

2019 – Finance Committee Report

In order to properly finance our global and district ministries, we present the following resolutions. The premise on which these are based is the pattern of tithes and offerings, which we teach our people as proper biblical stewardship. The basic principle will be 10% plus missions.

Funding The Mission

1. That each local organized church:
 - a. Give 5.5 percent of its current adjusted income to the District Ministries (which includes all District Auxiliaries i.e. NMI {.225%}, SDMI {.225%}, and NYI {.225%});
 - b. Give 2.25 percent of its current adjusted income to Pensions and Benefits;
 - c. Give 2.25 percent of its current adjusted income to Eastern Nazarene College;
 - d. Give a minimum of 5.5 percent of its current adjusted income to the World Evangelism Fund;
 - e. Send all funds given for District Ministries (including the NMI, SDMI, and NYI auxiliaries), Pensions & Benefits, and Eastern Nazarene College to the district treasurer for distribution; and
 - f. Send the World Evangelism Fund and other Global Mission Special dollars to the general treasurer through the online giving tools at www.fundingthemission.org or mail them to the general treasurer at PO Box 843116, Kansas City, MO 64184.
2. That until a church is officially organized, each church plant give 10% of its current adjusted income, which will be divided between World Evangelism Fund, Pensions & Benefits, Education {ENC}, District Ministries, and the three District Auxiliaries. These funds should all be sent to the district treasurer who will distribute the funds to the various entities.
3. That income for local organized churches and church plants includes all funds which are charitable contributions, less the amount paid to World Missions, Ten Percent Mission Specials, District Missional Ministry pledges and other specials that have been approved.
4. That all local organized churches and church plants send their 10% to the district treasurer by the 10th of each month.
5. That a special pledge will be received at the 2019 District Assembly and that it be designated to go to church plants, and other urban and multicultural missions on the district.

District Finance

6. That the district superintendent receive:
 - a. One month, or 5 weeks for serving 20-29 years, or 6 weeks for serving 30 or more years, vacation with pay.
 - b. Reimbursement for Social Security, and health insurance in compliance with the Affordable Care Act.
 - c. Reimbursement for all district-related expenses including district and denominational conventions, recruitment trips, preachers' meetings, and travel expenses.
 - d. That the district provide to the district superintendent a tax-sheltered annuity as part of his/her compensation package, the amount to be determined by the district

- superintendent.
- e.* Premium coverage for accidental death, travel insurance, and \$20,000 of supplemental life insurance, as provided by the General Board of the Church of the Nazarene or through another company.
 - f.* Premium coverage for disability insurance as developed by the General Board of the Church of the Nazarene.
 - g.* That the district provide to the district superintendent a housing allowance as part of his/her compensation package, the amount to be determined by the district superintendent.
 - h.* A sabbatical leave, similar to the proposal for local pastors.
7. District journals:
 - a.* That the district secretary will make available a “PDF” copy of the district journal to each local organized church and each church plant.
 - b.* That each church and church plant distribute the journal to their officers and church leaders either in “PDF” form or in printed form.
 8. That the cost of the annual Pastors’ and Spouses’ Retreat, less the pastors’ and spouses’ lodging and meals, be included in the District Budget; and that each church provide funds for its pastor’s and spouse’s travel, lodging and meals, at the Pastors’ and Spouses’ Retreat.
 9. That the interest from all interest bearing accounts, except designated funds, be applied to the Church Extension Fund.
 10. That the district financial records be reviewed each year by a qualified accountant within six months of the district assembly with the accountant’s report becoming part of the next year’s district minutes and that the auxiliary records and records of the District Laymen’s Retreat and Williamson Bible Institute be reviewed by a District Auditing Committee.
 11. That the travel allowance for district business be based on one half the current IRS rate (rounded up to the whole cent), plus tolls, meals, and lodging if necessary.
 12. That the salaries and expense accounts in the District Budget be paid on the basis of the district fiscal year.
 13. That the District Advisory Board care for the following matters:
 - a.* Provide for a district missional resource center.
 - b.* That all money received from the sale of properties of disorganized churches, less encumbrances and costs, be received by the District Advisory Board for deposit in the Church Planting Fund (50%) and CEF (50%).
 - c.* That, on request, the District Advisory Board provides local churches with guidance for auditing their financial books.
 - d.* That a pastors’ benevolence fund be maintained to assist pastors in personal emergency situations; that the fund be administered by the District Advisory Board.
 - e.* That any district line item balances at the end of the statistical year be used at the discretion of the District Advisory Board.
 - f.* That all financial matters not provided for in this report be referred to the District Advisory Board for consideration and action throughout the assembly year.
 14. That the chairman of the Assembly Finance Committee appoint a Ministerial Support subcommittee to recommend to the district assembly guidelines for the local churches’ support of pastors, pastoral assistants, and evangelists.
 15. That no district board, committee or other entity shall overspend their district budget line item(s) limit without the prior authorization of the District Advisory Board.

Local Finance

16. We recommend the following:

- a. That each church adopt Basic Local Church Financial Policies based on the template detailed in Appendix D.
- b. That each church be encouraged in the stewardship of its possessions as this relates to wills, annuities, and life loans on behalf of the church, with special emphasis on missions and education; and we encourage every church to utilize the Church of the Nazarene Foundation to facilitate planned and deferred gifts from their members to any Nazarene ministry, including gifts to the local church, and to use the Foundation to manage investment accounts, endowments, or charitable trusts. (Visit www.NazareneFoundation.org or call 866-273-2549.)
- c. That each church provide an annual emphasis on storehouse tithing.
- d. That each church make an annual contribution to the American Bible Society, the Nazarene Bible College, and the Nazarene Theological Seminary.
- e. That each church prepare and adopt an annual comprehensive budget and monitoring system in compliance with the *Manual* ¶129.6-129.7, which shall include denominational allocations; that the tithes and offering amount be sufficient to supplement all special offerings in the budget; that pastors promote support of the tithes and offering items; and that a special attempt be made to meet the budget at least on a monthly basis.
- f. That each church adopt a unified treasury system with all funds in the church account; and that each church treasurer present complete written financial reports including departmental records, balance analysis, year-to-date charts, and denominational allocation status reports to each monthly board meeting. (*Manual* ¶136.3-136.4)
- g. That all churches consider unpaid monthly denominational allocation payments as outstanding accounts to be paid in full before the end of the statistical year.
- h. That each church should retain financial records according to the guidelines supplied by the district auditing committee and records should be periodically reviewed by an external entity.
- i. That all church records be open at all times to examination by the pastor.
- j. That each church uses the services of a banking system, that all accounts are in the name of the church, and that payments are made by the church only.
- k. That the District Missional Resource Center provide for each church, guidelines for their church insurance programs.
- l. That each pastor explore the availability of matching funds through industries of employees contributing to our college, that the use of such matching funds be in strict compliance with the policies of the companies and Eastern Nazarene College, and the pastors secure the printed policies of the companies and Eastern Nazarene College as guidelines.

Respectfully submitted,

E. JAY LEWIS, *Secretary*

RICHARD A. WILSON, *Chairperson*

Appendix B — Funding The Mission 2018-2019

1. That each local organized church:
 - g.* Give 5.5 percent of its current adjusted income to the District Ministries (which includes all district auxiliaries i.e. NMI {.225%}, SDMI {.225%}, and NYI {.225%});
 - h.* Give 2.25 percent of its current adjusted income to Pensions and Benefits;
 - i.* Give 2.25 percent of its current adjusted income to Eastern Nazarene College;
 - j.* Give a minimum of 5.5 percent of its current adjusted income to the World Evangelism Fund;
 - k.* Send all funds given for District Ministries (including NMI, SDMI, and NYI auxiliaries), Pensions & Benefits, and Eastern Nazarene College to the District Treasurer for distribution; and
 - l.* Send the World Evangelism Fund and Ten Percent Mission Special dollars to the General Treasurer through the online giving tools at www.fundingthemission.org or mail them to the General Treasurer at PO Box 843116, Kansas City, MO 64184.
2. That each church plant give 10% of its current adjusted income, which will be divided between World Evangelism Fund, Pensions & Benefits, Education {ENC}, District Ministries, and the three District Auxiliaries. These funds should all be sent to the District Treasurer who will distribute the funds to the various entities.
3. That income for local organized churches and church plants includes all funds which are charitable contributions, less the amount paid to World Missions, Ten Percent Mission Specials, District Missional Ministry pledges and other specials that have been approved.
4. That all local organized churches and church plants send their 10% to the District Treasurer by the 10th of each month.

FUNDING THE



**Mid-Atlantic District Church of the Nazarene
108 Central Avenue, Glen Burnie, MD 21061**

**BASIC PLAN:
10% PLUS Missions
Minimum Goal for Missions
(WEF) = 5.5%**

Every local church on the Mid-Atlantic District is asked to give 5.5 percent of its current income

to the District Ministries (which includes all district allocations, and NMI, SDMI, and NYI); 5.5 percent of its income to the World Evangelism Fund; 2.25 percent to Pensions and Benefits; and 2.25 percent to Eastern Nazarene College. This amount totals 15.5% of the present income. This philosophy is based on the same proportionate giving we teach our people, which is to give a tithe plus missions.

(Note: Mid-Atlantic District approved church plants are asked to give 10% of their current income as allocations, which will be divided between World Evangelism Fund, Pensions & Benefits, Education {ENC}, District Ministries, and the three District Auxiliaries. These funds should all be sent to the District Treasurer who will distribute the funds to the various entities.)

Income for local churches [and church plants] includes all funds which are charitable contributions, **less the amount paid to World Missions, Ten Percent Mission Specials, District Missional Ministry pledges** and other specials that have been approved.

So, the plan looks like this:

At the end of each month:

- Figure your total income for that month
- Subtract those dollars sent to the General Treasurer for World Evangelism Fund
- Subtract those dollars sent in for Mission Approved Specials
- Subtract those dollars sent to the District Treasurer for the District's Missional Ministry Pledge
- Subtract those dollars considered "in and out" monies

10% of that **adjusted income** is to be sent directly to the **Mid-Atlantic District Treasurer, 108 Central Avenue, Glen Burnie, MD 21061** by the 10th of the following month:

Our District Treasurer will distribute that 10% to the following:

- District SDMI
- District NYI
- District NMI
- District Ministries
- Pensions & Benefits
- Eastern Nazarene College

5.5 % of that **adjusted income** is to be sent to the **General Treasurer through the online giving tools at www.fundingthemission.org**, or mail it to the **General Treasurer, Global Treasury Services, PO Box 843116, Kansas City, MO 64184** by the 10th of the following month. **(For approved church plants, your 10% is to be sent to the Mid-Atlantic District Treasurer, who will in turn distribute the amount between the various entities INCLUDING World Evangelism Fund)**

AN ILLUSTRATION:

If your church receives \$10,000.00 in “charitable receipt income” in the month of April 2017, **BUT** \$1,000.00 of that amount was Easter Offering dollars:

\$10,000.00
- 1,000.00 (*because you will be sending this to the General Treasurer*)
\$9,000.00 would be the income on which 15.5% would be based

This means:

10% of \$9,000.00 = \$900.00. This amount is to be sent to the District Treasurer to fund P&B, ENC, District Ministries, and all District Auxiliaries.

5.5% of \$9,000.00 = \$495.00 is to be sent to the General Treasurer for the World Evangelism Fund.

HOWEVER, SINCE \$1,000.00 is designated as Easter Offering, that amount (\$1,000.00) should be sent to the Global Ministry Center marked World Evangelism Fund , Easter Offering (because the Easter Offering is part of WEF). So, you would have overpaid WEF for April by \$505.00.

BUT PLEASE NOTE:

The \$505.00 goes toward your yearly total of 5.5% – so, if your May income was still \$10,000.00 you would not need to send in the full \$550.00. You would only need to send in \$45.00. Total income for April and May = \$20,000 - \$1,000 = \$19,000 x 5.5% = \$1,045; you sent in \$1,000 in April, so you only need to send in \$45 in May.

EXAMPLES of “In and Out” Monies – and monies that are not charitable contributions... could include:

Love offerings for special occasions (with no tax deductions expected)
Registration costs for Women’s Retreats
Registration costs for Men’s Retreats
Registration costs for Youth Retreats
Registration costs for Children’s or Youth Camps
Easter Lilies & Christmas Poinsettias
Rental Income
Facility Income
Revenue from Day Care or Schools
Bank Account Interest
Expense Reimbursements (repayment from a person for something the church purchased on their behalf)

SEE NEXT PAGE FOR EXCLUSIONS

EXAMPLES OF EXCLUSIONS - There are other things that can be deducted from the

“charitable receipt income” total each month. Here are some examples:

- Alabaster
- American Bible Society, Nazarene Bible College & Nazarene Theological Seminary Offerings
- Deputation Offerings
- Distinguished Service Award and Memorial Roll
- Fawn Grove Compassion Center (this is Point to Point Giving on the Funding the Mission website)
- LINKS
- Missionary Christmas Fund and Health Care/Special Remembrances
- Nazarene Compassionate Ministries Fund
- Vacation Bible School Missions Offerings
- World Mission Broadcast

PLUS: District Missional Ministry Pledges (these are taken at District Assembly) and any of the following **District Approved Specials:** (these are all known as Mid-Atlantic District Multi-Cultural Ministries under Point to Point Giving on the Funding the Mission website):

- Baltimore Brooklyn Latino
- Baltimore Lighthouse Community
- Baltimore, MD Mission Work
- Community of Hope (Washington, DC), Inc.
- Community Vision Services
- Fawn Grove Compassion Center
- Magnus Community Development
- Mid-Atlantic District Multicultural Ministries
- Milford Nazarene Compassionate Center
- New Cumberland Compassion Center
- New Start Churches Mid-Atlantic District (Approved District Church Plants)
- Owings Mills Latin American First (formerly called Baltimore Latin American First)
- Shippensburg The Harbor
- Urban Missional Ministries
- W&W-Mid-Atlantic
- York, PA Journey House
- York, PA Rainbow Express/Inner City Ministries
- York City, PA

*Appendix C — Ministerial Support Committee
Outline of Report*

- I. Salary
 - 1. Full-time Pastors
 - 2. Setting the Pastor's Cash Salary
 - 3. Compensation Considerations
 - 4. Salary Review
 - 5. Housing
 - 6. Bi-vocational Arrangements
 - 7. New Pastor Consideration
- II. Employee Benefits
 - 8. Structuring Compensation Packages
 - 9. Social Security Reimbursement
 - 10. Figuring the Social Security Tax
 - 11. Vacations
 - 12. Paternity/Maternity Leave
- III. Other Benefits
 - 13. Continuing Education
 - 14. Regular Days Off
 - 15. Rest, Renewal and Spiritual Growth
 - 16. Daily Prayer for the Pastor and Family
 - 17. Pastoral Staff Appreciation and Care
 - 18. Marriage Renewal Retreat
 - 19. Fund for Regional and General Conferences
- IV. Local Church Expenses
 - 20. Professional Expenses
 - 21. Auto Reimbursement
 - 22. Moving Expenses
 - 23. Pastor's Christmas Gift
 - 24. Pastor's Office
- V. Retirement Considerations
 - 25. Tax-sheltered Annuity
 - 26. Pensions and Benefits Budget
- VI. Insurance Considerations
 - 27. Health Insurance Statement
 - 28. Term Life Insurance
 - 29. Income Protection Plan
 - 30. Professional Liability Insurance
- VII. Action Items
 - 31. District-Sponsored Financial Seminars
 - 32. Report Distribution
- VIII. Benevolence
 - 33. Christmas Assistance
 - 34. Retired Pastors, Evangelists, and Missionaries (and spouses)
- IX. Evangelist's Support

- 35. Evangelist's Remuneration
- 36. Evangelist's Christmas Gift
- 37. Resident Evangelists
- X. Pulpit Supply
 - 38. Retired Ministers
 - 39. Compensation for Pulpit Supply
- XI. Pastoral Sabbath Rest
 - 40. The Sabbatical

The purpose of the Ministerial Support Committee is to encourage each church's affirmation and care of its minister(s) and his/her family. Support of the minister by the church is an expression of the belief in the call of God on the minister's life.

We believe that the churches have a right to expect spiritual and administrative leadership from their pastors, and that they are in turn responsible to provide their ministers with an adequate living and contribute to a respectable retirement. We also believe that the pastors' salary and support should be the first priority in every church's financial obligations.

We recommend that the church board or an appropriately assigned committee review all pertinent portions of this report in preparation for the annual budget meeting.

We further recommend:

I. Salary

1. That each church strives toward the goal of employing its lead pastor on a full-time basis.
2. That our churches be guided in setting the lead pastor's minimum cash salary by the following formula: 20 percent of the amount Raised for All Purposes up to \$100,000 + 7 percent of the excess above \$100,000.
3. Consideration should be given that compensation should reflect the pastor's position within the local church and within the community. Compensation should also reflect the length of experience, level of education, demonstration of capability, productivity, length of service, and level of successful leadership in the management of the local church.
4. That church boards review pastor and pastoral staff compensation at least once a year with consideration given to both (1) merit increase, and (2) increase for cost of living. It is important to note that failure to provide a cost-of-living increase to the pastor actually results in a salary reduction equal to the inflation experienced during the year in question. This is why cost-of-living and merit increases should be simultaneously considered.
 - a. The total package, salary and benefits such as housing allowance, insurance and social security (self-employment tax), should be analyzed.
 - b. If this analysis shows that an increase is needed, especially in the area of salary, that a two-to-five year plan of raises and/or benefit increases be instituted to bring the total compensation package to a suitable level.
 - c. Church boards are encouraged to look beyond current resources and ask themselves, "if the finances were not a restriction, what should our pastor and staff be making?", and then establish their financial goals.

The local church board secretary shall notify the district leadership of any increase/decrease given to the pastoral staff.

5. That each church provides housing for all full-time pastoral staff. Realizing that a home is one element of retirement, we encourage churches to adopt one of the following options:

Option One — Establishment by the church board of a monthly housing allowance. To implement the housing allowance method, we recommend consideration for the following guidelines:

- a. The following items should be included in the calculations:

- (1) Mortgage payment
- (2) Insurance
- (3) Utilities
- (4) Property taxes

Note: This must all be done in conformity with Internal Revenue Service regulations.

- b. Provide for assistance with down payment and closing costs. Government regulations allow for no-interest loans to be made.
- c. Funding possibilities to enable a church to change from providing a parsonage to providing a housing allowance include:

- (1) The sale of the present parsonage(s) (refer to *Manual* paragraph 104) and the investment of the proceeds from the sale in an investment fund to generate revenue for the housing allowance.
- (2) The pastor may want to buy the parsonage. If so, the church can establish the Housing allowance, the pastor obtains a loan; the church invests the proceeds and pays the housing allowance to the pastor, who in turn pays the mortgage payments.

Option Two — The church provides housing for all full-time pastoral staff in the form of a parsonage and utilities. Realizing that housing is a key element for the retirement years, the church will pay into the full-time staff person's equity housing fund. It is important that you follow IRS guidelines in setting up this fund. We recommend the following for this fund:

- a. A fund would be established for each full-time staff member.
- b. The fund would follow the full-time staff member from church to church.
- c. Each church should consider an annual amount of \$1,500 to \$2,500 for the equity fund.

This option would enable the local church to keep a parsonage, while enabling the fulltime staff to develop a fund for retirement housing.

6. For reference, the total salary and benefits package for church staff (pastoral and support) is suggested to be no more than 45-50% of Total Income in Operational Budget.
7. That when a church cannot support a salary and benefits package that meets the financial needs of their pastor, they allow their pastor to be bi-vocational with their permission and blessing. The pastor should be allowed to work enough hours outside the church to meet his or her financial needs. Pastors should not consider working more hours than necessary to meet their financial needs. In determining whether the pastor should be considered full-time, churches should only take into consideration compensation for pastoral services.

II. Employee Benefits

8. Pastoral compensation packages should be discussed between the pastor and the church board to maximize allowable Internal Revenue Service tax exclusions. When structuring the

package for housing allowance for example, the following should not only be evaluated from the standpoint of compensation but also based on the tax impact.

- a. Full rent or mortgage payment
- b. Insurance (both property and contents)
- c. Property taxes
- d. Improvements
- e. Furniture: purchase and repairs
- f. Furnishings: purchase and repairs
- g. Utilities and homeowners association dues
- h. Cleaning
- i. Repairs, maintenance and remodeling to home
- j. Landscaping
- k. Alarm systems
- l. Internet and cable or satellite television

Another area that should be evaluated from the standpoint of both compensation and tax impact is health/dental insurance/expenditures.

9. That each church reimburses all pastoral staff for their full Social Security tax, and that the reimbursement payments are made at least quarterly or proportionately with each salary check.

10. The **2019** SECA tax rate for the self-employed pastor is 15.3 percent. The formula for figuring the pastor's Social Security is:

- a. Pastor's annual cash salary: \$ _____
- b. Add housing and/or fair rental value of parsonage: \$ _____
- c. Total of a and b: \$ _____
- d. Multiply by .153: \$ _____
- e. Divide by .847: \$ _____
- f. This amount equals the Social Security: \$ _____

11. That all ministers on the church staff be granted vacation with salary and pulpit supply paid by the church. That dates scheduled for vacation be set at their discretion with approval of the senior/lead pastor and the church board. A full vacation week is to include seven consecutive days. That vacation time shall be based on the following formula:

- a. At least two weeks for pastors serving the denomination for the first four years
- b. At least three weeks for pastors serving the denomination for 5 to 9 years
- c. At least four weeks for pastors serving the denomination for 10 to 19 years
- d. At least five weeks for pastors serving the denomination for 20 to 29 years
- e. At least six weeks for pastors serving the denomination for 30 or more years

It is recommended that each pastor and associate(s) adopt the church year for the purpose of scheduling vacation time. Vacation time should not accumulate from year to year without the approval of the church board. Time spent at district and general church functions should not be counted as vacation or time off because attendance at these functions is part of the pastor's official duties.

12. That all paid ministers on the church staff be granted at least 3 weeks paternity paid leave or 6 weeks maternity paid leave. Volunteer staff should be offered the same leave times. In cases of adoption we recommend that the local church, {initiate conversation with the pastoral family as to what might be appropriate and helpful} ***because of the variety of types of adoptions, (i.e. foster care adoptions, overseas adoptions, etc) initiate conversation on a***

individual basis.

III. Other Benefits

13. a. That each church encourages all of its pastoral staff to enrich their ministerial training by providing funds to permit them to engage in some form of advanced or continuing education, such as ministerial conventions, seminars, directed studies, and special college and seminary courses, b. or the purchase of professional development materials and the payment of professional dues. That each church, recognizing the intensity of duties on the Lord's day, insist that their pastors take at least one full day off each week or its equivalent for worship and rest. Since this is not always possible, we recommend that the day off be carried over. Also, personal time should be taken at a time of the pastors' own choosing and is in addition to national holidays. In addition, the church board should be sensitive to particularly stressful time periods, and grant additional time off as needed.
14. That churches consider granting the pastors times away for rest, renewal, prayer, and spiritual growth. In addition, we recommend that the pastors be given at least one week off each year for study. This would not be a vacation but a serious means of strengthening the minister and their service. No minister can keep high standards without planned and consistent learning. This could include attendance at a minister's workshop, class or any Lifelong Learning opportunity.
15. The church board should provide leadership in organizing and implementing daily prayer on behalf of their pastors and families.
16. That each local church organize a board committee to assist in improving and facilitating care of the pastoral staff. The committee shall pray for and encourage the pastoral staff and their families in every way possible. It shall be the duty of the committee to oversee and facilitate all special and seasonal expressions of love given to the pastoral staff and their families. They are also to be aware of and coordinate practical ways of assisting the pastoral staff and their families (e.g. provision for child care for church retreats, conventions, and assemblies, etc.) and help find ways as a church to minister to the children of the pastors and staff. That considering the high rate of stress ministry places on clergy couples, each church should encourage and enable its full-time ministers to attend periodic marriage enrichment retreats, paying all expenses, and not consider this as vacation time.
17. That our churches, wherever possible, establish a fund to pay expenses of their pastoral staff and spouse(s) to attend evangelism conferences, general assembly, PALCON, WILCON, District Pastors' & Spouse Retreat, and other district, regional, and general conferences and retreats.

IV. Local Church Expenses

18. That the following professional expenses incurred on official church business, and not reimbursed by the district or other sources, be reimbursed through an accountable plan for all pastoral staff in addition to their salary:
 - a. Entertainment: home & restaurants (housing church guests, etc.)
 - b. Business Meals
 - c. Ministry-related gifts (wedding, baby, etc.) and Benevolent gifts
 - d. Assemblies, conventions, continuing education expenses:
 - Registration fees, Air/train/bus/car rental, Lodging/tips/laundry, Meals and tips
19. That the local church provides an auto reimbursement:

- a. Through an accountable reimbursement plan at the current IRS-accepted mileage rate per business mile (such plan should meet the minimum reporting requirements as set forth by the U.S. tax code).
 - b. Or provides a church-owned and maintained vehicle for the pastor's use.
- 20. That the moving expenses of incoming full-time pastoral staff be paid by the local church, including taxes on automobile and other taxable property (when applicable), and to give an amount equal to an extra week's salary for miscellaneous expenses for relocation. Consideration should be made for the moving expenses of a retiring pastor and incoming part-time staff.
- 21. That each church remembers the pastoral staff and families with a generous Christmas gift (e.g., one week's cash salary).
- 22. That the church provides a comfortable and well-equipped office-study for the pastor's use. This provision should include necessary equipment such as telephone (land and mobile), computer (with internet access), and all necessary supplies, postage, and secretarial help as needed.

V. Retirement Considerations

- 23. That each church fund a tax-sheltered annuity for pastoral staff, in addition to their cash salary, in an amount equal to at least 5 percent (a minimum of \$500 per year and not to exceed the maximum amount allowable by law) of the pastor's annual cash salary, using Pensions and Benefits USA Supplement Retirement Plan or equivalent.
- 24. That each church pay 10% of their current adjusted monthly income to the District Missional Resource Center in order to fulfill the Pensions and Benefits Allocation that will assure maximum retirement and life insurance benefits for their pastor from Pensions and Benefits USA.

VI. Insurance Considerations

- 25. We recommend that each church work with their pastoral staff to provide the best health insurance coverage possible. If the pastor chooses to use the Federal or State Exchanges in acquiring health insurance, please be aware of the ever-changing rules and regulations in how the church is or is not permitted to cover this cost. You may contact the district treasurer for additional guidance.

Churches that employ retired ministers as paid staff are encouraged to give consideration to covering the cost of providing supplemental health insurance, but be sure to follow the current Affordable Care Act guidelines.

- 26. Churches are strongly encouraged to provide term life insurance for their pastor and pastoral staff.
 - a. By participating in the district-arranged term life insurance, paying the premium out of the local church budget. The district will arrange for basic term life insurance for all assigned ministers and fulltime ministerial staff (associates) who are on the payroll of churches for the Mid-Atlantic District Church of the Nazarene. Premiums for those ministers employed by the district and for senior pastors serving organized churches or church plants whose total church income is less than \$40,000, line 32 on the APR (Annual Pastor's Report), and for active evangelists (those holding six or more

revivals in the previous year) will be paid out of the Ministerial Resource Fund. Churches providing this coverage are requested to pay the premium on an annual basis to the district treasurer upon receiving the invoice.

- b.* By some other option at an equal amount of coverage or more. The district coverage amount should be considered a minimum.
29. That each church considers adoption of the general church's income protection plan (disability insurance), and accidental death and dismemberment insurance plan. That it be recognized as a Christian responsibility to give the pastor sick leave with full pay up to 90 days; and that if the illness continues longer, the termination of the leave should be determined by the local church board in consultation with the District Superintendent.
30. That each church should provide a professional liability rider on the church insurance policy for the pastor/staff.

VII. Action Items

31. That the Ministerial Support Subcommittee plan and implement a seminar as a part of TEAM Day and recommend knowledgeable finance and tax consultants available to assist the pastors, church treasurers and the church's financial committees and/or trustees in financial areas, income tax management and retirement planning for the pastor.
32. That the Ministerial Support Committee report be sent to all pastors and/or church board secretaries by internet means to their boards in a fall board meeting. The church board needs to reply back to the district any action that was taken.

VIII. Benevolence

33. Those churches that are able should give material assistance at Christmas to other pastors and their families who are in situations of specific need. Churches should contact the District Superintendent for the names of those pastors and staff members who need such assistance.
34. That churches honor retired pastors, evangelists, and missionaries (and their spouses) who are a part of their congregation by remembering them appropriately on their birthdays, wedding anniversary, Christmas, etc. Churches that are able should give financial assistance and also help the above attend district assembly, pastors and spouse retreat, etc.

IX. Evangelist's Support

35. That each church upon calling an evangelist provide remuneration in an amount equal to twice the pastor's weekly cash salary for the number of Sundays of the meeting; that consideration be given to reimbursing travel expenses and health insurance premium; that proportional reimbursement be given for Social Security tax; and that the amount of remuneration be communicated to the evangelist before the meeting.
36. That each evangelist called by a local church, within the present church year, be remembered at Christmas with a cash gift of at least \$25. (Take out "of at least \$25")
37. That each local church which has a commissioned evangelist who supports that church with tithes and offerings consider helping the evangelist with expenses to each evangelism conference and general assembly; and that the district consider helping each commissioned evangelist on its rolls with expenses to each conference on evangelism and general assembly.

X. Pulpit Supply

38. We recommend that retired ministers be employed for pulpit supply as frequently as possible. Retired ministers live on limited retirement benefits and may welcome the opportunity to

provide pulpit supply. Retired ministers are a source of experience and expertise that should be utilized by the local church.

39. A minimum amount for pulpit supply should be \$75.00 to \$150.00 plus consideration of travel expenses.

XI. Pastoral Sabbath Rest

40. The Sabbatical: Senior/lead pastor or full-time pastoral staff needs to take a Sabbath rest to, among other things, prevent burn-out and provide time for reflection, leadership renewal, and spiritual growth. The church board is encouraged to initiate discussion about a Sabbath rest with their pastor.
- a. What is the need? One of the church's chief stewardship challenges is to maintain a high level of proficiency among its leadership. In our culture, busyness is a badge of usefulness and exhaustion the proof of efficiency. In the midst of such a culture, the church of Jesus Christ must once again hear the call to Sabbath rest.
 - b. Where did the idea come from? The concept of Sabbath rest is a cyclical season of renewal for the minister and the ministry that is modeled by God following creation and by Jesus as he took his disciples on retreat following intense times of mission.
 - c. What is its purpose? Sabbath rest is a time to receive, to be nurtured, to dig deeper into oneself, into one's relationship with God. As our model for ministry, Jesus Christ frequently found Sabbath rest. There is nothing that will put an end to effective pastoral leadership more quickly than a loss of perspective. Perspective is gained, maintained, and sharpened in the reflective process known as Sabbath rest. Sabbath rest finds its purpose in:
 - (1) Professional and vocational renewal.
 - (2) Call and career assessment and revitalization.
 - (3) The renewing of the vision of/for ministry.
 - d. The benefits of the sabbatical for the pastoral staff member and congregation are to:
 - (1) Express gratitude and high value to the pastoral staff member.
 - (2) Share in the building of the pastor for continued service.
 - (3) Strengthen the relationship between pastor and congregation. For the church, recognition of God's call to Sabbath rest is a ready and honest admission that there is not an inexhaustible supply of adequate pastoral leadership.
 - e. Why? Therefore, recognizing the normal routines often do not provide for reflection and renewal of the vision and mission of the pastor's ministry, we recommend that the congregation provide a sabbatical for the pastoral staff.
 - f. Who is eligible? The following two conditions must be met. First, be a senior/lead pastor, full-time pastoral staff member or district superintendent. (Note: senior/lead pastor and full-time staff members are eligible whether they are ordained or not). Second, be in full-time ministry for five consecutive years.
 - g. When should this be considered? After they have been with their current congregation for five consecutive years and every fifth year thereafter or more often as the church deems beneficial.
 - h. Duration of the sabbatical? The sabbatical should be a minimum of four to six weeks. As a general rule, the thought is that four weeks may be sufficient early and late in a pastor's career, and more time may be more appropriate during the in-between years.

- i.* How will timing be set? The timing of the sabbatical leave shall take into consideration the needs of the congregation, the scheduling needs from the pastor's proposal, and other pertinent concerns as may be established.
- j.* How does the sabbatical leave relate to vacation, etc.? During the year of the sabbatical, time ordinarily allotted for continuing education will not be reduced. Vacation time will not be reduced because of the sabbatical leave, nor will it be used to extend the sabbatical period.
- k.* What will the pastor's remuneration be during the sabbatical? The financial support of the pastor during the sabbatical period will include full salary and retirement benefits, insurance and social security and travel and entertainment allowance. A stipend will also be provided, with the amount to be determined by the board after the consideration of the application and proposal.
- l.* Process:
 - (1) A Sabbatical Committee will be formed, with the composition determined by the pastor and church board.
 - (2) A written proposal shall be developed by the candidate and the Sabbatical Committee and presented to the church board at least six months prior to the beginning of the desired sabbatical. The proposal shall include the expectations of the leave, focus of the leave, travel plans, and a listing of the church tasks to be cared for in the absence of the pastor.
 - (3) No personnel changes shall be made without consulting the pastor.
 - (4) No two members of the pastoral staff may be on sabbatical leave at the same time except by special permission of the church board.
 - (5) Mutual communication between the pastor and the Sabbatical Committee during the leave period will be determined prior to the sabbatical.
 - (6) An evaluation of the sabbatical leave will be viewed in terms of both ministerial and congregational impact. The pastor and the Sabbatical Committee will each prepare a written report within the first six months after he or she returns. The report will be presented to the church board. A copy of each of the reviews will also be forwarded to the District Superintendent for his information and review, along with a copy of the evaluations.
- m.* Sabbath Rest Planning and Preparation. We recommend the following as steps of planning and preparation for the pastor, prior to the Sabbath rest.
 - (1) Allow six months to plan the Sabbath rest.
 - (2) Develop a plan in which the Sabbath Rest Committee and church board mutually agree.
 - (3) Timing is vital. There's a time to work, and there's a time to rest.
 - (4) Use a consultant or mentor to help/assist you in: planning — objectively, and evaluating — objectively.
 - (5) Search out program resources.
 - (6) Ask for congregational and church board input for the development of your plan.
 - (7) Organize your financial arrangements. Extra expense may be incurred during Sabbath rest.
 - (8) Plan to keep a daily journal.
 - (9) Make travel plans that will remove you from your normal routine.

- (10) Ask yourself the following: What do I want to happen to me personally? How do I want the Sabbath rest to affect my family/spouse? How would I like the congregation to benefit? Hope builds on the dreams that God reawakens in us. As we walk in pilgrimage with Him, He renews us to lead again the people committed to our charge.
- (11) Additional information on planning for sabbaticals may be obtained at the following website:
<http://usacanadaregion.org/global-clergy-development>. You then scroll down and click on the link "Sabbatical Resources".

Disclaimer

These guidelines are not intended to serve as tax advice. Questions regarding tax issues should be directed to a qualified consultant. Contact the district office or international headquarters for additional help.

Appendix D – Ministerial Support Short Form

The local church should support its pastoral staff to affirm the call of God on the minister's life. Churches should expect spiritual and administrative leadership from their pastors, and should provide an adequate living and contribute to a respectable retirement. Please consult the Ministerial Support Committee report in the Mission Advance booklet or contact the District Advisory Board for more information on any specific items below.

I. Guidelines for Pastoral Compensation

- Strive to employ the lead pastor on a full-time basis.
- Use the following formula to determine the lead pastor's minimum cash salary: 20 percent of funds Raised for All Purposes up to \$100,000 + 7 percent above that amount.
- Consider other factors when setting compensation, including the pastor's position within the local church and community; experience, level of education, demonstration of capability, productivity, and length of service in the local church.
- Review pastoral staff compensation at least once a year to consider both merit and cost of living increases.
- Provide housing for all full-time pastoral staff, either by establishing a monthly housing allowance or by providing a parsonage.
- 1. A housing allowance must conform to Internal Revenue Service regulations, and should consider costs of a mortgage payment, insurance, utilities, and property taxes.
- 2. If a parsonage is provided, the church should pay into an equity housing fund that conforms to IRS guidelines. The fund would follow the full-time staff member from church to church, enabling the fulltime staff to develop a fund for retirement housing.
- Affirm and bless bi-vocational ministry if unable to support a salary and benefits package that meets the pastor's financial needs. Pastors should consider working only enough hours to meet their financial needs.

II. Employee Benefits

- Discuss pastoral compensation packages with the pastor to maximize allowable Internal Revenue Service tax exclusions, such as full rent or mortgage payment; insurance; property taxes; improvements; furnishings: purchase and repairs; utilities; internet and cable or satellite television, health and dental expenses; etc.
- Reimburse all pastoral staff for their full Social Security tax with payments made at least quarterly or proportionately with each salary check.
- Grant vacation with full salary. Vacation time should not accumulate from year to year without the approval of the church board. Time spent at district and general church functions should not be counted as vacation. A full vacation week should include seven consecutive days and the number of weeks given for vacation should increase according to years of service.
- Grant all paid ministers on the church staff at least three weeks paid paternity leave or six weeks paid maternity leave. Encourage volunteer staff to take the same leave times. Initiate conversations with the pastoral family to determine the appropriate time needed to complete the adoption process.

III. Other Benefits

- Encourage all pastoral staff to enrich their ministerial training by providing funds to engage in some form of advanced or continuing education.
- Insist that pastors take at least one full day off each week for worship and rest.
- Organize and implement daily prayer on behalf of pastors and families.
- Consider organizing a board committee to facilitate care of the pastoral staff, including prayer for the pastoral staff and their families
- Encourage and enable full-time ministers to attend periodic marriage enrichment retreats, paying all expenses, and not consider this as vacation time.
- Wherever possible, establish a fund to pay expenses of pastoral staff and spouse(s) to attend retreats such as evangelism conferences and other district, regional, and general conferences and retreats.

IV. Local Church Expenses

- Reimburse expenses incurred by pastoral staff on official church business—such as meals, mileage, ministry-related gifts, and moving expenses--through an accountable plan.
- Remember pastoral staff and families with a generous Christmas gift.
- Provide a comfortable and well-equipped office or study for the pastor's use.

V. Retirement Considerations

- Fund a tax-sheltered annuity for pastoral staff, in addition to their cash salary, in an amount equal to at least 5 percent (a minimum of \$500 per year and not to exceed the maximum amount allowable by law) of the pastor's annual cash salary, using Pensions and Benefits USA Supplement Retirement Plan or equivalent.
- Pay 10% of their current adjusted monthly income to the District Missional Resource Center to fulfill the Pensions and Benefits Allocation.

VI. Insurance Considerations

- Work with pastoral staff to provide the best insurance coverage possible including health, term life, disability, and professional liability.

VIII. Benevolence

- If possible, give material assistance at Christmas to other pastors and their families who are in situations of specific need.
- Honor retired pastors, evangelists, and missionaries (and their spouses) who are a part of their congregation by remembering them appropriately on special occasions.

X. Pulpit Supply

- Employ retired ministers for pulpit supply as frequently as possible and pay a minimum amount for pulpit supply of \$150 plus consideration of travel expenses.

XI. Pastoral Sabbath Rest

- Recognize that full-time pastoral staff needs to take a Sabbath rest—sabbatical-- to prevent burn-out and provide time for reflection, leadership renewal, and spiritual growth after five consecutive years of ministry.

- a. The sabbatical should be a minimum of four to six weeks.
- b. The timing of the sabbatical leave should reflect the needs of the congregation.
- c. Time allotted for continuing education or vacation should not be reduced.
- d. Financial support of the pastor during the sabbatical period should include full benefits as well as a stipend to pursue the sabbatical.

Appendix E – Basic Local Church Financial Policies

The Manual of the Church of the Nazarene 2017-2021 provides financial direction for the local church.

129. Business. The business of the church board shall be:

129.21 To cause careful accounting to be kept of all money received and disbursed by the church, including any child-care/schools (birth through secondary) and Nazarene Missions International (NMI), Nazarene Youth International (NYI), Sunday School and Discipleship Ministries International (SDMI), and make report of the same at its regular monthly meetings and to the annual meeting of the church. (136.3–136.5)

129.22 To provide a committee, no fewer than two members of which shall count and account for all money received by the church.

129.23 To appoint an auditing committee or a committee of independent examiners, or such other qualified persons, that shall audit or examine, to at least the minimum standard required by national or state law if applicable, or other recognized professional standards, at least annually, the financial records of the treasurer of the church, the Nazarene Youth International (NYI), the Sunday School and Discipleship Ministries International (SDMI) Board, Nazarene childcare/schools (birth through secondary), and any other financial records of the church. The pastor shall have access to all records of the local church.

136. Church Treasurer. The duties of the treasurer of the church board are:

136.1 To receive all moneys not otherwise provided for, and disburse the same only on order of the church board. (129.21)

136.2 To make monthly remittances of all district funds to the district treasurer, and of all general funds to the general treasurer through the appropriate office, except as otherwise provided. (516.9)

136.3 To keep a correct book record of all funds received and disbursed. (129.21)

136.4 To present a detailed monthly financial report for distribution to the church board. (129.21)

136.5 To present an annual financial report to the annual church meeting. (113.9, 129.21)

136.6 To deliver to the church board the complete treasurer's records at such time as the treasurer shall cease to hold the office.

518. The pastor and members of his or her immediate family are prohibited from creating financial obligations, spending funds, counting moneys, or having unrestricted access to financial

accounts of the church. The church board or church meeting may, by majority vote, request an exception from the District Advisory Board and district superintendent. If the district superintendent and a majority of the District Advisory Board approve the exception, the district superintendent will provide written approval of the request to the church board secretary, who will record the action in the church records. Immediate family shall include spouse, children, siblings, or parents. (129.1, 129.21–129.22)

In addition to the Manual requirements, the following provides additional information to guide the local church in wise stewardship of the church's resources.

1. **Offering.** When an offering is collected in a public service, it shall immediately be placed in a designated, locked place by a minimum of two persons.
2. **Counting.** Weekly tithes and offerings shall be counted within 48 hours of their reception by a minimum of two counters who are not related biologically or by marriage and who have been approved by the church board. Counting shall always occur on church property. All checks shall be stamped as "Deposit Only". Counters' reports (signed counters' sheet, list of checks, copy of deposit slip) shall be distributed to the pastor, church treasurer and church giving secretary.
3. **Deposits.** Weekly bank deposits shall occur within 2 business days. Deposits shall be made by someone approved by the church board. Weekly cash receipts shall be deposited in full with no provision at any time for a 'cash back' deposit.
4. **Online Giving.** The online giving vendor shall directly deposit all gifts into the church's checking account. At a minimum of once per month, the treasurer shall download the giving report from the online giving vendor, reconcile it with the bank statement, and enter the receipts into the treasurer's books. The giving secretary shall also download the vendor's report monthly and enter the gifts in the record. The vendor's merchant fees shall be paid from a dedicated budget line item and not be deducted from the donations.
5. **Bank.** The selection of the bank and the type of account(s) shall be the decision of the church board. The opening and closing of bank accounts shall also be within the purview of the church board. All accounts opened by the church shall have a minimum of two authorized signers.
6. **Bank Statements.** It shall be the responsibility of the church treasurer to reconcile bank statements on a monthly basis.
7. **Online Financial Accounts.** Only those persons approved by the church board shall be given access to online accounts (bank, vendors, etc.) and their passwords. A minimum of two persons shall be given access to each online account.

8. **Check Generation.** Checks shall be generated by a person(s) designated by the church board.
9. **Check Signatures.** Persons authorized to sign church checks shall be the decision of the church board.
10. **Disbursements.** The church treasurer is authorized to make routine, repetitive disbursements (salaries, utilities, debt service payments, etc.) within budgetary limits. Upon receiving a requisition from the appropriate staff member, department head or committee chair, the treasurer is also authorized to make other disbursements within budgetary limits. All other disbursements or disbursements above \$XXX.XX must be authorized by action of the church board
11. **Credit Cards.** Corporate credit cards shall be issued to staff members or volunteers in the church's name when appropriate. Staff members or volunteers are expected to restrict the usage of these cards to church related expenditures. Each card should have a credit limit that is the maximum necessary for the person to function in their area of ministry as determined by the church board/finance committee. The church treasurer shall pay the total balance of each card by the due date. In order to facilitate timely payment and avoid finance charges, each staff member or volunteer responsible for such credit card should identify charges as to ministry area, attach supporting documents, and forward the monthly statement and receipts to the church treasurer as soon as possible after receiving such. The church board/Finance Committee shall maintain a list of approved Credit Cards and the responsible/authorized users of such card.
12. **Petty Cash.** Petty cash shall be in the amount of \$XXX.XX and shall be kept securely locked in the church office at all times. Monthly the treasurer shall reconcile receipts (all of which shall have appropriate account numbers noted on them) and current cash. After this reconciliation, cash shall be brought back to \$XXX.XX.
13. **Check Requests.** All check requests must be signed by the person requesting the check and by a pastor or the Finance Committee chair. For appropriate reimbursements, all pastors shall submit a check request form which shall be signed by the Finance Committee chair.
14. **Cash Advances.** Any checks payable to 'cash' (for example as an advance on legitimate church-related expenses) must be documented with a signed receipt from the person receiving the cash, notating the purpose for the advance. This shall be followed with applicable receipts and reimbursement request documentation once the cash is spent for its appropriate purpose.
15. **Payroll.** All pastoral and support staff members shall be issued payroll checks every Friday. Provision should be made for alternative payment schedules...i.e. bi-weekly or monthly, etc.

16. **Retirement Account Contributions.** Retirement payments made to Fidelity on behalf of pastors or pastoral staff shall be paid by the 15th of each month.
17. **Denominational Allocations.** All denominational allocations (WEF, District) shall be paid monthly.
18. **Taxes.** It shall be the responsibility of the church treasurer to submit quarterly payroll tax reports to the IRS (941) and state taxation authority. It shall also be the duty of the treasurer to remit local property taxes in a timely manner where appropriate.
19. **Treasurer's Report (Church Financial Statements).** The church treasurer shall distribute to the pastor and all church board members a current report of all receipts, disbursements and balances at or before the monthly church board meeting. This report shall reflect the annual budget per line item vs. the actual receipts/disbursements per line item. This report may be distributed electronically, in print or both.
20. **Giving Records.** Accurate giving records shall be maintained by the church giving secretary in a timely fashion. This person shall be appointed by the church board.
21. **Annual Giving Statements.** The church giving secretary shall prepare and distribute the annual giving statements by January 31. Per IRS publication 1771, the annual giving statement must include a statement that "no goods or services were provided by the church in return for the contribution". The pastor may review these statements at his/her discretion. (*Manual* 129.23).
22. **Designated Giving.** All monies given by a donor for a specific cause or purpose shall be carefully reserved for that cause or purpose and not used for any other cause or purpose without the consent of the donor. Detail of designated funds should be reflected on the Balance Sheet and carefully reserved for that purpose. Detail of designated funds should be reflected on the Balance Sheet and carefully reserved for that purpose.
23. **Gifts of Stocks/Mutual Funds.** Gifts of stocks/mutual funds shall be converted into cash immediately through the church's designated financial services company. The donor shall be given a receipt which specifies the following: date of gift, name of company/fund, total number of shares. No monetary value shall be placed on the receipt.
24. **Non-cash Gifts.** The acceptance of all non-cash gifts shall be at the discretion of the church board. The donor shall be given a receipt which specifies the following: date of gift, description of the gift, condition of the gift. No monetary value shall be placed on the receipt.
25. **Annual Review of Church Financial Statements.** The church board shall make provision for the church financial statements (treasurer's books) to be audited/reviewed/examined by

an external accountant or firm or by an internal committee appointed by the church board. Special attention shall be given to *Manual* 129.23.

26. **Record Retention.** All church financial records (church financial statements, invoices, requisitions, annual review reports, etc.) shall be kept in a designated place within the church building for ten years or per government regulatory requirements, whichever is greater.
27. **Deposit Check Retention.** The church shall be in compliance with their local bank policies/procedures.
28. **Insurance Review.** The church board shall make provision for the church property and liability insurance policy(s) to reviewed annually. Diligent consideration shall always be given to full replacement costs for structures, contents, and any changes required in rebuilding due to federal, state, and local building code updates.
29. **Renting/Leasing of Church Facilities.** The church should adopt a Facility Use policy approved by the church board. Approval of the renting/leasing of the church facilities shall be within the authority of the church board. All renting/leasing organizations shall submit proof of appropriate liability insurance.
30. **Budget.** A comprehensive, balanced church budget shall be prepared annually by the church board or by a committee appointed by the church board. The church board shall approve the final budget.