

VERMONT CONFERENCE UNITED CHURCH OF CHRIST



Compensation Guidelines for Authorized Ministers * 2023

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*These guidelines were revised by action of the ___ on _____. A COLA of ___% was added to the Minimum Cash Salary.

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I. Introduction – Understanding Support for Ministry

The Vermont Conference of the United Church of Christ, seeking to balance the growth, vitality, and financial sustainability of its churches with the fair and proper compensation of its authorized ministers, recommends that all congregations work to meet the goals as outlined in these Compensation Guidelines for Authorized Ministers. The guidelines apply to all people serving in authorized ministries of the church, including those serving full-time and part-time. It includes pastors who serve as solo, as senior, co-pastor, or as associate or assistant pastor. It applies to settled, interim, and designated term pastors. The guidelines also describe compensation for supply pastors. The primary operating principle for these guidelines is fair and just compensation for all authorized ministers. Authorized ministers serving our churches should be able to earn enough income, which includes base salary and housing, plus benefits to live in the community they serve.

Conversations considering salary agreements are best grounded in the following:

The Covenant Relationship

When a person is called by a congregation to become their pastor and teacher, a unique relationship is formed with that person, with God, and with the congregation. A covenant is created to care for, to support, and to grow in love and faithfulness. Therefore, the pastor is not *hired* by a congregation to serve, but rather *called* to join and live in relationship with the congregation.

The Concept of Stewardship

We are charged to be stewards of God's resources in our personal lives and in the life of the church. These resources support the mission of the church locally, regionally, and globally. Faithful stewardship is also mindful of these areas: Fair and just compensation of staff members, the care of its volunteers, and maintaining the buildings and property entrusted to a congregation.

The Concept of Justice

A congregation is called to supply fair and just support for those who lead it. The congregation should honor the experience, education, responsibilities, changing personal and economic conditions, and respond with adequate compensation. Continued growth and education are priorities for a successful ministry. A congregation is encouraged to be generous with its minister regardless of the race, gender, disability, sexual orientation, or social status of their pastors. Consideration for rest and relaxation are crucial. These are values our faith affirms.

Ministerial compensation should be considered within the whole church ministry. All Christians are called to ministry and mission. Professionally trained leaders are indispensable to congregations remaining faithful to the gospel and to God's mission. Responsibilities of church leadership demand more education and time than can be offered by volunteers. Historically, it has been the tradition of the United Church of Christ to value well-educated pastors. Educated, professional leadership will equip the whole congregation for ministry.

Compensation reflects the congregation's intention to live in faithful service to God. This makes the congregation's relationship with its pastor different from that of employer to employee, even though a written and signed "call agreement" is considered a legal contract. As noted above, this relationship is a covenantal relationship between professional and lay Christians shaped by their mutual responses to God's call and the needs of the church.

II. Components of Compensation

The following elements make up an adequate and fair compensation package for full-time employment:

A: Minimum Cash Salary

The cash salary is the basic amount paid to the minister, not including housing and utilities, allowances, benefits, or reimbursable expenses. Depending on the minister's individual tax and housing situation, some or all the salary may be subject to federal income tax and self-employment tax. Clergy are considered employees for income tax purposes and self-employed for Social Security purposes.

In 2023, for Vermont Conference churches calling a full-time, authorized minister with ministerial standing in the United Church of Christ, the recommended starting cash salary for one year is \$40,000. We recommend that for each year of authorized ministry experience, \$800.00 should be added to the minimum, for up to 15 years of experience. For every 100 members, \$2,500.00 should be added to the cash salary. Consideration should be given for earned degrees beyond the M.Div. in the practice of ministry or related fields. We suggest a minimum of \$1,000 in annual salary per earned degree.

Finally, we recommend a regional cost of living difference be considered when setting the final salary figure and adding every year.

A Salary Calculator for computing a clergy compensation package is available on the Conference website. (*See Appendix*). The Compensation Calculator is recommended for use by a congregation for the annual review as it includes the COLA and new base salary.

B: Housing

A second, major part of a pastor's compensation is housing, which is provided either in the form of the rent-free use of a church-owned house or a housing allowance. Various options for housing should be considered as part of the call agreement and may be renegotiated as needed. The amount of total salary designated for housing, must be established in advance by vote of the church or official board and reported in writing to the pastor before payment at that salary level begins.

Housing Allowance

A housing allowance may be supplied so that the minister can rent or purchase a home. The housing allowance is paid in addition to the basic cash salary. The housing allowance should be a cash package sufficient to allow the authorized ministers to buy or rent, furnish, and maintain a median-priced home in the church's community. The median-price range for a home in Vermont varies from place to place. Information for local communities can be found by contacting a local real estate agent.

The minimum housing allowance should be 1% per month of the value of a median-priced home in the community. This figure covers the costs for a 30-year fixed rate mortgage at 5% interest, with a 5% down payment, along with other associated housing costs: furnishing, property taxes, maintenance, and insurance. *Example – If a median priced 3-bedroom home in a community is \$300,000, the church's minimum cash package for housing would be \$3,000 per month or \$36,000 per year.*

When the total cash salary and housing allowance is determined it is important to allow the minister the flexibility to decide what portion of the total compensation should be declared as housing allowance in the call agreement and in a compensation agreement to be renewed each year prior to January 1. The amount declared as housing allowance may vary from year to year depending on the minister's housing costs and tax situation.

The housing allowance is subject to self-employment tax but is exempt from federal income tax, provided it is not more than the lowest of: (a) the amount declared in the agreement ratified by vote of the church or official board; (b) the fair rental value of the housing, utilities, and furnishings; or (c) actual costs. If the housing allowance is lower than those three amounts, the minister will not get full benefit from the exclusion. For this reason, the housing allowance should make room for unexpected expenses. Any housing allowance over the limits will simply be added back to taxable income on the minister's individual tax return. For more information on a minister's housing allowance, refer to [Publication 517, Social Security and Other Information for Members of the Clergy and Religious Workers](#). If there is a change to the minister's housing expenses after the agreement is ratified, the allowance may be adjusted by a vote, in the same manner as the original agreement, to apply prospectively to future periods. The housing allowance cannot be changed retroactively. The call and annual compensation agreement should say that they are effective until changed or superseded. This will avoid having an agreement accidentally expire.

Parsonage

When a parsonage is provided, the dwelling should be comparable with the average housing in the community. It should be attractive, conveniently arranged and well kept. The church pays for all parsonage utilities (heat, light, water, refuse service, local phone calls, etc.) The clergy must pay self-employment tax on the fair rental value of the parsonage which must be decided in advance by comparisons with similar rental housing in the community.

Housing Equity Benefit

An equity benefit is not a housing allowance. The two are different and should not be confused. For a pastor living in a parsonage, an equity benefit is part of basic compensation, and is only fair and just. It gives parsonage dwellers the opportunity to accumulate some equity that can eventually be used to provide housing, either owned or rented. After a lifetime spent in parsonages, the family may have no assets with which to provide housing. In other words, at death, disability, or retirement, the pastor's family is on its own. The important consideration is that the pastor be allowed what most parishioners have: a build-up of equity.

C: Annual Time Compensation

Vacation Leave

Vacation time should be a minimum of one month per year, including Sundays. This time should be exclusive of denominational meetings or professional training. It is recommended that vacation time be extended one week for each fifth-year anniversary. In addition to these vacation leaves, churches might also provide one weekend off per quarter to compensate for days off that might otherwise be taken on holidays. Common times for these to occur are the Sundays following Christmas and Easter, and one weekend during Lent.

Collegial Time

Clergy retreats, ministerial meetings, support groups, mission trips, continuing education, outdoor ministries/vacation bible school or church camp, and sabbatical leave are not to be construed as vacation time. Authorized ministers are expected to take part in the work of the wider church in the association, conference, and national settings, which is not vacation time.

Holidays

Paid holidays are to include New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving, and the Friday after Thanksgiving, Christmas and one floating holiday. When any of these occur on a Sunday, another day should be taken as a "holy day."

Days Off

The equivalent of two days off per week is recommended.

D: Benefits

Benefits are those items other than base salary and housing that are considered part of the compensation package. They are the congregation's responsibility in providing adequate and just support for their minister. These include health and dental benefits, annuity, long-term disability, and group life insurance. The Pension Boards of the United Church of Christ offer the following benefits to pastors with standing and laypersons employed at least 20 hours per week.

Annuity Contribution

Quarterly contributions to the annuity fund are part of the standard benefit package for UCC clergy. The annuity contribution, paid by the local church to the UCC Pension Boards, is equal to 14% of the salary and the housing/parsonage allowance. When a parsonage is used, the value of that housing is calculated at 40% of the base salary. Thus, the annuity payment for a pastor living in a parsonage would equal 14% x 140% of the base salary. When a housing allowance is paid, annuity is calculated at 14% of the total of base salary plus actual housing allowance.

To determine the maximum amount a pastor and church may contribute to an annuity, you are encouraged to consult a certified tax professional. This is particularly important when the pastor's compensation package is weighted heavily toward a housing allowance.

Group Health and Dental Insurance

The church is to pay for the cost of insurance for the pastor and their family. The United Church of Christ offers Health and Dental plans that can be retained if clergy move from one state to another. There is only one open-enrollment period to enter the plan: within 90 days (about 3 months) of one's first call to work 20 hours or more per week. Subsequent entry into the Plan is by proof of good health only. Once included in the Plan, clergy and their families are insured for life as long as premiums are paid. Visit the Pension Boards Rate Locator to find current rates:

<https://www.pbucc.org/index.php/rate-locator>

If clergy and/or churches elect not to participate in the United Church of Christ Plans, health and dental benefits are to be provided through another insurer.

Flexible Spending Account Plan

Through the Pension Boards, local churches taking part in the UCC Health Benefit Plan may set up a Flexible Spending Account for clergy. Aside from a modest initial set-up fee, making this Account available does not have a cost to the local church as it is funded by the clergy person's voluntary salary redirection into the Account. The Account provides participants with tax-savings related to medical deductibles, co-pays and dependent care expenses and is an attractive complement to a minister's compensation arrangement.

Medicare

The Conference recommends that when a pastor reaches the age of 65 and becomes eligible for Medicare, the church cover the cost of the Medicare Supplement Plan and reimburse the pastor for Medicare Part B. Should insurance conditions change during a pastorate, it is suggested that the congregation and the pastor review the needed changes and agree upon a suitable coverage arrangement.

Disability Income and Term Life Insurance Plan

Congregations are to provide disability insurance through the UCC Pension Boards' Life Insurance and Disability Income Benefit Plan. This insurance relieves the church of liability in case of their pastor's total or partial disability or death. The program provides for Short Term coverage beginning after 30 days (about 4 and a half weeks) and continuing for 5 months. Long Term disability benefits would begin after 6 months and would pay a percentage of base salary and housing, plus annuity, to age 65. The congregation is responsible for continuation of benefits during the first 6 months of disability. Decreasing term life insurance is included in the Plan. The annual premium is 1 ½ % of the total amount of base salary and housing.

Social Security Offset

Clergy are treated as self-employed for social security purposes. Pastors must pay the current 15.3% on the cash salary plus housing allowance or fair market rental value of the parsonage. Churches should pay 7.65% of the pastor's salary and housing allowance for social security, as it must do for regular FICA employees. This should be paid directly to the pastor and listed in the budget as a Social Security Allowance or Offset.

E: Sabbatical Leave

The common sabbatical leave is three months, with pay, after five years of service. Usually, a pastor must commit to at least one more year of service following a sabbatical leave. Sabbatical leave encourages longer pastorates and gives both pastor and congregation new appreciation and fresh energy for their covenant ministry. If a supply pastor is needed during the sabbatical period, congregations can prepare for that expense by adding annually to an escrow account for that purpose. A written sabbatical proposal should be submitted to the Pastor-Parish Relations Committee at least three months prior to the start of the sabbatical, and a written report should be made to the same committee within three months after the sabbatical.

III. Components of Part-time Compensation

Some churches are small and want a vital part-time pastor ministry or circumstances have changed and they can no longer afford full-time compensation. Some pastors are looking for a part-time position because they are bi-vocational or want added time for family or other personal commitments. The number of part-time church pastors is growing in Vermont and across the country.

A. Determining Part-time Expectations

Fairness in both compensation and the level of ministry that is expected is of utmost importance because without it a congregation may have unrealistic expectations of a part-time clergy person. Rather than expecting full-time work for part-time pay, these churches are recommended to look at the scope of work. This is particularly critical for churches transitioning from a full to a part-time pastor. Both the pastor and the congregation will need to adjust what have been full time expectations of the pastor's ministry with a part-time pastor.

B. Determining Scope of Work

Part-time arrangements require open communication between the pastor and the appropriate designated body of the church (i.e., Pastoral Relations, Deacons, Personnel, etc.). New part-time agreements may require more frequent review and renegotiation, as the agreement is lived out in the church's ministries. Figuring out scope of work needs to be negotiated with the pastor.

Responsibility	Units Per Week
Worship Preparation	2-4
Sunday Worship/Coffee Hour	1
Visitation (shuts-ins, hospital visits, etc.)	2-3
Administration	1-2
Meetings	2-3
UCC Associations, Conference, etc.	1-2
Counseling, Weddings, Funerals	1
Preparing and Teaching Bible Study	1-2
Communication: (e) newsletter, website, social media	1-2
Community Chaplaincy - nursing home, jail, hospital, etc.	1

Full time Pastoral Position (40-50 hours weekly / 10-12 units*)

Three-quarter time Pastoral Position (30-35 hours weekly / 8-10 units*)

Half time Pastoral Position (20-25 hours weekly / 5-6 units*)

One-quarter time Pastoral Position (10-13 hours weekly / 3 units*)

C. Calculating Compensation on Pro-Rated Basis

Allocating the components of the package is still the same as for a full-time package. Part-time service should be compensated on a pro-rated basis using these Conference guidelines. To calculate part time compensation, it is suggested that a congregation first figure out what full-time compensation (salary, housing, and benefits) would be using the Clergy Compensation Calculator, and then multiply that amount by the percentage of time allotted to the position. Benefits should be offered to those working half-time or more on a pro-rated basis. If you can pay full-time benefits for part-time ministry, you will increase your chances of finding appropriate candidates for the position.

III. Reimbursable Expenses

Reimbursable expenses are those costs, reimbursable to the authorized minister, incurred in performing duties. They are not part of the person's compensation. They are "business" expenses for which the congregation is responsible. The IRS considers the following to be reimbursable expenses:

A: Travel

The IRS establishes annually a maximum allowable rate for deducting business travel mileage. The rate includes the full costs of auto depreciation, insurance, maintenance, and operation as a per mile cost. It is recommended that churches reimburse pastors for mileage logged in the ministry's performance at the IRS allowable rate. The minister is responsible for submitting a mileage log to the church for monthly reimbursement. (See Appendix for helpful resources.)

B: Continuing Education

Congregations should expect a pastor or leader to be committed to continued professional growth and development, since both truly benefit from it. We urge churches to provide annually 2 weeks of paid time for this purpose, and to consider allowing for a limited accumulation of unused time to allow for a more extended study leave. At least \$1000 should be budgeted for continuing education cost each year.

C: Other Professional Expenses

The church should budget an amount for annual professional expenses including such items as: Professional journals, books, or periodicals. Dues to professional organizations. Participation in a Vermont Conference Clergy Convocation or Clergy Vitality, Support and Events.

D: Conference and Association Meetings

Authorized Ministers are expected to attend Conference and Association meetings for the benefit of churches and clergy. An Authorized Minister is also to be encouraged to serve in wider ministry – in the Association, outdoor ministries, Conference, or national settings. Such service is considered part of the congregation's and Authorized Minister's ministry. It is neither time off nor vacation. Expenses not reimbursed by the wider ministry setting are covered by the congregation.

E: Short-term Pulpit Supply Preachers

During periods of scheduled absence of the pastor, such as the Sundays of scheduled vacation, Conference meetings, continuing education, sick leave or approved personal leave, the payment of pulpit supply preachers is the responsibility of the church. See section V: C, "Other Staff and Specialized Ministry," for suggestions of compensation for this service.

F: Worker's Compensation Insurance

Churches are required by law to provide worker's compensation insurance to all employees, including clergy.

G: Liability Insurance

The UCC Insurance Board program covers the pastor and church for Sexual Misconduct Liability and Pastoral Counseling Liability insurance. If the local church does not participate in the Insurance Board program, comparable coverage is to be provided to the pastor and church. All authorized ministers serving in any capacity in churches of the Vermont Conference must participate in and be certified in having completed periodic Boundary Awareness Training.

H: Criminal Background Check

All persons seeking to circulate a ministerial profile in the United Church of Christ are required to pay for a national criminal background check. The local church is to reimburse this fee to the pastor who is selected. I: Moving Expenses: See the Call Agreement Workbook "Relocation Expenses"

IV. Other Support

Congregations are wise to anticipate special situations or needs of their pastors. Such special situations include illness, personal emergencies, the birth of a child, etc. Written personnel policies regarding such needs can avoid confusion and avert tensions in the relationship.

Parental Leave: 12 weeks (about 3 months) of paid parental leave (See the Call Agreement Workbook)

Sick or Personal Leave Days: 12 days (about 1 week 5 days) of sick leave per 12 months of service; sick leave can accumulate up to 120 days (about 4 months) across the years, though accumulated sick leave is not payable upon termination. (For extended illness, see "Short-Term Disability.") In case of circumstances such as but not limited to the illness of a dependent, the death of a family member, or a personal crisis, recommendation is to provide up to 5 days of personal leave per incident, not to exceed 10 days per 12 months of service. Personal leave does not accumulate. Sick time and personal leave are not meant to be used as additional vacation time.

Disability and Death of the Minister: See the Call Agreement Workbook "Disability and Death."

Working Conditions

The church should provide competent support, especially for office tasks and building maintenance. In providing office space at the church or parsonage, consideration should be given to the minister's need for technology, accessibility, privacy, and the ability to work without interruption. Safe church policies and practices should be a priority for the minister and the church.

V: Other Staff and Specialized Ministry

A: Associate Pastors

Associate pastors should receive a minimum of 80% of the senior pastor's salary, depending on position descriptions, scope or responsibility, length of service, experience, and years in the ministry. Associate pastors should receive the same housing and benefit package as the senior pastor. At no time should an Associate Pastor's compensation fall below minimum guidelines.

B: Interim and Intentional Interim Pastors

The interim minister will serve a church during situations that demand specialized skills, training, and responsibilities. In accordance with their specialized duties, every interim minister will possess a working knowledge of the United Church of Christ's Search and Call process, as well as the Ministerial Code. A full-time interim minister should receive a salary in accordance with the guidelines above and consider their specialized training.

C: Short-term Pulpit Supply Pastors

Where a congregation needs only worship leadership, a pulpit supply pastor may be contracted for one or more consecutive Sundays. The recommended per-service compensation is \$200.00, plus travel expenses at the current IRS rate.

VI. Working Together for Effective Ministry

The covenant that binds a pastor and congregation in mutual ministry and mission needs to be nurtured, strengthened, and sometimes renewed. Here are some specific ways this can be done:

A: Pastor-Parish Relations Committee

A small committee of three to seven persons is given the specific job of nurturing the pastor, the relationship between the pastor and the congregation, and clarifying the role of the pastor. Such care can build the trust and communication necessary to deal effectively with the inevitable tensions and conflicts that arise. Guidelines for such a committee can be found in the Pastoral Relations Committee section of the "A Sure Foundation" booklet that can be found at: [ASF-PastoralRelationsCommittee.pdf](#)

B: Annual Review of Compensation

An important task for the church board or appropriate committee is an annual review of the pastor's compensation. The review is to be an open and caring conversation allowing the pastor to express changing needs or expectations. An annual increase of base salary reflecting any increase in the cost of living should be considered. This should include a review and adjustment of mileage reimbursement based on current IRS guidelines. Additional salary increases reflecting meritorious service or increased responsibilities affirm the mutual covenant between pastor and congregation. Increases in pastoral compensation are to be advocated by a member of the Pastor-Parish Relations Committee or Personnel Committee. Conference staff are readily available for consultation.

C: Ministry Evaluation

An annual review of the congregation's ministry goals, including the compensation of professional leadership, is an integral part of the covenantal relationship. Ministry evaluation is best undertaken when its purposes are clear. Such purposes might be to clarify congregational goals and objectives, to assess pastor's use of time in relation to those objectives, to assess the congregation's ability and progress to meet those goals and objectives, to identify unmet ministry needs, to identify skills that need further development by congregation or pastor or to assess whether a congregation should be taking a larger role in the ministry. Evaluation of the congregation's ministry is as important as evaluation of the pastor/s. For further guidance and resources see the Call Agreement Workbook p. 15, "Review of ministry."

VII: APPENDIX:

Helpful Resources

Vermont Conference, United Church of Christ's website: <http://www.vtcucc.org/>

Call Agreement Workbook: is available as pdf: <https://www.uccresources.com/products/call-agreement-workbook?variant=17676055492>

A Compensation Calculator for Cash Minimum Salary & Benefits: <http://vtcucc.org/ministerial-compensation/>

Latest Cost-Of-Living Adjustment: <https://www.ssa.gov/oact/cola/latestCOLA.html>

A Sure Foundation – Pastoral Relations Committee: [UCC Resources Pastoral Relations Committee](#)

Internal Revenue Service for the current standard mileage rate: www.irs.gov

<https://www.irs.gov/forms-pubs/about-publication-517>

Pension Boards United Church of Christ for information concerning Pension, Health & Dental Insurance, Life Insurance & Disability Insurance, and Qualified Housing Allowance Expenditures, www.pbucc.org.