

Considerations for Inclusions in a Letter of Call for a Pastor

The primary goals are to honor the pastor and to help him and his family to minister for the long term as effectively as possible. The following categories cover most of the basic considerations that a Pastoral Search Team and Board need to cover in the calling of a pastor.

- 1. Salary Considerations** ~ It is wise to include a "cost of living" adjustment such as the CPI into the Letter of Call {Agreement}. This gives some assurance that his effective salary is maintained and does not go down. Each year the Governing/Elder Board should review the salary to see if it is appropriate to grant an increase above and beyond this amount.
- 2. Housing Allowance** ~ This is essential to do each year in the Official Minutes of the Board. There is a special IRS provision that allows a pastor to have a Housing Allowance that is a distinct tax advantage. "Clergy Tax and Law Report" by Richard Hammar is the trusted guidebook for details.
- 3. Vehicle Allowance** ~ Mileage spent driving as a pastor is also considered a non-taxable business expense if handled correctly. It must be written in a Logbook which is widely available. A "best practice" is a Policy to reimburse the pastor for mileage at the current IRS rate (\$0.485/mile for 2007) rather than giving them a fixed amount.
Possible Wording: "The Board will pay the current IRS mileage rate for driving done as a part of the pastoral job up to a maximum of XXX dollars per year."
- 4. Social Security Offset** ~ Arrange the Agreement so that the pastor is paid the Social Security offset separately each quarter. This helps keep the pastor out of a financial bind with the IRS. Example: If his base salary & housing is \$80K, out of which \$12K is needed for Social Security obligations, pay him \$68K for salary and housing, plus an additional \$3K each of the three months that his Social Security payment is due.
- 5. Medical Insurance** ~ Make sure that this is a covered expense for both the pastor and his family. This can include **Dental Coverage** @ some reasonable level.
- 6. Disability Insurance** ~ Most Denominations have a Group Policy that is reasonably priced. This wise expenditure protects both the pastor and the local church.
- 7. Retirement** ~ Make sure that the church is paying into an appropriate retirement package. 10% is the normative figure. The Denominational Retirement Plans {403b} are most advantageous because of the manner in which the distribution is made after Retirement in the form of a Tax Free Housing Allowance.
- 8. Educational Expenses** ~ For a pastor who is working on a Board approved study program, it is extremely encouraging if the church will pick up a % of the actual tuition costs involved. Life long learning for the pastor is a great investment.
Possible Wording: "The church will pay for 50% of tuition costs at XXX Seminary up to a maximum limit of \$ ___ / year for ___ years."
- 9. Work Hours** ~ The expectation among pastors was that 50 hour work week plus Sunday is about average for a healthy situation. If this becomes a problem, minimums and maximums can also be agreed to in writing. It is useful to actually chart how many hours of work occur for a couple of weeks once a year.

10. **Vacation** ~ At least four weeks (20 days) a year. The Agreement can also be written to increase this by ___ number of days every ___ years. It is helpful to have money built into the budget to pay for pulpit supply.

11. **Study Leave** ~ For a pastor who is not working on a Board approved study program, two weeks per year is standard with the time being taken out for any Board approved educational activity. In addition to this time, a pastor who is working on a Board approved study program should be given ___ number of hours/week to study for that program. This means that the average number of hours is reduced on church business by 10 hours per week to 40.

12. **Days Off** ~ Pastors work on Sundays (and often on Saturdays as well). Make sure the pastor has at least one day completely off each week {1.5 days/week off is reasonable and workable}. Allow him to pick this day when possible, taking into consideration the rhythms and realities of your church schedule and culture.

13. **Sabbatical** ~ Arrange to give the pastor two months off after five years of service as Senior Pastor. The time is in addition to vacation. He would submit a Sabbatical Plan for Board approval.

14. **Books and Ministry Materials Allowance** ~ Pastors can easily spend hundreds of dollars a year on commentaries, ministry books, computer research tools, etc. A church that provides a generous reimbursable allowance for this expense communicates to the pastor that study and research is important to an effective church.

15. **Church Credit Card** ~ Make sure the pastor has one so that he can pay for things without dipping into his personal funds before asking for reimbursement. Standard reporting procedures are expected.

16. **Cell Phone and Voicemail** ~ Have the church pay for a cell phone for the pastor with a reasonable plan that fits the needs of the church ministry. This allows the pastor to be more of a mobile office, freeing him from having to be present at the church site by allowing him to stay in touch with the Administrative Staff.

17. **Ministry Meals** ~ Pastors are expected and need to meet with church members, missionaries, other pastors, community leaders, homeless people, etc. as a part of their positional responsibilities. One way a church can encourage a pastor is to provide a reasonable Expense Account that is wise and appropriate for “your church culture and pastoral expectations.”

17. **Equity Sharing** ~ The high cost of housing in many areas requires the church to enter into an Equity Sharing Agreement with their pastor {and perhaps associate pastors as well}. Samples of proven Equity Share Agreements can be provided.

18. **Personal Projects** ~ Does the pastor need help remodeling or painting his house? fixing his car? working on a hobby? Arrange to have someone check with him periodically about these kinds of issues and then to ask various members of the congregation if they would help out.

19. **Bonus Gifts** ~ Have the Board periodically send the pastor and his wife to a nice restaurant, a weekend away at a bed and breakfast or _____. “Share the Love!”

20. Accountability Reviews ~ Have the pastor list out five to seven personal and ministry areas in which he would be accountable to the Board (E.g. excellent sermon preparation, moving the congregation to be people of prayer, etc.). Each Board Meeting would have an Agenda Item where the pastor reviews and reports for five to ten minutes on two of the agreed to ministry areas {sometimes referred to as KRAs}. E.g. "I am 80% in compliance in this area. I've done X, Y, and Z, but I really need to be doing Z more often." The Board then prays specifically with and for the pastor.

If more attention needs to be paid to an issue, the Board can either talk about it immediately or put a more extended conversation on the Agenda for the next meeting. (It's essential that this is a list of items for which the pastor wants to be accountable, as opposed to a list the Board would generate for accountability.)

21. Marriage Encouragement ~ "If the wife is happy, the husband will stay." So what will make his wife happy? This needs to be addressed by the Board on a regular basis. Twice a year is very doable. Perhaps also have the Board Chair call her and ask her how they can help out. The Board needs to be both proactive and intentional in this area.