

**2023 MINIMUM REQUIREMENTS FOR PASTOR COMPENSATION**  
**(FULL-TIME ORDAINED MINISTERS IN CALLED POSITIONS)**  
**PRESBYTERY OF WEST VIRGINIA**

Presbytery-adopted requirements will be the basis of approval of all new and continuing pastoral relationships as of January 1, 2023. They do not establish a contractual agreement between Presbytery and pastor; but they are intended to guide the reaching of a contract between the church and the pastor. Requirements are to be considered a beginning point in negotiating terms of a call and in reviewing existing terms of a call with experience, skill, and other factors considered.

	Requirements <u>2023</u>
<b>A. CASH COMPENSATION</b>	
1. Cash Salary	\$35,721 <sup>(1)</sup>
2. Social Security tax offset <sup>(2)</sup>	_____
<b>B. HOUSING</b>	
1. a. Manse provided (or other housing provided rent free)	_____
b. <b>Manse Equity Fund (Minimum \$500 per year required to be placed in a tax-deferred annuity for installed pastors)</b>	_____
<i>or</i>	
2. Housing allowance <sup>(2)</sup> (should be sufficient to provide adequate housing – minimum 30% of cash salary)	10,795 <sup>(1)</sup>
3. Utilities <sup>(2)</sup> paid by church, or reimbursed by minimum of:	3,600 <sup>(1)</sup>
Total for Compensation and Housing [Minimum effective salary of \$50,116]	\$ _____
[Minimum effective salary for churches with manses where utilities are paid directly by the church and maintained in the church's name = \$47,087.]	
<b>C. BUSINESS &amp; PROFESSIONAL EXPENSES</b>	
1. Travel reimbursement <sup>(2)</sup>	_____
NOTE: Should be <u>reimbursed</u> on an accountable reimbursement plan at business rate allowable by IRS (62.5 cents per mile in 2022)	
2. Continuing Education and books reimbursement/allowance <sup>(2)</sup>	1,500 <sup>(1)</sup>
NOTE: Should be <u>reimbursed</u> on an accountable reimbursement plan	
<b>D. PENSION &amp; MEDICAL</b>	
Dues <sup>(2)</sup> for participation in medical and pension plans from Board of Pensions (39% of effective salary)	_____
Total Cost to the Church	\$ _____
<b>E. LEAVE</b>	
1. Annual vacation of 4 weeks, to include 4 Sundays <sup>(1)</sup>	
2. Study leave of 2 weeks; approved by Session, course of study agreed upon <sup>(1)</sup>	

**OTHER PROVISIONS**

- 1) Costs of moving to the field provided, including expense reimbursement paid for auto used for professional purposes.
- 2) Annual review of compensation by Session and congregation

**NOTES:**

<sup>(1)</sup> Minimums set by Presbytery Committee on Ministry

<sup>(2)</sup> See explanation, reverse side and following.

## Explanations for Items on Minimum Requirements for Compensation

A-1. The call for ministers using a manse rent-free should specify a dollar amount that is designated for IRS housing allowance, to be used by the minister for various costs in providing a home. Such designation takes advantage of a tax break which the IRS Code provides for ministers at no additional cost to the church. The amount so designated should be the best estimate of actual costs that will be incurred, liberally enough estimated that the tax benefits can be enjoyed and not lost because of an underestimate; but the estimate should be reality based. (For ministers receiving a housing allowance, see instructions below for B-2.)

A-2. **"Social Security Tax Offset":** The "social security offset" is an amount paid to the minister to help offset the fact that the minister, with rare exception, must pay all of the self-employment tax of 15.3%, rather than the 7.65% "FICA" tax paid by a lay employee (the remainder of 7.65% being paid by the employer). Presbytery recommends that the amount of the offset be 8.28%, the algebraic reciprocal of 7.65%, an adjustment that includes the taxes on the offset itself.

*If a manse is utilized, the offset would be 8.28% of the cash salary plus the fair rental value of the manse (which should be determined by a professional appraisal) plus the amount paid for utilities for the year (or the utilities allowance); deferred compensation, if any, should not be included.*

*Formula to be used, if manse is provided:*

Cash Salary:	
Fair Rental Value of Manse:	
Utilities reimbursement/allowance:	
Sum of above items:	
Multiply sum by .0828:	x            .0828
<b>Social Security Offset:</b>	

*If a housing allowance is given, the offset would be 8.28% of cash salary + housing allowance + cost of utilities (or the utilities allowance); deferred compensation, if any, should not be included.*

*Formula to be used, if housing allowance is provided:*

Cash Salary:	
Housing Allowance:	
Utilities reimbursement/allowance:	
Sum of above items:	
Multiply sum by .0828:	x            .0828
<b>Social Security Offset:</b>	

B-1.b. **"Manse Equity Fund" (Required)** Churches are required to set aside a minimum of \$500 per year in a tax-deferred account for an installed pastor. We encourage churches to consider the manse equity fund allowance for interim pastors living in a manse. (This is to address the problem of ministers who live in church-owned housing. They do not acquire any equity in a home.)

B-2. **"Housing Allowance":** The intention is that the basic housing allowance, over and above cash salary, be sufficient to provide adequate housing. The amount required may vary from one region of the Presbytery to another. In order to take advantage of the IRS Code (see instructions above for A-1), the minister and church may agree to move some dollars out of Cash Salary, line A-1 and into Housing Allowance (B-2), to cover the various additional expenses for providing a home beyond the actual costs of buying or renting housing.

B-3. **"Utilities Reimbursement or Allowance":** Churches are encouraged to pay the costs of all utilities (electric power, gas, water, sanitary fee, basic telephone service, garbage collection, possibly basic television cable). If an allowance is given for utilities, the minimum amount is \$3,600.

**Minimum Requirements -- Explanation**

- C-1. **"Travel Reimbursement"**: Presbytery recommends and urges that churches reimburse pastors for using their private automobile in the work of the church at the rate currently allowable by the Internal Revenue Service. The 2022 business rate is 62.5¢ per mile. Reimbursement for tolls and parking fees is in addition. Multiplying the estimated driving mileage per year by the per-mile rate will enable the church to estimate the annual cost to the church for the first year of a pastorate. Quarterly monitoring of the cost is suggested, especially during the first year, to keep up with the actual expense to the church. (See "Guidelines for Ministers' Professional Use of the Automobile", approved 9/26/89 by Presbytery.)
- C-2 (and E-2). **"Continuing Education Reimbursement/Allowance"**: Presbytery's "Guidelines for Ministers' Continuing Education and/or Study Leave" (approved 9/26/89) give guidance concerning the use of the dollars and the time provided for continuing education. The intention is that the minister's use of time and money for continuing education is planned in consultation with the Session.
- D. **"Dues for Medical and Pension Plans, Board of Pensions"**: The Benefits Plan of the Board of Pensions combines pension and medical coverage. For 2023, dues are 39% of "Effective Salary" for the member, partner and/or dependents. Effective Salary is any compensation received from the church, including sums paid for housing allowance and utilities; and deferred compensation. Effective Salary does not include social security reimbursement amounts up to 50% of a minister's Self Employment Contribution Act (SECA) obligations; but if the church reimburses for more than 50%, any amount in excess of 50% must be included as part of Effective Salary. Effective Salary does not include amounts received for reimbursement of professional expenses through an accountable reimbursement plan; however, if the minister is given an allowance for professional expenses (such as continuing education, automobile expenses, or books and journals) for which they have no obligation to account, that amount is income and included in Effective Salary. If the church provides a manse or other housing rent-free to the minister, the figure used for "housing" in calculating Board of Pensions dues is 30% of the compensation items, as indicated in the formula below.

Formulas to be used, if manse is provided and utilities are held in name and paid directly by the church:

Step 1 -- calculate the housing figure to be used:

Cash Salary:	
Deferred Compensation:	
Other items*:	
Sum of above items:	
Multiply sum by .30:	x .30
<b>Housing value:</b>	

Step 2 -- compute dues for Board of Pensions:

Cash Salary:	
Deferred Compensation:	
Other items*:	
Housing value (from step 1):	
Sum of above items:	
Multiply sum by .39:	x .39
<b>Board of Pensions Dues:</b>	

\*"Other items" would include, for example:

- Social Security offset in excess of 8.28% of (salary + FRV of manse + utilities)
- Professional expense allowances for which minister is not obligated to account

## Minimum Requirements -- Explanation

Formula to be used, if housing allowance is provided:

Cash Salary:	_____	
Utilities allowance/reimbursement:	_____	
Deferred Compensation:	_____	
Other items*:	_____	
Housing allowance:	_____	
Sum of above items:	_____	
Multiply sum by .39:		x .39
<b>Board of Pensions Dues:</b>	_____	

\* "Other items" would include:

- Social Security offset in excess of 8.28% of (salary + housing allowance + utilities)
- Professional expense allowances for which minister is not obligated to account

### Illustrations

1. The Mountain View Presbyterian Church, Third Creek, WV has extended a **full-time** call to a minister, with the salary at the year 2023 minimum requirement of Presbytery. The **pastor and family** will live in the church's manse, to which a professional appraiser has given a rental value of \$6,000 a year for that region of West Virginia. The church will reimburse for utilities including basic telephone and cable TV charges, and past experience indicates that the cost for utilities will be approximately \$3,600 annually. The church estimates that the pastor will drive approximately 5,000 miles a year on church-related business, reimbursable at 62.5¢ per mile (2022 rate). The estimated dollar cost to the church (including the estimate for travel reimbursement), using the formulas given above, is as follows:

Cash Salary	\$35,721
Social Security tax offset	3,753
Manse provided rent free	
Manse Equity Fund, minimum	500
Utilities, estimated cost:	3,600
Travel reimbursement, estimated cost:	3,125
Continuing Education	1,500
Dues, Board of Pensions	<u>20,190</u> (39% dues to include pastor's family)
Total Estimated Cost to Church:	\$68,389

[Dues, Board of Pensions computed as follows: \$35,721 + \$3,600(utilities) + \$500 (manse equity) = \$39,821 X .30(BoP Housing value) = \$11,946; \$39,821 + 11,946 = \$51,767 X .39 (BoP dues) = \$20,190]

2. The Poplar Lake Presbyterian Church of Newtown, WV has extended a **full-time** call to a **single minister**, with an annual salary of \$35,721. The call includes an annual housing allowance of \$10,795 (\$899.50 per month). The church will reimburse for utilities including basic telephone and cable TV charges, estimated to run approximately \$3,600 annually. The church estimates that the pastor will drive approximately 5,000 miles a year on church-related business, reimbursable at 62.5¢ per mile (2022 rate). The estimated dollar cost to the church (including the estimate for travel reimbursement), using the formulas given, follows:

Cash Salary	\$35,721
Social Security tax offset	4,150
Housing Allowance	10,795
Utilities, estimated cost:	3,600
Travel reimbursement, estimated cost:	3,125
Continuing Education	1,500
Dues, Board of Pensions	<u>19,546</u> [Salary + housing + utilities X .39(BoP dues) = \$19,546]
Total Estimated Cost to Church:	\$78,437