

## Minimum Compensation Standards for 2024

**COM Approval:** June 16, 2022 (2024 calculations made October 16, 2023)

**PGA Approval:** N/A

These **Minimum Compensation Standards** apply to all churches with full-time pastoral services of a minister of the Word and Sacrament (teaching elder) and full-time educators. All terms of call shall meet or exceed these Minimum Compensation Standards. They should also be considered as guidelines to prorate compensation for part-time calls, except that paid time off for vacation and continuing education leave should not be prorated for part-time calls. These standards are written for the situation of a congregation calling a minister to fill a vacancy. Calls, terms of call, and annual changes in either or both are approved by the Committee on Ministry.

The compensation guidelines are based on the average of starting salaries for a first-year teacher with a master's degree in county school systems in the counties where PGA has a church with an installed pastor. They are adjusted annually based on a three-year average of the Cost of Living Adjustment published by the Social Security Administration.

Ministers called by congregations are considered by the IRS to be "employees" for income tax purposes, and yet "self-employed" for purposes of Social Security taxation. Ministers are exempt from withholding for income taxes or for Social Security taxes. Instead, they are required to pay quarterly estimated income taxes and self-employment Social Security taxes (SECA). At the end of the year, one's salary and certain cash allowances are reported in Block 1 of a W-2, upon which both income and SECA taxes must be paid. One's housing allowance is reported in Block 14 of a W-2, upon which only SECA taxes must be paid (to the extent that the Housing Allowance is used specifically for this purpose). Both income and SECA taxes must then be paid on any Housing Allowance received in excess of what the IRS allows. The following six categories and annual amounts are required parts of these standards for calendar year 2022:

### I. Salary and Housing:

NOTE: The cash amounts for Salary plus Housing Allowance is the effective salary for a pastor serving a congregation. For 2024 the minimum effective salary for a minister with no experience is \$52,566.30. The minimum effective salary is increased by 1% for each year of service compounded beyond ordination, for up to 30 years of service.

The pastor may adjust how the salary and housing will be divided, so that the Pastor receives the maximum tax benefit of a housing allowance. For more information, see VI.2. below.

### II. Benefits

1. Full Pension (including death and disability coverage) and Medical Benefits through the Board of Pensions. Dues for 2024 for installed pastors are 39% of the total of Salary, any deferred compensation (such as employer contributions to a 403 (b) Plan), and Housing Allowance as a minimum ("Effective Salary"). Professional Expenses above and other benefits may be included also. SECA amounts in excess of 50% must also be included as part of Effective Salary for calculating benefits dues. For further information and publications, see [www.pensions.org](http://www.pensions.org).
2. At least one-half of Social Security (SECA) based on Salary and Housing Allowance.
3. Four weeks paid vacation.
4. Two weeks of Continuing Education per year, which can be accumulated up to six weeks.
5. Moving expenses (actual).
6. Expenses for First Call program, if applicable. (See VI.6. below.)
7. Twelve weeks paid family medical leave, in accordance with G-2.0804 and COM Policy 20.

### **III. Continuing Education Expenses:**

Continuing Education and Professional Books expense minimum of \$1,000.

This expense should be set up under an Accountable Reimbursement Plan and substantiated by adequate documentation before reimbursement by the church. (See below for further information.)

### **IV. Professional Expenses:**

Any combination of the following, minimum \$4,100:

1. Dental coverage
2. Church Business Travel Expenses
3. Additional Continuing Education Expense
4. Cell Phone
5. Other Church Business and Professional Expenses

These expenses should be set up under an Accountable Reimbursement Plan and substantiated by adequate documentation before reimbursement by the church. This is beneficial to the pastor since Professional Expense Allowances paid directly to ministers are reportable as taxable income in Block 1 of a W-2, and deductible only to the extent they exceed 2% of adjusted gross income. It is also beneficial to the church because cash allowances are included in effective salary for purposes of calculating Board of Pensions dues. The church should set up an accountable reimbursable plan for the church business use of a minister's personal car. The published IRS business mileage rate will be used and can be found at [www.irs.gov](http://www.irs.gov).

### **V. Annual Review**

1. Consideration of a merit increase, cost of living increase and changes in Fair Rental Value of the Manse.
2. In 2024, the annual review must include the addition of twelve weeks paid family medical leave, in accordance with the requirements of G-2.0804 and the Presbytery's COM Policy 20.

### **VI. Additional Standards**

1. Any additional agreements shall be in writing and shall become part of the terms of call when approved by the presbytery.
2. The designation for Housing or Manse Allowance shall be approved before the calendar year begins in order to meet Internal Revenue Service requirements. From Church Treasurer Alert, October 2002: "Relevance to church treasurers: The tax code now limits the nontaxable portion of a church-designated housing allowance for ministers who own their home to the annual fair rental value of the home (furnished, plus utilities), beginning in 2002. As a result, ministers who own their home will not pay federal income taxes on the amount of their compensation that their employing church designates in advance as a housing allowance, to the extent that A) the allowance represents compensation for ministerial service, B) is used to pay actual housing expenses, and C) does not exceed the annual Fair Rental Value of the home (furnished, plus utilities)."
3. Churches may want to consider leasing an automobile for a minister. All personal use shall be included as income to the minister.
4. The budgeted amount for travel is an estimate and should be negotiated on a yearly basis in light of the current IRS rate and the miles a pastor drives on church business.

5. Churches are encouraged to develop creative ways to compensate clergy, such as extra vacation time, a Sunday off each quarter, use of a parishioner vacation home in the mountains, beach, etc.
6. If it is a first call situation, the church will allocate sufficient money in the pastor's Continuing Education allowance to cover the cost of the Presbytery of Greater Atlanta's First Call Program (\$400.00 annually) and will allow for the necessary time commitment of 5 days annually above the required 2 weeks of Continuing Education.

**Total 2024 Minimum Annual Compensation Package for a Full-Time Installed Pastor with No Experience**

Effective Salary*	\$52,566.30
(includes salary and housing)	
SECA Allowance	\$4,021.32
(7.65% of Effective Salary)	
Board of Pensions Dues	
Medical	\$15,244.00
Pension	\$4,468.14
Death & Disability	\$525.66
Temporary Disability	\$262.83
Total	\$20,500.63
Continuing Education and Books	\$1,000.00
Professional Expenses	\$4,100.00
(dental, travel expense, etc.)	
<b>Total Minimum Compensation</b>	<b>\$82,188.25</b>

\* The minimum effective salary is increased by 1% (compounded) for each year of service in an ordained position.

The minimum is adjusted annually based on the three-year rolling average of the Social Security Administration's Cost-of-Living Adjustment.

2021	5.9%
2022	8.7%
2023	3.2%
<b>Average</b>	<b>5.93%</b>