister benefit when this process is characterized by openness, honesty, and mutual care. The guidelines that follow are presented as an aid to your conversation.

A rostered minister's total compensation package should, as much as possible, be comparable to the compensation received by members of the congregation in professional occupations, considering level of education and the years of experience. In order to fulfill their calling, it is essential that they receive sufficient financial resources to care for themselves and their families.

The modern context for ministry presents the church with a variety of challenges and opportunities that require creative and informed responses if congregations are going to thrive. It is with this in mind that the guidelines stress the importance of continuing education for rostered ministers. Furthermore, our commitment to modeling a healthy work environment means that adequate vacation time, sick leave, parental leave, family leave, and sabbaticals are included in these guidelines.

Rostered minister's salaries and other benefits should be reviewed annually, and adjustments should be thoughtfully considered.

FREQUENTLY ASKED QUESTIONS

Q1. Why do you use the term "rostered minister"?

- A.** This term includes ordained pastors and deacons who are listed on the official rosters of the Evangelical Lutheran Church in America. Rostered ministers include Ministers of Word and Service (deacons) and Ministers of Word and Sacrament (pastors).

Q2. Who determines compensation?

- A.** The responsibility for determining compensation rests with the Congregation Council, yet it is difficult for the entire Congregation Council to undertake such a task. The annual appointment of a temporary **Compensation Committee** is recommended, with membership to include:
1. the Council President or Vice-President
 2. two members of the congregation agreed upon by BOTH the rostered minister and the Council
 3. the Chairperson of the Mutual Ministry Committee
 4. the rostered minister

Q3. Should the rostered minister be on the Compensation Committee?

- A. Making your rostered minister a part of the group that deals with compensation will provide for a more satisfactory outcome. While there may be a portion of the discussion in which it may not be appropriate for the rostered minister to be present, there are also matters for which this help will be needed.

Q4. Where does evaluation enter our deliberations?

- A. In formulating a recommendation to the Congregation Council, the **Compensation Committee** should consult with the congregation's **Mutual Ministry Committee**. Regular evaluation of the relationship of the rostered minister and parish helps to maintain a supportive, vital, growing partnership for both. This kind of mutually supportive relationship between the congregation and the rostered minister will positively affect your quality of the ministry.

Q5. What about the recommended Minimum Cash Compensation Levels for Pastors?

- A. The Compensation Guidelines recommend a minimum "Cash Compensation" instead of a minimum "Salary" for pastors in an effort to overcome the wide disparities in the synod in total compensation, especially when it comes to housing allowances and the rate at which the Social Security Tax is compensated.

In order to be more equitable in the Virginia Synod, the Synod Council advocates the current synod guidelines as *minimum* cash compensation. We are aware that these recommendations may seem beyond the means of some of our parishes. It is particularly in these locations that we strongly encourage movement toward these levels of compensation. In addition to fair compensation for your current pastor, following the recommended guidelines will expand the pool of available candidates in a future call process.

Q6. What about the recommended Minimum Cash Compensation Levels for Deacons?

- A. The Compensation Guidelines recommend a minimum cash compensation instead of a minimum "Salary" for rostered ministers in an effort to overcome the wide disparities in the synod in total compensation.

In order to be more equitable in the Virginia Synod, the Synod Council advocates the current synod guidelines as *minimum* cash compensation. We are aware that these recommendations may seem beyond the means of some of our parishes. It is particularly in these locations that we strongly encourage movement toward these levels of compensation. In addition to fair compensation for your current deacon, following the recommended guidelines will expand the pool of available candidates in a future call process.

Q7. What Salary Adjustment Factors need to be considered?

- A. Appropriate adjustment factors include congregational size and complexity, the cost of living

in the area, as well as the pastor's experience, gifts for ministry, and continuing education. Additionally, previous work experience in the case of second career rostered ministers should be considered.

To assist congregations in determining appropriate adjustments for housing costs, the Compensation Guidelines now provide a means to adjust the Minimum Cash Compensation based on the cost of housing in your area. The current average cost of a house based on a survey of 25 towns and cities on Zillow is \$284,000 (Harrisonburg VA) and the median housing allowance is set at \$34,080 (12% of the median cost of a home). The formula in the "Cost of Housing Adjustment" section of the 'Compensation Workbook' adjusts the minimum cash compensation by increasing or decreasing the housing allowance amount to match the cost of housing in your area.

The "Additional Compensation Added by Mutual Agreement" section uses a point system to account for years of related non-rostered minister experience, additional degrees, and the number of staff supervised. The rostered ministry completes this section of the workbook. The values entered are added (up to a max of 10 points) and that number is multiplied by \$500. While this additional compensation is not a part of the minimum compensation requirement, it provides a helpful guide for mutual conversation and agreement. Download the Compensation Workbook (Excel) at:

<https://www.vasynod.org/resources/compensation-guidelines/>

Q8. Is the deacon self-employed or an employee of the congregation?

- A. Ministers of Word and Service are considered employees by the IRS for purposes of Social Security and income taxes and require standard withholdings from their salaries. A standard W-2 is issued. If you have questions about whether or not a Deacon qualifies for a housing allowance, please consult a tax professional.

Q9. Is the pastor self-employed or an employee of the congregation?

- A. The IRS and the Courts have held that ministers are common-law employees for income tax purposes even though clergy are considered self-employed for social security purposes. **Pastors should be given W-2 forms (not a 1099)** by the church for income tax purposes. For more information on the congregation's Federal and Virginia income tax reporting of your pastor's compensation, please contact the synod office.

Q10. How are the pastor's income and self-employment taxes figured?

- A. The pastor's **income tax** is figured on the base salary plus the cash allowance for the self-employment tax. The pastor's **self-employment tax** is figured on the base salary, plus the housing allowance or the fair rental value of the parsonage, plus the cash allowance for the self-employment tax.

Q11. How do we determine Base Salary, Housing, and Social Security components from the Minimum Cash Compensation guidelines for pastors with a Housing Allowance?

- A. The Cash Compensation figure should be seen as a "pie" which may be divided in whatever way seems fair and beneficial to the pastor to cover Base Salary, Housing, and Social Security/Medicare. For example, pastors with a Housing Allowance will want to maximize this amount for tax purposes up to the limits that are set by the Internal Revenue Service. Typically, a Housing Allowance Resolution must be passed by the Council each year to set the amount of the housing allowance for the next year.

Regarding Social Security and Medicare contributions, even though pastors receive a W-2 from the congregation, the federal government considers pastors to be self-employed persons who must pay their own self-employment tax at a rate of 15.3% (Social Security 12.4% and Medicare 2.9%). In a typical employment setting, the employer pays 7.65% of these costs and the employee pays 7.65% of these costs. The cash compensation figure includes the full 15.3% for self-employment tax to cover both the employer and the employee portions of the tax. (Reminder: any Social Security Allowance is included as income when figuring income tax.)

Regardless of how the 'pie' is divided, it is helpful to clearly identify how much of the cash compensation is being allotted for Base Salary, Housing, and Social Security/Medicare.

Q12. How do we determine Base Salary and Social Security components from the Minimum Cash Compensation guidelines for pastors with a Parsonage?

- A. The Cash Compensation figure should be seen as a "pie" which may be divided in whatever way seems fair and beneficial to the pastor to cover Base Salary and Social Security/Medicare.

Regarding Social Security and Medicare contributions, even though pastors receive a W-2 from the congregation, the federal government considers pastors to be self-employed persons who must pay their own self-employment tax at a rate of 15.3% (Social Security 12.4% and Medicare 2.9%). In a typical employment setting, the employer pays 7.65% of these costs and the employee pays 7.65% of these costs. The cash compensation figure includes the full 15.3% for self-employment tax to cover both the employer and the employee portions of the tax. (Reminder: any Social Security Allowance is included as income when figuring income tax.)

Regardless of how the 'pie' is divided, it is helpful to clearly identify how much of the cash compensation is being allotted for Base Salary and Social Security/Medicare.

Note: It is possible to create an 'Equity Allowance' to save for the eventual purchase of a home. For details on establishing an Equity Allowance, talk to a Portico representative.

Q13. How do we determine compensation for part-time rostered ministers?

(Updated in 2023)

- A. Compensation for part-time rostered ministers is typically determined by applying the percentage of call (.25%, .5%, .75%) to the recommended minimum compensation. In addition, the same percentage should be applied in benefits calculations to assist in providing health care and retirement.

Q14. Why should congregations establish “accountable reimbursement plans”?

- A. An **accountable reimbursement plan** as described on the Expense Worksheet and in **Appendices H & I** provides the rostered minister 100% reimbursement for professional expenses such as business expenses, mileage, and books. If the congregation provides an allowance for professional expenses, the “allowances” are considered as income, will be subject to income tax, and must be reported on the rostered minister’s W-2. Business expenses, mileage, books are considered business expenses and deductible as miscellaneous itemized deductions, deductible only to the extent that they exceed 2% of adjusted gross income.

Q15. What about Parental Leave?

- A. A specific **Parental Leave Plan** should be carefully drawn up in open consultation with your rostered minister. Parental leave is directed towards the birth or adoption of a child.
1. Parental Leave: twelve (12) weeks full salary, housing, benefits for both Childbearing and Adoption Parental Leave, including twelve (12) Sundays for both primary and secondary caregivers.

Factors for consideration:

- a) Twelve (12) weeks is needed for physical healing, bonding time, working out feeding schedule, and recognition that day care centers do not accept newborns.
 - b) Primary and Secondary Caregivers Language – If a distinction is going to be made for different parents, please use these terms. The language is preferable to mother/father or maternity/paternity because primary and secondary do not reflect sex or gender.
2. Childcare Leave: A specific childcare leave should also be carefully drawn up in open consultation with the Synod, your rostered minister. Childcare Leave is to be used within the first year of a child’s birth. Childcare Leave can be used to ease a parent back into full time hours.

Example:

Pastor A is in a fulltime call and is returning from parental leave. Pastor A has 4 weeks of childcare leave. For the first two weeks of work, Pastor A works quarter time, using 1.5 weeks of childcare leave. For Pastor A’s second two weeks of work, Pastor A works half time, using another week of childcare leave. Pastor A then returns full time. Pastor A has 1.5 weeks of childcare leave left to use up until the child’s first birthday.

Deacon B's child is 6 months old. Deacon B has two weeks of childcare leave, which Deacon B uses to take one extra day off each week for 10 weeks.

Factors for consideration:

- a. Sundays may or may not be included.
 - b. Age of adopted child and/or needs of a child may affect length of time (more or less) offered.
 - c. Depending on geographic location, paid childcare may not be available until babies are 12 weeks old.
 - d. Discussion of bringing baby to work for set number of hours during the week or increased hours of working from home.
3. If both parents are rostered ministers, (either in the same congregation/agency/Synod or separate ones), both should be given the recommended leave.

Q16. What about Family Leave or Bereavement Leave? *(Updated in 2023)*

A. A specific **Family Leave Policy** and **Bereavement Leave Policy** should also be carefully drawn up in open consultation with your rostered minister. **Family Leave** is directed towards illness or other special needs for family members, not limited to children. Such leave should include up to two (2) weeks full salary and benefits. **Bereavement Leave** provides time for grieving following a loss. Any other specific conditions should be clearly defined in writing.

Q17. Whom do we contact if we need further information?

- A.** Pensions Information is available at Portico web site: www.porticobenefits.org (Site includes a Pension Calculation program, updated annually). Portico's telephone is: 800.352.2876.
- B.** Cost of living variances for your county are available at the Bureau of Labor Statistics website: www.bls.gov.

ADDITIONAL NOTES ON COMPONENTS OF COMPENSATION
FOR ROSTERED MINISTERS RECEIVING HOUSING ALLOWANCE *(Updated in 2023)*

Minimum Cash Compensation: The Chart of Minimum Cash Compensation **is** based on years of service and is capped at 25 years. For pastors, the figures on the chart **include** amounts for salary, housing allowance, and self-employment tax (Social Security/Medicare). For deacons, the figures on the chart reflect cash compensation for salary. The figures for 2023 should include a cost-of-living increase from 2022.

Adjustments to Compensation: To assist congregations in determining appropriate adjustments for housing costs, the Compensation Guidelines now provide a means to adjust the Minimum Cash Compensation based on the cost of housing in your area. The current median cost of a house based on a survey of 25 towns and cities is \$284,000 (Harrisonburg, VA) and the median housing allowance is set at \$34,080 (12% of the median cost of a home). The formula in the “**Housing Allowance**” section of the Excel Workbook adjusts the minimum cash compensation by increasing or decreasing the housing allowance amount to match the cost of housing in your area.

The “**Additional Compensation Added by Mutual Agreement**” section uses a point system to account for years of related non-pastoral experience, additional degrees, and the number of staff supervised. The rostered ministry completes this section of the workbook. The values entered are added (up to a max of 10 points) and that number is multiplied by \$500. While this additional compensation is not a part of the minimum compensation requirement, it provides helpful guidance for mutual conversation and agreement. See Compensation Workbook (Excel) for details:

<https://www.vasynod.org/resources/compensation-guidelines/>

Housing Allowance: A portion of this Total Cash Compensation for pastors should be designated as Housing Allowance. A housing allowance is a tax-exempt (for income tax purposes) allocation of the pastor’s cash compensation approximating the fair rental value of a home, plus the furnishings and cost of utilities. This allowance should be sufficient to provide adequate housing as well as care for the related expenses of utilities and upkeep. The amount of this allowance that is excludable from gross income is the LEAST of 1) the amount actually used to provide a home, 2) the amount officially designated as housing allowance, or 3) the fair rental value of the home, including furnishings and utilities. To meet IRS requirements, the annual amount of housing allowance must be officially designated **prior to the time period for which it applies**. (See Appendix H)

Retirement: Regarding pensions, we recommend 12% of “Defined Compensation” as calculated on the Portico worksheet. If the congregation is currently contributing at a lower rate, we strongly encourage a movement to 12% as soon as possible at a rate of at least 0.5% each year until the full 12% level is achieved. **Please be sure to read all materials sent from Portico to determine the correct amount to include on this line.** (See Appendix I) Visit www.porticobenefits.org for the 2023 Pensions Calculator.

Health Care: For health care, the total percentage of “defined compensation” (as defined by Portico) will vary according to the selected package. The Synod Council recommends selecting either the Gold+ or Silver+ package in consultation with the Rostered Minister. The actual figures for 2022 will be mailed by Portico. **Please use the Portico materials to determine the correct amount to include on this line.** Visit their website at www.porticobenefits.org for their 2023 Health Care Costs Calculator.

Vacation: We recommend four weeks of vacation which includes four Sundays to give your pastor ample time away to maintain personal and family health.

Sick Leave. We recommend two weeks of sick leave per year with full salary, housing, and benefits should be provided for the rostered minister. *(Updated in 2023)*

Short-term Disability Leave. Short-term Disability Leave of up to two months with full salary, housing, and benefits should be provided for the rostered minister, if needed. The Portico Disability Plan provides for the potential of 2/3 of defined compensation to be paid beginning in the third month. Portico will assist each rostered ministers in applying for long-term disability benefits provided by the Lincoln Financial Group. Each application for disability must be made prior to the end of employment. *(Updated in 2023)*

Continuing Education. ELCA guidelines suggest two weeks (including two Sundays) of continuing education for those in full-time calls.

Download the Compensation Workbook (Excel) at:
<https://www.vasynod.org/resources/compensation-guidelines/>

ADDITIONAL NOTES ON COMPONENTS OF COMPENSATION
FOR ROSTERED MINISTERS WITH PARSONAGE PROVIDED *(Updated in 2023)*

Minimum Cash Compensation: The Chart of Minimum Cash Compensation is based on years of service and is capped at 25 years. The figures on the chart **include** amounts for salary and self-employment tax (Social Security/Medicare). The figures for 2023 should include a cost-of-living increase from 2022.

Adjustments to Compensation: The “**Additional Compensation Added by Mutual Agreement**” section uses a point system to account for years of related non-pastoral experience, additional degrees, and the number of staff supervised. The rostered ministry completes this section of the workbook. The values entered are added (up to a max of 10 points) and that number is multiplied by \$500. While this additional compensation is not a part of the minimum compensation requirement, it provides a helpful guidance for mutual conversation and agreement.

A congregation providing a parsonage for its rostered minister is encouraged to establish an “**Equity Allowance**” of at least \$1,000 per year. These funds are set aside to help the rostered minister accumulate equity for the purchase of a home when that is needed or desired. Please see Appendix B for further information about equity allowances. A congregation providing a parsonage for its rostered minister is strongly encouraged to pay the actual expenses for the maintenance and the utilities for the parsonage. If the congregation prefers to not pay the utilities, a realistic utility adjustment should be made to the rostered minister’s salary. See Compensation Workbook (Excel) for details:

<https://www.vasynod.org/resources/compensation-guidelines/>

Retirement: Regarding pensions, we recommend 12% of “Defined Compensation” as calculated on the Portico worksheet. If the congregation is currently contributing at a lower rate, we strongly encourage a movement to 12% as soon as possible at a rate of at least 0.5% each year until the full 12% level is achieved. **Please be sure to read all materials sent from Portico to determine the correct amount to include on this line.** (See Appendix I) Visit www.porticobenefits.org for the 2022 Pensions Calculator.

Health Care: For health care, the total percentage of “defined compensation” (as defined by Portico) will vary according to the selected package. The Synod Council recommends selecting either the Gold+ or Silver+ package in consultation with the Rostered Minister. The actual figures for 2022 will be mailed by Portico. **Please use the Portico materials to determine the correct amount to include on this line.** Visit their website at www.porticobenefits.org for their 2023 Health Care Costs Calculator.

Vacation: We recommend four weeks of vacation, including four Sundays, so that the rostered minister has ample time away to maintain personal and family health.

Sick Leave. We recommend two weeks of sick leave per year with full salary, housing, and benefits should be provided for the rostered minister. *(Updated in 2023)*

Short-term Disability Leave. Short-term Disability Leave of up to two months with full salary, housing, and benefits should be provided for the rostered minister, if needed. The Portico Disability Plan provides for the potential of 2/3 of defined compensation to be paid beginning in the third month. Portico will assist each rostered ministers in applying for long-term disability benefits provided by the Lincoln Financial Group. Each application for disability must be made prior to the end of employment. *(Updated in 2023)*

Continuing Education: ELCA guidelines suggest two weeks (including two Sundays) of continuing education for those in full-time calls.

Download the Compensation Workbook (Excel) at:
<https://www.vasynod.org/resources/compensation-guidelines/>

NOTES ON REIMBURSABLE EXPENSES

Professional expenses can be reimbursed in a number of ways. The most desirable is a fully **accountable reimbursement plan** under which the rostered minister submits expenses to the Treasurer and is reimbursed. Under this arrangement the rostered minister need not include the reimbursement as income nor be concerned that the expenses might not be deductible. See [Appendix F](#) and [Appendix G](#) for details and examples.

A. Automobile Expenses. If an automobile is not purchased or leased by the church for the pastor's use, reimbursement should be made at the prevailing IRS allowable rate.

B. Professional Expenses.

- **Continuing Education.** To facilitate the updating of skills, and thereby the strengthening of ministry, the congregation should provide at least two weeks each year, including two Sundays, (in addition to vacation time) **and** \$800 annually, both of which may accrue up to three years.
- **Books & Periodicals.** We encourage \$300 annually to keep abreast of developments in the many facets of parish ministry.
- **Synod Events.**
 - Attendance at the **Synod Assembly** is required. Therefore, all expenses (travel, lodging, and registration) should be paid. Please note, for **individuals under call by the Synod Council**, please contact the Synod Office for details on assistance available to attend Synod Assembly. **(Updated in 2023)**
 - **First Call Theological Education** is required. Documents outlining this program are available through the Synod Office.
 - We strongly encourage attendance at the **Gathering of the Ministerium**. This gathering is a time away with the bishop and other rostered ministers for worship, spiritual sharing, conversation, and to learn from gifted presenters.
 - For rostered ministers age 45-50, we recommend participation in the **Pre-Retirement Seminar**, held in this synod or a neighboring synod in cooperation with the Board of Pensions. See the Portico website for dates and locations.
- **Other.** See [Appendix F](#) & [Appendix G](#) for examples.

Appendix A: 2023 Pastor Cash Compensation Guidelines with Housing Allowance **(Updated in 2023)**

The suggestion for 2023 is that congregations consider a 3% to 7% cost of living increase over the 2022 beginning salary recommendation. (Note: In previous years, the recommendations have included the full cost of living increase recommended for Social Security.) Step increases in the cash compensation tables (base salary, housing, and full Self-Employment Tax compensation), based on years of experience for rostered ministers, continue to be set at 1.75% per year.

The guidelines offer suggestions for a 3%, 5%, or 7% cost of living increase for 2023.

Years of Experience	2023 3% CC	2023 5% CC	2023 7% CC	2022 CC
Year 1	56576	57674	58773	54928
Year 2	57566	58683	59801	55889
Year 3	58573	59710	60848	56867
Year 4	59599	60756	61913	57863
Year 5	60641	61819	62996	58875
Year 6	61702	62900	64098	59905
Year 7	62782	64001	65220	60953
Year 8	63881	65121	66361	62020
Year 9	64999	66261	67523	63106
Year 10	66136	67421	68705	64210
Year 11	67293	68600	69906	65333
Year 12	68741	69801	71130	66477
Year 13	69669	71022	72375	67640
Year 14	70889	72265	73642	68824
Year 15	72130	73530	74931	70029
Year 16	73391	74816	76241	71253
Year 17	74675	76125	77575	72500
Year 18	75911	77385	78859	73700
Year 19	77312	78813	80314	75060
Year 20	78665	80193	81720	76374
Year 21	80041	81596	83150	77710
Year 22	81443	83025	84606	79071
Year 23	82875	84484	86093	80461
Year 24	84319	85956	87593	81863
Year 25 +	85794	87460	89126	83295

Download the Compensation Workbook (Excel) at:
<https://www.vasynod.org/resources/compensation-guidelines/>

Appendix A1: 2023 Pastor Cash Compensation Guidelines with Parsonage (Updated in 2023)

The suggestion for 2023 is that congregations consider a 3% to 7% cost of living increase over the 2022 beginning salary recommendation. (Note: In previous years, the recommendations have included the full cost of living increase recommended for Social Security.) Step increases in the cash compensation tables (base salary, housing, and full Self-Employment Tax compensation), based on years of experience for rostered ministers, continue to be set at 1.75% per year.

The guidelines offer suggestions for a 3%, 5%, or 7% cost of living increase for 2023.

Years of Experience	2023 3% CC	2023 5% CC	2023 7% CC	2022 CC
Year 1	44862	45733	46604	43555
Year 2	45311	46191	47070	43991
Year 3	46446	47348	48260	45093
Year 4	47258	48176	49094	45882
Year 5	48084	49018	49952	46684
Year 6	48927	49877	50827	47502
Year 7	49783	50750	51716	48333
Year 8	50653	51637	52620	49178
Year 9	51540	52541	53542	50039
Year 10	52441	53460	54478	50914
Year 11	52619	53640	54662	51086
Year 12	54293	55348	56402	52712
Year 13	55244	56317	57389	53635
Year 14	56210	57302	58393	54573
Year 15	57195	58305	59416	55529
Year 16	58195	59325	60455	56500
Year 17	59214	60363	61513	57489
Year 18	60250	61420	62590	58495
Year 19	61305	62495	63685	59519
Year 20	62377	63588	64799	60560
Year 21	63469	64701	65933	61620
Year 22	64580	65834	67088	62699
Year 23	65710	66986	68262	63796
Year 24	66859	68158	69456	64912
Year 25 +	68030	69351	70672	66049

Download the Compensation Workbook (Excel) at:
<https://www.vasynod.org/resources/compensation-guidelines/>

Appendix A3: 2023 Deacon Cash Compensation Guidelines **(Updated in 2023)**

The suggestion for 2023 is that congregations consider a 3% to 7% cost of living increase over the 2022 beginning salary recommendation. (Note: In previous years, the recommendations have included the full cost of living increase recommended for Social Security.) Step increases in the cash compensation tables based on years of experience for rostered ministers, continue to be set at 1.75% per year.

Years of Experience	2023 3% CC	2023 5% CC	2023 7% CC	2022 CC
Year 1	45667	46554	47441	44337
Year 2	46466	47369	48271	45113
Year 3	47280	48198	49116	45903
Year 4	48107	49041	49975	46706
Year 5	48950	49900	50851	47524
Year 6	49806	50773	51740	48355
Year 7	50677	51661	52645	49201
Year 8	51565	52566	53567	50063
Year 9	52467	53486	54505	50939
Year 10	53385	54422	55458	51830
Year 11	54319	55374	56429	52737
Year 12	55270	56343	57416	53660
Year 13	56237	57329	58421	54599
Year 14	57221	58332	59443	55554
Year 15	58222	59352	60483	56526
Year 16	59241	60392	61542	57516
Year 17	60278	61448	62619	58522
Year 18	61332	62523	63714	59546
Year 19	62407	63618	64830	60589
Year 20	63498	64731	65964	61649
Year 21	64690	65946	67202	62806
Year 22	65740	67016	68293	63825
Year 23	66890	68189	69488	64942
Year 24	68061	69383	70705	66079
Year 25 +	69252	70597	71941	67235

Download the Compensation Workbook (Excel) at:
<https://www.vasynod.org/resources/compensation-guidelines/>

Appendix B: Equity Allowance

An equity allowance is strongly encouraged if the Rostered Minister lives in a parsonage. This may help to provide housing later in a pastor's ministry, in retirement, at death or disability or when a parsonage is no longer available. The Virginia Synod encourages congregations to establish an equity allowance of at least \$1,000 per year. This allowance can be paid directly to the rostered minister each year, in which case it is included in the defined compensation figures. Alternatively, the congregation can pay into a depository (agreeable to the rostered minister and the parish). These funds are designated for the provision of housing and remain in the depository until a parsonage is no longer available or until the rostered retires, is disabled, dies, or resigns. At this time payment is made to the rostered minister, their beneficiaries, or the funds are transferred to another parish for the rostered minister. These funds are taxable to the rostered when they are withdrawn for use. Other tax planning strategies such as Rabbi Trusts or Crumney Trusts, could also be explored with your rostered minister's personal tax advisor.

Appendix C: Pulpit Supply **(Updated in 2023)**

We recommend the following compensation for pulpit supply for rostered ministers or Synod Authorized Lay Preachers:

One Service	\$ 200.00 - \$300.00
Each Additional Service	\$75.00

Plus the IRS rate for the ROUND TRIP mileage

Note: The range of the pulpit supply recommendation has also been broadened. This is in recognition of the reality that the local context and the cost of living vary widely across the Virginia Synod. We encourage congregation councils to factor in the complexity of their context when determining where they fall within this recommended range. In addition, for some congregations the pulpit supply recommendations also serve as one of the guidelines used to determine honorarium gifts for funerals and weddings. We believe that the 2023 recommendation is an accurate reflection of the actual time and effort expended in pulpit supply.

Appendix D: Sabbatical/Extended Study Leave

It is important for rostered ministers as well as congregations and agencies to realize the value of continuing education through workshops, seminary courses, and personal study. ELCA congregations have long been encouraged to provide time and financial assistance to enable rostered ministers to maintain and improve their skills. From time to time, however, rostered ministers may desire an extended period of time for study, personal growth, and reflection without the responsibilities of regular service — thus a sabbatical leave. These guidelines are provided to assist rostered ministers and congregations, synods, and agencies in preparing for sabbatical leaves.

1. Sabbatical leaves are intended for in-depth study of one or two topics directly related to the pastor's call and should include time for personal and familial reflection.
2. The initial development will utilize the annual continuing education arrangements between the pastor and congregation, synod or agency.
3. The bishop will need to be consulted early in the process to assure adequate interim ministry during the sabbatical leave.

4. Sabbatical leaves are normally for a period of three to six months.
5. Those who may present proposals are pastors who have a minimum of seven years in the ministry and who have served in their current call for five or more years. The proposal shall include:
 - a. A rationale for the sabbatical, including personal goals, and potential value for the Church, congregation or agency.
 - b. A detailed outline of the intended course of study and use of time.
 - c. An outline of financial implications for the sabbatical, including pastoral coverage during the absence.
6. Proposals for sabbatical leaves shall be presented to the governing body of the congregation or agency not less than six months prior to the leave.
7. Careful consideration shall be given to all aspects of the proposal and implications for the congregation or agency and the pastor.
8. Congregations or agencies may give sabbatical leaves as merit benefits.
9. Normally the financial considerations for the sabbatical shall be negotiated by the rostered minister and the congregation/agency. It is suggested, however, that the total compensation (base salary, housing and Self-employment Tax, pension/health, and vacation) be maintained at the current level, with the rostered minister assuming responsibility for all other personal and family expenses.
10. Sabbatical grants are available from the Lilly Endowment at:
www.lillyendowment.org/religion and the Louisville Institute at www.louisville-institute.org/Grants/programs/sgpldetail.aspx.
11. When a sabbatical leave is granted, a rostered minister shall normally agree to serve that congregation or agency for a minimum of one year following its completion.
12. Within six weeks of the completion of the sabbatical leave, the rostered minister shall present to the congregation/agency and the bishop a detailed reflection on the experiences of the leave.
13. Congregations and/or rostered ministers who want assistance in developing sabbatical plans should contact the synod office.

Appendix E: Counseling for Rostered Ministers and Their Families

Video Conferencing Counseling is now available through Employee Assistance Program (EAP). Our EAP provider is now offering EAP video counseling to all rostered ministers. These licensed counselors are specially trained in offering video counseling. Remember, you and your family members may qualify for up to six in-person EAP counseling sessions per issue per year, at no cost for you.

The Virginia Synod and ELCA support mental and emotional health care. If you need additional care beyond what is available through EAP or through your health care provider and funding is a roadblock, please contact the Office of the Bishop to inquire about potential grants.

Appendix F: Reimbursement Policy - Example

REIMBURSEMENT POLICY

In accordance with Treasury Regulations 1.162-17 and 1.274-5(e)_____ (name)_____

Lutheran Church hereby establishes reimbursement accounts and a reimbursement policy for the rostered ministers(s) and staff members with the following terms and conditions:

1. A reimbursement account will be established with each rostered ministers and staff member consisting of an amount designated by the congregation for the reimbursement of ministry expenses and any additional amount which the rostered minister or staff member wishes to add as a salary reduction.**

2. The church will reimburse only ministry-related expenses incurred by a rostered minister or staff member. Such expenses will include:

- Business use of automobile, up to the current IRS standard mileage rate. It is understood that one daily round trip's commuting miles between the rostered minister's or staff member's home and the church will not be reimbursed.
- Business travel away from home; transportation, lodging, and meals.
- Convention and conference registration expenses.
- Educational expenses
- Books, journals, magazines, computer software, internet access costs, and organizational supplies if related to ministry or employment.
- Purchase and maintenance of clerical garments.
- Children's sermon resources.
- Entertainment/hospitality expenses, if business/ministry connection is met.

3. The rostered minister or staff member will account for each allowable expense in writing monthly. Documentation will include the amount, time and place, business/ministry purpose and relationship of each expense. A receipt will accompany the documentation.

4. The rostered minister or staff member will return advances or reimbursements that exceed actual business/ministry expenses.

5. Under this accountable arrangement, the church will not report amounts reimbursed as taxable income on the pastor's or staff member's Form W-2. Neither will the rostered minister nor staff member report reimbursed amounts as income on Form 1040 for personal income tax purposes.

** Under a salary reduction plan, if the designated amount by which the salary is reduced is not used, that amount must be forfeited. It is strongly suggested that before adopting any plan your legal/tax advisor be consulted to be certain that your plan complies with the most recent regulations

Appendix G: Reimbursement Authorization Form – Example

Reimbursement Authorization Form

Date_____

No.

LUTHERAN CHURCH

Payment Authorization Form

Budget Account No.

Requested By:_____ Title_____

Approved By:_____ Title_____

ITEMS	COST
Auto - Mileage (_____miles)	\$
Parking Fees/Tolls	\$
Books/Publications/Software	\$
Continuing Education Costs	\$
Maintenance of Clergy Garments	\$
Professional Gifts/Cards/Postage	\$
Meals/Entertainment – Church Business	\$
Meals/Entertainment of Out-of-Town Speakers	\$
Children Sermons	\$
Cellphone	\$
Hospitality/Social Ministry/Assistance	\$
Other:	\$
TOTAL	\$

Date Bill Paid_____ Check No._____ Amount_____

Appendix H: Rostered Ministers' Housing Allowance Designation - Example

Insert for Minutes of Congregation Council Meeting:

The Congregation Council of _____ Lutheran Church meeting on (date), after considering the Statement of Pastor _____, setting forth the amounts estimated to be designated as Housing Allowance beginning (date), (based upon a home valued at \$_____, with a fair rental value of the home, furnished, plus the cost of all utilities @ \$_____per month) upon motion duly made and seconded, adopted the following resolution:

Resolved, that the Rev. _____ receive payment in the amount of \$_____ designated as Parsonage Housing Allowance effective (date), as follows:

Housing-Mortgage PIT \$

Utilities and Fuel

Maintenanc

e Insurance

Furnishings

Total 2023 Housing Allowance: \$

and \$_____ shall be designated as Base Salary,

and \$_____ shall be designated as Social Security Allowance.

Notification by Secretary of the Congregation Council:

The Secretary of the Congregation Council should officially inform the Pastor of the action taken and the amounts of the designated allowances, in writing, as follows:

Notification of Parsonage Housing Allowance

Date:

Dear Pastor _____:

This is to advise you that at a meeting of the Congregation Council of _____ Lutheran Church held on _____ (date), your Parsonage Housing Allowance beginning (date) was officially designated and fixed in the amount of \$_____.

Accordingly, \$_____ of the total payments to you beginning (date) will constitute Parsonage Housing Allowance, \$_____ will constitute base salary, and \$_____ will constitute Social Security Allowance, for a total Compensation Package of \$_____.

Under Section 107 of the Internal Revenue Code, an ordained minister of the gospel is allowed to exclude from gross income the Parsonage Housing Allowance paid as part of compensation to the extent used to rent or provide a home (meals and maid service excluded). You should keep accurate records of your expenditures to rent or provide a home in order to substantiate any amounts excluded from gross income in filing your federal income tax return.

Sincerely,

_____, Council Secretary

Appendix I: Defined Compensation for Portico Benefits Service

For 2023 Pension calculations and Medical calculations, visit the Portico Benefits Service website at www.porticobenefits.org to access their calculation programs.

Q. What is defined compensation?

A. Defined compensation is the basis that Portico Benefits Service uses to determine the amount which a congregation or sponsoring organization pays toward pension and health benefits for a pastor.

Defined compensation is calculated as follows:

- (A) cash salary - annual base salary (before reductions for tax sheltered annuities or reimbursement accounts); *plus*
- (B) clergy Social Security tax allowance; *and*
- (C) if housing/parsonage is provided, 30 percent of (A) + (B), plus furnishings and utility allowances paid directly to the member, *or* if housing is not provided, the actual cash housing allowance paid to the member.

Defined compensation also includes

- housing equity contributions, if the sponsoring congregation or organization pays them directly to the member (include in base salary);
- additional tax-sheltered annuity contributions, made by way of a voluntary salary reduction agreement reached between the member and the sponsoring congregation or organization, including tax-sheltered contributions made to other financial institutions (include in base salary);
- furnishings and utilities allowance, if the sponsoring congregation or organization pays it directly to the member.

Defined compensation **does not** include

- housing equity contributions made on the member's behalf to the Optional Pension Plan or to another financial institution;
- furnishings and utilities allowance, if the sponsoring congregation pays these expenses directly;
- additional pension contributions (above the Regular Pension Plan requirement) paid by the sponsoring congregation or organization on the member's behalf, in addition to the member's salary;
- automobile allowance/reimbursement;
- book allowance/reimbursement;
- continuing education allowance/reimbursement.

See Portico Benefits Service materials for worksheets which are usually received by congregations in August or visit their website at www.porticobenefits.org for the latest information.

Appendix J: Suggested Office Holidays ***Updated in 2023***

At the request of congregations, the Compensation Guidelines now include a potential list of holidays that may be observed by office closure and not included as vacation days for rostered ministers or church employees.

New Year's Day (if not on a Sunday)

Birthday of Dr. Martin Luther King, Jr.

Easter Monday

Memorial Day

Juneteenth

Independence Day

Labor Day

Indigenous People's Day

Thanksgiving

Day after Thanksgiving

Christmas Day (if not on a Sunday)

Day after Christmas Day (if not on a Sunday)