

Rationale for Terms Of Call Adjustments – The 2% reduction in SECA withholdings for employees has been extended for the first 2 months of 2012. The employer's share of SECA is still 7.65 percent. This is a continuation of what was done by Congress in 2011. Last year Presbytery acted to give the entire 2 percent reduction to pastors.

**At its January meeting COM ACTED to recommend to Presbytery; reverting to the long-time practice of paying 1/2 of the total Social Security and Medicare taxes as part of the terms of call in order to offset part of the effect of pastors being classified as self-employed by tax law.**

The 2 percent reduction will be split equally between the pastor and the church with each being responsible to pay 6.65 percent this year. This will result in a decrease in cash income of 1 percent for the pastor and a reduction in cost for the church of 1 percent. Last year's 2 percent increase for pastors should have been added to their effective salary and been subject to BoP dues. That was not reflected on the terms of call form for last year and the increase in income was not subject to BoP dues.

If a church chooses to continue to give the amount of the 2% SECA decrease to the pastor, it needs to be added to Other Allowances and will increase the effective salary.

Another option that would not change effective salary and BoP dues is to put the 1 percent of SECA as an increase any area of: PROFESSIONAL EXPENSES NOT INCLUDED IN EFFECTIVE SALARY.

The COM recognizes that there will be some inconvenience involved and we apologize for the timing of this change.