

Appendix P
Guidelines for Establishing Terms of Call

(Revised 11.2021)

Jesus Christ is head of the church, and like Jesus, the church is called to reflect God's ways and character. In doing so, the church models what it means to be in the world and yet not of the world. The manner in which the church financially compensates their pastors demonstrates how God loves and cares for God's people.

To that end, the Credentials Team reviews the Terms of Call for a minister to confirm that the Terms of Call are both fair and reasonable with respect to the church based on their current financial situation, and crafted in such a way as to most positively impact the minister's financial and overall well-being.

The Credentials Team, guided by prayer and discernment and within the scope of our ability to do so, seeks to ensure that the Terms of Call agreed to by the Presbytery, pastor, and the church, reflect a theology of care for all involved.

Terms of Call should be discussed with the Credentials Team as the Ministry Information Form is being finalized, and then again before an offer is made to a candidate. In addition, after the terms have been approved by the congregation, please fill out and sign the Terms of Call Spreadsheet and return to the Presbytery office.

DEFINITIONS:

Annual cash salary - Please refer to the Hudson River Presbytery website for the latest mandated minimum.

Housing Allowance - The allowance is an election portion of the pastor's compensation package. To qualify as except income the housing allowance amount must be pre-designated annually by the church (employing organization) in advance of payment. The IRS criteria for determining if this entire allowance is exempt income (from federal income tax) is that it is the lesser of: the pre-designated amount, actual housing expenses or the Fair Rental Value of housing. It is the clergy person's responsibility to justify this allowance with the IRS. Pastors residing in church-owned housing may use this as well for housing expenses.

Deferred Compensation includes 403b plans, tax sheltered annuity plans, housing equity plans, and other forms of deferred compensation arrangements. Benefits Plan dues on line 7 are not included in this line. (Note: matching contributions to the Board of Pensions Retirement Savings Plan are not included.)

Other Allowances paid directly to ministers should be included on this line. Includes all forms of compensation not included in lines 1-3. Examples include things like salary reduction funded HSA or FSA accounts for medical expenses, furnishing allowances, utility allowances if the pastor pays their own utility bills, and SECA payments in excess of 50% of the Pastor's SECA tax obligation.

Manse Value- This is for churches that provide a manse for their clergy. This must be the Fair Rental Value of a home furnished to the pastor for compensation. Fair Rental Value is what it

would cost to rent a comparable home (including furnishings and utilities) in the community/county in which the church is located. but shall be at least “30% of all other compensation included in the Effective Salary.” If utility or furnishings allowances are provided, they are included in effective salary in addition to the manse value defined. If you use the Excel spreadsheet the green box to the right of line 5 will calculate 30% of lines 1,3,4 giving you the information needed to determine which amount is higher.

Effective Salary – Annualized figures for Effective Salary should be in agreement with those reported to the Presbyterian Board of Pensions.

Benefit Plan Dues – These are the dues for Medical, Pension, and Death & Disability that calculate from Effective Salary. Enrollment in the Board of Pensions program is mandatory for all installed pastors, and highly recommended in all other cases. Non-installed ministers, who are regularly scheduled to work at least 20 hr/wk, may be enrolled in the Pastor's Participation Plan, the new Minister's Choice Plan, or BOP Menu Options. BOP Menu Options are available to non-installed ministers, CRE's and church staff. Minister's choice offers Pension, Death and Disability, and Temporary Disability. A regularly scheduled workweek of 20 hours **is required** to participate in the Menu Options medical, pension and disability plan, as well as Minister's Choice. There is **no work hour minimum** to participate in the Retirement Saving Plan (RSP), Dental Plan, Vision eyewear coverage, Health Care Flexible Spending Account, or Dependent Care Flexible Spending Account.

Professional Expenses Allowance – (\$3000 minimum)

This is the amount budgeted by the church to cover the reimbursement of the supported business expenses of the pastor. Typically these include reimbursement for the following:

- a. **Continuing education expenses:** the amount the church or employing organization agrees to reimburse for money actually spent or to be spent for job-related continuing education purposes.
- b. **Automobile expenses** must be either a) reimbursed at the IRS per mile rate, or b) a car with full expenses provided. All payments must be documented with actual expenses or miles driven.
- c. **Other professional expenses** include such items as books, subscriptions to magazines, supplies, business meals, etc. and should be reimbursed as spent and supported by the minister.

Other benefits:

Items not included elsewhere, such as waivers for church childcare or nursery school.

Sabbatical Leave: Presbytery recommends building in to the terms of call provision for sabbatical. Please consult the Presbytery policies and recommendations found here:

<https://www.hudrivpres.org/committee-on-ministry-manual/section3>

Family/Medical Leave Policies: Please also be aware of the HRP family and medical leave policies found here: <https://www.hudrivpres.org/committee-on-ministry-manual/section5-jy6bz>

Other resources:

PC(USA) Board of Pensions

[Understanding Effective Salary](#)
[Effective Salary Calculator](#)
[BOP Dues Calculator](#)
[IRS on Clergy taxes](#)
<https://www.clergytaxnet.com/>

If you need further assistance, please be in touch with the Credentials Team of COM.