

Line 1: Annual Cash Salary

The gross cash compensation paid to a minister each year, excluding any housing allowance designated annually by the congregation or employing organization. Any employee-chosen deferred compensation, such as employee-paid (403)b plans, flexible medical plans or most kinds of “medical supplements,” should be included in this amount. Most employee-chosen “deferred compensation” will be subject to SECA and will be included in Effective Salary, but will not be taxable for income tax purposes.

Enter amount of Annual Cash Salary in both Column A and Column B.

Line 2: Housing: Manse

The value of a manse is calculated in two different ways. In order to meet the IRS requirements and the NCIP Compensation Policies, the value of a manse is to be determined by estimates from at least two real estate agents or realtors. Fair Rental Value must be approved annually by the session and recorded in the Session minutes.

Enter this amount in Column A.

The Board of Pensions, however, requires that the value of the manse as listed on line 2 be calculated as at least 30% of all other items listed in Column B, that is, all other items that are part of effective salary.

Enter this amount in Column B.

Lines 3-4: Utilities and Furnishings

If a minister member lives in a manse and receives an additional allowance for utilities or furnishings, the additional allowance should be listed in 3a or 3b. If the utilities are paid directly by the employing organization to the provider or are paid out of cash salary without an additional allowance being designated, do not list in 3a or 3b.

Line 6: Housing Allowance: (Minister owns or rents)

The housing allowance is the amount designated annually by the congregation or employing organization. Housing-related expenses may include mortgage payments, utilities, repairs, furnishings, insurance, property taxes, additions, and maintenance. The housing allowance may not exceed the annual fair rental value of the home, furnished, plus utilities, even if the minister’s actual expenses exceed that amount.

Line 8: Up to 50% of SECA

NCIP strongly encourages congregations to pay 50% of SECA (Self-Employment Social Security) which is calculated as 7.67% of the total of annual cash salary plus housing. SECA is not paid on any employer-deferred compensation such as employer-required 403(b)s, employer-required medical supplements, or home equity allowances. Employee-chosen deferred compensation such as employee-paid 403(b)s and flexible medical plans are subject to SECA, although they are not subject to income tax.

Line 9: SECA in excess of 50%

Congregations may also choose to pay SECA in excess of 50%. Only this amount, not the first 50% of SECA, count toward Effective Salary and will be subject to Board of Pension dues.

Lines 11-14: Deferred compensation

List here any deferred compensation that is established by the congregation or employing organization rather than being requested by the minister. It may include tax sheltered annuities, 403(b) plans, Keogh and Reimbursement Savings plans, housing equity allowances, and other forms of funded or unfunded deferred compensation.

Line 13: Equity Escrow

If the total package for a pastor includes the use of a manse, the church is strongly encouraged to pay a minimum of \$1,200 per year, on a monthly basis, into a 403(b) plan for the pastor as escrow in lieu of equity that pastor would be building if s/he owned a residence.

Lines 17-20: Board of Pension Dues

These dues are required for all installed positions and are optional for Commissioned Lay Pastors and ministers serving in temporary pastoral relationships. They are calculated based on the amounts recorded in column B and totaled on line 16B.

Line 20: Medical Dues for Part-time Positions (if applicable)

The Board of Pensions considers 35 or more hours per week to be full-time. So, a pastor working 24 hours per week, for example, would be considered to be 68.5% (or 24/35) full-time-equivalent by the BOP, and this is the percentage used to calculate part-time medical dues.

Lines 22-25: Other Allowances

Travel reimbursement must be at the prevailing IRS rate and must be vouchered.

Professional expenses must be budgeted at a minimum of \$500 and may include such items as business meals, journal subscriptions, or membership fees. Professional expenses must be vouchered.

Continuing Education must be budgeted at a minimum of \$1,000 and must be vouchered.

Lines 27-28: Continuing Education Leave and Vacation

Fill in actual number of weeks granted. Minimum for **Continuing Education Leave is two (2) weeks**. Minimum for **Vacation is four (4) weeks**.