



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

2012 Terms of Call Form

Please complete and return this form to the Presbytery by January 31, 2012. 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 **2012 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) has considerable tax and retirement advantages for the minister. Also, churches that "match" all or a portion of qualified salary reductions are not required to include the match amounts as part of effective salary for Board of Pension dues calculation purposes.**

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 50% of total SECA** --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 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 substantiated, reimbursable expense indicating what the church pays for the pastor to travel on church business. The IRS recognizes 55.5 cents per mile for July, 2011- December, 2011. This rate is adjusted annually by IRS late each year as a conservative value of travel by car. Presbytery's minimum of \$2,800 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 \$1,200 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**; "One month" is acceptable language. Clergy ordained 15 or more years are entitled to a minimum of 5 weeks (5 Sundays) of vacation.

Study Leave [bottom section of form]

The presbytery minimum standard for a minister's **study leave is two weeks per year (cumulative to eight weeks)**

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 50% of the total SECA (**6.65% for 2011**). **Note: The offset is not included when calculating pension dues ("effective salary") unless it exceeds 50% of total SECA.**

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 fund plans for reimbursement of 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 is provided in the Church Treasurers Manual. Please contact the presbytery office at (317) 923-3681 ehertzog@whitewatervalley.org for a copy of the manual.)*