



Terms of Call for 2025

Background and Context for Recommended Actions

The Connecting Our Ministries Commission recognizes that our sessions value justice for pastoral compensation and appropriate stewardship for church finances. Because compensation for staff is a major part of a congregation's budget, these values can be complex to bring together well. COM is committed to working with pastors, sessions, and congregations to figure out good solutions.

Each year, COM sets minimum terms of call for pastors based on a full-time, installed pastoral position. COM also provides sessions with a recommended salary percentage increase for pastors whose compensation is above the Presbytery minimum. Both the minimum effective salary and the recommended increase for pastors try to reflect the anticipated Cost of Living Increase (COLA) set by the Social Security Administration for the coming year. This COLA is often used as a benchmark for anticipating an appropriate cost of living increase for employers across the United States. Based on economic forecasts, it is possible that the COLA for Social Security will be between 2.9%-3.0% in 2025. This article provides some additional information: <https://www.aarp.org/retirement/social-security/info-2024/cola-estimate-2025.html>.

COM also recognizes that sessions face a challenging environment in terms of budgeting. As we emerge into a post-Covid environment, inflation has affected both pastors and congregations. In addition, starting in 2025, there will be significant changes to the structure of medical benefits offered through the Board of Pensions. This year's calculation also took into consideration all of these dynamics, attempting to balance the needs of pastors as well as congregations.

Effective Salary for 2025

- **A mandated 2% increase in the minimum effective salary.** Based on this, for pastors with salary & housing allowance (not in a manse), **the 2025 minimum effective salary is \$65,883.** The Social Security offset is paid upon this amount, as well as Board of Pension dues in installed positions and retirement/medical contributions for those in covenant positions. Housing costs are a major factor in determining living costs. COM recommends substantive conversation about housing costs in the particular location of the congregation and what is financially necessary for housing. There are also other ways to show appreciation for pastoral work – including year-end bonuses (these must be reported to the Board of Pensions), increasing vacation time and continuing education time, and increasing continuing education funds available for the pastor.

For pastors who live in a church-owned manse, the Board of Pensions requires that the manse value be at least 30% of the total Effective Salary. The manse value is then part of the effective salary and is used to calculate Board of Pension dues for those in installed positions and retirement/medical contributions for those in contract positions.

- **A recommended 2% increase in effective salary for those above minimum.** COM recommends that congregations, if able, raise effective salaries at least 3% to mitigate the effects of inflation. COM recognizes that the cost of living has increased in the past several years and encourages congregations to work with pastors for sustainable compensation. Many congregations also increase salaries above this as a result of job performance, as they work with the congregation to recognize the work of the pastor(s). See above for suggestions from COM about additional ways to compensate pastors.

Benefits for 2025

- **Please see the 2025 Annual Review of Compensation forms** on the Presbytery website for the details on all aspects of compensation (available in mid-October). Board of Pension dues can be calculated once the amount of Effective Salary is determined. In 2025, Board of Pensions dues for Pension (8/5%), Death/Disability (1%) and Temporary Disability (.5%) remain the same. For Medical Dues, there are major changes. More information is available on the Board of Pension website here: <https://seasonofrebuilding.pensions.org/>.
- **In June, the Presbytery of Donegal adopted this policy related to Medical Dues in 2025:**
Unless agreed upon by the pastor in cases where the Congregational Pastoral Leader Package (CPP) is advantageous for both the pastor and congregation, all installed pastors and those currently serving with the Pastors Participation as part of their terms call must be enrolled in the Transitional Pastor's Participation (TPP) for 2025.

In the future, the specific amount needed for medical dues will vary. Also, the congregational cost will be different based upon whether this is an installed position in the Congregational Pastor Package or a covenant position with benefit allowances or the Covenant Package, and whether or not there is a manse. Each Terms of Call Annual Review form is individualized for the specifics of each pastoral position.

Additionally, for new installed calls that begin in 2025, COM will work directly with PNCs and sessions and pastors coming for a new call on medical benefits as the presbytery develops experience and competency. This policy is for 2025 only, with the anticipation of more broadly shared norms being established by the presbytery in the future.

- For **Covenant Pastors (Temporary Pastoral Relationship)**, the minimum required medical contribution is 10% of the Effective Salary, and the required retirement contribution is 10%. Death and Disability Insurance is also required (it may be purchased from the Board of Pensions at 1% of Effective Salary for those participating in either Medical or Retirement, at 2.5% for those who do not participate, or from a private insurance company). If the pastor does not need medical reimbursement, then that amount may be applied to retirement savings. For those in a less than half-time position, benefits are encouraged but not required. Because of the flexibility available in Covenant positions, COM approves these individually, based upon conversations with the pastor and

session. See Varieties of Pastoral Positions in the Presbytery of Donegal on the Presbytery's website for details. www.donegalpby.org/info-resources/documents-forms/com-documents-forms/

Covenant Pastors (over half-time) are eligible for the Board of Pensions' Covenant Package. Its cost is 10% of the Effective Salary, and it includes the Pension Plan, the Death and Disability Plan, and the Temporary Disability Plan (as well as access to assistance and education programs available in Pastor's Participation). COM encourages congregations to consider the Covenant Package for covenant positions.

COM will consider any conflicts between the Covenant Package and the Presbytery of Donegal's policy on a case-by-case basis.

- For all pastors whose **compensation is at Presbytery minimum, COM highly recommends a Longevity Step Increase** in Effective Salary each year. Specific amounts would depend upon experience and the compensation ability of the congregation. COM is available to help with this conversation.
- **Mileage reimbursement** is at the IRS standard mileage rate (\$.67/mile as of December 13, 2023). Sessions should budget this expense based on expected mileage. If expenses for mileage and travel authorized by the session exceed the budgeted amount, submitted expenses must continue to be paid. The use of an "accountable" reimbursement arrangement is recommended for tax purposes. This requires that business miles are substantiated with adequate records at least every 60 days at the IRS-approved rate. Following other reimbursement arrangements potentially makes the taxable payment income to the recipient.
- **Continuing Education:** a minimum of \$1,000 and a minimum of 2 weeks (defined as fourteen days, including 2 Sundays.) Both the time and Con Ed allowance are cumulative for three years and must be documented in the minutes of the session. This figure is not taxable to the minister and not part of the Effective Salary for Board of Pension purposes.
- **Vacation:** A minimum of one month (defined as thirty days, including four Sundays). The session is free to define one month as thirty-one days.
- **Technology Expenses:** Sessions have two choices for technology access for pastors. They may provide cell phones and internet access as part of the church expense budget. Otherwise, a Technology Allowance of a minimum of \$600 annually is required if the session expects to be able to contact the pastor electronically (via email or cell phone) when the pastor is not in the church office. This allowance may be used for mobile phone expenses, internet service expenses, or a combination of both and is generally paid on a pro-rated monthly basis.
- **Shared Equity/Mortgage Assistance/Housing Loans:** As part of Terms of Call, a congregation may offer a pastor assistance in purchasing a home. This assistance comes in various forms: shared equity

in the house, assistance in a portion of the mortgage, and making a loan to the pastor for housing, etc. These arrangements are part of the Terms of Call of a pastor. As such, installed pastors must be voted upon by the congregation and reported to the presbytery as part of the Terms of Call.

The Connecting Our Ministry Commission (COM) can provide a sample shared equity agreement. However, both the congregation and the pastor should consult their own legal counsel before entering such an agreement. Both parties should fully understand the terms of the agreement, especially the requirements for the pastor at the time when the pastoral relationship between the congregation and the pastor is dissolved.

Questions? We know these calculations are increasingly complex. In many cases determining salary is different for IRS and Board of Pension purposes. Please contact the Stated Clerk or the Executive Presbyter for any questions related to calculating the terms of call.