



Church of the Brethren

3402 Plantation Road, NE, Roanoke, VA 24012



To: Church Board Chairs and Active Virlina District Pastors or Contact Persons
From: David K. Shumate, District Executive Minister
Subject: 2022 Guidelines for Pastors' Salaries & Benefits
Date: September 17, 2021

We apologize for having to send this letter later than in other years. Normally this goes out in mid-July, however, because the Annual Conference was "virtual" this year the ordinary meeting routine was interrupted. As a result, the Program and Arrangements Committee only shared the 2022 Annual Conference with us on September 2.

Please place this letter in an easily accessible place in order to avoid calling and reporting that you did not receive it. If you do lose it, it may be found on the district website.

This memo is being distributed to Church Board Chairs or equivalent and to Pastoral Leadership throughout the Virlina District. **If you are not currently the Church Board Chair or equivalent, please pass this on to the correct person. Please notify the Virlina District Resource Center as soon as possible so that our records may be updated.** Additional copies should be made for other appropriate lay leadership involved in the contract and/or church budgeting process. Please review this material in preparation for conversations around pastoral compensation and 2022 budget planning.

There is now one renewal agreement form for both part and full time ministers. **If you are receiving this by U.S. Mail the form is enclosed. If you receive this by e-mail, please go to <http://www.brethren.org/ministryoffice/forms.html> to download the documents and forms needed. A fillable form is on the ministry office link.**

Be certain to complete and return a signed copy of the *Renewal Agreement* to the Virlina District Resource Center no later than January 31, 2022. This is an important document for your insurance, pension, and ministry records. A written agreement now reduces the chances of misunderstanding later!

A. GUIDELINES FOR PASTORS' SALARIES & BENEFITS:

Although this document is attached or enclosed, it may be found on the denominational website at <<https://www.brethren.org/ministryoffice/wp-content/uploads/sites/15/2021/07/2022-Salary-Guidelines-and-Table.pdf>>. **When a pastor is engaged on a part time basis, it becomes necessary to prorate salaries according to the percentage of full time service given. For assistance, please contact the District Executive Minister.**

1. The Pastoral Compensation and Benefits Advisory Committee seeks to encourage congregations to be fair but generous employers of our pastoral leadership. We acknowledge that it is a challenge for many congregations to utilize the denominationally approved salary table. We also recognize that these conversations provide a prime opportunity for you to be in conversation with congregations about their vision for mission and ministry as a people of faith including a vision for leadership/staffing needs. The

Guidelines for Pastors' Salaries and Benefits reminds us that the "Ethics for Congregations in the Church of the Brethren" states, ***"If congregations find it impossible to meet the scale or to provide benefits, there is an ethical obligation to discuss the reason and their implications with the pastor(s) and to seek in good faith to take steps toward achieving the recommended scale and benefits as soon as possible."***

2. **The Cash Salary Guidelines & Recommended Minimum Cash Salary Table for Pastors – 2022** - This salary table, found attached or enclosed, was recommended by the Pastoral Compensation and Benefits Advisory Committee to our congregations and represents a 2% cost of living increase above 2021. **Please note that almost all pastors should receive an increase due to another year of experience gained. Years of service are prorated for part time pastors.**
3. The IRS allowable mileage rate continues to be 56 cents per mile through the end of 2021. The new 2022 rate will be set by the Internal Revenue Service later in the year. This rate will be circulated by e-mail to pastors and contact persons, and will be included in the Memo for Ministers. A Travel Log detailing accurate ministry related mileage is **absolutely necessary**. Pastors should submit a monthly or quarterly statement of mileage to the church treasurer for reimbursement. This system provides appropriate documentation for IRS purposes protecting the pastor.
4. Congregations that provide a parsonage are encouraged to make a serious effort to contribute to the *Church of the Brethren Housing Fund*. This plan calls for a 1% contribution of the fair market value of the parsonage to be set aside for the pastor's future and/or retirement housing needs. This action will provide home equity for retirement years and a long-term blessing to the pastor and family.

B. CHURCH OF THE BRETHREN MEDICAL PLAN AND PENSION:

1. **Medical Insurance:** By action of the 2007 Annual Conference, the Brethren Medical Plan Administered by Brethren Benefit Trust (BBT) was terminated with the exception of agencies and nursing facilities. Congregations and pastors must continue to work together to secure appropriate health coverage for the pastor and family. **The Annual Conference reaffirmed that congregations and other church employers are expected to provide medical insurance for the pastor and family.**

Traditional contributions percentages, with one exception noted in the next paragraph, still apply: congregational share = 2/3 and pastoral share = 1/3. All Pastoral Medical Plans should continue to include the following standard elements: Health Coverage, Life Insurance, Short-Term Disability (STD) and Long-Term Disability (LTD) coverage; with vision and dental plans options. **All except the health plan are still available from Brethren Benefit Trust.** For more information call BBT at (800) 746-1505.

When a congregation provides reimbursement for a pastor's coverage under a spouse's insurance plan, this reimbursement should be 100% of the differential cost (i.e., the difference caused by the addition of the pastor to the spouse's plan). The congregation should reimburse the pastor, not the pastor's spouse. If the reimbursement qualifies as an exception to the Affordable Care Act, it will be non-taxable. If the reimbursement is part of a QSEHRA (see below), it will be non-taxable only if the spouse pays the premiums with after-tax dollars. Other options are adding the amount to the cash salary (which will be fully taxable) or adding it to the Brethren Pension Plan as an extra "Employee Contribution" in

order to preserve tax benefits. For more information, please contact the District Executive Minister.

There are three ways to qualify the reimbursement or payment for the pastor's health insurance premiums for the exception to the Affordable Care Act:

First, congregations who only have one employee (pastor) can pay or reimburse health insurance premiums without violating the Affordable Care Act. The premium or reimbursement payments will not be taxable to the employee.

Second, if the congregation has more than one employee, it pays health insurance premiums or reimbursements for only one employee, and the other employees work less than 25 hours per week on a regular basis, then paying the premiums or reimbursing the one employee for premium payments will not violate the Affordable Care Act. The premium or reimbursement payments will not be taxable to the employee.

Third, if the congregation has more than one employee, it only pays health insurance premiums or reimbursements for one employee, and one or more of the other employees works 25 or more hours per week on a regular basis, then paying the premiums or reimbursing the one employee for premium payments will not violate the Affordable Care Act. However, the premium payments may be taxable to the employee unless an exception to the section 105(h) rules applies.

For example, if all of the other non-participating employees have not attained age 25, then the premium payments are not taxable. Also, employees who have not completed three years of service at the beginning of a "plan year" can be ignored for the purpose of determining whether these payments are taxable to the employee. Finally, if the person you are reimbursing is not among the highest paid 25 percent of all employees, the section 105(h) rules won't be violated as a result of that reimbursement, and it can also be provided pre-tax.

In 2016 Congress authorized a "qualified small employer health reimbursement account" ("QSEHRA") which permits a small employer to reimburse employees for medical expenses including the payment of premiums. In most cases reimbursements for medical expenses under the QSEHRA will be non-taxable, but the documentation, funding limits and notice requirements of a QSEHRA are too complicated to address here.

Few employment situations are alike. Thus, to ensure that employees are limiting their tax burden while remaining compliant with ACA and IRS regulations, it is important for each congregation and/or organization to consult with the attorney or accountant who advises your church on tax matters. Some of the foregoing material came from BBT.

2. ***The Brethren Pension Plan:*** The Brethren Pension Plan, a 403b Defined Contribution Plan, is available for both full and part time ministers. The normal division is based on the base cash salary plus housing allowance or the fair rental value of the parsonage (11% from employer for pension, 1% from employer for Church Worker's Assistance Plan and 4% from the employee for pension). Please review the attached ***Guidelines for Pastors' Salaries and Benefits*** for instructions in formulating the pension amounts. **ALL questions related to the Brethren Pension Plan should be made directly to Brethren Benefit Trust at (800) 746-1505.**

C. CONFERENCES AND CONTINUING EDUCATION

Annual Conference 2022 – Omaha, Nebraska – July 10-14, 2022

1. Estimated expenses for the 2022 Annual Conference are as follows:

TRAVEL (Round trip) **\$500-700**
Round trip airfare from Roanoke to Omaha at the current time would total about \$500, from Eastern Virginia about \$650, and from Charlotte, NC about \$600. This is far more cost effective than driving unless multiple people travel together. Automobile mileage for round trip from Roanoke at the current rate would be approximately \$1250, from Newport News would be \$1,480, from Concord, NC would be \$1,300 and from Fayetteville, WV would be \$1120.

LODGING + TAX + HOTEL PARKING **\$501-626**
There are two hotels: the Hilton Omaha and DoubleTree. Our Annual Conference Room Rate will be \$106 plus tax (18.16%) for a total of \$125.25 per night. Parking is complimentary. Basic wireless internet is complimentary for all registered Hilton Honors members (free registration to become a member). Annual Conference registration and housing reservations will open on Tuesday, March 1, 2022.

MEALS: GENERAL / TRAVEL / EVENT **\$300**
5 days @ \$60/day - includes travel day, costs increase for ticketed meals

NON-DELEGATE REGISTRATION & A.C. BOOK **\$130***
DELEGATE REGISTRATION & A.C. BOOK **\$310***
**Higher registration charges of \$165 and \$385 respectively apply if registering onsite.*

MISCELLANEOUS EXPENSE [Tips, tolls, and other incidentals] **\$ 75**

2022 ANNUAL CONFERENCE ESTIMATED EXPENSE RANGE: **\$1,686- \$2,011**
Based on four or five days, traveling by air.

2. Expense estimates for the 2022 District Conference are as follows:
District Conference 2022: Roanoke, Virginia Area – November 11-12, 2022. Please budget mileage, plus room, plus meals for this event. Roanoke is 40 miles from Floyd, 150 miles from Fayetteville, West Virginia, 55 miles from Bassett, 125 miles from Winston-Salem, N.C., 165 miles from Concord, N.C., 180 miles from Richmond, Virginia and 250 miles from Newport News or Virginia Beach.

The current delegate registration fee is \$25.00 per delegate. Each congregation has at least four delegates including the Pastor and Church Board Chairperson.

3. Continuing Education
To keep your pastor on the cutting edge, we recommend that your congregation provide adequate funds and time off for professional growth events. A minimum expectation for full time pastors would be \$500 and five days. **Pastors are expected to complete five Continuing Education Units (each CEU is equivalent to 10 contact hours) with an accredited institution over a five-year period.** In addition, a pastoral leader is expected to engage in at least one elective study annually. Pastors are responsible for sending a copy of their CEU certificates to the district office for inclusion in their file. You may view the denominational guidelines, Continuing Education Guidelines for Pastors, at <http://www.brethren.org/ministryoffice/forms.html>, or contact the Virginia District Resource Center.

Pastors are strongly encouraged to participate in the Virginia District Ministers and Spouses Retreat. This retreat is scheduled to be held on February 25-26, 2022 at the W. H. Skelton 4-H Center on Smith Mountain Lake in Franklin County, VA. Please allow time and finances for both the pastor and spouse to attend this event. The cost will be \$150 for minister and spouse, \$100 for individual and \$50 for a commuter.

D. PLANNING FOR THE FUTURE WITH YOUR PASTOR:

1. District/Denominational Service Opportunities

Pastors in the Virlina District are participating in a wide range of service opportunities. These include being chaplains or counselors at Camp Bethel for a week, disaster response trips, participation in service/outreach projects in other countries, service on committees or teams, and other opportunities. Provision should be made for pastors to participate in district and denominational service opportunities. These are outreach ministries of your congregation and should not be considered vacation time.

2. Sabbath Rest Year

Church of the Brethren guidelines have called for Sabbath Rest for a pastor after seven years of service in one congregation. Action of the 2002 Annual Conference includes provision for a shorter Sabbath Rest after four to six years or a full Sabbath Rest after seven years. Please contact the District Executive Minister for assistance and information regarding the preparation process for a Sabbath Rest.

Enclosures (U.S. Mail Only):

*Guidelines For Pastors' Salaries And Benefits – Church of the Brethren - Office of Ministry Document
Cash Salary Guidelines & Recommended Minimum Cash Salary Table For Pastors – 2022.
Renewal Agreements for Pastor and Congregation*

NOTE: THIS DOCUMENT AND ATTACHMENTS IN ITS ENTIREITY CAN BE FOUND ON THE VIRLINA DISTRICT WEBSITE AT www.virlina.org

ECC: Director of Ministry
District Executive Ministers
Pastoral Compensation and Benefits Advisory Committee