



Presbytery of Whitewater Valley
REQUEST TO CHANGE MINISTER'S TERMS OF CALL

2009 Terms of Call Form

Please complete and return this form to the Presbytery by January 31, 2009. Thank you!

CHANGE IN TERMS OF CALL

The Book of Order requires that Presbytery approve changes in a pastor's compensation because it is part of the terms of call.

The **2009 Terms of Call Form** is to be used by the session (upon action by the congregation) or employing organization and minister to request approval of a change in the terms of a call. Terms of call include all compensation received by ministers, as well as vacation time, reimbursed professional expenses, and professional development leave.

INFORMATION REQUESTED

Annual Cash Salary [form-lines 1 & 5]

The annual cash salary is the portion of the minister's salary exclusive of housing allowance, deferred income, and any other allowances.

Deferred Income [form-lines 2 & 6]

Deferred income means, primarily, monies spent to purchase tax deferred annuities or for retirement savings plans. They are paid via a salary reduction agreement, where the minister's salary is reduced by the amount of the deferred income. Such a salary reduction agreement may take place without receiving prior permission of presbytery if it is at the request of both parties and the total effective salary remains the same. If the arrangement continues, it should be included in subsequent reports to the presbytery. **A tax-deferred annuity/retirement savings under section 403(b)/401(k) has considerable tax and retirement advantages for the minister.**

Utilities & furnishings allowance [form-line 3]

Ministers living in a manse may have a portion of their salary designated as a 'housing allowance' to pay for utilities, furnishings, and maintenance. The only things definitely **not** allowed under this category are maid services and food. If the minister is to receive favorable tax treatment for this category, the total of all expenses for housing, including the rental value of the manse, utilities, and furnishings, must not exceed the "fair rental value" of similarly furnished housing in the area. The amounts reported to the IRS (on schedule SE), the Board of Pensions, and the presbytery, should not be **less** than the "fair rental value". The amounts must also be designated **in advance** by the congregation for this tax treatment.

Value of manse [form- line 4]

The presbytery asks that the "value of manse" be calculated according to the Board of Pensions' definition. The Board of Pensions asks that the "value of the manse" for its purposes be **at least** 30% of the sum of cash salary and utilities/housing, plus any deferred compensation and social security offset above 7.65% --or the Fair Market Value.

Housing allowance or budget [form line-7]

Ministers not provided a manse may have a portion of their compensation designated as an "allowance to provide a home". This allowance may be used for mortgage payments or apartment rental, real estate taxes, insurance, utilities, furnishings, improvements, maintenance and supplies. The designation must take place by the congregation in **advance** of the money being spent. [We recommend at the January Annual Meeting--or incorporated into By-Laws as a percent of compensation.] Ministers and churches may, by mutual agreement; change the amount designated "housing allowance" without receiving prior permission from the presbytery if the total *effective salary* remains unchanged. However, if done after February, the IRS may not accept the change.

Travel reimbursement [bottom section of form]

Travel reimbursement is a vouchered, reimbursable expense indicating what the church pays for the pastor to travel on church business. The IRS recognizes \$.55 per mile (2009 rate – adjusted annually by IRS) as a conservative value of travel by car. Presbytery's minimum of \$2500 is contingent on the policy that all properly vouchered business mileage will be paid by the church.

Professional development budget [bottom section of form]

All clergy in the presbytery receive at least \$1,000 per year for professional development. If not spent in the year allocated, these funds may escrow/roll over for up to four years. The church is to accrue the money (“accounts payable”) until the minister uses it for professional development. It is not salary so unspent portions are not collectable upon termination of the relationship.

Vacation [bottom section of form]

The presbytery minimum standard for a minister's vacation is **four weeks--including at least four Sundays;** this includes part-time positions. “One month” is acceptable language. Clergy ordained 15 or more years are entitled to a minimum of 5 weeks (5 Sundays) of vacation.

SECA Offset (Social Security) [bottom section of form]

A "SECA offset", is an amount paid to the minister to help offset the fact that the minister must pay the full self-employment tax. Presbytery recommends that an offset be up to the amount the church would pay if the minister were a lay employee – or 7.65%. **Note: The offset is not included in calculating pension dues (“effective salary”) unless it exceeds 7.65% .**

Medical/dental supplement [bottom section of form]

The presbytery recommends that churches set aside up to **4%** of effective salary (2% for single pastors) to reimburse out-of-pocket medical expenses--or for services not covered by the Major Medical Plan (such as dental care, eyeglasses, etc.). **If the church pays premiums for the Board of Pension Dental Supplement, that amount should be included on "Medical/Dental Supplement" line.**

Book, conference, other professional expense allowance or budget [bottom section of form]

This line on the attached form is for other vouchered professional expenses or allowances. For tax related reasons, it is advisable for the church to adopt a written plan that indicates that only those business expenses that an employee substantiates as to the date, amount, and the business nature of each expense will be reimbursed and also requires any excess reimbursements to be returned to the employer. Note: An employer's reimbursement plan is “non-accountable” if it does not meet the above stated requirements. *(A sample Accountable Reimbursement Plan and additional information about them is provided in the Presbytery Church Treasurers Manual or by contacting the presbytery office at (317) 542-5500 herzog@whitewatervalley.org.)*

REQUEST TO CHANGE MINISTER'S 2009 TERMS OF CALL (COMPENSATION), PRESBYTERY OF WHITEWATER VALLEY

City/Church or employing organization: _____
 Name of Pastor: _____

DUE: January 31, 2009 or as soon as possible after your congregational meeting. We realize some churches change their Terms in Call later in the year. Please use this form to submit those changes when that action is approved.

These Terms of Call will eventually require congregational and Presbytery approval. The 2009 Presbytery approved Minimum Terms of Call are enclosed for your information.

Check this box if there are no changes to report.

THIS SECTION IS FOR PASTORS WHO ARE PROVIDED A MANSE OR OTHER DWELLING

		2008	+	change	=	2009	
Annual cash salary:	[1]	\$ _____	+	\$ _____	=	\$ _____	[1]
Deferred income (401(k), 403(b) etc.):	[2]	\$ _____	+	\$ _____	=	\$ _____	[2]
"Utilities & furnishings" allowance or budget even if paid by the church:	[3]	\$ _____	+	\$ _____	=	\$ _____	[3]
Value of manse (fair rental value): {at least (30% of [1]+[2]+[3])}:}	[4]	\$ _____	+	\$ _____	=	\$ _____	[4]
Effective salary	[1+2+3+4]	\$ _____	=	\$ _____	=	\$ _____	[1+2+3+4]

THIS SECTION IS FOR PASTORS WHO ARE PROVIDED A HOUSING ALLOWANCE

		2008	+	change	=	2009	
Annual cash salary	[5]	\$ _____	+	\$ _____	=	\$ _____	[5]
Deferred income (401(k), 403(b), etc.):	[6]	\$ _____	+	\$ _____	=	\$ _____	[6]
"Housing" allowance or budget:	[7]	\$ _____	+	\$ _____	=	\$ _____	[7]
Effective salary	[5+6+7]	\$ _____	+	\$ _____	=	\$ _____	[5+6+7]

THIS SECTION IS FOR ALL PASTORS

		2008	+	change	=	2009	
Travel reimbursement budget): \$2500 <u>Minimum</u> @ \$.55/mile '09 IRS rate		\$ _____	+	\$ _____	=	\$ _____	
Professional development budget (\$1000 min.)		\$ _____	+	\$ _____	=	\$ _____	
Vacation (length of time)*		_____	+	_____	=	_____	
Study Leave (length of time)		_____		_____		<u>2 wks cumulative to 8</u>	
Social security offset: 7.65% of effective. salary		\$ _____	+	\$ _____	=	\$ _____	
Medical/dental supplement, if any recommend 4% of effective salary		\$ _____	+	\$ _____	=	\$ _____	
Book, conference, other professional expense allowance or budget		\$ _____	+	\$ _____	=	\$ _____	

*Four (4) weeks minimum to include 4 Sundays; Five (5) weeks minimum to include 5 Sundays if ordained 15+ years.