**Packet and Policies for Writing Contracts**

All ordained and non-ordained professional staff persons under contract serving Holland Classis churches shall be provided with a written contract that addresses the topics on the following Checklist. A copy of the contract with a minister shall be submitted to the Classis of Holland (Church Support & Supervision Committee) as well as given to each party in the contract, because all contracts and Calls with ordained ministers require the approval of the Classis (*Book of Church Ord*er, p. 15 2016ed.).

* Important note about ending relationships: The pastoral relationship between the minister and church or congregation may not dissolve without the participation of the Classis whether the relationship is established via a contract or a Call. If the contract has reached its full term and has not been renewed, it is understood that the relationship is dissolving. If the contract is to end before its stated concluding date, the classis involvement in ending the pastoral relationship is paramount. The Classis role is to ensure that the contract obligations have been fulfilled. The Classis’ primary role in any dissolution is to understand why the relationship is ending, to assure clarity in the closure of the relationship, and see that each side is treated fairly.
* The Renewal of the contract should be finalized no less than 60 days before the contract expires. If the contract renewal has not completed by 60 days before its expiration, it is assumed by the classis that the contract is renewed for another year.
* Topics to be addressed in a contract

1. Who are the parties making the contract?
2. What is the purpose of this contract?
3. What is the time period covered by this contract?  
   {Please note that contracts with ministers over age 70 are limited to 12 months or less, and are renewable (BCO 1.II.12.10).}
4. What are the duties to be performed (job description)?
5. To whom is the minister/staff person accountable? Who is the contracted person’s immediate supervisor? Who assesses the job performance?
6. What compensation will be provided?
   1. Salary
   2. Vacation/ Sick leave time
   3. Insurance Package (Health, Dental, Life, Disability, Liability)
   4. Retirement payments
   5. Professional Development
7. What business expense reimbursement is provided (auto allowance, expense account, etc)?
8. How can this contract be ended, by either party, prior to its completion date? What can each party expect of the other if the contract is terminated prior to the completion date? (Right of termination and severance provision clauses)

**CHECKLIST FOR THE APPROVAL OF CONTRACTS**

***Church Support and Supervision (CSS) Team*** uses this list to confirm that contracts are complete

* Are the name of the church and the name of the employee clearly stated?
* Does the position have a title and a BCO status (Minister Under Contract/Assistant Minister/Specialized Transition Minister/Commissioned Pastor/Student under Contract)?
* Does the contract identify the purpose for this position and the desired outcomes for the church and community?
* Are the duties/responsibilities of the position listed or attached in a job description? Please include a copy of the job description, if completed; otherwise include a listing of the duties/responsibilities to be achieved by the holder of this position.
* Are the beginning and ending dates included in the contract?
* What provision is made for the review and renewal of the contract? [Renewal of the contract should be finalized no less than 60 days before the contract expires. If the contract is not completed by 60 days before its expiration, it is assumed by the classis that the contract is renewed for another year.]
* Is the contract for full-time (40 hours), half-time (20-39 hours) or part-time (1-19 hours)? If half-time or part-time, does it state the percent of full-time and the approximate number of hours per week?
* If fulltime, does the contract comply with the minimum salary schedule approved by Holland Classis?
* If half-time or part-time, is the compensation package (salary and benefits) fairly pro-rated?
* Is 11% of the base salary and housing allowance designated for the minister’s Retirement Fund as required? If not, a waiver request must be submitted to the classis for approval.
* Is the required insurance coverage provided, or does the contract promise to reimburse the minister the cost of the premiums paid for insurance on a prorated basis?
* Does the contract include a provision for vacation and professional development? Or common understandings for each stated in the contract? Examples could include; Extra unpaid time off offered as vacation leave.
* If the contract does not meet the minimum salary and benefits as specified by the classis, then is a waiver attached to the contract?
* If a waiver application is submitted, do the circumstances of the church justify the approval of the waiver?
* Does the contract specify how often the employee will be paid?
* Does the contract specify to whom the minister/staff person is accountable or provide supervision?
* Does the contract include a provision for a yearly performance review and who will do the assessment? The annual review is the minimum and Holland Classis encourages a 3-month and/or a 6-month performance review in the employee's first year under the contract for informational and support purposes.
* Does the contract include a clear and fair provision for the termination of the contract? A minimum standard is 60 days’ written notice by either party. If terminated by the church before the renewal date, the minister shall be given no less than two months of severance pay after employment has ended. It is helpful to specify the right of termination and severance provision clauses, even though they may never need to be exercised.
* In addition to the contract, are there provisions for expense reimbursement, such as a car allowance?
* Once the final contract has been agreed upon by every party, is there a spot at the end of the contract for the signatures and the signature dates of each of the following: the church representative, the employee/minister, and the Holland Classis representative?

**Church Support and Supervision (CSS) Team of Holland Classis**

**WORKSHEET FOR CALLS AND CONTRACTS FOR MINISTERS**

Beginning Date for the Call or Contract:

Name of the Church: Number of Confessing Members:

Name of the Minister: Years of Service since Ordination:

If under Call, Circle One: 1) Solo or Senior Minister, or 2) Associate Minister

If under Contract, Circle One: 1) Assistant Minister, 2) Specialized Transition Minister, or 3) Other Contract

If Part-Time, hours of work per week: \_\_\_\_\_\_\_\_ hours, and percent of fulltime: \_\_\_\_\_\_\_\_\_%

**Salary, Housing, and Social Security Requirements**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Description** | **Amount** | **Prorated** |
| 1. | Base Salary (from the *Compensation Guidelines for Ministers)* |  |  |
| 2. | Housing Allowance   * Check here if parsonage plus utilities are provided for the minister; * Check here if 30% of base is designated for housing allowance; * Check here if a set amount designated for housing allowance. |  |  |
| 3. | Total |  |  |
| 4. | Self-Employment Tax – Social Security (7.65 % of base + housing) |  |  |
| 5. | Total Salary |  |  |

**Required Benefits**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Description** | **Amount** | **Prorated** |
| 6. | Retirement (403b) 11% of line 3 (salary and housing); for full-time, EBPH or more |  |  |
| 7. | Medical Insurance Premium for the minister and his/her immediate family   * Check here if medical coverage thru spouse’s employer-sponsored group plan |  |  |
| 8. | Group Life Insurance and AD&D Premium (as provided by the RCA) |  |  |
| 9. | Long Term Disability Insurance Premium (as provided by the RCA) |  |  |
| 10. | Professional Development – 1/52 of line 1 above or more |  |  |
| 11. | Vacation Provided (Circle One): (1) Four Weeks, or (2) Other \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. |  |  |

**Optional Benefits**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Description** | **Amount** | **Prorated** |
| 12. | Health Savings Account (if eligible medical plan is chosen) |  |  |
| 13. | Dental Insurance Coverage (including family) |  |  |
| 14. | Vision Insurance Coverage (including family) |  |  |
| 15. | Supplemental Life Insurance (employee, spouse, and/or children) |  |  |
| 16. | Long Term Care Insurance (including family) |  |  |
| 17. | Resource/Book Allowance |  |  |
| 18. | Sabbatical Allowance/Plan |  |  |
| 19. | Other Allowance |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Covered Business Expenses** | **Amount** | **Prorated** |
|  | * Auto Allowance: 1) Set amount; 2) IRS rate for miles; 3) Other: |  |  |
|  | * Business-Related Expenses (Pastor’s Discretionary Fund) |  |  |

**Instructions**

In the Holland Classis, the Church Support and Supervision (CSS) Team has been given the responsibility to review all calls and contracts (full-time and part-time) between the churches of the classis and ordained ministers. All calls and contracts should be submitted to the Holland Classis Coordinator along with this worksheet. The Classis Coordinator will communicate with the CSS to consider the provisions of the call or contract as provided on this worksheet in comparison with the requirements of the 1) RCA *Book of Church Order,* 2) the *Guidelines for Calls & Contracts Between Ministers and RCA Churches,* and 3) the *Compensation Guidelines for Ministers of Word and Sacrament* approved by the classis. In addition, the CSS has the responsibility to review all contracts on an annual basis as required by the RCA *Book of Church Order (BCO,* 1.II.7.4, 1.II.7.9) to ensure that they comply with any changes to the three documents above. This review should take place whenever salary adjustments are made or near the end of each calendar year.

*Waivers*. All calls and contracts with ministers must meet the *Compensation Guidelines for Ministers of Word and Sacrament* approved by Holland Classis, unless a waiver is approved by Holland Classis CSS. (BCO, 1.I.2.7, 1.II.12.3, 1.II.7.1.n) If a consistory and a pastor agree to less than the minimum salary or benefits, a waiver request, signed by both the pastor and a consistory representative, shall be sent to the Classis Support and Supervision (CSS) Team for Classis approval. *(See the waiver template.)* The classis is not required to grant any waivers of the minimum standard for compensation (salary or benefits). The classis may require that the responsibilities in the call or contract be reduced to reflect the compensation level that the church is able to pay. Waivers will be reviewed on an annual basis for all calls and contracts with ministers of Word and sacrament.

Waivers are required under two conditions: 1) for fulltime calls and contracts that do not meet the Compensation Guidelines approved by the classis, 2) for all calls and contracts that do not include the payment of 11% of base salary and housing allowance to the minister’s Retirement Fund and the required insurances – Medical/Health (including family), Group Life Insurance, and Long-Term Disability Insurance as stipulated by the RCA Board of Benefits.

Note: Ministers employed less than 20 hours per week do not qualify for medical, group life, and long-term disability insurance in the RCA.

Salaries and benefits must be practical and fair. A salary should assure sufficient support so that financial problems do not interfere with a pastor's best work. The salary scale in the *Compensation Guidelines for Ministers of Word and Sacrament is* a minimum standard only. In addition to meeting this standard, the workload, outstanding job performance, and special needs of the pastor should be considered in the process of choosing a salary amount and benefits. For example, the medical plan for the minister should be chosen after considering the health conditions of the minister and his/her family.

**Church Name and Confessing Members**

On top of the worksheet, list the legal name of the church and the number of confessing members reported on the last Consistorial Report filed with the classis. The salary scale in the *Compensation Guidelines for Ministers of Word and Sacrament* uses confessing members as one of the factors in setting the level of salary.

**Minister Name and Years of Service Since Ordination**

List the number of full years of service since ordination occurred (not counting years when minister was not serving in an approved ministry). The salary scale in the *Compensation Guidelines for Ministers of Word and Sacrament* uses years of service since ordination as a minister as one of the factors in setting the level of salary.

**Minister Classifications**

Ministers serving churches fall under two classifications.

* Ministers who receive a call approved by the classis and are installed in the position by the Holland Classis form one group. Installed ministers are further divided into two classifications: 1) solo or senior ministers, and 2)associate ministers
* Ministers who serve churches under an approved contract form another group. Ministers in this group are also divided into two classifications: 1) ministers serving a church without an installed minister on a temporary basis (may be named specialized transition ministers), and 2)assistant ministers serving on staff in a church. *(BCO, 1.II.7.4-6, 1.II.7.9, 1.I.2.8)* See the *Comparison Chart of Installed Ministers and Those Serving under Contract in the RCA* to explore the differences between calls and contracts.

**Half-Time or Part-Time Designation**

If the call or contract is for a half-time (20-39 hours) or part-time position (1-19 hours) normally, please state the hours per week and the percent of full-time work and insert the prorated amount in the right column of the worksheet. The percentage will be used to prorate the salary and benefits, and the hours per week will be used to determine eligibility for insurance benefits. The assumption here it that a church uses 40hours per week as the base for considering the percentage of fulltime work. If the intention is that the minister will be employed full-time, then identifying hours per week isn’t necessary.

Part-time calls and contracts are not fully bound by the compensation guidelines because such agreements can vary significantly. The use of the salary table on a pro-rated basis is helpful and advised. A waiver is required for any call or contract that does not include retirement (see *#6*) and insurance for those working *20* hours or more per week (see *#7, 8,* and *9*). A waiver is not necessary for a part-time contract that does not meet the prorated amount for salary, housing, and social security payments. The approval of the call or contract by CSS is necessary.

**Beginning Date**

The *Compensation Guidelines for Ministers of Word and Sacrament* are approved for use yearly. A church may apply the approved *Guidelines* no later than the start of their next fiscal year.

**Additional Notes *(following the line numbers in the worksheet chart)***

1. **Base Salary**. The salary table in the *Compensation Guidelines for Ministers of Word and Sacrament is* based on years of service since ordination and the number of confessing members of the church. Churches with staff ministries may use the first column *(0-200* members) as a minimum for paying the salary of Associate or Assistant Pastors.
2. **Housing Allowance**. The consistory shall provide the pastor with free use of a parsonage including all utilities, or a housing allowance which equals at least *30%* of the base salary. The amount designated for the housing allowance and reported to the IRS may be adjusted to take advantage of IRS guidelines, as long as total amount in line *3* meets or exceeds the base salary plus *30%* for housing formula. The designation must be recorded in the consistory minutes before the beginning of each year. If a parsonage is provided, an amount from the base salary may be designated as a furnishings allowance. When a parsonage is provided, the *30%* for housing formula is used to calculate the Self-Employment Tax and Retirement payments.
3. **Total**. Payments to the Retirement Fund are based on this amount.
4. **Self-Employment Tax – Social Security**. The Social Security adjustment is added because ministers are required to pay the full Self-Employment tax. Pastors are paid at the rate of one half of the rate payable by a self-employed person – *7.65 %.* This reimbursement is calculated using the base salary plus housing. If a pastor has elected not to be part of the Social Security system, an equal allowance is to be made for another retirement program. The consistory shall require evidence that this other retirement program has benefits comparable to Social Security benefits including Medicare.
5. **Total Salary**. This is the total of the cash salary received by the minister.
6. **Retirement.** Contributions must be made to the RCA Retirement Plan, as stipulated in the call form, to comply with the IRS regulations of the RCA retirement plan document. Contributions must be made for all ministers (no matter the number of hours worked per week) at the rate of 11% of base salary and housing allowance (line 3) or greater. For full-time ministers, the contribution to the Plan must meet or exceed the EBPH level set by the Board of Benefits Services. (BCO, 1.II.12.3)The EBPH amount for each year can be found on the RCA Consistory Center Website: <https://www.rca.org/resources/church-treasurers-and-administrators>. The EBPH letter annually communicated by the RCA contains a number of helpful examples for calculating the Retirement payment.
7. **Medical Insurance.** The consistory must cover the cost of the premiums paid for medical insurance for the minister and his/her immediate family. Such medical insurance coverage shall meet or exceed the minimum standards stipulated by the Board of Benefits Services. When a high deductible health plan is chosen, consideration should be given to using all or part of the savings in premium to establish a Health Savings Account for the minister. If not electing to offer a group medical insurance plan, the church must reimburse the minister for the cost of the premiums paid for medical insurance for the minister and his/her immediate family. A waiver for medical coverage is not needed if family coverage is provided through a spouse’s employer-sponsored group plan. *(If provided, check the box on the worksheet.)* In 2016, the RBA will offer a basic plan, a select plan (CDHP plan), and a premium plan. The basic plan has a $5,000 individual deductible and a $10,000 family deductible. The maximum out-of-pocket cost is $6,000 for an individual and $12,000for a family. While the basic plan will meet the minimum standards of coverage, it is recommended that churches provide coverage that approximates the select plan. (<http://images.rca.org/docs/bobs/GroupMedicalInsurance.pdf)> If working less than 20 hours per week, medical insurance is not required, since employees working less than 20 hours per week are not eligible for the RCA insurance plans. However, since the requirement exists in the RCA Book of Church Order, the CCAT will require a waiver application for any call or contract that does not include the required insurance provisions, with the understanding that waivers for insurance for ministers working less than 20 hours per week will be approved automatically.
8. **Group Life Insurance and AD&D Premium.** Basic Life and Accidental Death and Dismemberment coverages are provided for ministers through the RCA Board of Benefit Services. The consistory must cover the cost of the premiums. If working at least 30 hours per week, the insurance pays up to $175,000for Life or AD&D. If working 20-29 hours per week, the maximum is $100,000. If working less than 20 hours per week, medical, life, and long-term disability insurance are not required, since employees working less than 20 hours per week are not eligible for the RCA insurance plans as offered by the RCA Board of Benefit Services. For the premium sheet, go to: <http://reformedbenefits.org>. Since the premium is small for Group Life and Long-Term Disability Insurance through the RCA, waivers for ministers working at least 20 hours per week will be rare. Besides being a *BCO* requirement, it is in the best interest of the church and the minister to have coverage in place to avoid financial disasters.
9. **Long Term Disability Insurance Premium.** Long Term Disability coverages is provided for ministers through the Reformed Benefits Association or RCA Board of Benefit Services. The consistory must cover the cost of the premiums for ministers working 20 or more hours per week. If working less than 20 hours per week, long-term disability insurance is not required, since employees working less than 20 hours per week are not eligible for the RCA insurance plans as determined by the RCA Board of Benefits Services. The monthly benefit is an amount equal to 60% of covered earnings, up to a maximum benefit of $5,000 per month for a disability resulting from a covered injury or sickness. LTD insurance is communicated annually by the RCA at a specific amount ofcents per $100 of covered monthly pay. Covered pay is 140% of base salary if a parsonage is provided, or 110% of sum of base salary and housing allowance.
10. **Professional Development.** As required in the call form of the *BCO,* a minimum of one week with a stipend equal to not less than 1/52 of the annual minimum base salary (before adjusting the housingallowance) shall be granted each year for professional development. For those working part-time, this amount may be prorated as long as the stipend is equal to not less than 1/52 of the annual salary (excluding housing allowance). By mutual agreement, this time and money may be accumulated up to a maximum equivalent of four years of service. The program of study must be approved by the consistory, and should be mutually beneficial to the church and the pastor. This provision is not a personal saving account for the pastor and does not need to be paid when employment ends.
11. **Health Savings Account.** When a high deductible health plan is chosen, consideration should be given to using all or part of the savings in premium to establish a Health Savings Account for the minister. If no additional amount is designated by the consistory, the minister may designate part of the base salary figure (up to $3,400 for an individual and $6,750 for a family for a Health Savings Account in 2017).
12. **Dental Insurance Coverage.** Dental insurance for the minister and his/her immediate family may be provided through the Reformed Benefits Association (when medical insurance is purchased) or another insurance carrier.
13. **Vision Insurance Coverage.** Vision insurance for the minister and his/her immediate family may be provided through the Reformed Benefits Association (when medical insurance is purchased) or another insurance carrier.
14. **Supplemental Life Insurance.** Supplemental life insurance for the minister and his/her spouse and children may be provided through the Reformed Benefits Association (when medical insurance is purchased) or another insurance carrier.
15. **Long Term Care Insurance.** Long Term Care insurance for the minister and his/her spouse and children may be provided through an insurance carrier other than the Reformed Benefits Association.
16. **Sabbatical Allowance.** It is recommended that a consistory adopt a policy of granting their pastors at least a six-week sabbatical at full salary after each seven years of service with that congregation. The sabbatical shall be scheduled at a time mutually agreed upon by the consistory and the pastor. The plan for the sabbatical shall be approved by the consistory with the clear intention that the sabbatical benefit both the pastor and the church. Compensation provisions shall continue to be paid during the sabbatical period.
17. **Pastoral Business Expense Allowance.** The church may establish a fund to reimburse ministers directly for any qualified business expense. A car allowance is one typical example. Such reimbursements are not taxable income. Although all business purchases made for the church should be reimbursed, designating a discretionary fund for the pastor provides some freedom in deciding how to use that fund.
18. **Other.** Other allowances may be provided, such as cafeteria plans, a cell phone allowance, a book allowance, etc.

**Ministerial Couples:** It is recommended that the consistory of a church served by a ministerial couple be sensitive to the possibility that a shared parsonage benefit or housing allowance can decrease those pastors’ retirement and social security payments thus placing them at a disadvantage when they retire. Those consistories are urged to consider paying more than the minimum retirement and/or social security benefit to correct this inequity.

**Church Growth and Revitalization:** It is suggested that the consistory consider an annual merit increase above the appropriate step in the chart (or above the current salary if already above the minimum annual base salary), when the consistory observes the achievement of health and vitality in the congregation. These suggestions are voluntary and are at the discretion of the consistory.

**Waiver for the Requirements of the Compensation Guidelines**

**for a Minister of Word and Sacrament Serving a Church within**

**Classis of Holland RCA**

The following paragraph appears in the Salary Guidelines for Ministers of Word and Sacrament approved by the Classis:

Waiving the Minimum Salary:  If a church and pastor agree to a less-than-minimum salary, a waiver request, signed by both the pastor and a consistory representative, shall be sent to the appropriate Classis committee for Classis approval.  The waiver request must state the amount and the reasons for the exemption.  A waiver request shall be submitted to the Classis at least three months prior to the effective date.  The compensation forfeited by the waiver is not required to be repaid, unless a repayment agreement is stipulated in the waiver request.

 The following is a template for making this request. All waivers must be reviewed by the Church Support & Supervision Committee of the Classis on an annual basis. Signed copies of this waiver request are to be kept on file by the Consistory, Minister, and Classis.

**WAIVER REQUEST**

Effective Date for this Waiver: Time Period Covered by the Waiver:

The Consistory of the [Name of Church] and the Rev. [Name of Minister] request the following waiver of the minimum requirements of the Salary and Benefits Guidelines approved by the Classis.

The minister is working [full-time or part-time]. If part-time, the minister is working \_\_\_\_\_\_ hours per week, or \_\_\_\_\_\_\_ percent of a full-time position.

1. The consistory and minister are requesting a waiver of the minimum salary so that the salary amount will be [state $ amount]. The Salary Guidelines specify [state $ amount] for this position.

2. The consistory and minister are requesting a waiver of the following benefits that are part of the minimum standards for compensation as approved by the Classis: [List benefits, such as insurance, retirement, housing, Social Security, and professional development. Then, state the value of each item.]

3. State the reason/s for this waiver request.

4. Check which of the following is true:

* It is agreed that the compensation identified within this waiver is forfeited by the minister.
* This request is temporary. The compensation not paid in this waived period will be owed to the minister by the church.

Signature of Consistory Clerk:

Signature of Minister:

Signature of Classis Representative (if approved):