

Appendix 1

Sample Letter of Agreement

A LETTER OF AGREEMENT

(Rector)

BETWEEN

THE WARDENS AND VESTRY OF

_____ CHURCH

AND

THE REVEREND _____

Who has been elected Rector with the _____ understanding that this tenure is to continue until dissolved by mutual consent or by arbitration and decision as provided by the relevant Canons of the Diocese of Kentucky and of the General Convention.

PREAMBLE

The Rector shall lead _____ Church 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 times by the Holy Scriptures, the Book of Common Prayer, and the Constitution and Canons of the General Convention and our Diocese, the Rector 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.

This ministry will be further described in a Rector Position Description which meets the mutual approval of the Rector, Wardens and Vestry, to be completed between the seventh and twelfth month of their ministry together. When the Rector Position Description has been thus completed, it shall be considered a part of this Letter of Agreement.

Section A. Times of Work and Leave

1. The Rector's work includes not only activities directed to the parish and its well-being, but also labors on behalf of the Diocese and community. The rector's scheduled workweek is five days, usually measured as ten to twelve units of mornings, afternoon, or evenings in various combinations reflecting the demands of this ministry. In general, no more than three evenings per week are expected. The Rector is expected to preserve at least one continuous twenty-four period each week solely for personal and family use.

2. The Rector will have the following periods of leave at full compensation:
 - a. National Holidays, to be taken so as not to interfere with worship for major occasions.
 - b. One month Annual Vacation, consisting of twenty-three workdays, which shall include five Sundays.
 - c. Professional Development Leave, at the rate of two weeks per year.
 - d. Two weeks per year of service in this parish for Sabbatical Leave, to be available after the third year, and cumulative through the sixth year. Sabbatical arrangements shall be made in full consultation with the Vestry, to insure benefits for the parish as well as for the Rector.

Section B. Compensation

1. The Rector's annual cash salary will be \$ _____, paid monthly on or before the first (1st) day of the month, to be reviewed and adjusted annually. Upon the Rector's request, the Vestry will designate a portion of the total cash salary as "Housing Allowance" under the Federal Internal Revenue Code. [Optional: The Rector shall be responsible for his own Self Employment Contributions Act ("SECA") payments.]

2. The Vestry shall pay the following benefits:
 - a. Church Pension Fund Assessment on the sum of the Rector's total annual cash salary, including Housing Allowance.
 - b. Up to \$ _____ a year towards Health and Hospital Insurance. The Vestry will not provide duplicate coverage if insurance is provided independently through the employment of the Rector's spouse that is equivalent or better than the coverage provided by the Vestry.
 - c. Workers Compensation Insurance, as provided by State Law.
 - d. A \$50,000 Life and AD&D insurance policy obtained through the Church Pension Fund.

Section C. Expenses

The Vestry shall pay the following expenses incurred by the Rector in fulfilling the duties of office:

1. Travel expenses, at the rate of \$ _____ per month, to be reviewed annually against actual cost.
2. The normal expenses of the church's office operation, such as telephone, postage, office equipment, supplies, secretarial services, etc.
3. Cell phone expense at \$ _____ a month that shall be published to insure the Rector's ready accessibility in case of the emergencies.
4. A Professional Development Allowance of \$ _____ per year, to be reviewed annually, set aside January 1 of each year in a special account, and paid to or on behalf of the Rector toward expenses incurred in relation to Professional Development Leave. Unexpended portions of this

allowance shall be allowed to accumulate for use in succeeding years up to six years.

Section D. Discretionary Fund

In accordance with the Canons of General Convention, a Discretionary Fund is to be established under the Rector's sole control from special donations and gifts given the Rector for the purposes of the Discretionary Fund.

Section E. Supplementary Compensation

The Rector shall not charge fees for performing any rites of the Church (for example, baptisms, marriages, funerals) for members of _____ Church. The Rector may, however, receive income from other sources, such as:

1. Sacramental services on behalf of persons not in any way related to _____ Church.
2. Fees and honoraria for professional services performed on personal time for groups unrelated to _____ Church, or for sermons, books or articles published outside the parish.

Section F. Use of Buildings

In addition to use and control of the Church and Parish buildings for the discharge of duties of the Rectors office, as provided by canon law, the Rector shall have the right to grant use of the buildings to individuals or groups from outside the parish, following guidelines approved by both Rector and Vestry.

Section G. Mutual Ministry Review

The Rector, Wardens and Vestry agree to an annual discussion and mutual review of the total ministry of the parish, in order to:

1. Provide the Rector, Wardens and Vestry opportunity to assess how well they are fulfilling their responsibilities to each other and to the ministries they share.
2. Establish goals for the work of the parish for the coming year.
3. Isolate areas of conflict or disappointment which have not received adequate attention and may be affecting mutual ministry adversely.
4. Clarify expectations of all parties to help out any future conflicts in manageable form.

A mutually agreed upon third party shall be engaged to facilitate the mutual ministry review process.

Section H. Other Agreements

1. Church will pay \$ _____ towards moving expenses.
2. _____ The moving date shall be in the week of _____. The Rector shall begin duties in the parish shall not later than _____, unless delayed by adverse circumstances.
3. All pay and benefits shall become effective on _____.
4. This Letter of Agreement, and its related Position Description, shall be made part of the minutes of the next Vestry meeting following its signing, and copies shall be given to each new Vestry member.
5. In the event of the Rector's death, the Vestry agrees to continue payment of the Rector's Cash Salary, and appropriate Health and Hospital Insurance to the Rector's surviving direct dependents for a period of three months.
6. This Letter may be revised only by mutual agreement at the time of annual mutual ministry review, except that compensation and expenses revisions shall be mutually agreed upon in a separate budget process.
7. If the Rector and Vestry disagree concerning interpretation of this Letter of Agreement, either party may appeal for mediation to a mutually agreed upon third party, the Bishop remaining the final arbiter.

_____ *Date*

_____ *Rector*

Senior Warden _____

Reviewed _____

Canon to the Ordinary _____

Bishop _____