2026 Letter of Agreement Worksheet for Full-Time Interim Rector Positions

Diocese of Chicago

LETTER OF AGREEMENT

Between

_____ Church in _____

And The Rev. _____

Who has been ***elected Interim Rector*** with the understanding that this tenure shall continue until such time as a selection of a permanent priest is made. The Interim will serve in this capacity for at least _____ months until shortly before the permanent priest arrives (ideally within 30 days), unless earlier dissolved by mutual consent or upon sixty days' notice of either party.

PREAMBLE

The priest shall lead as pastor, priest and teacher, sharing in the councils of this congregation and of the whole Church, in communion with our Bishop. By word and action, informed at all time by the Holy Scriptures, the Book of Common Prayer, and the Constitution and Canons of the Episcopal Church and Diocese of Chicago, the priest shall proclaim the Gospel, love and serve Christ's people, nourish them, and strengthen them to glorify God in this life and in the life to come.

SECTION A: TIMES OF WORK AND LEAVE

1. The priest's work includes not only activities directed to the congregation and its well-being, but also labors on behalf of the Diocesan community. The priest's scheduled workweek is five days. In general, no more than three evenings per week are expected. The priest is expected to preserve at least one continuous 24-hour period each week solely for personal and family use.

2. The priest is invited to participate in the College for Congregational Development program.

3. For the priest's tenure, the priest is expected to participate in the Diocesan Fresh Start program.

4. The priest will have the following periods of leave at full compensation:

    a. National Holidays, in so far as such leave will not interfere with worship for major occasions.

    b. A total of four weeks' vacation is given per calendar year including five Sundays. No more than five days and two Sundays may be carried forward in the next calendar year.

c. The priest will accrue sick days at the rate of one day per month. No more than 40 sick days may be accumulated. Employees will not receive compensation for unused sick days.

Before proceeding to Section B, the congregation will need to determine whether housing will be provided or housing allowance is to be calculated as part of the priest's compensation.

Currently, the Diocese's minimum compensation rate is set each year at Diocesan Convention. After these minimum guidelines are met, the cash compensation should be set by the Bishop's Committee or Vestry, weighing the priest's experience and range of responsibilities. For 2026, the minimum compensation for full-time clergy is:

$76,476 which includes: Cash Stipend, Self-Employment Tax and Cash Housing Allowance.

$55,757 which includes: Cash Stipend and Self-Employment Tax and assumes a residence and utilities are provided.

The church would adjust these starting figures proportionally for part-time positions. For example, if a clergy member is expected to work 20 hours per week, the above figures would be reduced by 50%. This formula would be used to calculate any schedule other than full-time.

Note: These figures include SECA tax reimbursement and are adjusted relative to the Consumer Price Index by each Diocesan Convention.

If cash is provided in lieu of housing, complete Section B (1). If housing is provided, complete Section B (2).

SECTION B (1): COMPENSATION WHEN HOUSING IS NOT PROVIDED

1. The priest's annual cash salary will be $_____, paid twice monthly on or before the _____ day and the _____ of the month, to be reviewed and adjusted annually in light of changes in the Consumer Price Index and the current Diocesan minimum clergy salary standard. Upon the priest's request, the Vestry/Bishop's Committee will designate a portion of the total cash salary as "Housing Allowance" under the Internal Revenue Code and Regulations. **This cash salary amount:**
    - **Does include SECA.**
    - **Does not include SECA. Therefore, an additional 7.65% of cash salary will be added to the cash salary for SECA purposes.**

2. The Vestry/Bishop's Committee shall pay the following benefits:

a. Church Pension Fund assessment on the sum of the priest's total annual compensation as prescribed by Canon law.
b. Clergy Medical and Dental insurance, including Family coverage when appropriate. **Medical and/or Dental Insurance enrollment must occur within the first 30 days of employment.** Please check the box for the level of coverage being provided:
    - Clergy Only
    - Clergy plus one
    - Full family

The minimum premium level to be paid by employers of full-time clergy in the Diocese of Chicago for medical insurance shall be equal to the premium cost of the Consumer Directed Health Plan (CDHP/20) with a Health Savings Account (HSA.) The required minimum level for the HSA for 2026 is 75% funding, equal to $2,550 for single coverage and $5,100 for family coverage) for 2026.

*The HSA, for 2026, must be funded by the employer and would need to be established in January of the current year with funding to occur either in January of the current year, quarterly in the year or on a monthly basis in the current year. Prorated amounts may **only** occur if a clergy member's hire date occurs within a calendar year; otherwise all clergy must have their funds funded each calendar year.*

Each church must understand that if funding for the HSA does not occur in a lump sum in January of the current year, the clergy member may be required to fund their own medical/prescription payments out-of-pocket until their HSA is funded by the church.

The minimum premium level to be paid by employers of full-time clergy in the Diocese of Chicago for dental insurance shall be equal to the premium cost of the Delta Dental Comprehensive Plan.

***If the priest declines Medical and Dental coverage:** This is only recommended when the medical and dental coverage is equal or better than that provided by the Diocese. The priest signs a waiver to forgo Diocesan coverage.*

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c. Worker's Compensation Insurance, as provided by State Law.

3. Benefits provided under Church Pension Group:

    a. Life Insurance: Group Life Insurance is offered as a benefit to eligible active clerics who participate in The Church Pension Fund Clergy Pension Plan. Should the cleric die while an active participant in the Clergy Pension Plan, the beneficiary will receive a benefit equal to:

        i. Six times the Total Assessable Compensation, up to a maximum of $150,000.

ii. An additional life insurance ($50,000 value) may be purchased by the church through Church Pension Group **within 30 days of employment if the clergy member is working 20 hours or more per week.** The clergy member is also eligible to purchase additional life insurance policies directly with Church Pension Group.

b. Disability Insurance: As an active clergy person who meets eligibility requirements, the cleric will receive Short-Term Disability Benefits and Long-Term Disability Coverage as a benefit to help maintain income should the priest become disabled. This benefit is provided by The Church Pension Fund to help Episcopal Church employers with costs incurred when an active member of the clergy is unable to work because of illness or injury.

SECTION B (2) COMPENSATION WHEN HOUSING IS PROVIDED

1. The priest's annual cash salary will be $_____, paid twice monthly on the _____ day and the _____ of the month, to be reviewed and adjusted annually in light of the Consumer Price Index and the current Diocesan minimum clergy salary standard. Upon the priest's request, the Bishop's Committee/Vestry will designate a portion of the total cash salary as "Housing Allowance" under the Internal Revenue Code and Regulations.

This cash salary amount:

- o **Does include SECA.**
- o **Does not include SECA. If SECA is not included, an additional 7.65% of total compensation (cash salary + housing value + utilities + housing equity allowance if applicable) will be added to the cash salary for SECA purposes.**

2. _____ agrees to pay the priest $_____ annually as an equity allowance [*not required under minimum guidelines].*

3. The priest shall have full use of the Church Provided Home at _____ as personal residence. No congregational activities will be planned at the Church Provided Home without the invitation of the priest's household. Expenses connected with the Church Provided Home shall be handled as follows:

    a. Utilities shall be contracted for and paid directly by the Bishop's Committee/Vestry.

    b. Expenses for repair, remodeling and major appliances shall be paid by the congregation in accordance with an annual plan and budget mutually agreed to by the priest and Bishop's Committee/Vestry. Within that plan and budget, the priest may authorize such expenditures, up to $_____ monthly, reporting them within ten days to the Bishop's Committee/Vestry until the annual budget is spent or committed and then only in consultation with the senior warden and treasurer.

    c. Use and maintenance of provided housing and grounds are at the priest's discretion and personal expense, with the exception of major alterations to the basic landscaping plan, and

such grounds maintenance items as may be included in the annual plan and budget referred to in sub-paragraph (b) above.

4. The Vestry/Bishop's Committee shall pay the following benefits:
    a. Church Pension Fund assessment on the sum of the priest's total annual compensation as prescribed by Canon law.
    b. Clergy Medical and Dental insurance, including Family coverage when appropriate. **Medical and/or Dental Insurance enrollment must occur within the first 30 days of employment.**

    Please check the box for the level of coverage being provided:
    - o Clergy Only
    - o Clergy plus one
    - o Full family

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SECTION C: EXPENSES

The Vestry/Bishop's Committee shall pay the following expenses incurred by the priest in fulfilling the duties of office:

1. Actual travel expenses for church business, at the annual IRS rate plus out-of-pocket costs for parking fees, tolls, bus fares, etc. and in accordance with the annual approved budget of the congregation.

2. An expense and hospitality allowance (up to $_____ annual) for reimbursement of expenses incurred in the course of professional activities.

3. The cost of a cell phone will be reimbursed by the congregation for professional and pastoral use. This contact number shall be published to ensure the clergy member's ready accessibility in the case of emergencies.

4. In the event of the priest's death, the Vestry/Bishop's Committee agrees to continue to provide the priest's surviving direct dependents with the compensation items agreed to in Section B (1) and (2) (excepting pension, worker's compensation, life insurance and disability insurance), and appropriate Medical and Dental Insurance for a period of three months. If the congregation provides housing, then use of said housing will continue under the terms of this letter of agreement for three months.

5. A continuing education allowance in the amount of $_____ (for 2026, the Diocesan minimum is $1,000) will be provided annually. Two weeks will be given for continuing education per year.

6. This letter may be revised only by mutual agreement at the time of the annual mutual ministry review. Compensation and expenses revisions shall be mutually agreed upon in a separate budget process. In no event may compensation be less than Diocesan minimum as established by the most recent Diocesan Convention.

SECTION D: INTERIM MINISTRY

As an intentional interim minister, the priest's work will include emphasis in these five developmental areas of the interim period:

1. Heritage (telling the story, how did we get here)
2. Mission (who are we, where we are headed)
3. Leadership (structures and people)
4. Connections (renewing linkages)
5. Future (planning for new leadership and a new direction)

The interim rector will NOT be a candidate for the permanent rector position.

SECTION E: MUTUAL MINISTRY REVIEW

The Priest and Vestry agree to a six-month discussion and mutual review of the ministry of the congregation to be facilitated by the Canon to the Ordinary or the Canon's appointee. The purpose of this review is to:

1. Provide the Priest and Vestry the opportunity to assess how well they are fulfilling their responsibilities to each other, the ministries they share and the congregation;

2. Identify progress related to the particular areas of interim ministry focus;

3. Isolate areas of conflict or disappointment that have not received adequate attention and may be adversely affecting mutual ministry; and

4. Clarify expectations of all parties so that future conflicts may be diminished or avoided.

SECTION F: OTHER

1. The congregation will pay $_____ in expenses related to moving the priest from _____ to _____. *Effective January 1, 2018, moving expenses can no longer be reimbursed tax-free or deducted on personal tax returns. Any payment of moving expenses or reimbursement to the cleric must be treated as taxable compensation and included as salary on Federal Form W-2. In addition, these amounts are assessable under The Church Pension Fund Clergy Pension Plan.*

2. If the Priest and Vestry/Bishop's Committee are in disagreement concerning interpretation of this Letter of Agreement, either party may appeal for mediation to the Canon to the Ordinary or another mutually agreed upon third party, the Bishop remaining the final arbiter. The Bishop may terminate this agreement at any time.

3. Items contained in this Letter of Agreement are based upon current resolutions and Canons of the Diocese of Chicago. Therefore, this agreement may be altered and or revised at any time based on any new resolutions, directives from Diocesan Council and/or Canons as pertinent to this agreement.

SIGNATURES

_____	_____
Date	Interim Rector
_____	_____
Date	Senior Warden

Approved:

_____	_____
Canon to the Ordinary	Date
_____	_____
Bishop	Date