

**BOARD OF PENSIONS
ADMINISTRATIVE RULES**

Section:	3 (Dues)	Subject:	Minimum Effective Salary Requirements
Rule Number:	305		
Reference:		Resource:	Member Services
Article II, Section 2.1 (n);		Original Date:	1/02
Article III, Section 3.1;			
Article XVIII, Section 18.8		Revision Dates:	

This rule is effective as of April 1, 2002.

The purpose of this Rule is to ensure that a valid employment relationship exists between a Plan member and an employing organization. The validation of an employment relationship and the associated compensation is necessary because the Benefits Plan of the PC(U.S.A.) is a church employee benefit plan, as defined in §414(e) of the Internal Revenue Code, with legal standing to provide benefits for church employees only. Pension, death and disability benefits are designed to protect an employee against loss of earned income and benefits are prorated for less than full-time service. “Donated” or volunteer services cannot constitute a valid employment relationship for Plan purposes. This Rule applies to all members of the Benefits Plan of the PC(U.S.A.)

Sec. 2.1 (o) defines eligible service as employment by the Church or any Board, agency or local church under the jurisdiction of the Church, any employment approved by the General Assembly or a Presbytery of the Church or any employment or service which the Board deems to be appropriate for participation in the Benefits Plan. A member whose reported effective salary is below the applicable minimum described in this rule will not be eligible for Plan participation unless an exception is approved by the Senior Vice President of Healthcare and the Vice President of Retirement Benefits. The Board of Pensions may withhold or deny coverage until the specific circumstances are considered.

Sec. 3.1 of the Benefits Plan provides that only persons employed in an eligible service scheduled to work 20 hours per week are eligible for Plan participation.

The use of the words employed, employment, and service in the Plan provisions cited above and throughout the Plan document shall be interpreted to mean that the member’s reported total effective annual salary must be consistent with the requirements established by the Board of Pensions to demonstrate that a valid employment relationship exists.

For guidance in applying these provisions of the Plan, the Board of Pensions looked to Section G-14.0534 of the *Book of Order* and the PC(U.S.A.) Benefits Plan document.

Section G-14.0534 of the *Book of Order* provides that the terms of the call for a Minister of the Word and Sacrament shall always provide for compensation that meets or exceeds any minimum requirements of the presbytery in effect when the call is made and shall thereafter be adjusted annually as required to conform to such requirement. In all instances of salary verification, the Board of Pensions reserves the right to request written verification attesting that the member is a paid employee of the church or other employing organization. Receipt of salary verification will be noted in the member's record, identifying the person verifying the salary and the date of the verification.

The Member Confirmation Form sent to the member following verification of salary and employment status will be the member's confirmation that the Board of Pensions has accepted the salary information.

In addition to being scheduled to work a minimum of 20 hours per week in an eligible service, to be eligible for participation in the Benefits Plan of the PC(U.S.A.), a prospective member's reported total annual effective salary must be consistent with the following Plan minimum salary levels established for the prospective member's membership classification:

- Ministers of the Word and Sacrament:

The reported effective annual salary (including housing allowance or manse amount) must be consistent with the number of hours reported and the applicable presbytery minimum. In the absence of a presbytery minimum or for categories of ministry to which the presbytery minimum does not apply, the Church wide median will be used to determine eligibility of reported salary. The guide will be twenty five percent of the annual church wide median effective salary of pastors' serving churches, prorated for less than fulltime service, subject to the 20-hour minimum.

This requirement conforms to section G-14.0534 of the *Book of Order* that provides:

The terms of the call shall always provide for compensation that meets or exceeds any minimum requirements of the presbytery in effect when the call is made and shall thereafter be adjusted annually as required to conform to such requirement.

- Lay Members:

The reported effective annual salary (including housing allowance or manse amount, if any) must be consistent with the number of hours reported. The guide will be twenty five percent of the annual church wide median effective salary of pastors' serving churches prorated for less than full time service, subject to the 20-hour minimum.

- Multiple Services:

While the total hours worked at all services may be combined to meet the 20-hours-per-week eligibility requirement; the minimum effective salary requirements applies separately to each service and must be met in order to qualify as an eligible service.

Reporting Salary Information:

The effective salary for dues purposes should represent a 12-month salary.