



# 2025

# Compensation Guidelines

## Rostered Ministers

(Guidelines for Rostered Ministers of  
Word and Service and Ministers of Word and Sacrament)

*Approved at April 2024 Synod Assembly*

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 New Guinea Islands District of Papua New Guinea



***"Be strong and courageous. Do not be terrified. Do not be discouraged, for the Lord your God is with you wherever you go."***  
*-Joshua 1:9 NIV*

TO: Council Presidents/Vice Presidents of Congregations and Rostered Ministers  
FROM: Synod Council, Virginia Synod  
DATE: May 2024

SUBJECT: 2025 Recommended Minimum Compensation and Reimbursement Guidelines

We are pleased to share with you the 2025 recommended minimum compensation guidelines for all Virginia Synod Rostered Ministers. There are no substantive changes in the policies from 2024 to 2025. The primary update is in the suggested compensation tables.

**Since compensation guidelines need to be approved before any cost-of-living increase for 2025 can be approved**, the Synod Council once again suggests that for 2025, 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.)*

The 2025 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 2025 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 2024 Housing Data as a reference document to show the median cost of housing around the Synod. The workbook will be published in September 2024 so it can include the most current housing data.

In addition to the information 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](http://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](http://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



**Western Office:** P.O. Box 70, 221 College Lane, Salem, VA 24153 | 540.389.1000

**Eastern Office:** 1301 Colley Avenue, Norfolk, VA 23510 | 757.622.9421

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## **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 congregation members in professional occupations, considering their level of education and 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.

The 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 Congregational 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 the 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 \$322,321 and the median housing allowance is set at \$38,678 (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 a 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 recommended that the congregation and the Rostered Minister 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?**

- A. “Compensation for part-time Rostered Ministers is typically determined by applying the percentage of call (.25%, .50%, .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. In addition, the same percentage should be applied in benefits calculations to assist in providing health care and retirement. For example, if an individual is half-time, then the congregation will contribute 50% of the cost required to provide benefits if the individual were enrolled in benefits through the Synod’s benefits provider. The congregation may elect to offer full benefits to an individual working less than full-time as a part of compensation negotiations. Those determinations will be made case-by-case by congregation leadership in consultation with the Rostered Minister and the Office of the Bishop. Please note that the cost of providing full benefits is based on the total compensation of the Rostered Minister, so reducing the percentage of the call also reduces the cost of the benefits.

**Q14. Is the congregation required to provide health care and retirement benefits?**

- A. Congregations and other organizations issuing a call to a Rostered Minister of the ELCA are expected to provide health care and retirement benefits for Rostered Ministers, and their spouse, and child(ren). The ELCA recommends Portico Benefits, but the use of another provider for health care and retirement benefits can be negotiated by the Rostered Minister and the hiring organization. In the case of part-time Rostered Ministers, the percentage of the call should be applied to benefits calculations to assist in providing health care and retirement benefits. Should the Rostered Minister, in consultation with the congregation, elect to seek coverage from another benefits provider, the congregation will pay the premium or retirement contribution directly or reimburse the Rostered Minister for that cost.

**Q15. How is vacation time granted?**

- A. Vacation time (typically four weeks and four Sundays for a full-time Rostered Minister) is granted on a yearly basis beginning on the first day of the calendar or fiscal year. Vacation time for Rostered Ministers is not accrued on a paycheck-by-paycheck basis. Policies regarding rolling over vacation time from one year to the next should be addressed by the congregation or hiring organization.

**Q16. 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.

### **Q17. 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 (160 hours). For the first two weeks of work, Pastor A works quarter time, using 1.5 weeks of childcare leave (60 hours). For Pastor A's second two weeks of work, Pastor A works half time, using another week of childcare leave (40 hours). Pastor A then returns full time. Pastor A has 1.5 weeks of childcare leave (60 hours) 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.

**Q18. What about Family Leave or Bereavement Leave?**

- 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.

**Q19. Whom do we contact if we need further information?**

- A. Pensions Information is available at Portico web site: [www.porticobenefits.org](http://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](http://www.bls.gov).

## **ADDITIONAL NOTES ON COMPONENTS OF COMPENSATION FOR ROSTERED MINISTERS RECEIVING HOUSING ALLOWANCE**

**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 2025 should include a cost-of-living increase from 2024.

**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 average cost of a house based on a survey of 25 towns and cities on Zillow is \$322,321 and the median housing allowance is set at \$38,678 (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](http://www.porticobenefits.org) for the 2025 Retirement 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 2025 will be mailed by Portico. Should the Rostered Minister, in consultation with the congregation, elect to seek coverage from another insurance provider, the congregation will pay the premium directly or reimburse the Rostered Minister for the cost of the premium. **Please use the Portico materials to determine the correct amount to include on this line.** Visit their website at [www.porticobenefits.org](http://www.porticobenefits.org) for their 2025 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.

**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.

**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

**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 2025 should include a cost-of-living increase from 2024.

**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](http://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. Should the Rostered Minister, in consultation with the congregation, elect to seek coverage from another insurance provider, the congregation will pay the premium directly or reimburse the Rostered Minister for the cost of the premium. The actual figures for 2025 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](http://www.porticobenefits.org) for their 2025 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.

**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.

**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.
  - **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.
- **Other.** See Appendix F & Appendix G for examples.



## Appendix A: 2025 Pastor Cash Compensation Guidelines with Housing Allowance

*The suggestion for 2025 is that congregations consider a 3% to 7% cost of living increase over the 2024 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 total years of ministry experience or time under call 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 2025 and numbers from 2024 as a reference.*

Years of Experience	2025 3% CC	2025 5% CC	2025 7% CC	For Comparison 2024 3% CC
Year 1	60,021	61,187	62,352	58273
Year 2	61,072	62,258	63,444	59293
Year 3	62,140	63,347	64,553	60330
Year 4	63,229	64,456	65,684	61387
Year 5	64,334	65,583	66,832	62460
Year 6	65,460	66,731	68,002	63553
Year 7	66,605	67,898	69,192	64665
Year 8	67,771	69,087	70,403	65797
Year 9	68,957	70,296	71,635	66949
Year 10	70,164	71,526	72,888	68120
Year 11	71,391	72,778	74,164	69312
Year 12	72,927	74,343	75,759	70803
Year 13	73,912	75,347	76,782	71759
Year 14	75,206	76,667	78,127	73016
Year 15	76,523	78,009	79,495	74294
Year 16	77,861	79,373	80,885	75593
Year 17	79,222	80,761	82,299	76915
Year 18	80,534	82,097	83,661	78188
Year 19	82,020	83,613	85,205	79631
Year 20	83,456	85,076	86,697	81025
Year 21	84,915	86,564	88,213	82442
Year 22	86,403	88,080	89,758	83886
Year 23	87,922	89,629	91,336	85361
Year 24	89,454	91,191	92,928	86849
Year 25 +	91,019	92,786	94,554	88368

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

## Appendix A1: 2025 Pastor Cash Compensation Guidelines with Parsonage

The suggestion for 2025 is that congregations consider a 3% to 7% cost of living increase over the 2024 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 total years of ministry experience or time under call 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 2025 and numbers from 2024 as a reference.

Years of Experience	2025 3% CC	2025 5% CC	2025 7% CC	For Comparison 2024 3% CC
Year 1	47,594	48,518.4	49,443	46208
Year 2	48,070	49,003.5	49,937	46670
Year 3	49,274	50,231.0	51,188	47839
Year 4	50,136	51,109.8	52,083	48676
Year 5	51,013	52,003.4	52,994	49527
Year 6	51,907	52,914.8	53,923	50395
Year 7	52,814	53,839.8	54,865	51276
Year 8	53,738	54,781.7	55,825	52173
Year 9	54,679	55,740.3	56,802	53086
Year 10	55,634	56,714.7	57,795	54014
Year 11	55,824	56,907.9	57,992	54198
Year 12	57,600	58,718.1	59,837	55922
Year 13	58,608	59,746.1	60,884	56901
Year 14	59,633	60,790.8	61,949	57896
Year 15	60,678	61,856.6	63,035	58911
Year 16	61,739	62,938.1	64,137	59941
Year 17	62,820	64,039.5	65,259	60990
Year 18	63,920	65,160.9	66,402	62058
Year 19	65,038	66,301.2	67,564	63144
Year 20	66,175	67,460.4	68,745	64248
Year 21	67,334	68,641.7	69,949	65373
Year 22	68,513	69,842.9	71,173	66517
Year 23	69,711	71,065.1	72,419	67681
Year 24	70,931	72,308.3	73,686	68865
Year 25 +	72,172	73,573.5	74,975	70070

Download the Compensation Workbook (Excel) at:

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

## Appendix A3: 2025 Deacon Cash Compensation Guidelines

*The suggestion for 2025 is that congregations consider a 3% to 7% cost of living increase over the 2024 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 total years of ministry experience or time under call\* for Rostered Ministers, continue to be set at 1.75% per year.*

**Note:** *The Compensation Guidelines for Deacons are under review by the Synod Council in response to the change in candidacy and education requirements to be ordained as a Deacon. Assuming that work is complete before the 2025 Assembly, updates will be approved by the Synod Council.*

*\*Prior to the creation of the Word and Service roster, members of the deaconess community, associates in ministry, and others serving in roles now on the Word and Service roster were not eligible to be called, so we figuring compensation, please include all ministry experience.*

Years of Experience	2025 3% CC	2025 5% CC	2025 7% CC	For Comparison 2024 3% CC
Year 1	48,448	49,389	50,330	47037
Year 2	49,296	50,253	51,210	47860
Year 3	50,159	51,133	52,107	48698
Year 4	51,037	52,028	53,019	49550
Year 5	51,932	52,940	53,948	50419
Year 6	52,839	53,865	54,891	51300
Year 7	53,763	54,807	55,851	52197
Year 8	54,705	55,768	56,830	53112
Year 9	55,662	56,743	57,824	54041
Year 10	56,637	57,736	58,836	54987
Year 11	57,627	58,746	59,865	55949
Year 12	58,636	59,774	60,913	56928
Year 13	59,662	60,820	61,979	57924
Year 14	60,706	61,885	63,064	58938
Year 15	61,768	62,967	64,167	59969
Year 16	62,849	64,069	65,289	61018
Year 17	63,949	65,190	66,432	62086
Year 18	65,067	66,331	67,594	63172
Year 19	66,207	67,493	68,779	64279
Year 20	67,365	68,673	69,981	65403
Year 21	68,630	69,963	71,295	66631
Year 22	69,743	71,098	72,452	67712
Year 23	70,964	72,342	73,720	68897
Year 24	72,206	73,608	75,010	70103
Year 25 +	73,470	74,897	76,323	71330

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 \$2,400 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**

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 during One Visit	\$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 2025 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 12 to 26 weeks.
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](http://www.lillyendowment.org/religion) and the Louisville Institute at [www.louisville-institute.org/Grants/programs/sgpldetail.aspx](http://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, cell phone access, 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:	\$
<b>TOTAL</b>	\$

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  
Maintenance  
Insurance  
Furnishings

Total 2025 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 2025 Pension calculations and Medical calculations, visit the Portico Benefits Service website at [www.porticobenefits.org](http://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](http://www.porticobenefits.org) for the latest information.

## **Appendix J: Suggested Office Holidays**

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. *(Please note, the Virginia Synod Office of the Bishop also observes all Federal Holidays not included in the list below.)*

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)