North/West Lower Michigan Synod

2027 Compensation Guidelines

for Rostered Ministers of Word and Sacrament (Pastors or Clergy), Ministers of Word and Service (Deacons), Synodically Authorized Ministers, and Other At-Will Staff

Approved by the North/West Lower MI Synod Assembly on May 16, 2026.

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Table of Contents

I. Compensation for Full-Time and Part-Time Rostered Ministers of Word and Sacrament (Pastors / Clergy) 10

II. Compensation for Interim Pastors, Transitional Pastors and/or Supply Rostered Ministers 25

III. Compensation for Full-Time and Part-Time Rostered Ministers of Word and Service (Deacons) 30

IV. Compensation for Synodically Authorized Ministers (SAMs) and Other At-Will Employees 42

V. Appendices

a. Form: Statement of Compensation, Benefits, and Responsibilities – Pastors / Clergy **..... 43**

b. Form: Statement of Compensation, Benefits, and Responsibilities – Deacons **..... 46**

c. Sabbatical Guidelines **..... 49**

d. Separation Guidelines **..... 52**

Preface

The ELCA recognizes two categories of Rostered Ministers: Rostered Ministers of Word and Sacrament (Pastors or Clergy; referred to as Pastors throughout the remainder of this document) and Rostered Ministers of Word and Service (Deacons). Each Rostered Minister has been approved by their Candidacy Committee and are called to serve in their respective ministry field.

- **Pastors** have received theological and practical training for the **Rostered Ministry of Word and Sacrament** carried out in a variety of settings in congregations, synod organizations and other institutions of the ELCA. Pastors typically have a 4-year Master of Divinity degree and are ordained by the ELCA.

- **Deacons (formerly Associates in Ministry, Deaconesses, or Diaconal Ministers)** have received theological and practical training for the **Rostered Ministry of Word and Service.** Deacons go through the candidacy process of the ELCA before they are ordained. They may be called by a congregation, a synod organization or the churchwide expression. They serve within congregations, in synod organizations as well as outside of the church in schools, hospitals and other agencies and institutions. They strive to be witnesses to this church and the world as they represent the church in settings and positions other than the traditional role of pastor.

Enclosed are the **2027 North/West Lower Michigan Synod Compensation Guidelines** for these Rostered Ministers (see Sections I-III). Also included are guidelines for Synodically Authorized Ministers and other congregation "at will" staff members (see Section IV). These guidelines are offered as input for congregation councils and other leadership teams within synod organizations to determine just and honorable salary, benefits, allowances, and reimbursements for those in ministry across our synod. However, these are only guidelines. They cannot possibly speak to all staffing scenarios within congregations or synod organizations with varying financial and personnel organizations, resources and expectations.

These guidelines are also not intended to provide U.S. Internal Revenue Service (IRS) federal tax advice. Staff members and employers are encouraged to consult with a tax expert as needed to ensure compliance with applicable IRS rules and regulations. If there are discrepancies in information between what is contained in these guidelines related to housing, social security allowance, mileage reimbursement, etc. and what is allowed by the IRS, information from the IRS is controlling and should be used. Further, if there are any discrepancies between what is contained in these guidelines related to pension, insurance benefits, etc. and what is provided by Portico Benefit Services, information from Portico Benefit Services and the applicable summary plan descriptions are controlling and should be used.

These annual guidelines include recommended increases to base salaries based on cost of living and other strategic inputs along with changes to general guidelines for reimbursements and time off to ensure consistency with other synods in our region. Additional merit-based increases continue to be encouraged where appropriate based on an individual congregation's or synod organization's

overall compensation package and a Rostered Minister's role and responsibilities within the organization.

For 2027, these items should be noted:

A Summary from Portico Benefits Services – Health Benefits Coverage for 2027 and Beyond

Portico Benefit Services, the nonprofit benefit ministry of the ELCA, provides the benefit program for rostered ministers, lay employees, and their families. Portico provides health benefits that also include dental and prescription drugs, as well as retirement, disability, and survivor benefits in one bundled program.* This program is designed to address the needs of rostered ministers and provide seamless benefits during change of call, being on leave, and other events unique to ministry. Portico's bundled approach is designed to help ensure rostered ministers and lay employees (benefit-eligible) are protected against significant financial loss from a variety of risks. Through Portico, congregations** in this synod and across the country pool their collective purchasing power to provide benefits in a cost-effective, consistent, and sustainable manner.

Congregations and plan members share the cost of benefits. Congregations are expected to support the well-being of their covered plan members by paying all or a significant portion of the contributions for benefits (i.e., monthly premiums for the health plan). Plan members are expected to participate in the cost of utilizing their health benefits through out-of-pocket costs when they receive care (e.g., deductibles, copays, and coinsurance).

The ELCA Church Council endorses a balance of cost-sharing between congregations and plan members; the cost-sharing is reflected in all the ELCA-Primary health benefit options offered by Portico, effective Jan. 1, 2026: Select Copay, Select HDHP, Value Copay, and Value HDHP. Each fall, congregations should engage in conversation with their sponsored plan member(s) to determine the option that best fits their needs and then make their election online during Portico's annual enrollment. Current contribution rates are available at EmployerLink.PorticoBenefits.org or by calling Portico at 800.352.2876.

**A plan member may waive health coverage if they have access to valid medical insurance coverage through their spouse or another employer, or if they qualify for a subsidy due to income level when purchasing health coverage through the exchange.*

***"Congregations" may also refer to multi-point parishes or other non-parish ministry agencies such as Bible camps, long-term care facilities, hospitals, campus ministries, etc.*

- **Additional Input - 2027 Health and Pension Benefits Through Portico Benefits Services:**
    - The standard expectation of this synod is that any congregation, synod organization or other eligible ministry setting will provide health coverage for the Rostered Minister and their family, unless the Rostered Minister's family is covered elsewhere or chooses to waive coverage.

- Portico Benefit Services announced significant changes to health care coverage options in August 2025. Effective Jan. 1, 2026, the five health benefit options offered in 2025 (Platinum+, Gold+, Value Copay, Silver+, and Bronze+) were replaced with four new health benefit options:
  - The **Select Copay 2000** and **Select HDHP 2000** options share the same deductible and out-of-pocket maximums, with employer contributions covering slightly more overall costs than the Value options.
  - The **Value Copay 4000** and **Value HDHP 4000** also share the same deductible and out-of-pocket maximums, with employer contributions covering slightly less overall costs than the Select options.
  - All four of the new options offered starting in 2026 were endorsed by the ELCA Church Council in April 2025.
- Congregations and other synod organizations should consider which <u>one</u> of the four new health benefit options is best for the organization and sponsored staff members - a single coverage option is selected each year to be offered to sponsored staff members.
- There is not a direct (1:1) comparison between the five former health benefit options offered in 2025 and the four new options offered starting in 2026. As a result, the option that seems closest to what was offered in past years may not be the best fit moving forward.
  - What remains the same within these coverage options:
    - The obligation to offer healthcare benefits to all full-time employees (Rostered Ministers and other "at will" staff members)
    - The ability to select coverage that allows for use of a Health Savings Account (HSA).
    - The ability to "buy up" to a higher level of coverage.
    - Coverage remains "portable" - that is, it travels with the sponsored member from call to call and state to state without beginning from zero in the new organization.
    - It remains possible to opt out of Portico Health Coverage, provided there is other employer-sponsored healthcare available with the congregation or synod organization determining appropriate adjustments to the base compensation or other benefits (i.e., cash in lieu of medical coverage, etc.).
    - Rates are based on the sponsored member's coverage level. There are four coverage levels, and each level has an established minimum and maximum contribution: Member Only; Member and Spouse; Member and Children; Member, Spouse, and Children
    - All Portico plans are "bundled" which means coverage is required on an "all or nothing" basis (i.e., a member cannot "opt" out of disability coverage, dental coverage, etc.).
  - The two **copay** options, which allow optional use of Flexible Savings Accounts (FSAs) but <u>not</u> Health Savings Accounts (HSAs), may work well for members who want predictable, manageable co-pays for certain health care visits and laboratory tests. Members who've selected the Gold+ option in the past may find these options similar to their current experience in terms of prescription drug coverage.
  - The two **HDHP** options, which allow optional use of both Health Savings Accounts (HSAs) and Limited Flexible Savings Accounts (Limited FSAs) may be more similar for members who have had Silver+ or Bronze+ coverage in the past.

  - It continues to be possible for sponsored members to "buy up" (pay the difference in premium costs – typically via payroll deductions) from a lower to a higher level of coverage – but they are not allowed to select and move to a lower level of coverage based on their organization's choice of coverage offered to sponsored members. Coverage of the premium difference is negotiable based on the organization's policies.
  - Further details for each new plan are available within annual Decision Guides available on the Portico Benefit Services website for use in determining the best option for the organization and employees to select. Additional guidance documents are also available on the NWLM Synod website under Resources for Congregations (see the "Portico Resources" section).

- In summary, as stated earlier, there is not a 1:1 direct comparison between the five former health benefit options offered in 2025 and the four new options offered starting in 2026. A high-level comparison of the options is provided below along with a recommendation for consideration by NWLM Synod congregations and other synod organizations.
  - **Recommendations for consideration:**
    - Suggest offering the **Select HDHP 2000 Plan** with an annual contribution to each eligible employee's Health Savings Account (HSA) of $500 individual / $1000 family (or other as applicable and/or as allowed by IRS guidelines).
    - If a sponsored member chooses to "buy up" to the Select Copay 2000 Plan, the HSA does not apply.
    - The final selection as to what health benefit plan will be provided to sponsored members (including management of any "buy-up" costs, annual contributions to HSAs as applicable, etc.) is up to each congregation and/or synod organization.

If Your Organization Elects:	Your Sponsored Members Can Choose From:			
	Select Copay	Select HDHP	Value Copay	Value HDHP
Select Copay 2000 Lower deductible and out-of-pocket limit with predictable copays	✓	✓		
Select HDHP 2000 Lower deductible and out-of-pocket limit with optional HSA contributions	✓ with buy-up cost **(FSA only)**	✓ **(HSA available)**	**RECOMMENDATION for NWLM Synod Organizations to consider**	
Value Copay 4000 Higher deductible and out-of-pocket limit with predictable copays	✓ with buy-up cost	✓ with buy-up cost	✓	✓
Value HDHP 4000 Higher deductible and out-of-pocket limit with optional HSA contributions	✓ with buy-up cost	✓ with buy-up cost	✓ with buy-up cost	✓

Compare Your 2026 ELCA-Primary Health Benefit Options	Copay Options **(FSA Only)**	High-Deductible Health Plan (HDHP) Options **(HSA available)**
Most comparable to	Out-of-pocket costs work similarly to today's Value Copay option; prescription drug costs work similarly to today's Platinum+ and Gold+ options.	Out-of-pocket costs work similarly to today's Silver+ and Bronze+ options.

- The Portico benefit program is designed to align with the ELCA Philosophy of Benefits. As such, it is a bundled ("all or nothing") benefit program that combines five benefit plans together to align with ELCA values and affirm the importance of benefits for the health and wellness of this church.
- ELCA congregations and other eligible sponsoring employers can participate in the ELCA Pension and Other Benefits Program, which includes:
    1. ELCA Health Benefits Plan — Health benefits including medical and mental health, dental, prescription drugs, support services, and wellness programs.
    2. ELCA Flexible Benefits Plan — Health flexible spending accounts (FSA), dependent (day) care flexible spending accounts (FSA), health savings accounts (HSA), limited-purpose flexible spending accounts (Limited FSA), and personal wellness accounts, which can be used to pay for eligible expenses.

3. ELCA Retirement Plan — Sponsoring employers and eligible plan members contribute to save money for plan members' retirement.
4. ELCA Disability Benefits Plan — Provides eligible disabled plan members a monthly income, health benefits, life insurance, and retirement account contributions.
5. ELCA Survivor Benefits Plan — Life insurance to help plan members' beneficiaries with financial obligations in the event of a death.

- Health Coverage Offset: In some situations, a Rostered Minister is covered under the health insurance of a spouse or other family member, which makes the Rostered Minister eligible to waive the Portico medical coverage and still participate in the other "bundled" Portico benefits. In these situations, it is recommended that a portion of what the Portico medical coverage costs to the sponsoring organization would have been for the individual sponsored member can, through conversation with the Rostered Minister (in consultation with their tax advisor as needed) and the Synod Bishop's office, be provided as "cash in lieu of medical" as an addition to base salary or applied to other benefits as allowed, i.e., a medical deductible allowance, HSA contribution, or pension contribution (as examples). A 50% portion of this difference is recommended with the remainder a savings to the congregation or other sponsoring organization.
- The Synod recommends that congregations contribute a **12%** retirement rate for eligible Rostered Ministers. This 12% rate should be used whether the Rostered Minister is called full-time or part-time, as this percentage is calculated on their defined compensation and will therefore reflect a reduced amount if the Rostered Minister is not full-time. Additional retirement contributions (pre-tax) can be made by the sponsored member. If the sponsoring organization chooses to make additional contributions from time to time, they can be included when paying the regular monthly bill by using the *Explanation of Payment* included in the monthly billing statement.

- **Increases to Base Salaries for Rostered Ministers and Other Staff**: Based on salaries offered by other synods in our region (ELCA Region 6), the current economic climate, and economic indicators such as the U.S. Department of Labor Consumer Price Index and Social Security Administration's Cost of Living Adjustment (COLA), an **increase of 3.0%** has been incorporated into the Base Salary Model used by the North/West Lower MI Synod for both Pastors and Deacons to set minimum compensation recommendations for 2027. In addition, each year a staff person has an additional year of experience that adds value to the shared ministry. This added experience needs to be considered in providing fair compensation for all staff members.
- **Bringing Compensation up to Guidelines:**
  - If your congregation's or organization's Rostered Minister or other employees have compensation packages that are below guidelines in terms of applicable base salary, housing, benefits, etc., a strong, good-faith effort should be made to increase their compensation to meet synod guidelines. The Synod Bishop is available for consultation as a plan to achieve a fair and competitive compensation package is developed.
  - A congregation or synod organization that ultimately cannot meet the recommended compensation package provided within these guidelines within a reasonable time period and, therefore, cannot compensate its Rostered Minister fairly and adequately, should consider alternatives such as merging

with another congregation, a shared Rostered Minister, a part-time Rostered Minister, etc. Note that reducing a full-time Rostered Minister's hours to part-time hours invalidates the original Letter of Call and requires negotiation of a new call. Congregations or other synod organizations facing any of these situations should contact the Synod Bishop for advice and assistance.

These synod guidelines are maintained and updated annually by the Executive Committee of the NWLM Synod Council. Changes to the annual guidelines are forwarded by Synod Council for approval at the NWLM Synod Assembly. Upon adoption by the Synod Assembly, the final document is published on the synod website (www.mittensynod.org) for reference and use in new call processes and for use in planning for annual compensation changes for a Rostered Minister currently under call. As appropriate, Synod Council has the authority to approve changes to these guidelines between Synod Assemblies.

The following references are provided for additional consideration:

- General link to IRS On-Line Publications [http://www.irs.gov/publications/]
- IRS Topic 417 – Earnings for Clergy [http://www.irs.gov/taxtopics/tc417.html]
- IRS Publication 517 - Social Security and Other Information for Members of the Clergy and Religious Workers [http://www.irs.gov/publications/p517/]
- With regard to Cost-of-Living Allowance (COLA), visit the Social Security website at www.ssa.gov (see Frequently Asked Questions) or contact your local Chamber of Commerce. These are very helpful in finding the actual cost of living variances in your specific county.
- Since there are many factors in figuring health benefits rates, contact the Portico Benefit Services by phone (800-352-2876) or e-mail (mail@porticobenefits.org) for assistance. Additional information, including on-line calculators and forms are also available:
  - Portico Benefit Services Employer Page: https://employerlink.porticobenefits.org
  - Portico Benefits Cost Calculator Tools: Portico ELCA Traditional Benefits Calculators
- The ELCA website (www.elca.org) also contains further compensatory information.
- "The Need for Clergy Renewal", posted in December 2006 by Alban at Duke Divinity School (https://alban.org/archive/the-need-for-clergy-renewal/)
- Clergy Renewal: The Alban Guide to Sabbatical Planning by A. Richard Bullock and Richard J. Bruesehoff (available at www.amazon.com)
- Journeying toward Renewal: A Spiritual Companion for Pastoral Sabbaticals by Melissa Bane Sevier (available at www.amazon.com)
- Pastor and People: Making Mutual Ministry Work (available at www.augsburgfortress.org)
- Our Staff: Building Our Human Resources (available at www.augsburgfortress.org)
- ELCA Synodically Authorized Ministry Guidelines: see the following www.elca.org link:
  - ELCA Synodically Authorized Ministry Guidelines (download required)

I. Compensation for Full-Time and Part-Time Rostered Ministers of Word and Sacrament (Pastors or Clergy)

These guidelines are applicable to Rostered Ministers of Word and Sacrament (Pastors or Clergy; referred to as Pastors throughout the remainder of this document), who are in positions designated as full-time and part-time (benefit eligible) under a Letter of Call. A full-time call is one in which the Rostered Minister works a standard 40 hours/week (not to exceed 50 hours/week, on average). The ELCA defines a part-time (benefit eligible) call as less than full time (40 hours/week) but not less than 15 hours per week, on average. Positions that are less than 15 hours a week are not benefit eligible and are to be arranged by contract rather than via a Letter of Call. Guidelines for Rostered Ministers in interim, transitional or other supply or contracted positions are provided in Section II.

A pastor assumes many responsibilities – they are preachers, evangelists, administrators, teachers, counselors and leaders. The ELCA typically requires eight years of study (including a Bachelor and Master of Divinity degrees) as a part of the preparation for ordained ministry. Compensation for pastors should be comparable to professional positions of equal responsibility, education, and time commitment.

Adequate compensation enables a pastor to fulfill responsibilities and obligations, encourages vocational satisfaction, and encourages a pastor's best efforts and gifts. Congregations and other synod organizations have an obligation to review compensation plans annually. We also expect pastors to take initiative in seeking annual reviews of compensation.

Inadequate compensation may result in discouragement and dissatisfaction. This sometimes occurs as a pastor's family cannot maintain financial stability, as negative attitudes toward the congregation and church begin, or as an inability to participate in continuing education programs. Inadequate compensation means low contributions to retirement plans, which leads to inadequate retirement income. All of these realities increase the occurrence of resignations from ordained ministry, make it more challenging to recruit candidates to our synod, and can create a poor image of the church in our communities.

Our synod recognizes there are pastors and congregations or other synod organizations who, for a variety of reasons, move forward with salaries below the synod's recommended minimum guidelines. As an example, healthcare costs (through Portico Benefits Services) increase each year – typically between 2-5%. These increasing costs may make it difficult for sponsoring organizations to maintain health coverage for their pastor and family AND offer an increase in base salary. We caution these sponsoring organizations, however, that they may be doing a longer-term disservice to the congregation, other pastors, and pastoral successors by allowing the compensation package to remain below recommended minimum guidelines for an extended period. In such situations, the congregation or other synod organization, pastor, and Synod Bishop's office should work together to develop a short-term (2-3 year) plan to move toward minimum guidelines and implement other ways to compensate and care for the pastor in the interim period.

Ideas include:

- An extra week of vacation per year.
- An extra week of continuing education or study time.
- A monthly study day, during which the pastor would be unavailable and would use that time to pray, read scripture, explore a topic that would benefit ministry, etc. This would NOT be a vacation day, but it would be a valuable time of renewal for the pastor.
- Flexibility in schedule to allow for the possibility of a second job if needed or desired – especially for those in part-time calls.
- Ask your pastor what would be most helpful in her/his ministry and how the congregation can provide this support.

A Statement of Compensation, Benefits and Responsibilities form (Appendix A) should be completed and submitted to the Synod Bishop's office by the Congregation Council or equivalent leadership body at the start of each new or revised Call. Links to information from the IRS and Portico Benefits Services are provided in the Preface section of this document for reference.

A. Base Compensation

Base Salary (Appendix A, Section A-1)

The base salary for Pastors is determined using the following considerations:

- The 2027 Yearly Minimum Base Salary Grid for Pastors (see below)
- Performance evaluation to include an overview of duties performed during the year, scope of responsibility, any expanded ministries, meeting the objectives of the Call, etc.
    - Pastor and People: Making Mutual Ministry Work (available from www.augsburgfortress.org) has a section on Performance Reviews that may be helpful.
- Other factors to be considered include items such as:
    - education (either advanced or specialized)
    - educational debt
    - prior experience of second career candidates
    - length of time in the call
    - breadth and complexity of on-going and/or future responsibilities
    - salaries of similar professionals in the current job market/local area
    - cost of living in the local area
    - financial ability of the congregation
    - other factors identified by the congregation/pastor
    - housing allowance (changes up or down can impact base salary; see below)
- Base salary does not include:
    - Housing, utilities, car allowance, or other such items
    - continuing education allowance
    - pension and insurance benefits
    - fees received for weddings, funerals, and outside speaking engagements
- Income received by a spouse is not a consideration when establishing base salary

Changes to Recommended Base Salaries for Pastors:

- A **3.0% increase to the Base Salary Model for 2027** is recommended based on the following:
  - **Cost of Living Allowance (COLA):** The most recent COLA increases were **2.8%** (2026), **2.5%** (2025), **3.2%** (2024), **8.7%** (2023), **5.9%** (2022), **1.3%** (2021), and **1.6%** (2020) (see http://www.socialsecurity.gov/news/cola/ (keyword COLA).
  - **ELCA Region 6 Assessment:** An assessment of 2026 Compensation Guidelines across all synods in Region 6 was conducted – comparing base salaries for pastors. For 2027, the recommended % increase to the NWLM Synod's base salary model provides continued consistency and competitiveness between our synod's base salaries and those of other synods in our region to ensure fair compensation for pastors and to support congregations and other synod organizations in attracting new and/or keeping experienced pastors to our synod within competitive Call processes.
- It is recognized that some congregations may not be able to fully include this strategic increase in their pastor's compensation package in a single calendar year. If this is the case, it is recommended that a multi-year plan be developed (in consultation with the Synod Bishop as needed) to gradually bring a pastor's compensation package in line with the minimum base salary recommendations.

2027 Minimum Base Salary Recommendations for Pastors

These figures are minimum base salaries based on a full-time call and assume the pastor will receive a housing allowance or parsonage in addition to the base salary. Salaries for part-time calls should be based on a corresponding percentage of these guidelines. A full-time call is based on working 40 hours/week (not to exceed 50 hours/week, on average). Congregations and other synod organizations cannot change a pastor's call more than 10% without consulting the Synod Bishop and issuing a new Letter of Call.

Years of Service *	Recommended Minimum Base Salary ($) **
0 (First Call)	49,694
1	50,194
2	50,694
3	51,194
4	51,694
5	52,194
6	52,694
7	53,194
8	53,694
9	54,194
10	54,694
11	55,194
12	55,694
13	56,194
14	56,694
15	57,194
16+	57,694 **

* For pastors, "Years of Service" equals "Years of Experience" as a Rostered Minister of Word and Sacrament (with credit given for prior employment experience as appropriate).

** NWLM Salary Model for Pastors: An increase of **3.0%** was applied to the base salary for 0 Years of Service; add $500 for each Year of Service through 16 years; add $700 for each Year of Service for 17 years and beyond.

Merit Based Raise (Appendix A, Section A-2)

In consideration of pastors whose work meets or exceeds expectations and the congregation's goals for ministry, congregations are encouraged to consider appropriate merit increases (typically 1-3%) in addition to the recommended base salary increase each year.

Housing (Appendix A, Section A-3)

Housing provided for a pastor should be comparable to at least the average home in the congregation and community. The congregation should provide either a suitable parsonage or a housing allowance.

- Parsonage
  - A pastor may prefer to live in a parsonage (if available) rather than owning a home. If a parsonage is provided, the congregation should assume all costs for maintenance and utilities.
  - It is important that parsonages be sufficiently maintained. An annual walk-through of the parsonage by the Congregation Council or delegate team is advised to note the general condition of the home and plan for regular maintenance or other improvements.
  - Equity Allowance Plan (Housing Equity Allowance)
    - This plan is intended to provide for the needs of pastors who live in parsonages and therefore cannot build equity in a home. Pastors in this situation often come to retirement with limited savings and have difficulty providing housing for themselves and their spouses on limited retirement income once a parsonage is no longer available.
    - When a pastor lives in a parsonage provided by the congregation, the congregation should increase its contribution to the pastor's pension plan (as housing equity) by at least **an additional 3%** of the base salary.

- Housing Allowance
  - If a parsonage is not provided or a pastor prefers to own their own home, he or she may request that a portion of his or her total annual compensation be designated as a housing allowance, in accordance with Internal Revenue Service (IRS) regulations (see IRS Publication 517, "Social Security and Other Information for Members of the Clergy and Religious Workers"). Note that the pastor assumes full responsibility for compliance with IRS definitions of "costs to provide a home".
  - The housing allowance is recommended to be equivalent to **at least 30%** of the minimum base salary to cover "costs to provide a home" including mortgage payments (interest and principal) or rental payments, related taxes, fire and home liability insurance premiums, utility costs, repairs, and other expenses directly relating to providing a home. The only expenses specifically excluded by the regulations are those for food and cleaning service. The housing allowance is not part of the base salary – the base salary and the housing allowance are two separate parts of the overall Base Compensation (see Appendix A, Section A).
  - Once the Base Salary and Housing Allowance are set, pastors can choose to adjust (increase or decrease) the Housing Allowance with an accompanying increase or decrease to the Base Salary. The total sum of original Base Salary + Housing Allowance (30% of the base, unadjusted) should remain constant if adjustment to the Housing Allowance is made. It is suggested that congregations keep detailed documentation of any adjustments made to ensure future increases or changes are made with knowledge of the actual Base Salary amount.
  - Compensation officially designated as a housing allowance must be used in the year received.
  - When a housing allowance is requested by the pastor, the Congregation Council (or equivalent leadership team) must designate it (approve it) prior to January 1 of the year it is to be received. There must be written documentation and it must be provided in the Congregation Council (or equivalent) meeting minutes for reference by the pastor in the future as needed.

Parsonage vs. Housing Allowance

Many congregations have defined housing provisions for the pastor. However, some might encounter a change from parsonage to housing allowance, which enables a pastor to purchase his or her own home. Congregations may also have a pastor who prefers living in a parsonage to owning a home. There are advantages in either decision, only a few of which are listed here:

- Parsonage
  - The pastor could be more mobile and would not have to give thought to the direct responsibilities of personal home ownership (e.g., mortgage payments, maintenance, taxes, insurances, etc.)
  - The congregation will have housing available immediately for a new pastor and will have the advantage of equity.
- Home Ownership
  - Allows the pastor to select a location and build equity, providing a hedge against inflation.
  - The congregation does not have the responsibility of maintenance, taxes, insurance, etc.

Social Security Allowance (Appendix A, Section A-4)

Currently, Social Security tax and Medicare are set at 7.65% (6.2% SS and 1.45% Medicare) of the defined compensation (Base Salary + Housing Allowance as applicable) for employer and 7.65% for the employee (includes pastors). That means employees pay one half of the total Social Security assessed tax, and the employer pays the other half. Pastors are in a unique situation in that according to the Internal Revenue Service, ordained professionals are classified not as 'employees', but as 'self-employed' meaning pastors are expected to pay the entire 15.3% Social Security tax.

Under current law, congregations are prohibited from directly paying social security tax for their pastors. For this reason, throughout the ELCA, synods strongly recommend that all congregations pay the additional 7.65% as a **Social Security offset/allowance** for their ordained Rostered Ministers. This offset/allowance is calculated based on the total of the Base Salary + Housing Allowance. The allowance must be considered as salary (i.e., part of the defined compensation) in reporting to the IRS and is also considered within the overall income when computing pension plan contributions.

Minimum Defined Base Compensation

Minimum defined base compensation is equal to the Base Salary + Housing or Housing Allowance + Social Security Allowance.

Example: For a First Call Pastor with 0-1 years of experience as an ordained pastor, the minimum defined base compensation targeted based on the guidelines would be **$49,694** (targeted base salary for a first call pastor) + **$14,908** (targeted housing allowance at 30% base salary) + **$4,935** (Social Security Allowance at 7.65% of base salary + housing) totaling (=) **$69,537**.

As stated previously in the Housing Allowance section, once the Total Base Compensation (Base Salary + Housing Allowance + Social Security Reimbursement) is determined, the amount of this total that is designated as Housing Allowance can be adjusted to meet the needs of the Rostered Minister as long as the Total Base Compensation remains the same. In other words, the pay designated as salary on the W2 can decrease (or increase) as the part designated as Housing Allowance increases (or decreases). The overall Total Base Compensation should remain the same. Again, it is suggested that congregations keep detailed documentation of any adjustments made to ensure future increases or changes are made with knowledge of the actual Base Salary amount.

B. Pension and Insurance Benefits

Pension (Appendix A, Section B-1)

The Pension and Other Benefits Plan of the Portico Benefit Services, includes the pastor's pension, personal and family health-dental insurance, disability and survivor benefits, and a small administrative cost. The cost to the congregation is based on the age of the pastor **as of December 31, 1987**, and the pastor's salary, housing, and Social Security Allowance. In addition, the cost varies if Medical/Dental coverage is for member, member and spouse, member and children or member, spouse and children.

Beginning in 1995, members who have medical/dental insurance through another employer-provided plan (i.e., spouse, or former employer) may waive the medical and dental portion of the Portico plan. However, the congregation would still be responsible for Disability and Retiree Support. While not required, congregations may have provisions included in their policies and/or Employee Handbooks that allow them to consider offering additional compensation if the medical and dental portion of the Portico plan is waived. This could come in the form of an increase to base pay (taxable income), an increase to the pension contribution, etc.

Portico Benefit Services Pension Plan

Upon election of participation in the program offered by the Portico Benefit Services, each congregation's contribution to the program is based on the percentages defined below.

Predecessor church (ALC, LCA, AELC) plan members with continuous participation since 1987:

Age on December 31, 1987:	
65 yrs or older:	12%
55-64 yrs:	11%
All other members:	10%

Note: Congregations may choose to remit contributions at a higher level by making additional pension contributions for sponsored members. As stated earlier, the Synod recommends that congregations contribute at a 12% retirement rate for Rostered Ministers. This 12% rate should be used whether the Rostered Minister is in a full-time or part-time call, as this percentage is calculated on their defined compensation and will therefore reflect a reduced amount if the Rostered Minister is not full-time.

Pretax Contribution Agreement (Optional Pension Payments)

The Rostered Minister and the congregation may elect to enter into an agreement whereby additional contributions are made to the Rostered Minister's pension plan. The Internal Revenue Service sets annual limits for retirement plan contributions. Contact the Portico Benefit Service Center for more details [800-352-2876].

Medical and Dental Insurance (Appendix A, Section B-2)

Medical and Dental insurance are provided through Portico Benefit Services. The sponsored member's employer furnishes the required monthly contributions for the member's coverage to Portico Benefits Services.

The Affordable Healthcare Act that was adopted by Congress took effect in 2014. Each year, the congregation and Rostered Minister will be required to select the level of health care coverage for the following year. This selection must happen even if the Rostered Minister waives the Portico coverage.

Portico follows the national standards and has identified four different levels of benefits and cost sharing for use starting January 1, 2026:

- Two copay options: Select Copay 2000 and Value Copay 4000
- Two high-deductible health plan (HDHP) options: Select HDHP 2000 and Value HDHP 4000

As stated earlier in this document, there is not a 1:1 direct comparison between the five former health benefit options offered in 2025 and the four new options offered starting in 2026. Both the sponsoring organization (synod congregations and other organizations) and eligible plan members will need to choose the same level of coverage in order to make certain that health care coverage continues to be provided or is provided for the first time.

- **Recommendations for Synod Congregations and Organizations to consider:**
    - Suggest offering the **Select HDHP 2000 Plan** with an annual contribution to each eligible sponsored member's Health Savings Account (HSA) of $500 individual / $1000 family (or other as applicable and/or as allowed by IRS guidelines).
    - If a sponsored plan member chooses to "buy up" to the Select Copay 2000 Plan, the HSA does not apply.
    - The final selection as to what health benefit plan will be provided to eligible plan members (including management of any "buy-up" costs, annual contributions to HSAs as applicable, etc.) is up to each congregation and/or synod organization.

Further details for each new plan are available earlier in this document and within annual Decision Guides available on the Portico Benefit Services website for use in determining the best option for the organization and sponsored members to select. Additional guidance documents are also available on the NWLM Synod website under Resources for Congregations (see the "Portico Resources" section).

Contribution rates are aligned to individual synods and geographical areas within synods because medical and dental expenses vary according to area. Contact Portico for your area's rate (https://www.porticobenefits.org/).

Sponsored Couples

If both spouses are sponsored in the Portico Benefits Services, contact Portico for more information and guidance.

Portico Benefit Services

Contact Portico Benefits Services for information about Pension and Insurance. There are forms available online. To report new contact information, change of salary, or end of call, contact a Portico representative directly at https://porticobenefits.org/.

Disability

Disability benefits are included in the Portico benefit plans in the event of a Rostered Minister's disability. It is recommended that the congregation continue to pay the full salary for the first sixty (60) days (two months) of disability, until the disability benefits of the ELCA Pension Plan take effect.

- This plan pays 2/3 percent (66.6%) of "Monthly Defined Compensation" beginning with the third month of disability.
- It is recommended that the congregation or other sponsoring organization continue to provide housing or housing allowance during temporary disability or until termination of Call.
- If the disability continues for six (6) months, the congregation council (or equivalent leadership body) in consultation with the Synod Bishop shall recommend a course of action to the congregation (or synod organization) and the pastor.

C. Expenses

Automobile (Appendix A, Section C-1)

Congregations should provide an adequate car allowance in one of the following ways:

- Reimburse the pastor for actual miles driven in service of the congregation (up to an annual designated amount set by the congregation or organization).
    - This can be done on a cents per mile basis. Such reimbursement should be consistent with the current IRS rate (i.e., 76 cents/mile as of July 1, 2026, or current).
- Pay the pastor a fixed amount in equal monthly installments for the year.
    - This is generally the least complicated way to handle the matter, but not the most favorable way when dealing with taxes.
    - If used, income per month needs to be added to salary at year-end.
- A congregation or organization may also buy or lease a vehicle and assume the total cost of operation. Experience indicates that unless the vehicle is driven more than 25,000 miles annually, ownership is not the most cost-efficient option.

Continuing Education (Appendix A, Sections C-2; D-2; D-3)

It is recommended that each congregation annually budget a minimum of **$1000 and two weeks per year** for a pastor's continuing education. This should include a maximum of two Sundays if required for travel or conference time.

- Accumulation of time and funds to permit flexibility may be negotiated between the pastor and congregation council or other sponsoring organization. Accrual over a 5-year period is suggested to be permitted to allow for use in support of a sabbatical (as an option).
- Further information about continuing education is provided in Section D (Paid Time Off)

Professional Expenses (Appendix A, Section C-3)

The congregation (or other sponsoring organization) and the pastor typically share professional expenses such as purchase of theological books, periodicals, program materials, and other educational materials. Coverage of expenses for official meetings of the synod (such as attending the synod assembly) by the congregation or other sponsoring organization is required.

Computer and Cell Phone (Appendix A, Section C-4)

It is recommended that the congregation (or other sponsoring organization) provide the pastor with a computer (laptop and/or desktop with monitor, keyboard, etc.) and a cell phone to facilitate ministry.

<u>Computers</u>

- A computer system provided for a pastor's use remains the property of the congregation or sponsoring organization (including all information stored on the computer) and is to be treated as a business expense that is not taxable to the pastor.
- A computer system purchased by the pastor for personal use is NOT a deductible business expense, even when used for business purposes.

<u>Cell Phones</u>

- A cell phone provided for the pastor's use remains the property of the congregation or sponsoring organization and is a non-taxable business expense if the Congregation Council (or other sponsoring organization) minutes state it is primarily provided for non-compensatory business reasons (such as the need to be accessible at all times for work-related emergencies, etc.).
- The pastor may be provided with a non-taxable cell phone reimbursement if these same meeting minutes state that the pastor is required to maintain a personal cell phone for non-compensatory business reasons and the reimbursement amount does not exceed reasonable business needs (i.e., reimbursement covers the basic monthly plan, not the family plan for extra minutes).

Moving Expenses (Appendix A, Section C-5)

- Moving expenses normally are paid in full by the calling congregation or sponsoring organization.
- This one-time cost can be significant - recent experience indicates that costs can range from $8,000 to $15,000 or more. Some congregations or organizations work to set aside a sufficient amount in anticipation of an upcoming transition of a pastor. Others have had a special offering to assist with this expense.
- It is recommended that the pastor submit two to three estimates to the congregation.
- Note that for clergy in Michigan, moving expenses are no longer a deductible tax expense at the federal level and are considered taxable income. Since Michigan's state income tax requirements follow federal guidelines, moving expenses are not deductible on the Michigan state tax return either. The information below applies for tax years 2018 through 2025 (and beyond unless otherwise. communicated by the IRS).
    - Federal tax: Any payments or reimbursements for a clergyperson's moving expenses from a church must be included in their gross income as taxable compensation. The payment or reimbursement is taxable in the tax year in which it was paid (not necessarily in the year the move was completed).
    - State of Michigan tax: Since Michigan's state income tax requirements follow federal guidelines, moving expenses are not deductible on the Michigan state tax return.
    - Form W-2: If the church directly reimburses a clergyperson for moving expenses, the amount is included in Box 1 of their Form W-2 along with other compensation.
    - SECA (Social Security & Medicare) tax: In addition to regular income tax, clergy are subject to Self-Employment Contributions Act (SECA) taxes on moving expense payments.

As stated earlier in this document, these guidelines are not intended to provide U.S. Internal Revenue Service (IRS) federal tax advice. Rostered Ministers and/or employers are encouraged to consult with a tax expert as needed to ensure compliance with applicable IRS rules and regulations. If there are any discrepancies in information between what is contained in these guidelines related to housing, social security allowance, mileage reimbursement, etc. and what is provided by the IRS, information provided by the IRS is controlling and should be used.

D. Paid Time Off

Weekly Time Off

- Pastors are responsible for setting their schedules to meet the needs and expectations of their call. Pastors, like anyone else, need time off from work to replenish and re-energize. Congregations and other synod organizations should ensure that each pastor has the equivalent of **two full days off** per week. The pastor's weekly schedule (days/hours) may be negotiated as necessary.
- A full-time call is based on working a standard 40 hours/week. For the well-being of the Pastor and health of the congregation or other organization, it is suggested that his or her schedule generally **not exceed 50 hours** (on average) in a work week. If longer work weeks are more the "norm" rather than the exception, congregation councils (or equivalent) are encouraged to partner with the pastor to assess alternate resource options, including items such as:

- determining if sufficient need and capacity (financial and otherwise) is in place to warrant calling another Rostered Minister – Pastor or Deacon - to serve the congregation
- identifying possible opportunities for appropriate delegation of responsibility to staff members or lay leaders
- ensuring effective time management strategies are being utilized
- identifying responsibilities that are lower priority and could be done at a reduced frequency or discontinued
- review, prioritization, and possible adjustment to expectations set forth within the call (done in consultation with the synodical bishop)

Vacation (Appendix A, Section D-1)

- Vacation time is **four weeks** (based on the typical work schedule; including four Sundays)
- Attendance at official Synod or Churchwide assemblies, conferences, and continuing education are not considered vacation time.
- Additional discussion and clarification should be made regarding days off, provision for national holidays, other small blocks of "off" time, whether unused time is carried over to the next year, and whether unused time is paid out at the end of the call.

Continuing Education (Appendix A, Sections C-2; D-2; D-3)

In order to update skills and thereby strengthen ministries, pastors are encouraged to enroll in courses of advanced study as such activities improve and build ministry expertise. The ELCA expects a minimum of 50 contact hours annually in continuing education. A contact hour is defined as a typical 50-minute classroom instructional session or equivalent. These experiences are to be taken with colleagues and under responsible sponsorship, capable directors, and qualified instructors, and should be pre-approved by the congregation council or equivalent.

- Pastors are encouraged to work with their congregation council (or equivalent) annually in planning, reviewing and recording continuing education activities and hours. These continuing education endeavors are also to be reported annually to the Synod Bishop.
- It is recommended that each congregation or organization annually budget **a minimum of $1000** and **two weeks per year** for a pastor's continuing education (this applies to both full- and part-time pastors). This should include a maximum of two Sundays if required for travel or conference time.
    - Accumulation of time and funds to permit flexibility may be negotiated between the pastor and congregation council (or equivalent). Allowing the option of accrual of time over a 5-year period is suggested.
    - The scheduling of continuing education should be determined by the pastor in consultation with the congregation council (or equivalent). As appropriate, the Synod Bishop can also be consulted.
    - Official meetings such as the Synod Assembly, Churchwide Assembly, conference meetings, or other leadership events are not included as continuing education.
- **First Call Pastors** are required to participate in First Call Theological Education (FCTE) for the first three years of ministry. FCTE includes but is not limited to a Fall Retreat (2-3 days) and a Spring Retreat (2-3 days).

- Congregations should work with first call pastors to determine other continuing education experiences for the growth of the pastor and the congregation or organization.
- A First Call Theological Education Covenant shall be discussed and completed by the pastor, Council President, and Assistant to the Bishop.

Churchwide / Synodical Commitments

- There are times when a Rostered Minister is called upon to serve in ways that take her/him beyond the congregation. Examples may include church-related activities such as serving as chaplain at a church camp; serving on a synodical or ELCA council, committee or task force; or filling a short-term teaching commitment at a college or seminary. Serving beyond one's home congregation in these or other ways is an integral part of public ministry. This "extended ministry" is encouraged at appropriate levels and should be considered in consultation with the rostered leader's Congregation Council or equivalent leadership body. This type of ministry beyond the congregation should not be considered as vacation time for the rostered minister.
- As required by the synod constitution and based on the Letter of Call, all Rostered Ministers are required to attend the Synod Assembly as voting members. It is the responsibility of the congregation or sponsoring organization to provide the financial support necessary for the Rostered Minister to attend the Synod Assembly each year.

Sick Leave (Appendix A, Section D-4)

- Sick Leave for the Rostered Minister should be provided for **up to six weeks per year** (based on the typical work schedule) with full salary, housing, and benefits.
  - Pay continuation when the pastor is ill is a privilege and not a right or entitlement. Consequently, the pastor is expected to work except when actually ill or when the absence is specifically approved for some other valid reason.
  - This time off is not accumulated (i.e., it is to be used within each calendar year) and should not be abused.
  - Rostered Ministers are not paid for unused sick leave upon termination of a Call.
  - Provision may be made for further unpaid time for disability recovery as agreed upon by the Congregation Council or equivalent leadership body.

Maternity Leave (Appendix A, Section D-5)

- Provisions for maternity leave for a Rostered Minister shall include **eight consecutive weeks** (including Sundays) with full salary, housing and benefits.
- If a longer leave is sought by the Rostered Minister but not medically required, additional time may be negotiated by the Rostered Minister with the congregation council (or equivalent) and provisions should be made for appropriate adjustment in salary and other compensation.
- If a longer leave is medically required, it should be handled as any other disability.

Paternity Leave/Adoptive Parental Leave (Appendix A, Section D-5)

- Provisions for paternity leave and adoptive parental leave for a Rostered Minister shall include **eight consecutive weeks** (including Sundays) with full salary, housing and benefits.
- If there are special needs, additional time may be negotiated by the Rostered Minister with the congregation council (or equivalent) and provisions made for appropriate adjustment in salary and other compensation, with appropriate documentation and approval by the congregation council (or equivalent).

Parenting Leave (Appendix A, Section D-6)

- Parenting leave is directed towards providing care for a member of the Rostered Minister's immediate family who is ill or injured.
    - Immediate family members are the Rostered Minister's spouse, partner, children, parents and parents-in-law, siblings, grandparents, grandchildren, and minors for whom the employee is the legal guardian. The Rostered Minister's children include not only biological, adopted, or foster children, but also, legal wards, and children and stepchildren for whom the Rostered Minister provides care and financial support on a daily basis.
- Such leave should include **up to six weeks** (based on a typical work week; including Sundays) full salary, housing, and benefits with appropriate documentation and approval by the congregation council (or equivalent leadership body).
- If there are special needs, additional time may be negotiated by the Rostered Minister with the congregation council (or equivalent) and provisions made for appropriate adjustment in salary and other compensation, with appropriate documentation and approval by the congregation council (or equivalent).

Leave of Absence

- Congregations (or organizations) and Rostered Ministers are encouraged to formulate a contingency plan in advance for possible leave of absence. If desired, this may be made with synod staff consultation.

Sabbatical Leave (Appendix A, Section D-7; Appendix C)

- A sabbatical leave is recommended to provide an opportunity for a full-time Rostered Minister to take an extended period of time on sabbatical for renewal, enrichment, study, spiritual growth, travel, skill development and/or research.
- A sabbatical is encouraged for full-time pastors who have been in their present setting five years or more. It is up to the Congregation Council (or equivalent leadership body) to set the schedule for sabbatical leaves across their organization - includes determining if staffing adjustments are needed to cover the absence to ensure the needs of the organization are met.
- It is recommended that a sabbatical is planned for **three months or 12 weeks** (including the two continuing education weeks recommended for the year of the sabbatical).
- See Appendix C ("Sabbatical Policy") for more details.

Separation Guidance (Appendix D)

- There are varied circumstances in which a Rostered Minister's call with a congregation or synod organization may end; for example, due to local difficulties, conflict, vocational changes, continued education, changes in family, changes in co-terminus calls, or other unforeseen circumstances. In these situations, Rostered Ministers and congregations or synod organizations are encouraged to be in conversation about transition plans and separation arrangements tailored for the specific circumstances, noting that often there is a period of unemployment before the Rostered Minister obtains a new call or other employment (within or outside ministry) which will provide compensation and benefits.
- The Synod Bishop's office should be notified and is available to assist whenever the termination of a call is being considered.
- As most congregations and synod organizations do not participate in state unemployment insurance, Rostered Ministers and other "at will" employees generally are not eligible for unemployment compensation from the State of Michigan. As such, congregations and synod organizations are encouraged to consider whether severance pay or transition package is appropriate to provide care and continued income for the Rostered Minister during the transition period.
- The provisions of what a separation package may include can be based on many factors such as recognition of ministry with the congregation or synod organization, the length of service in the call or employment, the reason for and/or nature of the separation, the amount of advance notice provided, the time necessary for the staff member to receive a new call or find other employment, the fact that the staff member will not be eligible for unemployment compensation while seeking another opportunity, the desire to allow the Rostered Minister to devote full attention to their on-going ministry and/or responsibilities until the last day with the organization, and any other factors unique to the situation.
- See Appendix D ("Separation Guidelines") for more details and further guidance.

II. Compensation for Interim Pastors, Transitional Pastors and/or Supply Rostered Ministers

Rostered Ministers of Word and Sacrament (Pastors or Clergy) in full-time or part-time calls should refer to Section I for compensation guidelines. Rostered Ministers of Word and Service (Deacons) in full-time or part-time calls should refer to Section III for compensation guidelines. A full-time call is one in which the Rostered Minister works a standard 40 hours/week (not to exceed 50 hours/week, on average). The ELCA defines a part-time (benefit eligible) call as less than full time (40 hours/week) but not less than 15 hours per week, on average. Positions that are less than 15 hours a week are not benefit eligible and are to be arranged by contract (see below) rather than via a Letter of Call.

Supply Pastors or Deacons

Compensation for supply preaching (typically on a Sunday morning - including sermon preparation, travel time, fellowship and worship time) should be as follows (at a minimum):

- $225 for one worship service
- $50 for each additional worship service
- Mileage at the current IRS rate (i.e., 76 cents/mile as of July 1, 2026, or current)
- When an additional worship service is scheduled for Saturday or Sunday evening, the congregation is also responsible for supplying overnight lodging upon the request of the supply Rostered Minister.
- The congregation may also compensate the supply Rostered Minister for meals while in town.
- When services are not held on consecutive days, the supply Rostered Minister will be compensated each day as a separate event.
- If payments of $600 or more are made in a single year, compensation for the Supply Pastor or Deacon will be reported by the congregation via an IRS 1099-NEC (Non-Employee Compensation) form.

Contracted Supply Pastors or Deacons

In those instances where a congregation contracts for short-term services of a Supply Pastor or Deacon beyond weekend worship – i.e., adding in an additional 1-2 days (full or partial days) of ministry support during the week, the recommended minimum compensation is:

- $225 per day (on an 8-hr/day basis) plus expenses
    - Meals and mileage at the current IRS rate (i.e., 76 cents/mile as of July 1, 2026, or current).
- If a full day is not required, a congregation may contract based on an hourly rate of $30 per hour, with minimum pay of two hours or $60.
- If the Rostered Minister will be lodging overnight in the community served, the congregation or organization will provide for suitable lodging.
- Compensation will be based on an agreed-upon contract between the congregation and the Supply Pastor or Deacon with approval by the Synod Bishop.

- If payments of $600 or more are made in a single year, compensation for the Supply Pastor or Deacon will be reported by the congregation via an IRS 1099-NEC (Non-Employee Compensation) form.

Interim Pastors

At a time of pastoral vacancy, an Interim Pastor (sometimes called an Intentional Interim Pastor) may be appointed by the Synod Bishop with the consent of the congregation or the Congregation Council. A call to interim ministry is typically a term call extended by the Synod Council upon recommendation of the Synod Bishop. Ministers of Word and Sacrament who have retired status may be appointed by the synod bishop without a letter of call.

- Prior to being eligible for a call to interim ministry, the pastor shall normally receive appropriate training for interim ministry.
- The call is issued by the Synod Council and may be either a term call to a specific congregation or a general term call to interim ministry in the synod. The synod is the calling body and not the employer of record at any time during the service of an interim pastor under call from the Synod Council.
- In issuing a call to interim ministry, the synod assumes no responsibility for guaranteeing continuous employment, compensation, or benefits for the pastor under call. Compensation and benefits are normally provided entirely by the congregation or ministry setting being served. Where possible, continuation of the ELCA Pension and Other Benefits Program will be advocated by the synod.
- Calls to general interim service within a synod may be issued for a one-year to three-year term of service, with an annual review by the Synod Council or its designated committee.
- Interim ministry may be provided by synods during the time of transition following the completion of service by the congregation's former pastor and prior to the calling of a new pastor. This may also be provided for in a congregation served by multiple staff when a congregation's senior pastor leaves, or when an associate pastor or other pastoral staff leaves. The interim period is thus a time in which pastoral care is arranged for a congregation by the synod as the congregation moves through a process of self-study and change toward new pastoral leadership.
- A congregation in a situation of significant concerns and stress related to a pastoral transition may benefit from the leadership of an experienced and trained interim pastor. Situations in which this is particularly appropriate include the transition following a long pastorate, a congregation facing new mission opportunities and/or a changed context for ministry, a transition following the resignation of a pastor related to disciplinary action by the synod, or a transition marked by significant discord or upheaval within a congregation.
- A called interim pastor shall serve under contract with a congregation, providing a minimum of 10 hours per week to the congregation and be compensated in accordance with synod guidelines. The initial interim ministry agreement with a congregation may be reviewed by the bishop or synod staff prior to the acceptance of the contractual arrangement by the interim pastor.

- During service to a congregation, an interim pastor shall have the rights and duties in the congregation of a regularly called pastor.
- Unless previously agreed to by the Synod Council, an interim pastor is not available for a regular call to the congregation served during this time of transition and shall refrain from exerting influence in the selection of a pastor.

Additional Compensation Considerations for Interim Pastors:

- **Contracted Agreements and Tax Reporting for Interim Pastors**
  - Compensation, working schedule (including time off) and responsibilities will be documented within an agreed-upon contract between the congregation and the Interim Pastor with approval by the Synod Bishop.
  - Compensation and employer-provided benefits for the Interim Pastor will typically be reported by the congregation via an IRS W2 form.
- **Base Salary**
  - Whenever possible, the Base Salary for an Interim Pastor will conform to the 2026 Yearly Suggested Base Salary Grid for Pastors or Clergy (Section I).
  - A Housing Allowance equal to 30% of the Base Salary or as agreed upon with the Interim Pastor will be provided (the pastor may allocate some salary to housing). Alternatively, housing may be provided by the congregation or organization as negotiated with the pastor.
  - A self-employed Social Security payment allowance will be provided.
- **Pension and Insurance Benefits**
  - If eligible, the congregation will sponsor the Interim Pastor in the Portico Benefits Program of the ELCA, including health, retirement, disability, and retiree support (see Section I).
  - If eligible, the Interim Pastor may choose to waive health coverage if he or she has coverage from another source.
- **Paid Time Off**
  - Unless otherwise negotiated within the contract for service, vacation with pay shall accumulate at the rate of one week (based on a typical work week; including one Sunday) for every 3 months of service. Some or all of the earned vacation may be taken at the conclusion of the Interim Pastor's term of service.
  - Sick leave with pay shall accumulate at the rate of one day for every month served, cumulative to 30 days of sick leave. Unused accumulated sick leave will not be compensated at the end of service.
  - Short-term or long-term disability concerns shall be handled according to Portico guidelines.
- **Other Expenses**
  - If the Interim Pastor will be commuting more than forty miles (one way), the congregation is encouraged to provide additional salary to offset the additional expense of a lengthy commute. Mileage from home to office is not a reimbursable business expense.
  - The congregation will reimburse the Interim Pastor for miles driven in service to the congregation or organization in accordance with IRS guidelines (i.e., 76 cents/mile as of July 1, 2026, or current) up to an established maximum number of miles.

- The congregation will pay for the Interim Pastor's attendance at official synod meetings, as appropriate.
- A continuing education allowance shall accrue at the rate of $83.33 per month for Interim Pastors. The Interim Pastor shall also accrue one day per month paid leave of absence to attend continuing education. Any unused time and funds will move with the Rostered Minister to his/her next appointment.
- Any Interim Pastor who has not yet retired and has received accredited Interim Ministry Training shall be eligible for a sabbatical after five years [260 weeks] of contracted Interim service.
  - As trained interim ministers, these leaders rarely accrue sufficient time in one congregation to qualify for a sabbatical.
  - To remedy this, any congregation which has contracted with such an Interim Pastor, shall contribute an agreed-upon amount (based on the negotiated contract) toward a sabbatical fund held by the synod in the name of the Interim Pastor.
  - Application to receive the funds and the sabbatical shall be made to the Synod Council, who shall collaborate with the Interim concerning content, timing, and reporting of the sabbatical.

Transitional Pastors

Pastors providing transitional ministry help meet the needs of congregations for temporary or occasional Word and Sacrament leadership either because of temporary absence of the regularly called pastor or because of unavailability of an interim pastor during a pastoral vacancy. These pastors are appointed to serve by the Synod Bishop and they typically serve a congregation under contract for a set (short-term) duration.

- Within this contracted service, the synod assumes no responsibility for guaranteeing continuous employment, compensation, or benefits for the transitional pastor. Compensation and benefits are normally provided entirely by the congregation or ministry setting being served based on the agreed-upon contract.
- A transitional pastor shall serve under contract with a congregation, providing a minimum of 10 hours per week to the congregation and be compensated in accordance with synod guidelines. The initial transitional ministry agreement with a congregation will be reviewed by the Synod Bishop prior to the acceptance of the contractual arrangement by the Transitional Pastor.

Additional Notes on Compensation for Transitional Pastors

- **Contract Agreements**
  - Compensation, working schedule (including time off) and responsibilities will be documented within an agreed-upon contract between the congregation and the Transitional Pastor using the recommendations in Section I as a basis for compensation agreements.
  - If payments of $600 or more are made in a single year, compensation for the Transitional Pastor will be reported by the congregation via an IRS 1099-NEC (Non-Employee Compensation) form.

- **Paid Time Off**
  - Unless otherwise negotiated within the contract for service, vacation with pay shall accumulate at the rate of one week (based on a typical work week; including one Sunday) for every 3 months of

service. Some or all of the earned vacation may be taken at the conclusion of the Transitional Pastor's term of service.
- Sick leave with pay shall accumulate at the rate of one day for every month served, cumulative to 30 days of sick leave. Unused accumulated sick leave will not be compensated at the end of service.
- Short-term or long-term disability concerns shall be handled according to Portico guidelines.

- **Other Expenses**
  - If the Transitional Pastor will be commuting more than forty miles (one way), the congregation is encouraged to provide additional salary to offset the additional expense of a lengthy commute. Mileage from home to office is not a reimbursable business expense.
  - The congregation will reimburse the Transitional Pastor for miles driven in service to the congregation or organization in accordance with IRS guidelines (i.e., 76 cents/mile as of July 1, 2026, or current) up to an established maximum number of miles.
  - The congregation will pay for the Transitional Pastor's attendance at official synod meetings, as appropriate.

III. Compensation for Full-Time and Part-Time Rostered Ministers of Word and Service (Deacons)

These guidelines are applicable to **Rostered Ministers of Word and Service** (Deacons), who are in positions designated as full-time and part-time (benefit eligible) under a Letter of Call or within a contracted position. Deacons come to our synod and congregations with varied skills and experiences and as a result, may assume many different responsibilities. Job descriptions vary and are developed by the congregation or organization. The ELCA requires specialized training for ordination as a Deacon.

A full-time call is one in which the Deacon works a standard 40 hours/week (not to exceed 50 hours/week, on average). The ELCA defines a part-time (benefit eligible) call as less than full time (40 hours/week) but not less than 15 hours per week, on average. Positions that are less than 15 hours a week are not benefit eligible and are to be arranged by contract rather than via a Letter of Call. Guidelines for Rostered Ministers in interim, transitional or other supply or contracted positions are provided in Section II.

Compensation for Deacons should be comparable to professional positions of equal responsibility and training within a congregation's or organization's region or within the synod. Adequate compensation enables Deacons to fulfill responsibilities and obligations, encourages vocational satisfaction, and encourages a deacon's best effort. Congregations (or other organizations) and our synod leadership have an obligation to review compensation plans annually. We also expect Deacons to take initiatives in seeking an annual review of compensation.

Inadequate compensation may result in discouragement and dissatisfaction within a call or contracted position. This sometimes occurs as a Deacon's family cannot maintain financial stability, as negative attitudes toward the congregation (or other organization) and church begin, or as an inability to participate in continuing education programs. Inadequate compensation means low contributions to retirement plans, which leads to inadequate retirement income. All of these realities increase the occurrence of resignations from ministry, make it more challenging to recruit ordained candidates to our synod, and can create a poor image of the church in our communities.

Our synod recognizes there are Deacons and congregations (or other organizations) who, for a variety of reasons, choose to be content with salaries that are below the synod's recommended minimum guidelines. We caution these congregations and organizations, however, that they may be doing a longer-term disservice to the congregation, the organization, other Deacons, and successors by allowing the compensation package to remain below recommended minimum guidelines. In such situations, the congregation, organization, Deacon, and Synod Bishop's office should work together to develop a short-term (2-3 year) plan to move toward minimum guidelines and implement other ways to compensate and care for the Deacon in the interim period. Ideas include:

- An extra week of vacation per year.
- An extra week of continuing education or study time.

- A monthly study day, during which the Deacon would be unavailable and would use that time to pray, read scripture, explore a topic that would benefit ministry, etc. This would NOT be a vacation day, but it would be a valuable time of renewal for the Deacon.
- Ask your Deacon what would be most helpful in her/his ministry and how the congregation can help.

A Statement of Compensation, Benefits and Responsibilities form for Deacons (Appendix B) should be completed and submitted to the Synod Bishop's office annually. Letters and numbers in this document correspond to that form. Links to information from the IRS and Portico Benefits Services are provided in the Preface section of this document for reference.

A. Base Compensation

Base Salary (Appendix B, Section A-1)

In establishing the salary package for the Deacon, the following criteria are to be considered:

- The 2027 Yearly Minimum Base Salary Grid for Deacons (see below)
- Performance evaluation to include an overview of duties performed during the year, scope of responsibility, any expanded ministries, meeting the objectives of the congregation or organization, etc.
    - Our Staff: Building Our Human Resources (available from www.augsburgfortress.org) has a section on Performance Reviews that may be helpful.
- Education (degree or non-degree)
- Length & breadth of experience*
- Full-time/Part-time status
- Certification by ELCA or predecessor church bodies
- Quality of performance
- Job description / complexity of responsibilities
- Involvement in continuing education
- Cost of living in a particular geographical area
- Educational debt
- Compensation for comparable level positions in the community or geographical area

*Appropriate credit should be given for prior employment experience, volunteer ministry experience, ministry experience in non-Lutheran settings, church agency employment or volunteer work, and non-ministry experience, particularly of second career candidates.

Changes to the Recommended Base Salaries for Deacons:

- A **3.0% increase to the Base Salary Model for 2027** is recommended based on the following:
  - **Cost of Living Allowance (COLA):** The most recent COLA increases were **2.8%** (2026), **2.5%** (2025), **3.2%** (2024), **8.7%** (2023), **5.9%** (2022), **1.3%** (2021), and **1.6%** (2020) (see http://www.socialsecurity.gov/news/cola/ (keyword COLA).
  - **ELCA Region 6 Assessment:** For 2027, the recommended % increase to the base salary model provides continued consistency and competitiveness between our synod's base salaries and those of other synods in our region to ensure fair compensation for rostered leaders and to support congregations in attracting new and/or keeping experienced rostered leaders to our synod within competitive Call processes.
- It is recognized that some congregations may not be able to fully include this strategic increase in their Deacon's compensation package in a single calendar year. If this is the case, it is recommended that congregations develop a multi-year plan (in consultation with the Synod Bishop as needed) to bring compensation packages for full-time or part-time Deacons in line with the minimum base salary recommendations.

2027 Minimum Base Salary Recommendations for Deacons

The salaries below are the minimum recommended annual salaries based on a full-time position. Salaries for less-than-full-time (includes long term part-time) positions should be based on a corresponding percentage of these guidelines. A full-time call is based on working a standard 40 hours/week (not to exceed 50 hours/week, on average). Congregations and other organizations cannot change a Deacon's call more than 10% without consulting the Synod Bishop and issuing a new Letter of Call.

Years of Service *	Recommended Base Salary ($) **
0 (First Call)	47,915
1	48,415
2	48,915
3	49,415
4	49,915
5	50,415
6	50,915
7	51,415
8	51,915
9	52,415
10	52,915
11	53,415
12	53,915
13	54,415
14	54,915
15	55,415
16+	55,915 **

* For Deacons, "Years of Service" equals "Years of Experience" as a Rostered Minister of Word and Service (with credit given for prior employment experience as appropriate)

** NWLM Salary Model for Deacons: An increase of **3.0%** was applied to the base salary for 0 Years of Service; add $500 for each Year of Service through 16 years; add $700 for each Year of Service for 17 years and beyond.

Merit Based Raise (A-2)

In consideration of Deacons whose work meets or exceeds expectations and the congregation's or organization's goals for ministry, congregations and organizations are encouraged to consider appropriate merit increases (typically 1-3%) in addition to the base salary increase each year.

Social Security

Federal Tax Code requires congregations to pay for the employer's portion of the Social Security for Deacons.

Housing

Federal Tax Code does not permit a tax-deductible housing allowance for ministers of Word and Service (Deacons).

B. Pension and Insurance Benefits

Pension and Health Insurance (Appendix B, Sections B-1; B-2)

Pension and insurance plans are to be provided for all Deacons employed by congregations and other organizations who are regularly scheduled to work at least 20 hours per week or for at least 6 months per year.

Medical and Dental insurance is provided through Portico Benefit Services. The sponsored member's employer furnishes the required monthly contributions for the member's coverage to Portico Benefits Services.

The Affordable Healthcare Act that was adopted by Congress took effect in 2014. Each year, the congregation (or other organization) and sponsored member will be required to select the level of health care coverage for the following year. This selection must happen even if the sponsored member waives the Portico coverage.

Portico follows the national standards and has identified four different levels of benefits and cost sharing for use starting January 1, 2026:

- Two copay options: Select Copay 2000 and Value Copay 4000
- Two high-deductible health plan (HDHP) options: Select HDHP 2000 and Value HDHP 4000

As stated earlier in this document, there is not a 1:1 direct comparison between the five former health benefit options offered in 2025 and the four new options offered starting in 2026. Both the sponsoring organization and eligible plan members will need to choose the same level of coverage in order to make certain that health care coverage continues to be provided or is provided for the first time.

- **Recommendations for Synod Congregations and Organizations to consider:**
    - Suggest offering the **Select HDHP 2000 Plan** with an annual contribution to each eligible sponsored member's Health Savings Account (HSA) of $500 individual / $1000 family (or other as applicable and/or as allowed by IRS guidelines).
    - If a sponsored member chooses to "buy up" to the Select Copay 2000 Plan, the HSA does not apply.
    - The final selection as to what health benefit plan will be provided to eligible sponsored members (including management of any "buy-up" costs, annual contributions to sponsored member's HSAs as applicable, etc.) is up to each congregation and/or synod organization.

Further details for each new plan are available earlier in this document and within annual Decision Guides available on the Portico Benefit Services website for use in determining the best option for

the sponsoring organization and sponsored members to select. Additional guidance documents are also available on the NWLM Synod website under Resources for Congregations (see the "Portico Resources" section).

Contribution rates are aligned to individual synods and geographical areas within synods because medical and dental expenses vary according to area. Contact Portico for your area's rate (https://www.porticobenefits.org/).

Portico Benefit Services

Contact Portico Benefits Services for further information about Pension and Insurance. There are forms available online. To report new contact information, change of salary, or end of call, contact a Portico representative directly at https://porticobenefits.org/.

C. Expenses

Automobile and Travel (Appendix B, Section C-1)

It is recommended that the congregation reimburse Deacons for miles driven in service of the congregation.

- This can be done on a cents per mile basis. Such reimbursement should be consistent with the current IRS mileage rate (i.e., 76 cents/mile as of July 1, 2026, or current).
- This can also be done on the basis of specific reimbursement costs. In order to claim the IRS rate the Rostered Minister must own his or her automobile.

Continuing Education (Appendix B, Sections C-2; D-2; D-3)

It is recommended that each congregation annually budget **a minimum of $700** for Deacons along with two weeks per year (including Sundays) for travel and/or conference time.

- Accumulation of time and funds to permit flexibility may be negotiated between the Deacon and congregation council (or equivalent). Accumulation over a 5-year period is suggested to allow use in support of a sabbatical (as an option).
- Further information about continuing education is provided in Section D (Paid Time Off)

Professional Expenses (Appendix B, Section C-3)

The congregation or organization and the Deacon should share professional expenses such as theological books, periodicals, program materials, and other educational materials. Coverage of expenses for official meetings of the synod (such as the synod assembly) by the congregation is required.

Computer and Cell Phone (Appendix B, Section C-4)

It is recommended that the congregation or other organization provide the Deacon with a computer (laptop and/or desktop with monitor, keyboard, etc.) and a cell phone (as appropriate) to facilitate ministry.

Computer

- A computer system provided by the congregation or organization for the Deacon's use remains the property of the congregation or organization (including all information stored on the computer) and is to be treated as a business expense that is not taxable to the Deacon.
- A computer system purchased by the Deacon for personal use is NOT a deductible business expense, even when used for business purposes.

Cell Phone

- A cell phone provided by the congregation or organization for the Deacon's use remains the property of the congregation or organization and is a non-taxable business expense if the council minutes (or equivalent) state it is primarily provided for non-compensatory business reasons (such as the need to be accessible at all times for work-related emergencies).
- The Deacon may be provided with a non-taxable cell phone reimbursement if council minutes (or equivalent) state that the Deacon is required to maintain a personal cell phone for non-compensatory business reasons and the reimbursement amount does not exceed reasonable business needs (i.e., reimbursement covers the basic monthly plan, not the family plan for extra minutes).

Moving Expenses (Appendix B, Section C-5)

- Moving expenses normally are paid in full by the calling congregation or organization.
- This one-time cost can be significant - recent experience indicates that costs can range from $8,000 to $15,000 or more. Some congregations or organizations work to set aside a sufficient amount in anticipation of an upcoming transition of a Deacon. Others have had a special offering to assist with this expense.
- It is recommended that the Deacon submit two to three estimates to the congregation.
- Note that for Deacons based in Michigan, moving expenses are not a deductible tax expense at the federal level and are considered taxable income. Since Michigan's state income tax requirements follow federal guidelines, moving expenses are not deductible on the Michigan state tax return either.

As stated earlier in this document, these guidelines are not intended to provide U.S. Internal Revenue Service (IRS) federal tax advice. Deacons and/or employers are encouraged to consult with a tax expert as needed to ensure compliance with applicable IRS rules and regulations. If there are any discrepancies in information between what is contained in these guidelines related to housing,

social security allowance, mileage reimbursement, etc. and what is provided by the IRS, information provided by the IRS is controlling and should be used.

D. Paid Time Off

Weekly Time Off

- Deacons are responsible for setting their schedules to meet the needs and expectations of their position. They, like anyone else, need time off from work to replenish and re-energize. Congregations and organizations should ensure that each Deacon has the equivalent of **two full days off** per week. The Deacon's weekly schedule (days/hours) may be negotiated as necessary.
- A full-time call is based on working a standard 40 hours/week. For the well-being of the Deacon and health of the congregation or other organization, it is suggested that his or her schedule generally **not exceed 50 hours** (on average) in a work week. If longer work weeks are more the "norm" rather than the exception, congregation councils (or equivalent) are encouraged to partner with the Deacon to assess alternate resource options, including items such as:
    - determining if sufficient need and capacity (financial and otherwise) is in place to warrant additional staffing
    - identifying possible opportunities for appropriate delegation of responsibility to other staff members or congregational lay leaders
    - ensuring effective time management strategies are being utilized
    - identifying responsibilities that are lower priority and could be done at a reduced frequency or discontinued
    - review, prioritization, and possible adjustment to expectations set forth within the job description (done in consultation with the senior pastor)

Vacation (Appendix B, Section D-1)

- Vacation time is **four weeks** (based on a typical work schedule; including four Sundays)
- Attendance at official Synod or Churchwide assemblies, conferences, and continuing education are not considered vacation time.
- Additional discussion and clarification should be made regarding days off, provision for national holidays, other small blocks of "off" time, whether unused time is carried over to the next year, etc.

Continuing Education (Appendix B, Sections C-2; D-2; D-3)

In order to update skills and thereby strengthen ministries, full-time Deacons are encouraged to enroll in courses of advanced study. Such activities improve and build ministry. The ELCA expects a minimum of 50 contact hours annually in continuing education. A contact hour is defined as a typical 50-minute classroom instructional session or the equivalent. These experiences are to be taken with colleagues and under responsible sponsorship, capable directors, and qualified instructors, and should be pre-approved by the congregation council or equivalent organization.

- Deacons are encouraged to work annually with their congregation council (or equivalent) in planning, reviewing and recording their continuing education activities and hours. These continuing education endeavors are also to be reported annually to the Synod Bishop.
- It is also recommended that each congregation or organization annually budget **a minimum of $700** for Deacons along with two weeks per year (including Sundays) for travel and/or conference time.
- Accumulation of time and funds to permit flexibility may be negotiated between the Deacon, the Pastor, and congregation council or equivalent leadership body. Accumulation over a 5-year period is suggested.
- Official meetings of the synod such as Synod Assembly, Churchwide Assembly, conference meetings, or other leadership events are not included as continuing education.
- **First Call Deacons** are required to participate in First Call Theological Education (FCTE) for the first three years of ministry. FCTE includes but is not limited to a Fall Retreat (2-3 days) and a Spring Retreat (2-3 days).
    - Congregations should work with first call Deacons to determine other continuing education experiences for the growth of the Deacon and the congregation (or equivalent organization).
    - A First Call Theological Education Covenant shall be discussed and completed by the Deacon, Council President, and Assistant to the Bishop.

Churchwide / Synodical Commitments

- There are times when a Deacon is called upon to serve beyond the congregation setting. Examples may include church-related activities such as serving as chaplain at a hospital or church camp; serving on a synodical or ELCA council, committee or task force; or filling a short-term teaching commitment at a college or seminary. Serving beyond one's home congregation in these or other ways is an integral part of public ministry. This "extended ministry" is encouraged at appropriate levels and should be considered in consultation with the Rostered Minister's congregation council or equivalent leadership body. This type of ministry beyond the congregation should not be considered as vacation time for the Deacon.
- As required by the synod constitution and based on the Letter of Call, all Rostered Ministers are required to attend the Synod Assembly as voting members. It is the responsibility of the congregation or sponsoring organization to provide the financial support necessary for the Rostered Minister to attend the Synod Assembly each year.

Sick Leave (Appendix B, Section D-4)

- Sick Leave for the Rostered Minister should be provided for **up to six weeks per year** (based on the typical work schedule) with full salary, housing, and benefits.
    - Pay continuation when the Rostered Minister is ill is a privilege and not a right or entitlement. Consequently, the Rostered Minister is expected to work except when actually ill or when the absence is specifically approved for some other valid reason.

- This time off is not accumulated (i.e., it is to be used within each calendar year) and should not be abused.
- Rostered Ministers are not paid for unused sick leave upon termination of a Call.
- Provision may be made for further unpaid time for disability recovery as agreed upon by the Congregation Council or equivalent leadership body.

Maternity Leave (Appendix B, Section D-5)

- Provisions for maternity leave for a Rostered Minister shall include **eight consecutive weeks** (including Sundays) with full salary, housing and benefits.
- If a longer leave is sought by the Rostered Minister but not medically required, additional time may be negotiated by the Rostered Minister with the congregation council (or equivalent) and provisions should be made for appropriate adjustment in salary and other compensation.
- If a longer leave is medically required, it should be handled as any other disability.

Paternity Leave/Adoptive Parental Leave (Appendix B, Section D-5)

- Provisions for paternity leave and adoptive parental leave for a Rostered Minister shall include **eight consecutive weeks** (including Sundays) with full salary, housing and benefits.
- If there are special needs, additional time may be negotiated by the Rostered Minister with the congregation council (or equivalent) and provisions made for appropriate adjustment in salary and other compensation, with appropriate documentation and approval by the congregation council (or equivalent).

Parenting Leave (Appendix B, Section D-6)

- Parenting leave is directed towards providing care for a member of the Rostered Minister's immediate family who is ill or injured.
  - Immediate family members are the Rostered Minister's spouse, partner, children, parents and parents-in-law, siblings, grandparents, grandchildren, and minors for whom the employee is the legal guardian. The Rostered Minister's children include not only biological, adopted, or foster children, but also, legal wards, and children and stepchildren for whom the Rostered Minister provides care and financial support on a daily basis.
- Such leave should include **up to six weeks** (based on a typical work week; including Sundays) full salary, housing, and benefits with appropriate documentation and approval by the congregation council (or equivalent leadership body).
- If there are special needs, additional time may be negotiated by the Rostered Minister with the congregation council (or equivalent) and provisions made for appropriate adjustment in salary and other compensation, with appropriate documentation and approval by the congregation council (or equivalent).

Leave of Absence

- Congregations (or organizations) and Rostered Ministers are encouraged to formulate a contingency plan in advance for possible leave of absence. If desired, this may be made with synod staff consultation.

Sabbatical Leave (Appendix B, Section D-7; Appendix C)

- A sabbatical leave is recommended to provide an opportunity for a full-time Rostered Minister to take an extended period of time on sabbatical for renewal, enrichment, study, spiritual growth, travel, skill development and/or research.
- A sabbatical is encouraged for full-time Rostered Ministers who have been in their present setting five years or more. It is up to the Congregation Council (or equivalent leadership body) to set the schedule for sabbatical leaves across their organization - includes determining if staffing adjustments are needed to cover the absence to ensure the needs of the organization are met.
- It is recommended that a sabbatical is planned for three months or 12 weeks (including the two continuing education weeks recommended for the year of the sabbatical).
- See Appendix C ("Sabbatical Policy") for more details.
- Provisions for maternity leave shall include up to six consecutive weeks (including Sundays) with full salary, housing and benefits.
- If a longer leave is sought by the pastor but not medically required, additional time may be negotiated by the deacon with the pastor and congregation council and provisions should be made for appropriate adjustment in salary and other compensation.
- If a longer leave is medically required, it should be handled as any other disability.

Separation Guidance (Appendix D)

- There are varied circumstances in which a Rostered Minister's call with a congregation or synod organization may end; for example, due to local difficulties, conflict, vocational changes, continued education, changes in family, changes in co-terminus calls, or other unforeseen circumstances. In these situations, Deacons and congregations or synod organizations are encouraged to be in conversation about transition plans and separation arrangements tailored for the specific circumstances, noting that often there is a period of unemployment before the Deacon obtains a new call or other employment which will provide compensation and benefits.
- The Synod Bishop's office should be notified and is available to assist whenever the termination of a call is being considered.
- As most congregations and synod organizations do not participate in state unemployment insurance, Rostered Ministers and other "at will" employees generally are not eligible for unemployment compensation from the State of Michigan. As such, congregations and synod organizations are encouraged to consider whether severance pay or transition package is

appropriate to provide care and continued income for the Rostered Minister during the transition period.

- The provisions of what a separation package may include can be based on many factors such as recognition of ministry with the congregation or synod organization, the length of service in the call or employment, the reason for and/or nature of the separation, the amount of advance notice provided, the time necessary for the staff member to receive a new call or find other employment, the fact that the staff member will not be eligible for unemployment compensation while seeking another opportunity, the desire to allow the Rostered Minister to devote full attention to their on-going ministry and/or responsibilities until the last day with the organization, and any other factors unique to the situation.
- See Appendix D ("Separation Guidelines") for more details and further guidance.

IV. Compensation for Synodically Authorized Ministers and Other Non-Rostered "At Will" Employees

Synodically Authorized Ministers

Synodically Authorized Ministers (SAMs) are non-rostered lay leaders who have successfully completed the synod's SAM training program and have been approved by the Synod Bishop each and every time a congregation requests (through the synod office) that a SAM serves in this capacity.

- From a salary perspective, it is recommended that Synodically Authorized Ministers be compensated using the supply pastor (one-time or short-term assignment), Deacon guidelines (longer term assignment) or other equivalent employee guidelines used by a congregation.
- Consideration should be given to education, degree, life and/or parish experience, and the distance between the SAM's home and the congregational site(s).
- Note: Questions on compensation of a Synodically Authorized Minister should be directed to the office of the Synod Bishop. Synodically Authorized Ministers do not receive a Definition of Compensation. If contracted to serve, a sample contract may be provided by the Bishop's office.
- See Synodically Authorized Ministry Guidelines (available at www.elca.org using the following link: https://download.elca.org/ELCA Resource Repository/Synod_Authorized_Ministry_Guidelines.pdf

Other "At-Will" Employees

- Employee guidelines (including compensation, benefits, time off, payroll tax implications, etc.) should be established by the congregation or synod organization for employees filling "at-will" (non-rostered) positions.
- Note that employees filling at-will positions can be both rostered or lay – it is the position that defines whether an employee is at-will (or not).
- These guidelines should be documented in an Employee Handbook (or similar).
- Compensation for at-will employees will be based on many factors, including:
    - Job responsibilities
    - Employee status (full time; part time; etc.)
    - Compensation for comparable jobs in the local area
        - Michigan's standard minimum wage is $13.73/hour as of January 1, 2026.
- Specific recommendations for compensation of non-rostered "at will" employees are beyond the scope of this document. Congregations with questions regarding appropriate remuneration for youth leaders, Christian education leaders, choir directors, administrative staff, financial administrators, musicians, custodians, etc., can consult relevant resources such as:
    - American Guild of Organists (AGO)
    - Association of Lutheran Church Musicians (ALCM)
    - International Association of Administrative Professionals (IAAP)
    - Human resources professionals in local congregations or community organizations

Appendix A.

Statement of Compensation, Benefits, and Responsibilities – Pastors / Clergy

North/West Lower Michigan Synod

Prepared by _____

For the Reverend _____

For the period: _____ to _____

A. Base Compensation

The congregation will provide the following annual compensation:

1. Base Salary $_____
2. Merit based increase $_____
3. Housing (complete a or b)
    a. Parsonage or other housing:
        i. Utilities allowance $_____
        ii. Furnishings allowance $_____
        iii. Housing equity allowance $_____
    b. Housing Allowance $_____
4. Social Security Allowance $_____

B. Pension and Insurance Benefits

The congregation will sponsor the pastor in the Pension and Other Benefits Program of the ELCA, which provides retirement, disability, survivor, and medical-dental coverage.

1. Portico Pension at _____% of defined compensation
2. Portico Medical and Dental Insurance:
    - Plan Level: _____
    - Plan Member Coverage (select one)

☐ Member Only ☐ Member, Spouse, and Children

☐ Member and Spouse ☐ Coverage Waived

☐ Member and Children

3. Other insurance or benefits:

_____ $_____

_____ $_____

C. Expenses

The congregation will provide for the following expenses related to this pastor's ministry:

1. Automobile and Travel Allowance $_____
2. Continuing Education Expenses $_____
3. Professional Expenses $_____
4. Computer & Cell Phone $_____
5. Moving Expenses $_____
6. Other (_____) $_____

D. Paid Time Off

1. Vacation time of _____ weeks per year, including _____ Sundays
2. Continuing education time of _____ weeks per year
3. Participation in a First-Call Theological Education Program, where applicable
4. Sick leave of up to ___ weeks with full salary, housing, and benefits.
5. Where applicable, maternity/paternity/adoptive parental leave up to ____ weeks with full salary, housing, and benefits.
6. Where applicable, parenting leave up to ____ weeks with full salary, housing, and benefits.
7. An extended study/sabbatical period of up to ____ months with full salary, housing, and benefits (after being in ordained ministry for 7 yrs and serving in the present setting 5+ yrs).

E. Other Provisions

Special emphases of the pastor and special encouragement by the congregation:

1. During this time period, the pastor will give special attention in ministry to the following:
   a. _____
   b. _____
   c. _____

d. _____

e. _____

2. The congregation will encourage this pastor's ministry in the following ways:
   a. Ongoing care through a Mutual Ministry Committee or alternate upon request
   b. _____
   c. _____
   d. _____
   e. _____

F. Other Matters

(Such as accountabilities, service on synodical or churchwide boards and committees, work in church-camp programs, or other such details)

_____

_____

_____

We, the undersigned, certify that the necessary approvals of the congregation and congregational council have been granted for the provisions set forth above.

_____ _____

Congregation President Council Secretary

Date: _____ Date: _____

I certify that I accept the above statement:

The Reverend _____ Date: _____

Note: Retain original in records of congregation. Make a copy for the Rostered Minister. As a matter of information, send a copy to the Synod office.

Appendix B.

Statement of Compensation, Benefits, and Responsibilities - Deacons

North/West Lower Michigan Synod

Prepared by _____

For _____

For the period: _____ to _____

A. Base Compensation

The congregation will provide the following annual compensation:

1. Base Compensation: $_____
2. Merit based increase: $_____

B. Pension and Insurance Benefits

The congregation will sponsor the Deacon in the ELCA "Pension and Other Benefits" program, which provides retirement, disability, survivor, and medical-dental coverage.

1. Portico Pension at _____% of defined compensation

2. Portico Medical and Dental Insurance:
   - Plan Level: _____
   - Plan Member Coverage (select one)

☐ Member Only
☐ Member and Spouse
☐ Member and Children
☐ Member, Spouse, and Children
☐ Coverage Waived

3. Other insurance or benefits:

_____ $_____
_____ $_____

C. Expenses

The congregation will provide for the following expenses related to this position:

1. Automobile and Travel Allowance $_____
2. Continuing Education Expenses $_____
3. Professional Expenses $_____
4. Computer & Cell Phone $_____
5. Moving Expenses $_____
6. Other (_____) $_____

D. Paid Time Off

1. Vacation time of _____ weeks per year, including _____ Sundays
2. Continuing education time of _____ weeks per year
3. Participation in a First-Call Theological Education Program, where applicable
4. Sick leave of up to ___ weeks with full salary, housing, and benefits.
5. Where applicable, maternity/paternity/adoptive parental leave up to ____ weeks with full salary and benefits.
6. Where applicable, parenting leave up to ___ weeks with full salary and benefits.
7. An extended study/sabbatical period of up to ____ months with full salary and benefits (after serving in present setting five years or more).

E. Other Provisions

Special emphases of the Deacon and encouragement by the congregation will include:

1. During this time period, the Deacon will give special attention in ministry to the following:
    a. _____
    b. _____
    c. _____
    d. _____
    e. _____

2. The congregation will encourage the Deacon in the following ways:
    a. _____
    b. _____
    c. _____
    d. _____
    e. _____

F. Other Matters

(Such as accountabilities, service on synodical or churchwide boards and committees, work in church-camp programs, or other such details)

_____

_____

_____

_____

We, the undersigned, certify that the necessary approvals of the congregation and congregational council have been granted for the provisions set forth above.

_____ _____

Congregation President Council Secretary

Date: _____ Date: _____

I certify that I accept the above statement:

Deacon _____ Date: _____

Note: Retain original in records of congregation. Make a copy for the Deacon. As a matter of information, send a copy to the synodical office.

Appendix C.

Sabbatical Guidelines

Introduction

It is important for congregations (or synod organizations) and Rostered Ministers (Pastors or Clergy and Deacons) to realize the importance of life-long continuing education through workshops, seminary courses and personal study to maintain/enhance their skills. From time to time, it is also beneficial to the Rostered Minister, as well as the congregation or synod organization, to have an extended period of time, a sabbatical, for planned study (via a formal academic program) and/or personal growth and renewal (self-directed or using a spiritual director) without the demands of daily responsibilities. Experience has shown that a congregation or synod organization directly benefits from such study, growth, and renewal as the ministry of the Rostered Minister is revitalized (see references on page 5 of this document).

Biblical Basis for a Sabbatical Leave

- ***EZEKIEL 20:12****: "Moreover I gave them my Sabbaths, as a sign between me and them, so that they might know that I the Lord sanctify them." (NRSV)*
- ***LEVITICUS 25:1-7****: "The Lord said to Moses on Mount Sinai, saying: Speak to the people of Israel and say to them: When you enter the land that I am giving you, the land shall observe a Sabbath for the Lord. Six years you shall sow your field, and six years you shall prune your vineyard, and gather in their yield; but in the seventh year there shall be a sabbath of complete rest for the land, a sabbath for the Lord: you shall not sow your field or prune your vineyard. You shall not reap the aftergrowth of your harvest or gather the grapes of your unpruned vine: it shall be a year of complete rest for the land. You may eat what the land yields during its sabbath – you, your male and female slaves, your hired and your beloved laborers also, and for the wild animals in your land all its yield shall be for food." (NRSV)*

Recommendation

- A sabbatical leave is recommended to provide an opportunity for a full-time Rostered Minister to take an extended period of time on sabbatical for renewal, enrichment, study, spiritual growth, travel, skill development and/or research.
- A full-time Rostered Minister shall be eligible for a sabbatical once this leader has been in ordained ministry for five (5) years and has completed five (5) years in the current call, with continued eligibility for a sabbatical every five (5) years after that (within the same call). If a Rostered Minister changes call, a sabbatical should be provided once five (5) years in the new call is completed.

Duration

- It is recommended that a sabbatical be planned for three months or 12 weeks (including the two continuing education weeks granted the year of the sabbatical).
- Vacation is not to be included as sabbatical time.
- As appropriate, the sabbatical leave may be continuous or split into multiple blocks of time. If split, all blocks of time should be taken within a 12-month period.

Cost to the Congregation or Synod Organization

- The congregation or synod organization will continue to pay full salary and benefits (includes housing for Pastors or Clergy; excludes car allowances) during the sabbatical period.
- Accrued continuing education dollars can be used for the educational costs of the sabbatical – suggest limiting to an accrual of five years maximum.
- The congregation or synod organization is responsible for providing additional ministry leadership support and service during the sabbatical time. This includes Sunday worship, teaching, leading the liturgy, confirmation camp, new member classes, visitation, funerals, weddings, etc., as applicable.
- The congregation or synod organization is not responsible to fund the sabbatical in any other way. However, the congregation or synod organization may consider gifting as a means of providing additional financial assistance. In addition, the Rostered Minister is encouraged to apply for sabbatical grants from non-profit organizations as applicable (e.g., Lilly Endowment Grant, etc.).
- Note that sabbatical grants for Rostered Ministers are generally non-taxable if they are structured as accountable plans, where funds are used strictly for qualified expenses (travel, lodging, education) and documented with receipts. Funds paid directly to the pastor without documentation or as salary are taxable income. Proper accounting is crucial to avoid unintended tax liability on Lilly Endowment grants or similar programs.
- Key Tax Considerations for Sabbatical Grants
  - **Accountable Plan vs. Bonus:** To ensure the grant remains tax-free, the church should follow an "accountable plan," requiring the Rostered Minister to submit receipts for all expenses. If a lump sum is given without a requirement for receipts, it is likely taxable.
  - **Grant Structure (e.g., Lilly Endowment):** Funds from grants like the Lilly Endowment are usually considered organizational income to the church, not personal income to the pastor, provided they are managed correctly.
  - **Qualified Expenses:** Tax-free expenses typically include transportation, lodging, meals, books, and tuition directly related to the educational or renewal purpose of the sabbatical.
  - **Salary and Housing Allowance:** Continued salary and housing allowances during the sabbatical remain taxable income and subject to self-employment tax.
  - **Reimbursement Timing:** If reimbursements cross over two calendar years, they must be reported in the year they are received.
  - It is highly recommended to consult a tax professional specializing in clergy taxes to properly structure the grant agreement.

Planning

- There are several objectives to be considered by the Rostered Minister and the congregation or synod organization during planning of a sabbatical:
  - Will this be a time of renewal that will help “recharge” spiritually and professionally so that the Rostered Minister returns with new energy for ministry?
  - What learnings can be shared upon return from sabbatical? How will this time away benefit the congregation?
  - How will this help the Rostered Minister grow as a person and as a professional? How will it enhance this leader’s overall ministry skills?

- Planning should begin the calendar year before the sabbatical so the congregation or synod organization and the Rostered Minister can plan for financial and ministry adjustments.
- It is up to the Congregation Council (or equivalent leadership body) to set the schedule for sabbatical leaves across their organization - includes determining if staffing adjustments are needed to cover the absence to ensure the needs of the organization are met.
- The sabbatical leave plan is to be developed in cooperation with the congregation council or equivalent leadership body. The parties shall seek the counsel of the Synod Bishop before finalizing an agreement.

Commitments Following the Sabbatical

- Within six weeks of completion of the sabbatical leave, the Rostered Minister shall present the congregation or synod organization with a written reflection on the experience including implications for the organization's ministry and beyond, as applicable.
- A copy of this written reflection shall be added to Rostered Minister's file in the Synod Bishop's office.
- Unless otherwise agreed, the Rostered Minister is expected to remain at least one additional year within their position in the congregation or synod organization following the sabbatical.
- The congregation council or equivalent leadership body is responsible for evaluating the benefits and costs of the sabbatical as a basis for approving and planning future sabbaticals.

Appendix D.

Separation or Transition Guidelines

There are varied circumstances in which a Rostered Minister's call with a congregation or synod organization may end; for example, due to local difficulties, conflict, vocational changes, continued education, changes in family, changes in co-terminus calls, or other unforeseen circumstances. In these situations, Rostered Ministers and congregations or synod organizations are encouraged to be in conversation about transition plans and separation arrangements tailored for the specific circumstances, noting that often there is a period of unemployment before the rostered minister obtains a new call or other opportunity and/or before the at-will employee obtains new employment which will provide compensation and benefits. The Synod Bishop's office should be notified and is available to assist whenever the termination of a call is being considered.

As most congregations and synod organizations do not participate in state unemployment insurance, Rostered Ministers and "at-will" employees generally are not eligible for unemployment compensation from the state. As such, congregations or synod organizations are encouraged to consider whether severance pay or a transition package is appropriate to provide care and continued income for the Rostered Minister or "at-will" staff member during the transition period.

The provisions of what a separation package may include can be based on many factors such as recognition of ministry with the congregation or synod organization, the length of service in the call or employment, the reason for and/or nature of the separation, the amount of advance notice provided, the time necessary for the staff member to receive a new call or find other employment, the fact that the staff member will not be eligible for unemployment compensation while seeking another opportunity, the desire to allow the Rostered Minister or "at-will" staff member to devote full attention to their on-going ministry and/or responsibilities until the last day with the organization, and any other factors unique to the situation.

Depending on case-by-case circumstances, it is suggested that a congregation or other synod organization consider providing a severance or transition package that could include one or more of the following:

- Up to 3 to 6 months' continuation of salary (including housing allowance if applicable and FICA offset) and/or insurance benefits (including payment of health premiums, pension contributions, etc.)
- An honorarium in recognition of service to the congregation or organization
- Other options at the discretion of the congregation or synod organization

As stated above, the final decision regarding any severance or transition package is up to each congregation and/or synod organization based on the specific circumstances or reasons for separation. When a decision is made to provide a severance or transition package, the agreement should be documented in writing and signed by the Rostered Minister and an officer of the congregation or synod organization. As with any legal document, both the Rostered Minister and

the organization are encouraged to consult their own legal counsel to review and understand the terms of such an agreement.

During the period when a Rostered Minister is receiving a separation or transition package, the Rostered Minister is expected to be in consultation with the Synod Bishop's office to determine the next steps forward based on the situation. During this time and as a condition of continued separation support, the Rostered Minister may be encouraged or required to be open and available to a new call, to complete required roster documents in a timely manner, to actively interview for possible new calls which includes being available for call committee interviews, to provide interim ministry or supply preaching, to assist with other ministry activities and tasks requested by the Synod Bishop, to be actively exploring other career path opportunities, or to discuss other options with the Synod Bishop for moving forward.

The separation agreement also may address under what circumstances and when it would be appropriate to discontinue severance or transition compensation and benefits; for example, the acceptance of a new call or other employment opportunity with compensation and benefits comparable with what is provided under the agreement, or failure to comply with specified next steps as agreed to at the time of separation.

Also, upon separation from a congregation or synod organization, any accrued but unused paid time off benefits, such as vacation time, generally are paid out to the out-going staff member. Congregations and synod organizations should have personnel policies in place with specific guidance on the calculation and any pro-ration of paid time off benefits. Other allowances and benefits such as auto allowance/mileage reimbursement, continuing education, professional expenses, generally are not included in a separation package.

Finally, when a Rostered Minister has lived in a congregation's parsonage during the call, often the Rostered Minister is allowed continued use of the parsonage for the duration of the transition arrangement. A congregation may offer continued use or rent of the parsonage after the severance period ends for a designated time frame (there should be an end date). In these cases, the congregation and the Rostered Minister also should enter into a written agreement that outlines the terms of such arrangement.

Out-going staff members are reminded that confidentiality obligations continue after the ministry relationship or at-will employment has ended and it is expected that all involved individuals (congregation members, synod members, etc.) continue to support the organization and all out-going employee(s) through respectful and appropriate words and actions.