

**ALBANY PRESBYTERY FORM FOR REPORTING TERMS OF CALL FOR 2012** [11/10/11]  
**Please return to the Presbytery Office on or before February 1, 2012, even if there are no changes from 2011**

3.5% Cost of Living Increase for 2012: At its November 2012 stated meeting, Albany Presbytery ACTED TO APPROVE a 3.5% increase in presbytery minimums for full-time calls for 2012, and recommended 3.5% increase for existing calls that are above the minimums.

Name of Teaching Elder \_\_\_\_\_

Church or Employing Organization \_\_\_\_\_

Full Time Position \_\_\_\_; Part Time \_\_\_\_ Hours per week \_\_\_\_.

The adequacy of the compensation was reviewed with the teaching elder by \_\_\_\_\_ (e.g., Session) on (date) \_\_\_\_\_.

Is there a need for Committee on Ministry assistance in determining the compensation? Yes \_\_\_ No \_\_\_

If yes, please state need: \_\_\_\_\_

The congregation \_\_\_ /Session \_\_\_ (for non-installed) approved the terms of call on (date) \_\_\_\_\_ with effective date: \_\_\_\_\_

**I. COMPENSATION INCLUDED IN EFFECTIVE SALARY**

Lines 1-6 parallel lines on the Board of Pensions (BOP) Change of Salary Form (ENR-111), which teaching elders should submit directly to the BOP to ensure proper accumulation of their pension credits and accurate church billing of pension dues. For terms of call and tax information two Board of Pensions' booklets are helpful: *Understanding Effective Salary*, and *Tax Guide for Teaching elders and Churches* – both are available online at: [www.pensions.org](http://www.pensions.org).

	2011	2012
<b>1. Annual Cash Salary (including employee contributions to 403(b), tax-sheltered annuity)</b> \$ _____	\$ _____	\$ _____
<b>2. Housing Allowance, including allowance for utilities or furnishings</b> .....	\$ _____	\$ _____
<b>3. Employing organization contributions to 403(b)(9) plans, tax sheltered annuity plans, equity allowances</b> .....	\$ _____	\$ _____
Report any employer <u>matching</u> contributions to the Board of Pensions' Retirement Savings Plan on line 10.		
<b>4. Bonuses, Gifts from Employer</b> .....	\$ _____	\$ _____
<b>5. Other Allowances (including 1% Medical Allowance)</b> .....	\$ _____	\$ _____
Include on line 5 the 1% medical reimbursement allowance which is part of Albany Presbytery's minimum terms of call, and other allowances: dental insurance, child care, SECA <u>in excess of 50%</u> . Please see note on next page about the 1% medical reimbursement allowance.		
<b>6. Manse Amount (must be at least 30% of lines 1-5)</b> .....	\$ _____	\$ _____
<b>7. Total Effective Salary (Sum of lines 1-6)</b> .....	\$ _____	\$ _____

**II. BENEFITS NOT INCLUDED IN EFFECTIVE SALARY**

<b>8a. Board of Pensions Benefits Plan Dues – 20.25% [Medical]</b> .....	\$ _____	\$ _____
For 2012, line 8a is the GREATER of 20.25% times Line 7, or \$7,695 but no more than \$20,631.		
<b>8b. Board of Pensions Benefits Plan Dues – 12% [Pension (11%), Death and Disability (1%)]</b> .....	\$ _____	\$ _____
For 2010, line 8b is the GREATER of 12% times Line 7, or \$1,642; but no more than \$29,400.		
<b>9. 50% SECA (Social Security) Offset Allowance</b> .....	\$ _____	\$ _____
Calculate at 7.65% of line 7 MINUS line 3, any 403(b) amounts in line 1, and any <u>tax-advantaged</u> medical allowance included on line 5. A SECA allowance in excess of the 7.65% is to be included on line 5.		
<b>10. Other Optional Benefits not included in Effective Salary</b> .....	\$ _____	\$ _____

**III. PROFESSIONAL EXPENSES NOT INCLUDED IN EFFECTIVE SALARY**

All expenses should be paid under an Accountable Reimbursement Plan with vouchers and documentation provided by the teaching elder, not as a monthly allowance (paid in equal increments) that is taxable.

<b>11. Continuing Education Reimbursable Expenses (minimum \$1,646)</b> .....	\$ _____	\$ _____
Teaching Elders and Sessions are encouraged to “distribute” amounts in lines 11 and 12 in a way that best fits a teaching elder's anticipated expenses in a given year, so long as the total of “minimums” is met.		
<b>12. Professional Reimbursable Expenses (minimum \$648)</b> .....	\$ _____	\$ _____
<b>13. Other Reimbursable Expenses (optional)</b> .....	\$ _____	\$ _____
<b>14. Travel (Mileage) Reimbursable Expenses</b> .....	\$ _____	\$ _____
The travel reimbursement has been separated from professional expenses to allow for full reimbursement of non-commuting mileage for pastoral and professional use of automobile. To calculate: _____ anticipated miles/year times Federal standard mileage rate (\$.555 for 2012) = \$ _____		

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**IV. NON-FINANCIAL BENEFITS AND SPECIAL PROVISIONS**

15. **Vacation** (minimum 30 days, including 4 Sundays) .....

16. **Study Leave** (minimum 2 weeks) .....

17. **Special Provisions (please note if new, changed or continuing):**

18. **Miscellaneous:**

Maternity/Paternity Leave is required, if applicable

Early Ministry Institute is required, if applicable

Other:

19. **Please provide explanation of any figures below Presbytery recommended minimums:**

**Signatures:** Clerk of Session \_\_\_\_\_ Teaching Elder/Moderator \_\_\_\_\_

Additional information about various line items can be found on the next page, below the chart of 2012 minimums.

**DETERMINING THE 1% MEDICAL REIMBURSEMENT ALLOWANCE AMOUNT TO INCLUDE ON LINE 5:**

The 1% medical reimbursement is a part of Albany Presbytery's terms of call requirements. While certainly not covering all of a pastor's deductible and co-payment amounts, it does help with medical expenses, and again is just a minimum; teaching elders and churches may set aside more, and as noted in footnote 2 under the chart on the next page, those who know they will be paying a certain amount for medical expenses can consider tax-advantaged options. Normally, pastors are reimbursed upon submission of medical expenses (with churches honoring privacy by not requiring details of medical situations be submitted.) If a pastor knows she or he will use the entire allowance in a given year, it can simply be paid as a monthly allowance, even without submission of a voucher, because, unless a tax-advantaged plan is created, these reimbursements are reported as salary on the annual W-2. Here are two ways for determining what to include for (the minimum) 1% medical reimbursement allowance on line 5:

- If paid as an allowance on a monthly (or other regular basis), simply include 1% of the other items in effective salary; however, for those who also use the 30% manse allowance calculation, simply make an approximation of the 1%.
- If paid on a reimbursable plan, where the amount for 2012 is not yet known, the amount reimbursed for 2011 can be used – this is less important for this form as it is for the Board of Pensions ENR-111 Change of Salary form, since it is the official form on which dues are calculated and a church is billed.

**Board of Pensions Update:**

Each year in September, the Board of Pensions publishes a newsletter entitled Church Treasurer & Business Administrator News. The entire newsletter can be read [by clicking here](#) and includes much information that is useful for Church Treasurers as well as Pastors and other Plan Members. There is important information that churches need to know when preparing their budgets for 2012 and for year-end tax reporting. For the first time in five years, the dues percentage for the Medical Plan is increasing for active member coverage. On January 1, 2012, the medical dues will be calculated as 20.25% of effective salary. On January 1, 2013, medical dues will increase again, to 21% of effective salary. Dues for pension and death and disability coverage remain at 11% and 1% respectively, so the total Board of Pensions dues percentage will be 32.25% in 2012 and 33% in 2013. This will apply to pastors whose Effective Salary exceeds \$38,000 (\$40,000 in 2013) which includes all full-time pastors in Albany Presbytery. If a pastor is employed for less than full-time, their effective salary may be less than \$38,000; however, in that case minimum medical plan dues will apply.

Medical Dues for any pastor enrolled in the Board medical plan will not be less than \$7695 in 2012 and \$8400 in 2013. These changes will be incorporated in the Terms of Call Reporting Form that will be sent to churches later this year.

**When preparing year-end W-2s for pastors**, it is important to remember that there is an item that the IRS requires be included that is not paid to pastors in cash. The IRS only allows an employer to provide and pay for life insurance coverage for their employees up to \$50,000 without some of the cost being considered taxable to the covered employee. MOST of the pastors in Albany Presbytery have life insurance coverage through the Board of Pensions that would pay more than \$50,000 in the event of death. Therefore, **MOST churches MUST include an additional amount on the pastor's W-2 reflecting the premiums paid by the church toward the life insurance coverage in excess of \$50,000** because the IRS considers it income to the pastor. There is a very easy-to-use calculator on the Board of Pensions website that can be used to calculate the amount to add to the pastor's W-2. The Taxation of Death Benefit Calculator can be found at:

<http://www.pensions.org/portal/server.pt?open=514&objID=53687&mode=2>

**BOP Guidelines:** 35 hours is considered full-time and benefits are based on minimum effective salary of \$38,000 for medical and \$13,325 for death and disability. Any position other than installed must be at a minimum of 20 hours to be in the program.

The recommended COLA (cost of living adjustment) for 2012 is 3.5%. For existing call, the minimum terms of call increase \$200 for each year of experience (please refer to the back side of the "changes in terms of call" form.) These guidelines are an example. Please refer to the BOP website calculator:

<http://www.pensions.org/portal/server.pt?open=514&objID=34889&mode=2>

**Adjustments may be made in the distribution of effective salary between cash salary and housing allowance.**

Some optional benefits may cause modifications to these numbers. Retired Pastors may also require modifications.

**MINIMUM Terms for a New Call for Installed, Ordained Pastors**

	Full Time	3/4 Time	2/3 Time	1/2 Time	5/12 Time	1/3 Time	1/4 Time
Hours >	48	36	32	24	20	16	12
Cash Salary (plus added experience credit) <sup>1</sup>	\$32,975	\$24,731	\$21,983	\$16,488	\$13,740	\$10,992	\$8,244
Housing Allowance or Manse Value (Manse Value = at least 30% of Cash Salary)	\$9,893	\$7,419	\$6,595	\$4,946	\$4,122	\$3,298	\$2,473
Medical Reimbursement <sup>2</sup> (1% of cash salary plus manse value/housing)	\$429	\$322	\$286	\$214	\$179	\$143	\$107
<b>Minimum Effective Salary</b> (for Board of Pensions dues calculation)	<b>\$43,297</b>	<b>\$32,473</b>	<b>\$28,864</b>	<b>\$21,648</b>	<b>\$18,040</b>	<b>\$14,432</b>	<b>\$10,824</b>
Social Security (7.65% of Effective Salary)	\$3,312	\$2,484	\$2,208	\$1,656	\$1,380	\$1,104	\$828
Medical (19.5% of Effective Salary) <sup>3</sup>	\$8,768	\$7,695	\$7,695	\$7,695	\$7,695	\$7,695	\$7,695
Pension/Death (12% of Effective Salary) <sup>3</sup>	\$5,196	\$3,765	\$3,464	\$2,598	\$2,165	\$1,732	\$1,599
Professional Expense <sup>4</sup> (see also mileage footnote <sup>5</sup> )	\$648	\$486	\$432	\$324	\$270	\$216	\$162
Continuing Education Expenses <sup>4</sup>	\$1,646	\$1,235	\$1,097	\$823	\$686	\$549	\$412
<b>Total Effective Salary, Benefits Reimbursements</b>	<b>\$62,866</b>	<b>\$48,137</b>	<b>\$43,761</b>	<b>\$34,744</b>	<b>\$30,236</b>	<b>\$25,728</b>	<b>\$21,519</b>

<sup>1</sup> Experience Credits: For every year of service after the first year, through the tenth year, an additional \$200 per year of service must be added to determine the minimum. Calculate the first year of service as follows: Start date on or before March 15: +\$200; Start date between March 16 and August 15: +\$100; Start date on or after August 16: +\$0

<sup>2</sup> The Medical Reimbursement can be tax-advantaged if IRS rules governing a Health Flexible Spending Account (Health FSA), or Health Reimbursement Arrangement (HRA) are followed. To learn more, go to the Board of Pensions website ([www.pensions.org](http://www.pensions.org)) and type "FSA-001" in the search box. With the exception of an IRS Section 105 group reimbursement plan, the medical allowance is included in effective salary for Board of Pension dues.

<sup>3</sup> The "Minimum Participation Basis" is the figure, set by the Board of Pensions, on which calculation of medical and pension dues are to be paid. For part-time positions, this results in dues for the medical plan that are more than the 20.25 of effective salary; still, this means the Board of Pensions will provide full medical coverage for the part-time teaching elder and her or his family for an annual cost of \$7,695. The Pension/Death portion of the dues are also subject to a "minimum participation basis," but this "kicks in" only for quarter-time positions.

<sup>4</sup> Beginning in 2009, the Committee on Ministry changed the former Travel/Professional Expense line to simply Professional Expense, still covering reimbursement for professional expenses, but no longer travel. Travel expenses formerly in this item were re-distributed in two ways:

a) the Continuing Education minimum was increased so travel for study leave (airfare, train, bus, mileage) would be included in the Continuing Education line; and

b) a new Travel (mileage reimbursement) calculation was added (see footnote 5).

The Committee on Ministry suggests the Professional Expense and Continuing Education lines be distributed as best fits a teaching elder's use and circumstances for both Professional Expenses (books, subscriptions, meals, events) and Continuing Education Expenses (conference or study weeks, and the registration, travel, lodging and meal costs associated with them.)

<sup>5</sup> Due to variables in ministry and circumstance (e.g., distance to hospitals, number of meetings, amount of pastoral calling expected) setting one mileage figure for all churches and teaching elders is not practical. To enable the church to budget for this travel expense, the session and teaching elder should together determine the anticipated full amount of a teaching elder's non-commuting travel costs (mileage, tolls, parking.) As always, this should be paid as a reimbursable plan with proper verification, not as a taxable monthly allowance.

**\*\*NOTE: CLP salary guidelines are 75% of the above.**