

MEMORANDUM OF UNDERSTANDING

Compensation and Ministry Support

The following represents the mutual understanding of Anytown Church of the Nazarene (hereinafter, "CCON") with its pastor, Rev. B. A. Goodpastor (hereinafter, "Pastor B. A."), and shall remain in effect from March 14, 2011 unless revised by official church board action to amend.

Compensation & Employee Benefits

CCON and Pastor B. A. agree to the following within the provisions and subject to the limitations of its bylaws, specifically paragraphs 115.4 and 115.5¹ of the *Church of the Nazarene Manual*:

1. The total pastoral compensation package (employee benefits included) shall be \$36,000 annually. This shall include the following: cash salary, housing allowance, retirement contributions, and social security self-employment taxes.
2. Reimbursement to Pastor B. A. of the Self-Employment Tax due shall be proportioned to each CCON payroll check written.
3. Payment of SE Tax due to the U.S. Treasury is solely the responsibility of Pastor B. A. and shall be within the limitations of the current applicable IRS codes.
4. Pastor B. A. may designate as Housing Allowance any or all of the total cash compensation received subject to the limits allowed by law and subject to the prior approval of the CCON church board.
5. Three Sundays (weeks) per year of paid vacation shall be granted concurrent with each year of employment, the anniversary date of this benefit being the first day of March each year. The weeks of paid vacation granted annually shall reflect years of service as outlined annually by action of the Intermountain District Assembly.² "Years of service" means total years of service as an assigned³ minister. Total years of service in ministry shall be counted from the pastor's initial date of employment in full-time assigned ministry.

As of the date upon which this Memorandum is signed, the total weeks of paid vacation annually is _____ weeks. Pastor, *Initial here*: _____ Church Board Secretary, *Initial here*: _____

¹ See p. 3 of this document. Paragraphs noted above reflect the paragraph numbering of the 2009-2013 *Manual* and may be different in subsequent issues of the *Manual*. Any changes in the substance or numbering of the paragraphs referenced above constitute a change to the by-laws of the corporation; therefore, this specific statement of this Memo of Understanding shall, in such event, be updated automatically without formal action of the Church Board or the approval of the Pastor or District Superintendent.

² See "Church Planting and Ministerial Support" report in annual assembly journal of the Intermountain District.

³ In the Church of the Nazarene by-laws, "Assigned" is a recognized technical term. The status of "assigned minister" is granted annually by the District Ministerial Development Board at its discretion and in accordance with denominational guidelines.

6. Solely at Pastor B. A.'s discretion, retirement contributions may be made using before-tax income by means of the salary reduction provisions allowed by law [e.g. a 403(b) plan]. Under such arrangements, the church understands that this is a payroll commitment and agrees to be diligent in remitting such contributions (normally monthly) *unless* there has been an agreement between Pastor B. A. and the CCON Church Board to suspend such remittances in accordance with Item 10 below.
7. The local church recognizes its responsibility to support measures that will increase Pastor B. A.'s ability to pastor well. Such measures include a) assuring no less than one full day-off each week, b) providing time away for ministry planning and for ministry growth and enrichment, and c) the freedom to minister to other congregations as opportunity presents itself (such as revival meeting, retreat speaker, etc.). CCON recognizes the District Assembly's annual "Church and Ministerial Support" as a primary resource in establishing guidelines for such support measures. CCON further recognizes that such measures are not cause for any change to its agreed-upon remuneration to Pastor B. A..

Pastor B. A. recognizes his responsibility to keep the CCON church board informed, in a timely manner, of his plans to take advantage of those measures which contribute to his growth and well-being professionally and personally. Time away (aside from day-off and normal vacation time) shall be taken with due regard for the proper care of the congregation and, normally, with the prior agreement of the CCON Church Board.

8. Occasions of leave by Pastor B. A., beyond the agreed upon annual vacation leave, (such as illness, bereavement, or other family crisis) – shall not affect the remuneration given when such leave is within generally accepted time frames. Should either Pastor B. A. or the CCON Church Board determine that the situation is of such a nature that a revision of the current remuneration agreement may be warranted, it is understood that any change in remuneration shall be by prior agreement of CCON and the Church Board. In the event that an agreement cannot be reached, the District Superintendent shall be consulted for advise before any final action by the CCON Church Board.
9. CCON recognizes that, as stated in *Manual* paragraph 115.4, timely payment of Pastor B. A.'s compensation is its moral obligation. In the event, however, that the financial condition of CCON is such that meeting this obligation is going to be possible for the foreseeable future, the CCON church board and Pastor B. A. acknowledge that the priority of the stability of the church, financially and otherwise, is the priority and shall work together to make the necessary adjustments and to do so in a responsible, fair, and thoughtful manner.
10. CCON and Pastor B. A. agree to review and update this agreement at least annually.

Ministry Support

CCON and Pastor B. A. agree to the following:

1. To fund the reimbursement of professional expenses by means of an Accountable Reimbursement Plan and to administer that plan in a diligent and consistent manner. This includes the timely submission of agreed-upon expense reports and supporting documentation.
2. That amounts reimbursed as professional expenses are part of the cost of the ministry of the church and do not constitute any portion of Pastor B. A.'s compensation.
3. That amounts reimbursed to Pastor B. A. for expenditures made personally for the operation of church ministries (e.g. office supplies, repair items, etc.) are not professional expenses and therefore will not be charged against any balance remaining in the professional expense budget.

The foregoing Memorandum is acknowledged to fairly represent the understanding and commitments made in relation to the remuneration of Pastor B. A. Goodpastor by CCON, and the signature below witness agreement to the same on this ____ day of _____, _____.

Pastor

Date

Church Board Secretary

Date

CHURCH OF THE NAZARENE MANUAL PARAGRAPHS REFERENCED IN THIS AGREEMENT

115.4. Upon issuing a call, the local church will specify the proposed remuneration. The amount of this remuneration shall be determined by the church board. When agreement has been entered into between the church or the church board and the pastor, the payment of the pastor's salary in full shall be considered a moral obligation by the church. If, however, the church becomes unable to continue the payment of the salary agreed upon, such inability and failure shall not be considered a sufficient cause for civil action against the church by the pastor; and in no case shall the church be legally responsible in excess of funds raised during the term of the pastor's actual service, and not otherwise designated.

The local church should also make provision for the pastor's traveling and moving expenses. (38-8.3, 129.8-29.9)

115.5. The remuneration of the pastor shall commence on the Monday preceding the first official Sunday of service to the local church.