

**Presbytery of Lake Huron
Committee on Ministry
Effective Salary Worksheet**

Definition: Effective Salary is a term used by the Presbyterian Church's Board of Pensions to calculate the annual dues to be paid by a congregation for the benefit of their pastor, associate pastors, and any other covered church employees.

Essentially, dues must be paid on the plan member's total compensation. The only exclusions are reimbursements for direct expenses and/or some contributions to qualified deferred compensation programs. You may use the lines provided below or do your calculations on a separate sheet of paper.

1. \$ _____ Annual cash salary – add back any reductions to cash salary such as:
 - employee contributions to 403(b) plans,
 - employee contributions to tax-sheltered annuity plans, or
 - employee salary reduction contributions to flexible health spending accounts and cafeteria plans.
2. \$ _____ Add any allowances for housing, utilities, or furnishings.
3. \$ _____ Add any church or employing organization contributions to 403(b) plans, tax sheltered annuity plans, or equity allowances.
4. \$ _____ Add any bonuses, overtime pay, non-vouchered professional expense allowances, gifts from employing organization, manse equity allowances (unless contributed to a qualified deferred compensation program). Include year-end or other bonuses, non-vouchered allowances (such as expenses that are not paid through an accountable reimbursement plan), down payment grants for the purchase of a home, savings from interest-free or interest-reduced loans (not loan principal), and gifts paid by the employing organization. (Gifts received directly from private donors or honoraria are NOT included.)
5. \$ _____ Add any other allowances: include all other forms of compensation not otherwise covered on Lines 1-4, including medical deductible and medical expense reimbursement allowances not paid through a group benefit plan, insurance premiums for additional insurance coverage provided for individual employees (premiums for group plan coverage are not included) and others. If an allowance is provided to reimburse Self-Employment Contribution Act (SECA) tax obligations, any amount in excess of 50% of the minister's SECA tax obligation should be included on this line.

\$ _____ Subtotal of lines 1-5.
6. \$ _____ If a manse is provided, its value must be calculated to equal at least 30% of the subtotal of lines 1-5. Add that amount to the subtotal. If a manse is not provided, write zero on this line.
7. \$ _____ Total effective salary (Sum of Lines 1-6). Dues are computed and benefits are determined on this amount.

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