

2023 Guidance for Churches Preparing Terms of Service For Commissioned Ruling Elders and Others

Churches may hire people other than PCUSA ordained pastors to provide worship leadership and pastoral care. In the Presbytery of South Louisiana many churches hire Commission Ruling Elders (CRE) (also known as Commissioned Pastors) to provide these services. Commissioned Ruling Elders are trained and commissioned to a specific service, in many cases to service as pastor for a local congregation. Alternatively, a church may hire a pastor from another denomination, often one from another in the Reformed tradition.

From a compensation standpoint, the similarity of these two is that these worship leaders have not had a relationship with the PCUSA Board of Pensions, as pastors. The Committee on Ministry of the Presbytery of South Louisiana has established the “Terms of Service for CREs and Others” (TOS-CRE+) form to help churches define compensation for their CRE and any other worship leaders not enrolled in the Board of Pensions.

The following is intended as a guide for churches using this form.

Note that the TOS-CRE+ form is for people not ordained as a Minister of Word and Sacrament in PCUSA. If the person you are filling this form out for is an ordained Minister of Word and Sacrament in PCUSA, use either the TOC or TOS-OTP form and its guidance document.

The Presbytery of South Louisiana is not a tax advisor. This guidance is not tax advice.

Basics

It is important to determine the specific service your church is hiring this person for and the hours per week that they are expected to work. This is particularly critical for a someone working part-time. Part-time pastors are generally expected to provide for weekly worship services and moderating of the session, but what about visitation, office hours, committee support, etc.? These expectations should be defined along with the compensation terms. Your COM Liaison can provide you with a “Non-installed Pastor Agreement” to help define expectations. If you are hiring a pastor for part-time, what exactly is your session and congregation agreeing will not be done?

Check the box for the type of person you are hiring:

- CRE – A Commissioned Ruling Elder commissioned by the Presbytery to act as pastor.
- Other – If this contract is not for a CRE, what type of non-PCUSA ordained pastor is this?

Length of this Term – Enter the length of the term that this pastor is being hired for, including the start and end dates. A temporary pastor may be hired for up to twelve months at a time. Terms of service may be renewed only with approval from COM.

Income

Line 1 – Enter the Annual Cash Salary the church is paying the pastor.

Line 2 – Enter the amount the church is providing for housing costs.

- This amount may be used for any costs associated with housing: mortgage, rent, utilities, yard maintenance, furnishing, etc.

Line 3 – Enter the sum of lines 1 and 2.

Lines 4 and 5 – Enter the cost of any forms of income that the church is providing to the pastor that are not subject to payroll tax, such as contributions to a 403b retirement plan.

Line 6 – Enter the sum of lines 3, 4, and 5.

Benefits

CRE's generally do not need or want and benefits. They are most often retired with a pension or other income from a previous job. That is a major reason why CREs are such a wonderful option for some churches.

There are, however, options for churches that want to offer benefits to pastors who may need them. If your church would like to offer benefits, check out the Board of Pensions Options section.

If your church is not planning on offering any benefits, enter zero on lines 7 and 8, and continue.

Line 7 – When the hiring church and the CRE/Other have reached agreement and the Board of Pensions has provided the cost to the church, put this number on line 7.

- If no benefits are offered, enter “zero”.

Line 8 – Enter the amount from line 7.

Allowances

Allowances are forms of income or benefits that are not subject to BOP dues calculations or taxes.

Line 9 – Enter the amount of any additional income not subject to BOP dues or taxes, such as an employer “match” to the pastor’s contribution to a 403b retirement plan.

Line 10 – Enter the amount from line 9.

Total Compensation

Line 11 – Enter the sum of lines 6, 8, and 10.

Reimbursable Expenses

Reimbursable expenses are items that a church will reimburse to a pastor. Receipts or other proof of payment are required to be submitted to the church for repayment.

If items included as Reimbursable Expenses are submitted by the pastor and reimbursed by the church, the reimbursements are not taxable. If expenses are paid to a pastor “up front” and not accounted for, then the allowances are treated as taxable, just like a salary. It is very important to handle expense allowances by vouchered reimbursements.

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The amounts entered into this section are budgeted amounts for church accounting purposes. This money may or may not be spent, depending on if the pastor uses the benefit and submits the needed documentation.

Line 12 – Enter the amount the church has budgeted for the pastor’s use of their automobile for church business.

- The automobile allowance may be reimbursed at the IRS approved rate for mileage, or by the actual operating costs for professional use of the pastor’s automobile.

Line 13 – Enter the amount the church has budgeted for the pastor’s continuing education expenses. (Minimum \$250 for either a full-time or part-time pastor)

- This includes the costs of tuition, travel, seminars, etc.

Line 14 – Enter the amount the church has budgeted for the pastor’s professional expenses.

- This includes books, subscriptions, cost of meals with church members or prospective members, etc.

Line 15 – Enter the amount the church has budgeted for anything else it plans to reimburse to the pastor.

- A common example are the moving expenses for a new pastor. (Note that moving expenses are taxable to the pastor.)
- Another common example is the cost of a cellphone.

Line 16 – Enter the sum of lines 12, 13, 14 and 15.

Total Cost to the Church

Line 17 – Enter the sum of lines 11 and 16.

Other Benefits

In the spaces provided, enter the number of weeks of leave allotted to the pastor.

The Presbytery of South Louisiana has established Terms of Service minimums for pastors contracted for 1 year. Contracts for less time should be prorated accordingly.

- Minimum Leave: Four (4) weeks of vacation, and two (2) weeks study leave.
 - A week includes Sunday
 - Study leave is cumulative up to 3 years. That is, the church must allow their pastor at least 6 weeks of study leave over 3 years.
 - Leave for a part-time pastor is no different from a full-time pastor.

Approval Process

A Terms of Service form must be agreed upon by the CRE/Other, the church's Session, and the Presbytery of South Louisiana through its Committee on Ministry.

The following is the typical approval process (in this order):

1. The Session proposes Terms of Service to the pastor and negotiates until agreement is reached.
2. The Terms of Service sheet is submitted to the COM Liaison, and COM acts to approve, deny, or modify the document.
3. Once the pastor, Session, and COM have agreed, an ink-signed copy is mailed to the Presbytery office the address below or may be scanned and emailed.

PSL Committee on Ministry, 12909 Old Hammond Hwy., Baton Rouge, LA 70816.

Per the Book of Order, Terms of Service must be renewed yearly, at a minimum, including approval by COM.

If a pastor is called to serve in multiple churches, Terms of Service should be completed for each congregation, indicating which benefits each congregation will provide.

Board of Pensions Benefit Options:

Flexible benefit options are available for CREs/Others to address the particular needs of the individual and to support the specific benefits strategy of the congregation being served. While plans such as Pastor’s Participation and Minister’s Choice are not options for CREs/Others, all of the individual benefits within these plans are available based on the hours being worked. In most cases this is a negotiation between the session and the CRE/Other: the church determines what it wants to offer and the CRE/Other counters with what they need. The following table may help.

Board of Pensions Options for Commissioned Ruling Elders and Others

	Pastor’s Participation	Ministers Choice	BOP Employee Select Benefits	Benefit Form
Commissioned Ruling Elder (CRE) or Commissioned Pastor (CP)			optional	TOS-CRE+
Temporary Supply (other denomination)			optional	TOS-CRE+
Other non-PCUSA Ordained			optional	TOS-CRE+

Benefits are available in the following Board of Pensions (BOP) programs:

- Retirement Programs
- Financial Protection Programs
- Health Programs

Some benefits must be paid for by the employing church, some allow for a level of cost sharing between the employer and employee, and others may be paid for entirely by the employee. Some benefits are only available to employees working over 20 hours per week and some have no hourly requirements. Still others are available only when paired with other specific benefits.

The following is a list of benefits that are available, however if the hiring church and the CRE/Other would like to explore these benefits options and their costs to the church and/or the individual, contact the Board of Pensions for specific guidance:

Call the Board of Pensions at 800-773-7752 (800 PRESPLAN) for help.

Line 7 – When the hiring church and the CRE/Other have reached agreement and the Board of Pensions has provided the cost to the church, put this number on line 7.

Line 8 – Enter the amount from line 7.

Available Benefits for CREs and other non-PCUSA Ordained Pastors

This list may not represent all benefits available

Benefit	No hourly requirement	Only if working min. 20 hrs/wk	100% Employer Funded	Available for Cost Sharing
Benefit Pension Plan		X	X	
Retirement Savings Plan	X			X
Death and Disability Plan		X	X	
Term Life Plan		X	X	
Temporary Disability Plan*		X	See Note*	
Long-Term Disability Plan		X	X	
Supplemental Disability		X		X
Supplemental Death		X		X
Medical Plan (PPO, EPO, HDHP)**		X		See Note**
Post-Retirement Medical Plan		X		
Employee Assistance Plan		X		
Dental Plan	X			X
Vision Eyewear	X			X
Health Savings Account (HSA)		X		Must be paired with HDHP Medical
Flexible Spending Account for Dependent Care	X			X
Flexible Spending Account for Healthcare		X		Must be paired with PPO or EPO Medical

Notes:

*Temporary Disability must be 100% employer paid OR 100 employee paid. It may not be split.

**For the Medical Plan, Employers must pay 50% of “Member Only” cost and may share the remainder of “Member Only” cost as well as up to 100% of the cost for additional dependent coverage.