



**New Jersey Synod**  
**Evangelical Lutheran Church in America**  
God's work. Our hands.

# **EMU.NJ**

## **FINANCIAL INTERVENTION INITIATIVE**



### **The Ministerial Excellence Fund Overview**

The purpose of creating and sustaining a Ministerial Excellence Fund (MEF) is to reduce, alleviate, and avoid key financial impediments that limit thorough and effective pastoral leadership. Financial incentives related to retirement investment contributions and structured saving for medical costs seek to change the compensation culture in the New Jersey Synod. Educational debt relief initiatives intend to provide financial relief to the household budget of participating pastors.

#### **Retirement Equity Program:**

Concern regarding retirement is the single-most daunting milestone identified by our pastors. The Retirement Equity Program is intended to incentivize additional contributions to the ELCA retirement plan and impact on the New Jersey Synod culture regarding retirement investment. The EMU.NJ Team advocated for the amendment of the New Jersey Synod Clergy Compensation Guidelines, recommending that pastors contribute 3% to their retirement accounts raising the total suggested contribution to 15% of Defined Compensation. To assist pastors to grow into this new standard, the EMU.NJ initiative has established a Retirement Equity Program that reimburses pastors at a percentage of their defined compensation to assist in a gradual growth to the 3% level over a three year period. Pastors receive 2% of their defined compensation in Year One, 1% in Year Two and are expected to be self-sufficient at the 3% level by Year Three.

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This EMU.NJ initiative incentivizes changed saving behaviors by our rostered leaders and normalizes pastors making an additional 3% contribution to their retirement plan above the recommended 12% provided by the congregation.

**Flexible Benefits:**

The EMU.NJ Team has advocated for changed Compensation Recommendations in which pastors are encouraged to establish a tax-advantaged Flexible Benefit Plan to facilitate the payment of the pastor's portion of health care costs and/or day care costs through a PORTICO managed ~ Health Flexible Spending Account (FSA), or Dependent (day) Care Account (FSA), or for pastors accessing the Bronze or Silver Medical benefit, a Health Savings Account (HSA). The MEF will provide a one-time match of the initial contribution of pastors, up to \$300 with the intent of incentivizing changed saving and financial planning behaviors among parish pastors in the New Jersey Synod.

**Educational Debt Grants:**

Student loan obligations create a special hardship and therefore an impediment to effective leadership. The intervention plan to support pastors currently called to congregations in the New Jersey Synod provides financial intervention intended to reduce financial stress within the pastor's household. Because educational debt repayments are structured in various ways, the MEF will coordinate grants on an individual basis. This incentive program targets the educational debt incurred by the pastor through the expensive education required by the church for service in parish and judicatory venues. These incentives are non-competitive and limited only by available EMU resources.

**Housing and Compensation Guides:**

EMU.NJ advocates that congregations generally retain their parsonage and when a pastor is serving a congregation without a parsonage and the local housing costs leave the pastor in a rental situation, that the congregation provide a Housing Equity Allowance in addition to salary.

## **GENERAL INFORMATION ABOUT THE MINISTERIAL EXCELLENCE FUND**

**Structure of the Ministerial Excellence Fund**

In New Jersey, the MEF will be administered by a team of three persons. This team will include a member of the New Jersey Synod Compensation Aid Fund, the Bishop, and the EMU.NJ Director. The advertisement, evaluation, and granting of financial incentives and financial intervention will be the responsibility of the MEF Team.

### **Expectations of Recipients**

It is expected that all pastors who receive financial support through the MEF will participate in a Milestone Event within a year of the incentive offering and their congregation will be encouraged to participate in an “EMU Lab” event within a year of receiving support. It is expected that the pastor will develop a financial plan/skill development plan in consultation with a financial counselor or stewardship specialist as part of the grant process. Reasonable financial resources related to the development of this plan will be provided by the EMU initiative through the Milestone Events. It is understood that MEF funds will be reported as income with a 1099 issued to recipients.

### **Application and Disbursement Procedures:**

Applications will be reviewed in light of expected outcomes which include:

- 1) Relief of significant financial hardship and/or enhanced financial health of the pastor’s household.
- 2) Access of professional legal, accounting, and financial services when appropriate.
- 3) Demonstration of growing generosity on the part of the pastor.
- 4) Participation in finance and stewardship education programs and events by the pastor.
- 5) Participation in finance and stewardship education programs and events by the local congregation leaders.
- 6) Better recruitment and retention of lay and rostered leadership.
- 7) Improved financial literacy and generous stewardship behaviors of the pastor.
- 8) Strengthened stewardship culture of generosity within the local congregation.
- 9) Increased financial resources flowing out of the church into ministry and mission.
- 10) Enhancement of the overall ministry of the pastor and local church as a result of participation in the MEF ministry.

The MEF Team may, at its discretion, proactively pursue incentives that otherwise fall within these guidelines. Incentive recipients may be required to meet with a financial advisor who will provide appropriate assistance in regard to household budgeting, debt reduction, savings, etc. Initial meetings may be required prior to distribution of moneys. This counsel will be subsidized by EMU.NJ. Financial coaching will also be offered to non-applicants whom the MEF Team believes may benefit from professional services. Requests for assistance can be initiated by pastors or other referrals.

### **Application Publication and Process:**

Publication of these incentives for pastors will be made through the synod website, Jersey Jottings, direct mail, and announced at regular conference and synod gatherings. Application forms will be made available through the synod website.

The MEF Team will provide appropriate application forms and systems for application review and grant delivery. They will also receive all requests and work with pastors to determine that the request meets with the MEF program guidelines.

- 1) Applications will be received on a rolling basis and grants will be awarded on the following dates:
  - a) April 15 beginning date for FSA and Retirement Incentives
  - b) November 15 awarding of educational debt relief incentives.
- 2) The MEF Team will review all requests and award grants within the guidelines of the MEF program.

Application information must include:

- 1) The basic financial information of the pastor's family.
- 2) A report of the pastor's regular financial contributions to the congregation.
- 3) A report of the pastor's intended goal for financial contributions to the congregation.
- 4) Documentation regarding the pastor's Cash Compensation and Defined Compensation.
- 5) Documentation of funds that will be matched for Retirement Equity and/or Flexible Spending Plan (FSA or HSA).
- 6) Total balance of educational loans
- 7) Type of loan repayment plan (IBR, Traditional, other)
- 8) Monthly payment on educational loans
- 9) Anticipated date of repayment or forgiveness.
- 10) How the grant will benefit the ministry of the pastor

NOTE: Applications from pastors who are part of a clergy couple will be considered as one application. All needs should be identified in a consolidated application.

### **Evaluation of Grants:**

We intend to engage in a continuing effort to enhance the MEF ministry for all partners involved. Consequently, the MEF team will follow up with grant recipients to evaluate the impact grants have on pastors, their congregations and the synod. They will evaluate incentives based on expected outcomes noted earlier in these guidelines.

### **Disbursement Procedures:**

- 1) Non-competitive incentives will be disbursed according to the accounting and accounts payable systems of the New Jersey Synod.
- 2) Use of all financial incentives and matching funds must be documented.
- 3) Recipients will be informed of potential tax obligations and encouraged to seek further personal tax advice.

The Ministerial Excellence Fund will be evaluated on an ongoing basis to improve, enhance, and expand the ministry, the results, and impact of the ministry. Guidelines for incentives will be revised and published by the MEF Team annually.

