

COMPENSATION GUIDELINES

**A Guide to Compensating Called Workers
Effective July 1, 2016**

Table of Contents

Preface	3
A Bible Study on Compensating Called Workers	4
Compensation Planning Philosophy	6
Plan Objectives	6
Desired Benefits	6
Compensation Plan Components	7
Base Salary	7
Salary Ranges	7
Years of Experience	7
Cost of Living Adjustment (COLA)	7
General Information	7
The COLA Calculation	7
Selecting a Cost of Living Data Source	8
Removing the Housing Component From a Composite Value	8
Determining the Base Salary Multiplier	10
Education	10
Levels of Responsibility	10
General Information	10
General Responsibility Factors	11
Responsibility Examples	11
Calculating the Responsibility Amount	11
Social Security Reimbursement (SECA Tax)	12
Housing Allowance	12
General Information	12
Calculating the Housing Allowance	12
Phase-in Plan	12
Housing Equity	13
General Information	13
Calculating the Housing Equity Allowance	13
Compensation Related Issues	14
Benefit Plans	14
Pension	14
Other Benefits	14
Flexible Spending Plans (Internal Revenue Code Section 125)	14
Business Expenses	15
Tax Planning	15
COMPENSATION PLAN	16
Base Salary Matrix	16
Synodical Salary Range Assignments	17
WELS Compensation Plan Worksheet	18
Appendix A	i
MINISTRY REVIEW	iv

Preface

At its inception in August 1997, the Synodical Council (of the Wisconsin Evangelical Lutheran Synod) set the focus for a new called worker compensation plan. It did so by establishing a Human Resources Committee (HRC) made up of SC members that was charged with the responsibility of developing such a plan.

For about one year, the HRC struggled with the task. The conclusion was reached that an entirely new plan was needed to address the major concerns that were made apparent through extensive survey and discussions held with synodical areas of ministry, calling bodies, knowledgeable laity and called workers from throughout the synod.

The results are outlined in the following documents. The plan is a culmination of four years of research, numerous long meetings and, most importantly, prayer that the efforts would be blessed. It is the hope of the Synodical Council and its Human Resources Committee that the plan and these guidelines may assist calling bodies in their responsibility to provide “double honor” to those workers who serve them and our Lord.

WELS Human Resources Committee
December 2002

Subsequent to the adoption and implementation of the plan, the Synodical Council through its subcommittee, the Compensation Review Committee, has monitored and updated the guidelines to reflecting changing compensation and benefits issues. However, no substantive changes have been made to the guidelines since they were adopted in 2002.

A Bible Study on Compensating Called Workers

Introduction

For the Corinthians the question of how to compensate those who served them with the gospel was initially an easy one to answer. The apostle Paul would not take any compensation. Aware that accepting support from the Corinthians could enable opponents of the gospel to charge that Paul was “in it for the money,” the apostle preached the gospel “free of charge” (1 Cor. 9:18).

Yet in 1 Corinthians Paul has more to say about compensating servants of the gospel than in any of his other epistles. While there is no Bible passage that specifically tells us how to arrive at levels of compensation for called workers, the words of Jesus and his apostles do establish two timeless principles for addressing the issue of compensation.

#1 “Those who preach the gospel should receive their living from the gospel.”

When Jesus sent his seventy-two disciples out to preach the gospel (Luke 10), he told them to stay with the people to whom they were preaching, “eating and drinking whatever they give you, for the worker deserves his wages.” (Luke 10:7) Later, when Paul was addressing the issue of compensation with his coworker Timothy, he quoted those words of Jesus. (See 1 Tim. 5:18)

Read 1 Corinthians 9:1-18.

In Paul’s extensive teaching about compensation in 1 Corinthians 9, he speaks repeatedly about the “right” to compensation.

- ⊥ “Don’t we have the right to food and drink?” (verse 4)
- ⊥ “If others have this right of support from you, shouldn’t we have it all the more? But we did not use this right.” (verse 12)
- ⊥ “...that in preaching the gospel I may offer it free of charge, and so not make use of my rights in preaching it.” (verse 18)

For reasons that had to do with the particular situation in Corinth, while Paul was in Corinth he did not use the right to make his living from the gospel. Instead, he worked, making and selling tents to support himself. But, lest the Corinthians assume that every servant of the Word must serve them free of charge, he very carefully laid out a rationale for the compensation of the public ministers of the Word.

The apostle’s inspired rationale included references to the Old Testament, where the priests who served at the altar shared in what was offered on the altar. He also quoted Deuteronomy 25:4, “Do not muzzle an ox while it is treading out the grain,” and stated that it was ultimately not oxen but people that God was concerned about. Finally, he writes, “The Lord has commanded that those who preach the gospel should earn their living from the gospel.” (1 Cor. 9:14)

For Discussion

1. How does Paul’s reference to soldiers, farmers, and shepherds (verse 7) reinforce his point that those who preach and teach the gospel have a right to expect compensation from those they serve?
2. Would there be any benefit if teachers or pastors today were expected to work to support themselves *and* carry on their ministry as Paul did? What would the down side of such a “tent ministry” be?

#2 Honor for those who preach and teach the gospel is honor for Christ.

A discussion of compensation that begins with called workers asserting their right to compensation—and the calling body grudgingly obliging—has gotten off to a bad start. As Jesus and his apostles describe it, it is joy and thankfulness produced by faith that prompt those who hear the gospel to support those who teach and preach the gospel.

A hymn sometimes sung at the installation of called workers begins with this stanza:

*We bid you welcome in the name Of Jesus our exalted head.
Come as a servant—so he came—**We shall receive you in his stead.***

Those who hear the gospel honor Christ, first of all, by believing the message his messengers deliver. Jesus said, “He who listens to you, listens to me.” (Luke 10:16) Honor is also given to Christ by the manner in which his messengers are treated. Paul advised Timothy, “The elders who direct the affairs of the church well are worthy of double honor, especially those whose work is preaching and teaching.” (1 Tim. 5:17)

Honor can be given in many ways. It’s an attitude. The attitude can be heard in the way we speak to or about those who serve us with the gospel. Honor can also be shown in the compensation given to those who serve us with the Word. In fact, the word Paul uses for “honor” in the passage above can also be translated “pay.” (Cf. *honorarium*, a payment, usually for services which custom or propriety forbids a price to be set)

Paul’s mention of *double* honor is probably not a mathematical formula for arriving at the level of compensation for elders, but rather another way of saying that adequate or ample compensation is to be provided for them.

Put into today’s terms, by the salary it pays and the benefits it provides, a congregation shows honor and respect for its called workers. It hardly shows “double honor” if their support is kept at the poverty or minimum subsistence level. Neither should the pastor expect, however, that “double honor” requires that those he serves make him a man of wealth.ⁱ

Determining the specifics of called worker compensation is similar to determining the level of our individual giving for the Lord’s work. The Bible doesn’t give us specific figures. Rather, the Scriptures acquaint us with the grace of God, who offered his own Son as the sacrifice for sin. Thankfulness for that grace leads to generous giving and ample support for called workers.

For Discussion

1. In 1 Peter 4:10, the apostle Peter instructs, “Each one should use whatever gift he has received to serve others, faithfully administering God’s grace in its various forms.” How does this verse help to explain what Paul means when he says, “The elders who direct the affairs of the church *well* are worthy of double honor”?
2. Agree or disagree? “In determining the level of compensation for called workers, the calling body would be well-advised to draw comparisons with their own job descriptions and income levels.” Give your reasons for agreeing or disagreeing.

ⁱ 1 Timothy, 2 Timothy, Titus, The People’s Bible, Armin Schuetze, p. 82.

Compensation Planning Philosophy

(The following goals and desired outcomes are more fully outlined in the 2002 Report to the Districts, page 79 ff.)

Plan Objectives

Goal #1

“Provide a compensation package that reflects the scriptural principles that pertain to the financial support of called workers.”

Goal #2

“Provide a compensation package that gives the opportunity for those who are served by the gospel to provide financial support to those who serve them with that gospel.”

Goal #3

“Provide a compensation package that enables called workers to provide for the material well-being of their families and devote their energies, time and attention to the work of the public ministry.”

Expected Outcomes

The developers of this compensation plan anticipate it will:

1. Reinforce the scriptural truth that adequate compensation is the responsibility of the church for its called workers.
2. Provide the opportunity to recognize those who serve their Lord well.
3. Encourage continuing education among called workers.
4. Offer flexibility to calling bodies in determining compensation for their workers.
5. Address the present concern of the inadequacy of compensation for many workers.
6. Increase entry-level compensation.

Desired Benefits

It is also anticipated that the plan will:

1. Provide for a spiritual exercise for the calling body and its called workers.
2. Move compensation decision-making to the lowest possible levels within congregations and synodical boards and areas of ministry.
3. Help recognize the wide diversity of responsibilities within WELS.
4. Recognize those who “serve well.”
5. Provide for consistent annual review of compensation levels for workers.

Compensation Plan Components

Base Salary

Base salary is the starting point for developing a total compensation package for all called workers. The entry-level figure of the synod salary matrix (see below) was derived from national averages of survey data taken from the U.S Bureau of Labor Statistics (BLS). Initial, two surveys, the Consumer Expenditure Survey and national per capita income are reviewed annually in order to indicate the entry-level salary. However, significant financial challenges since the mid-2000 have limited changes to the salary matrix to modest increases and two-years where the matrix was frozen.

In November 2002, the WELS Synodical Council approved an additional salary matrix that provides for incremental implementation of the base salary guidelines. The incremental schedule will increase over the next three years to reach the original goals of the compensation plan by July 2005. A calling body is free to choose the appropriate matrix based upon the resources available as compensation planning is undertaken.

Salary Ranges

The salary matrices outlined below provide calling bodies with a flexibility to establish compensation levels based upon a number of factors. The salary ranges (A-H) may be combined in any manner that allows for recognition of differing responsibilities between positions. It is important to understand that a range assignment within the matrix is a continuum with multiple salary points. A specific salary is determined for an individual holding the position based upon call responsibilities, education level attained and years of experience. At least annually, calling bodies should conduct a review to evaluate an individual's range assignment. As with the range assignment, changing call responsibilities and educational levels may lead to a salary adjustment.

Years of Experience

The salary matrix recognizes the value of ministry experience. Originally, the years of experience factor was capped at 30 years. Subsequently, it was expanded to 31 and then 32 years to accommodate two years where the matrix was frozen.

Cost of Living Adjustment (COLA)

General Information

The cost of living varies from region to region in the United States. The Cost of Living Adjustment (COLA) is the component of the compensation package that allows calling bodies to adjust wages to reflect this fact. The COLA multiplier can be positive (cost of living index greater than 100%) or negative (cost of living multiplier less than 100%)

It is important to remember that this adjustment is to reflect living costs apart from housing. This means the calculation will be the same regardless of whether the called worker owns, rents, or has housing provided. This also means that any cost of living index (COLI) must exclude housing as a component of the index. See the "Housing" component of the package for further details on how housing affects compensation.

The COLA Calculation

The actual application of this adjustment is very simple. It only requires multiplying the salary from the

matrix by the appropriate modifier (salary x modifier = COLA). This figure should be reviewed on an annual basis. The modifier must be set by the calling body. Guidelines for determining this value are detailed in the sections below.

Example: With a salary of \$45,000 and a modifier of 109.0%, a COLA of \$4,050 would result (\$45,000 X .09 = \$4,050).

Selecting a Cost of Living Data Source

There are many resources available that provide cost of living information. However, there is not one single source that will work as needed for all WELS calling bodies. This makes it necessary for each calling body to review the available sources and determine for themselves which resource or combination of resources best serves their specific situation.

There are two primary reasons for not being able to designate a specific resource as the final guide for selecting the base salary modifier. First, some resources do not cover an adequate number of locations. Second, some resources do not provide enough information on how their number was derived. This second point is important because of the need to exclude the housing component (see **General Information** above).

Although each of the resources listed below does include housing in their composite number, some of them provide enough information so that this housing element can be mathematically removed. Since housing is often the largest contributing factor to these indices, it is imperative to be able to eliminate that portion in order to have an accurate base salary modifier for our purposes.

The organization ACCRA is one group that has developed a suitable Cost of Living Index (COLI). The WELS Human Resources Office has determined that the methodology they use to calculate COLI is very sound and should be used as the starting point for determining the appropriate base salary modifier. The primary shortcoming of their COLI is the limited number of locations covered each quarter. The composite COLI does include housing. However, ACCRA provides enough information to remove housing from COLI. Instructions for making this calculation can be found in the following section on Removing the Housing Component from the Composite Value.

The COLI data can be found at www.coli.org. ACCRA data for selected areas may be found on the WELS Cloud site under the Human Resources Collection. Specific data may be requested by e-mail to hro@sab.wels.net.

A web site that uses COLI and other information to generate cost of living comparisons is found at www.bestplaces.net.

Three other sites that provide cost of living data are www.homefair.com (under Tools and Calculators) and list.realestate.yahoo.com/re/neighbor (Real Estate > Neighborhood), and <http://cqi.money.cnn.com/tools/costofliving/costofliving.html?step=form>. However, these resources do not provide enough information to allow removal of housing from the data.

Removing the Housing Component From a Composite Value

The cost of living information available from the Internet comes as a composite value that includes housing. As addressed earlier, it is important to mathematically remove that component to obtain an appropriate value for use with this compensation plan. The removal of the housing component from cost of living eliminates a duplication with the separately provided housing/housing allowance element of this plan.

The composite cost of living figure is usually listed as a percentage relative to the average cost of living. The average cost of living is written as 100%. A cost of living of 109% would indicate an area where costs are 9% higher than the average.

Since the composite value is a weighted average of several cost of living components, the information required in order to remove the housing component is as follows:

- The percent weighting of each component
- The specific value of each component

Consider the following example (taken from the www.bestplaces.net web site):

<u>Cost of Living Component (Component Weight)</u>	<u>Relative Percentage</u>
Housing (31%)	117%
Food/Groceries (16%)	102%
Transportation (10%)	102%
Utilities (8%)	95%
Health (5%)	120%
Miscellaneous (30%)	102%
Overall (i.e. the composite-weighted value)	107%

Here we have the information we need, the weighting factors (31% of the composite value comes from housing) and the value for each component (housing = 117% of average).

Note that the weighting factors total 100% (31 + 16 + 10 + 8 + 5 + 30 = 100).

The following steps will remove housing from the composite:

1. Calculate the total weighting of all the components that will remain in composite after removing housing.

That number is $100 - 31 = 69\%$
or $16 + 10 + 8 + 5 + 30 = 69\%$
or $0.16 + 0.10 + 0.08 + 0.05 + 0.30 = 0.69$ (in decimal for Steps 2 & 3).

2. Multiply each remaining component by its weighting factor and add the results.

$$\begin{array}{r}
 .16 \times 102\% = 16.32\% \\
 .10 \times 102\% = 10.2\% \\
 .08 \times 95\% = 7.6\% \\
 .05 \times 120\% = 6.0\% \\
 .30 \times 102\% = 30.6\% \\
 \hline
 70.72\%
 \end{array}$$

3. Divide the cost of living figure without housing from Step 2 (70.72%) by the combined weighting factor calculated in Step 1 (0.69).

$$70.72\% \text{ divided by } .69 = 102.49\%$$

This example is the relative cost of living for Milwaukee (based on 2001 data) with housing removed (compared to 107% of average if housing is included).

Determining the Salary Multiplier from Relative Cost of Living Figures

The salary multiplier (see section **The COLA Calculation** above) is easily determined from the composite cost of living value with housing removed, as calculated in the section above.

Remember that the cost of living figures shown above are relative to an average value of 100%. To determine the multiplier, simply subtract the average percentage from the new composite percentage.

$102.49\% - 100\% = 2.49\%$, or 0.0249 for use as the multiplier to determine COLA (see Section **The COLA Calculation**). Thus in this example, the COLA would be

$$\$26,300 \times .0249 = \$654.87 \text{ (rounded to } \$655\text{)}$$

Note: If the cost of living were less than average, (i.e. less than 100%) a negative multiplier (hence a negative COLA) would result, reflecting the lower cost of living for that area.

Education

This element is considered as rate range assignments are established. For example, the minimal educational expectation (just one component of the Level A range) for an elementary classroom teacher is the Bachelor's Degree. Continuing education toward the Master's Degree would seem to be a worthwhile goal, and as that goal is worked on, the calling body would be encouraged to move that teacher's compensation level along the salary ranges listed from A to C. Salary numbers need not be exactly A, B, or C, but could rather be placed anywhere between the A to C ranges as continuing education proceeds. Similar progression could be applied to principals or secondary teachers as they continue their education toward the Master's Degree, something which would seem especially valuable given their respective callings and levels of responsibility.

Missionaries, counselors, administrators, and all other called workers could be so encouraged. The point is this . . . continuing education should be recognized for all called positions. As additional educational levels are attained and utilized in an individual's call, consideration should be given to moving this salary component to higher levels within the respective ranges. Learning is life-long, and clearly does not stop, even formally, upon graduation.

Levels of Responsibility

General Information

The current compensation package lists nineteen different ministry forms. Each job classification has a built-in set of responsibilities. Some classifications have higher levels of responsibility than others. For example, the job classification of high school principal has more responsibility than that of high school instructor. However, within the same job classification there are often extra duties and responsibilities that may be assigned. This component allows the calling body to recognize these added responsibilities with additional pay.

The responsibility component recognizes additional duties that are assigned to individuals within the same job classification. It is **NOT** the process of measuring how well these or any job responsibilities are being carried out. At this point there is no provision within the compensation package to perform

this type of evaluation.

Some additional assignments may be temporary in nature, lasting only for a year or so. Others may continue from year to year. In either case, the calling body should review each called worker's responsibilities on at least an annual basis. Additional compensation may be considered for those workers who have assumed these additional responsibilities.

General Responsibility Factors

Increased job responsibility can occur in a variety of forms. Any notable change in the complexity of the job or the time required to complete assigned tasks may warrant consideration for additional compensation. Some general factors to consider:

1. Additional time requirements
2. Increased knowledge, skill, or expertise for new assignments
3. Additional decision making
4. Additional communication requirements (motivation, facilitation, negotiation)
5. Increased requirement for critical thinking and problem solving

Responsibility Examples

Following is a list of tasks that could be considered as "additional responsibilities" within a specific job classification. This is by no means an exhaustive list.

1. Administrative Responsibilities
 - a. Supervision of staff
 - b. Budget management
 - c. Leadership/Team building
 - d. Policy development
 - e. Develop operational procedures
 - f. Strategic planning
2. Additional Duties
 - a. Coaching - athletics/athletics-related
 - b. Director of music
 - c. Counseling
 - d. Special programs
 - e. Technology
3. Program Development
 - a. Youth programs
 - b. Adult programs
 - c. Outreach programs

Calculating the Responsibility Amount

The recommended compensation for additional responsibilities should be determined on a sliding scale. That scale could range anywhere from a one to a ten percent increase. These percentages are

based on the salary matrix. Each level is five percent higher than the previous level. (Level B is 5% higher than Level A, Level C is 10% higher than level A). The calling body will have to determine the exact amount on an individual basis.

Social Security Reimbursement (SECA Tax)

Congregations/calling bodies are encouraged to remunerate up to one half of the self-employed social security tax for Ministers of the Gospel. This cash reimbursement is taxable income under current tax code. The reimbursement amount is calculated on salary, cost of living, and housing value (provided or allowance).

Housing Allowance

General Information

Because many called workers have housing provided in the form of a teacherage or parsonage, it is necessary to make the housing allowance a separate component of the compensation package. If we remember this fact, we can better understand how this component is to be applied. The breakout is not required to receive the associated income tax benefits. The tax benefit is achieved by making the appropriate request that lists actual housing expenses. (See the tax planning section for more details). If there were no parsonages or teacherages, this component would not be needed. The base salary could be increased and the cost of living adjustment (COLA) could reflect the regional differences in housing costs.

Each called worker is entitled to a housing allowance. This is part of their total compensation and should not be determined on the basis of need. Two individuals performing the same job should receive the same pay for that job. No consideration, for example, should be given to the size of an individual's family. Nor does it matter if a called worker is head of household. The compensation guidelines attempt to establish a fair wage for a specific job. That fair wage includes the housing allowance regardless of what the actual housing needs are for that individual.

Calculating the Housing Allowance

The cost of housing can vary significantly from region to region within the United States. This variance must be considered when establishing the appropriate amount for this component. Remember that the cost of living adjustment (COLA) does not include the variance in housing costs.

The calling body should determine the average cost of renting a three-bedroom home in the area where the called worker lives or works. This amount should be included as part of compensation for any worker who is not provided housing. Local real estate companies can be of assistance in determining this number.

Phase-in Plan

The housing component potentially represents a major change from pre-2003 compensation packages for some calling bodies. In previous plans, housing may have been considered on an "as needed" basis. The guideline attempt to set a value for each specific job performed. The same compensation would be paid to any person doing that ministry. It is only a bookkeeping type entry that separates this amount into salary and housing allowance.

Because this change could have placed a significant financial burden on some calling bodies, the following phase-in schedule was provided when the guidelines were implemented. Calling bodies may need to consider such a phase-in if they have not previously provided a housing allowance to all called

workers.

- Year 1 Amount equal to the housing equity component (currently \$526)
- Year 2 40% of the housing component for that area
- Year 3 60% of the housing component for that area
- Year 4 80% of the housing component for that area
- Year 5 100% of the housing component for that area

Housing Equity

General Information

Called workers who have housing provided do not have the benefit of accumulating the same housing equity as do their counterparts who receive a housing allowance. This can present a serious problem as these individual's approach retirement. This component of the compensation plan is intended to relieve this problem. Individuals who spend most of their ministry in provided housing will be able to accumulate the funding necessary to provide their own housing upon retirement.

Calculating the Housing Equity Allowance

The recommended amount for this allowance is 2% of the base salary. As of July 1, 2016, the base salary is \$28,856. This would make the Equity Allowance:

$$\$28,856 \times .02 = \$577$$

The base salary is set by the Human Resources Office and could be adjusted annually. Ideally the equity amount could be invested in a tax-free account under the name of the called worker. For more information, see the Tax Planning section of this document.

Compensation Related Issues

Benefit Plans

Pension

Each called worker who works at least half-time during the year is provided coverage in the WELS Pension Plan. Calling bodies pay for the cost of the plan through contribution payments established by the Retirement Program Commission. The plan provides a portion of post-retirement income for the worker. Other sources of post-retirement income needed at the end of a career include a combination of personal savings and Social Security benefits.

Details about the plan are available at www.welsbpo.net or by calling the WELS Benefit Plans Office at 414.256.3860.

Other Benefits

All calling bodies are encouraged to provide health insurance coverage and other benefits as part of their compensation package. While not mandatory, further encouragement is given to participate in the WELS Voluntary Employee Benefit Association (VEBA) Group Health Care Plan.

What is a VEBA? It is a legal entity by which a benefit organization is granted tax-exempt trust status by the IRS. The beneficiary association can provide for the payment of life, sick, accident, or other benefits to their members or their dependents.

In addition to health care coverage, the VEBA Plan provides the following coverage either as part of the plan or as a voluntary benefit:

- Long-term Disability Insurance
- Accidental Death and Dismemberment Insurance
- Group Term Life Insurance (voluntary)
- Dental Insurance (voluntary)
- Medicare Supplement (voluntary)

Details about the plan are available at www.welsbpo.net or by calling the WELS Benefit Plans Office at 414.256.3860.

Flexible Spending Plans (Internal Revenue Code Section 125)

Qualified flexible benefit plans allow workers to pay for certain eligible benefits with pre-tax dollars. This means that contributions are made before almost any income and payroll taxes are calculated and deducted. At the federal level this translates into no FICA (Social Security taxes), Medicare, Federal Unemployment (a tax not applicable to most WELS entities) or income tax. The FICA and Medicare savings apply both to the employee and the employer. In almost all states these plans also allow for no state income taxes to be calculated or deducted on the Section 125 amounts.

Flexible spending plans come in different forms. Some examples are:

- Premium Conversion Plan (premium only plan or POP)
 - Flexible Spending Accounts (FSAs)
 - Full Flex Plans (cafeteria plans)

Since these plans may have complex legal and cost implications, calling bodies are **strongly encouraged** to seek professional advice when considering their establishment. Exploration is underway to provide some form of flexible spending plan through WELS VEBA in which sponsoring WELS organizations may participate.

Business Expenses

Certain business expenses are incurred by workers in carrying out ministry work; calling bodies are urged to recognize such costs and provide for non-taxable reimbursement of such expenses to the fullest extent allowed by law. Such expenses may include the following:

- Car Allowance - IRS per mile rate
- Conference Expenses
- Book Expense
- Office supplies
- Computer Mobile devices such as phones and tablets

Tax Planning

All workers are encouraged to minimize tax liability through careful planning and making use of advantages available to them in the tax laws. The WELS Financial Services area publishes a tax guide for use by calling bodies and individuals that outlines federal tax laws and applies them to practical situations.

Workers and calling bodies are urged to look for professional advice within their local areas when undertaking tax planning.

COMPENSATION PLAN

Base Salary Matrix

Effective 7/1/2016

Range Spread	14,428	15,149	15,871	16,592	17,314	18,035	18,756	19,478
<i>Service Incr.</i>	481	505	530	554	579	603	628	652
Ranges	A	B	C	D	E	F	G	H
<i>Experience</i>								
0	28,856	30,299	31,742	33,184	34,627	36,070	37,513	38,956
1	29,337	30,804	32,272	33,739	35,206	36,673	38,141	39,608
2	29,818	31,309	32,802	34,293	35,785	37,276	38,769	40,260
3	30,299	31,814	33,332	34,847	36,365	37,880	39,397	40,912
4	30,780	32,319	33,862	35,401	36,944	38,483	40,026	41,565
5	31,261	32,824	34,392	35,955	37,523	39,086	40,654	42,217
6	31,742	33,329	34,922	36,509	38,102	39,689	41,282	42,869
7	32,223	33,834	35,452	37,063	38,681	40,292	41,910	43,521
8	32,704	34,339	35,982	37,617	39,260	40,895	42,539	44,174
9	33,184	34,844	36,512	38,171	39,839	41,499	43,167	44,826
10	33,665	35,349	37,042	38,725	40,418	42,102	43,795	45,478
11	34,146	35,854	37,572	39,279	40,998	42,705	44,423	46,131
12	34,627	36,359	38,102	39,833	41,577	43,308	45,051	46,783
13	35,108	36,864	38,632	40,387	42,156	43,911	45,680	47,435
14	35,589	37,369	39,162	40,941	42,735	44,514	46,308	48,087
15	36,070	37,874	39,692	41,496	43,314	45,118	46,936	48,740
16	36,551	38,379	40,222	42,050	43,893	45,721	47,564	49,392
17	37,032	38,884	40,752	42,604	44,472	46,324	48,192	50,044
18	37,513	39,388	41,282	43,158	45,051	46,927	48,821	50,696
19	37,994	39,893	41,812	43,712	45,631	47,530	49,449	51,349
20	38,475	40,398	42,342	44,266	46,210	48,133	50,077	52,001
21	38,956	40,903	42,872	44,820	46,789	48,737	50,705	52,653
22	39,437	41,408	43,402	45,374	47,368	49,340	51,334	53,305
23	39,918	41,913	43,932	45,928	47,947	49,943	51,962	53,958
24	40,398	42,418	44,462	46,482	48,526	50,546	52,590	54,610
25	40,879	42,923	44,992	47,036	49,105	51,149	53,218	55,262
26	41,360	43,428	45,522	47,590	49,684	51,752	53,846	55,914
27	41,841	43,933	46,052	48,144	50,264	52,356	54,475	56,567
28	42,322	44,438	46,582	48,699	50,843	52,959	55,103	57,219
29	42,803	44,943	47,112	49,253	51,422	53,562	55,731	57,871
30	43,284	45,448	47,642	49,807	52,001	54,165	56,359	58,523
31	43,765	45,953	48,172	50,361	52,580	54,768	56,987	59,176
32	44,246	46,458	48,703	50,915	53,159	55,371	57,616	59,828

Synodical Salary Range Assignments

Teacher	A-C	Prep President	D-F
Principal	B-D	College Vice President	D-F
Prep Professor	B-D	College Dean	D-F
Staff Minister	B-D	Seminary Professor	D-F
Prep Vice President	C-E	Seminary Vice President	D-F
Prep Dean	C-E	SAB Administrator	D-F
College Professor	C-E	College President	E-G
Home Missionary	C-E	Seminary President	E-G
World Missionary	C-E		
Associate SAB Administrator	C-E		
Counselor	C-E		

- Notes:
- 1) There is a 50% spread between 0-30 years of experience
 - 2) Each rate range is progressively 5% from rate range A (for example, Rate Range C is 10% greater than Rate Range A)
 - 3) Each called worker's actual salary is determined by finding the applicable experience row and determining the appropriate rate range (For example, a teacher with 10 years' experience should receive a salary between \$33,665 and \$37,042. Salaries greater than \$33,665 would recognize additional education credentials and responsibility levels).
 - 4) The entire salary matrix will be reviewed annually and adjusted as needed to reflect changes occurring in the economy.
 - 5) The basis for the housing equity allowance is the base salary
 - 6) The cost of living adjustments are based on the worker's salary
 - 6) SECA tax reimbursement, housing allowances and housing equity are provided in addition to the salary amount.

WELS Compensation Plan Worksheet

This spreadsheet may be used for calculating the total compensation package for a called worker under the guidelines of the Synodical Compensation Plan effective July 1, 2013

Entry-level salary	\$28,427		
(used to calculate certain elements under this plan)			
		<u>Taxable</u>	<u>Non-taxable</u>
A. Base Salary	A.	\$28,427	\$ 0
(taken from Salary Ranges and Assignments Appendix 2)			
B. Cost of living adjustment (COLA)	B.	\$789	\$ 0
Using ACCRA data or similar COL index factor multiplied by entry-level salary			
C. Annual Housing Allowance			
Using current HUD Fair Market Rental Values or local housing data			
C.		\$9,960	\$ 0
Put value of provided housing under Non-cash column			
D. Social Security Allowance	D.	\$2,997	\$ 0
Reimbursement of 50% of self-employment taxes for Ministers of the Gospel			
Calculated by adding elements A-C above & multiplied by 50% of SECA tax rate (.0765)			
	A. Base Salary	\$28,427	
	B. Cost of Living	\$789	
	C. Housing	\$9,960	
		<u>\$39,176</u> x .0765 = \$2,997	
E. Housing Equity	E.	\$ 0	\$ 568
2% of the entry-level salary for workers w/provided housing			
Assumed to be a deferred tax element under IRC 403(b)			
F. Other annual benefit contributions (sum of 1-5 below)	F.	\$ 0	\$21,514
Assumed as non-taxable fringe benefits under Internal Revenue Code			
1. WELS VEBA Group Health Plan		\$17,772	
2. WELS Pension Plan		\$2,496	
3. Dental plan		\$720	
4. Supplemental retirement		\$526	
5. Other (life, disability or other insurances)		\$ 0	
G. Business Expenses	G.	\$ 0	\$1,430

Costs related to carrying out ministry			
Car Allowance	\$180		
Conferences	\$300		
Books	\$200		
Office Supplies	\$250		
Communications	\$500		
	<u>\$1,430</u>		
		Total	\$42,173
			\$23,512
			\$65,685
		Total Compensation (All elements combined)	

A GUIDE FOR REVIEWING THE MINISTRIES OF PASTORS AND PEOPLE

Introduction

There is no more important work than that which Jesus assigned to his church: "...go and make disciples of all nations" (Matthew 28.19).

There is no greater privilege in life than to serve in the public ministry of Jesus' church, preaching and teaching his gospel "which is the power of God for the salvation of all who believe" (Romans 1.16) its saving message.

There is no organization in the world, other than the Christian church, that has been commissioned by Christ to send out into the world those who will proclaim and teach that saving gospel "...to prepare God's people for works of service, so that the body of Christ may be built up" (Ephesians 4.11).

No one is to teach or preach in the public ministry of the gospel unless he or she is called by the church (Augsburg Confession, XIV). It is incumbent on calling bodies and called workers, therefore, to plan and carry out the gospel ministry together as partners in the Word.

This partnership in the gospel will be in evidence as calling bodies and called workers together review their relationship as they carry out the ministry plan they have established for themselves. Called workers and calling bodies have the joint task of "...mak(ing) disciples throughout the world for time and for eternity, using the gospel in Word and sacraments to win the lost for Christ and to nurture believers for lives of Christian service, all to the glory of God" (WELS Mission Statement).

Calling bodies and called workers, partners in the gospel ministry, are invited to use the following document to facilitate the review of the ministry of pastor and people, evaluate that ministry and make adjustments where mutually agreed upon for winning the lost for Christ and nurturing the believers who are served by them.

To those who are called into the work of the public ministry the Apostle Paul writes says: "Since an overseer is entrusted with God's work, he must be blameless—not overbearing, not quick-tempered, not given to drunkenness, not violent, not pursuing dishonest gain. Rather he must be hospitable, one who loves what is good, who is self-controlled, upright, holy and disciplined. He must hold firmly to the trustworthy message as it has been taught, so that he can encourage others by sound doctrine and refute those who oppose it" (Titus 1.7-9).

Describing the partnership and loving relationship that calling bodies and called workers share, Paul also writes, "I thank my God every time I remember you. In all my prayers for all of you, I always pray with joy because of your partnership in the gospel from the first day until now, being confident of this, that he who began a good work in you will carry it on to completion until the day of Christ Jesus. It is right for me to feel this way about all of you, since I have you in my heart; for whether I am in chains or defending and confirming the gospel, all of you share in God's grace with me" (Philippians 1.3-7).

May this *Guide for Reviewing the Ministries of Pastors and People* be used to strengthen this partnership into which believers are called to serve the kingdom of God together under Christ, the Shepherd of souls.

What follows are eleven categories in which pastors and people work together to nurture and reach out to

people with the gospel. Under each category are listed several specific areas for discussion. It is not anticipated that all of the sub-topics will be discussed. It is suggested that when a called worker and representatives of the calling body meet to review the ministry they do together, they would first agree on which of those sub-topics are to be covered. In following years, the remaining sub-topics will be covered. It is also expected that those sub-topics that will open discussion for known problem areas will most certainly be selected.

The sub-topics can be expanded upon over the years as called workers and calling bodies become familiar with meeting together for ministry review.

The designations CW and CB indicate those areas that will be of particular, but not exclusive, value to the called worker (CW) and/or called body (CB).

1. SPIRITUAL GROWTH - Use of God's Word and promises for personal spiritual strengthening

Personal Bible study (CW/CB); Family time with God's Word (CW/CB); Prayer life (CW/CB); theological reading (CW); public Bible classes (how many; topics; meeting interests and needs) (CW/CB)

2. LEADERSHIP - Pulling as opposed to pushing people

Relationship with boards/committees/staff/organizations/voters (CW/CB); Bible study at board/staff meetings (CW); encouraging one another (CW/CB); conflict resolution (CW); positive attitude vs negative outlook (CW/CB); effective communication with people (CW/CB); taking a day off each week (CW) and providing adequate vacation time (CB); getting proper rest and exercise (CW); spending time away from the desk and with the family (CW); personal money management and care of family (CW); adequate compensation that expresses high regard for the office of the ministry (CB); respectful relationships between minister and people (CW/CB)

3. BUSINESS ACUMEN - Understanding the "business" side of the church

Conducting meaningful meetings that stay on course (CW/CB); making budgets (CW/CB); being forward looking/strategic planning (CW/CB); evaluating the traditional/seeing where there is value in change w/o compromising God's Word (CW/CB); knowing where the business world can assist the work of the church and where it clashes (CW/CB); use of committees/delegating responsibility (CW); organizational skills (CW); encouraging open discussion on issues, not personalities (CW/CB)

4. DECISION-MAKING - The gathering and use of information

Using information in order to make wise and timely decisions (CW); recognizing when a decision needs to be made and making it, and when patience is needed in delaying a decision (CW); working with inactive members (CW/CB); not being satisfied with the status quo when looking for better/additional ways of communicating the gospel and carrying out the mission of the church (CW/CB); building consensus (cf. "Leading to Consensus" by Jason Nelson, *Lutheran Leader*. Northwestern Publishing House. Volume 10, Number 1. Fall 2001)

5. PEOPLE FOCUS (SKILLS) - Christian communication

Empathy (CW); building relationships (CW); Christ-centered, practical law/gospel sermons/Bible studies (CW); communicating thoughts/ideas/plans that show an understanding of the personality and needs of the calling body (CW); having a respectful, caring attitude for others (CW); honest and fair (CW/CB); understanding role as 'Seelsorger' (CW); being an encourager vs critic, a listener vs a lecturer (CW); ability to share different points of view w/o being disagreeable (CW); a good listener/inviting personality (CW)

6. EXECUTION - Working while it is day

Planning and carrying out congregational ministry plan in keeping with the mission statement (CW/CB); accomplishing tasks in a timely fashion (CW/CB); having good time management skills (CW); meeting short/long term goals, understanding the difference between the two (CW/CB); ability to set and fulfill action plans and time lines (CW/CB); use of Internet/computer skills (CW) and other technology (CW/CB)

7. CONSTITUENCY RELATIONSHIPS - Interaction with people/members/colleagues

Empathy (CW); attendance at circuit meetings and conferences (CW/CB); communication with absent members (college students, military) (CW); contact with inactive/less than active members (CW/CB); communication/ intermingling with members and visitors at worship services (CW/CB); relationship with sister congregations (CW/CB); relationship with WELS (CW/CB); making home visits on members and visitors (CW); availability for counseling (CW); visit with homebound and hospitalized (CW)

8. INTEGRITY - High regard for church and ministry

Confidentiality (CW/CB); faithful in the ministry (CW) and in the physical and emotional support of the ministry (CB); building trust and compatibility (CW/CB); being an encourager, not a gossip (CW/CB)

9. EXTERNAL AWARENESS - Contact with the community

Relationship opportunities with community (CW/CB); “having a good reputation with outsiders” (1 Tim 3.7 - CW); use of public media to promote calling body, worship, activities and to share a gospel message (CW); public image in community (property upkeep, outdoor sign messages, website presence with current information that is regularly updated (CB); participation in community activities (highway cleanup, athletic leagues, sponsor/coach child’s sports teams, offer use of building for community blood drive, etc. (CB)

10. CONTINUING EDUCATION/KNOWLEDGE MANAGEMENT - Mind expansion

Attend summer quarter at Mequon (CW); subscribe to church periodicals of WELS and other church bodies, especially other Lutheran church bodies (CW); awareness of social, political, religious and world events and direction (CW); subscribe to secular periodicals, magazines, newspapers (CW)

11. STRATEGIC DIRECTION - Planning the work

Develop ministry plan for church (and school) (CW/CB); worship planning (CW); timely Bible class topics/studies (CW); develop mission statement, communicate it to calling body (CW/CB); relationship to the circuit/district/synod in the overall ministry plan (CW/CB); setting long/short term goals (CW/CB)



MINISTRY REVIEW

Category	Responsibility	Remarks	Goals
Spiritual Growth (use of God's Word and promises for personal spiritual strengthening) Personal bible study Family time w/God's Word Prayer life Theological reading Public Bible classes (how many; topics; meeting interests and needs)	CW/CB CW/CB CW/CB CW CW/CB		
Leadership (pulling as opposed to pushing people) Relationship with boards/committees/staff/organizations/voters Bible study at board/staff meetings Encouraging one another Conflict resolution Positive attitude vs. negative outlook Effective communication with people Taking a day off each week Providing adequate vacation time Getting proper rest and exercise Spending time away from the desk and with the family Personal money management and care of family Adequate compensation that expresses high regard for the office of the ministry Respectful relationships between minister and people	CW/CB CW CW/CB CW CW/CB CW/CB CW CB CW CW CW CB CW/CB		

<p>Business Acumen (understanding the “business” side of the church) Conducting meaningful meetings that stay on course Making budgets Being forward-looking/strategic planning Evaluating the traditional/seeing where there is value in change without compromising God’s Word Knowing where the business world can assist the work of the church and where it clashes Use of committees/delegating responsibility Organizational skills Encouraging open discussion on issues, not personalities</p>	<p>CW/CB CW/CB CW/CB CW/CB CW CW CW/CB</p>		
<p>Decision-Making (the gathering and use of information) Using information in order to make wise and timely decisions Recognizing when a decision needs to be made and making it, and when patience is needed in delaying a decisions Working with inactive members Not being satisfied with the status quo when looking for better/additional ways of communicating the gospel and carrying out the mission of the church Building consensus</p>	<p>CW CW CW/CB CW/CB CW/CB</p>		

<p>People Focus (Skills) (Christian communication)</p> <p>Empathy Building relationships Christ-centered, practical law/gospel sermons/Bible studies Communicating thoughts/ideas/plans that show an understanding of the personality and needs of the calling body Having a respectful, caring attitude for others Honest and fair Understanding role as 'Seelsorger' Being an encourager vs. critic, a listener vs. a lecturer Ability to share different points of view without being disagreeable A good listener/inviting personality</p>	<p>CW CW CW CW CW/CB CW CW CW CW</p>		
<p>Execution (working while it is day)</p> <p>Planning and carrying out congregational ministry plan in keeping with the mission statement Accomplishing tasks in a timely fashion Having good time management skills Meeting short/long-term goals, understanding the difference between the two Ability to set and fulfill action plans and time lines Use of Internet/computer skills Other technology</p>	<p> CW/CB CW/CB CW Cw/CB Cw/CB CW CW/CB</p>		

<p>Constituency Relationships (interaction with people/members/colleagues) Empathy Attendance at circuit meetings and conferences Communication with absent members (college students, military) Contact with inactive/less than active members Communication/intermingling with members and visitors at worship services Relationship with sister congregations Relationship with WELS Making home visits on members and visitors Availability for counseling Visit with homebound and hospitalized</p>	<p>CW CW/CB CW CW/CB CW/CB CW/CB CW/CB CW CW CW</p>		
<p>Integrity (high regard for church and ministry) Confidentiality Faithful in the ministry Faithful in the physical and emotional support of the ministry Building trust and compatibility Being an encourager, not a gossip</p>	<p>CW/CB CW CB CW/CB CW/CB</p>		
<p>External Awareness (contact with the community) Relationship opportunities with community “Having a good reputation with outsiders” I Tim. 3:7 Use of public media to promote calling body, worship, activities and to share a gospel message Public image in community (property upkeep, outdoor sign messages, website presence with current information that is regularly updated Participation in community activities (highway cleanup, athletic leagues, sponsor/coach child’s sports teams, offer use of building for community blood drive, etc.</p>	<p>CW/CB CW CW CB CB</p>		

Continuing Education/Knowledge Management (mind expansion) Attend summer quarter at Mequon Subscribe to church periodicals, of WELS and other church bodies, especially other Lutheran church bodies Awareness of social, political, religious and world events and direction Subscribe to secular periodicals, magazines, newspapers	CW CW CW CW		
Strategic Direction (planning the work) Develop ministry plan for church (and school) Worship planning Timely Bible class topics/studies Develop mission statement, communicate it to calling body Relationship to the circuit/district/synod in the overall ministry plan Setting long/short-term goals	CW/CB CW CW CW/CB CW/CB CW/CB		

NOTES: __

Called Worker

Date

Calling Body

Date