COVENANT OF UNDERSTANDING

A covenant between [Click here to enter text] and [Click here to enter text], [Click here to enter text]:

1. **Position and period of effectiveness.** This position carries the title of [Click here to enter text] of the [Click here to enter text] and is a [Click here to enter text] time position. The specific conditions of this Covenant of Understanding shall be effective for a period of one year, beginning [Click here to enter a date] and ending [Click here to enter a date].

[Pick an option for term]

1. **Salary.** The congregation will provide the pastor with an annual total cash salary of $[Click here to enter text]. Of this amount, $[Click here to enter text] shall be designated as a housing allowance, which includes housing costs, utilities, furnishings, and appurtenances as defined by the Internal Revenue Service.

[Enter paragraph if parsonage or delete]

1. **Pension Plan/Retirement Fund**. The congregation agrees to participate in the [Choose an option] at the rate of [Click here to enter text] percent of annual cash salary. The amount for this year will be $[Click here to enter text].
2. **Health plan.**   
     
   [Choose an option]
3. **Sick and family leave.** The congregation will grant one day per month for sick leave which may accumulate up to a total of ninety days. Arrangements for long term illness beyond accumulated sick days will be reviewed by [Click here to enter text].  
     
   The congregation will also make provision for family leave. It is understood that the pastor will assist the congregation in planning for the needed interim ministry required during that time.
4. **Travel and auto expenses.** The congregation agrees to reimburse the pastor for church-related travel at the rate of [Click here to enter text] cents per mile based upon report of a regular travel log.
5. **Vacation, holidays and personal days.** The pastor will be granted [Click here to enter text] weeks of vacation annually. Unused vacation may not be used in subsequent years without permission of the [Click here to enter text]. Upon termination of services, the last vacation period will be prorated in proportion to the time served that year.  
     
   Holidays normally observed by society will be time off with compensatory days for those religious holidays which call for pastoral duty. The pastor is regularly given one and one half days off each week from pastoral responsibilities.  
     
   [Some congregations provide one weekend each quarter as time off from pastoral responsibilities in addition to the above in recognition of the fact that the normal pastoral schedule calls for extra and unusual hours.]  
     
   The pastor is allowed [Click here to enter text] personal days per year for special situations not covered by other guidelines.
6. **Continuing education.** The church supports various types of continuing education which will encourage the professional growth of the pastor including the purchase of books and subscriptions related to professional responsibilities A maximum of ten working days and $[Click here to enter text] will be provided annually for such activities. These may be accumulated over three years within the congregation being served to permit participation in something such as the seminary interterm or summer school.
7. **Office expense.** The church will provide adequate office equipment and furniture and pay for expenses of operating the church office such as stationery, postage, telephone, copying, computer, internet connection and other supplies.
8. **Conference and community.**  The congregation encourages and supports the pastor's participation in area conference and Mennonite Church USA activities as a part of our congregation's sharing in the larger church, as well as in local community projects. The church will pay for the normal transportation cost (the lesser of auto mileage, car rental or air fare), registration, lodging, and meals.
9. **Social Security.** [Choose social security option]
10. **Sabbatical leave.**  In order to encourage significant growth in ministry and to increase the likelihood of longer pastoral tenure, the congregation agrees to the following sabbatical policy. For each year of completed service to this congregation (other than the year in which a sabbatical leave is received), one month of sabbatical leave may be granted, not to be used until the fourth year of ministry here, with subsequent three month sabbatical leaves during the eighth and twelfth years of ministry. During the sabbatical, the pastor will receive full salary and benefits as exist in the then current covenant of understanding. Sabbatical plans submitted by the pastor shall be approved by the [Click here to enter text], normally three months prior to the sabbatical. Following a sabbatical, the pastor agrees to provide a minimum of one year of service to the congregation, with the understanding that repayment of sabbatical salary and benefits will be made for failure to do so. Accumulated sabbatical time is not transferable from prior congregational locations, nor is a terminal sabbatical acceptable.
11. **Insurance.**  [Choose an insurance option]
12. **Resignation and termination.** In the event the pastor chooses to resign this position, the [Click here to enter text] shall be given a minimum notice of ninety days prior to the effective date of resignation. Should the church choose to terminate the pastor in this position, they likewise will give a minimum of ninety days’ notice prior to the effective date of termination. If immediate dismissal occurs, for reasons other than ethical violations for which ministerial credentials have been terminated by the area conference, severance pay and benefits equal to ninety days shall be given.
13. **Review.** All the terms of the covenant of understanding shall be reviewed annually by the [Click here to enter text] meeting with the pastor, and in time for the preparation of the annual budget of the congregation.
14. **Signatures with a copy to each**.

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Official congregational representative, position or office date

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Pastor date

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Conference Minister or overseer date