



PRIVATE PRACTICE GUIDELINES

Private practitioners, clergy endorsed by the United Methodist Endorsing Agency, may include pastoral counselors, life coaches, spiritual directors and others similarly situated. Clergy in private practice do not have employers who supervise their daily work or who provide their salary and benefits. They are self-directed and self-employed.

ADVISORY BOARD

The *Book of Discipline* requires all clergy to work under supervision. To that end, endorsed clergy in private practice will have an Advisory Board. The board provides general oversight of the endorsee's practice of ministry and requires regular reports from the endorsee. The board may advise and assist the practitioner in:

- Composing the practice's statement of mission and purpose.
- Establishing policies to protect both the practitioner and the practice's clients.
- Organizing and/or incorporating in accordance with state laws as appropriate.
- Complying with other legal requirements, including requirements for state licensing.
- Developing a financial plan that provides for the practitioner's needs both now and in retirement.
- Designating a portion of the endorsee's clergy compensation as a housing allowance (when legally permissible).
- Examining the need for malpractice insurance.
- Ensuring that appropriate accounting measures are in place.

The Advisory Board need not be large, but it should include the expertise required to accomplish its purposes. Endorsees should choose trusted competent individuals who understand the commitment they are making by volunteering to serve. Membership may include, as appropriate, conference representatives, professional peers, business and financial experts, legal experts and representatives of the community served. When incorporated, the Advisory Board may function as the practice's Board of Directors.

We cannot overstate the importance of having competent financial and legal counsel available to the board. UMEA does not offer legal advice. Laws vary from state to state.

The practitioner should maintain a close working relationship with the board and its members, regularly sharing information and receiving their advice.

FUNDING

Unlike any other ministry setting to which our denomination appoints its clergy, individuals in private practice must provide their own place of ministry, administrative support, salary, medical coverage and pension, insurance costs incidental to their practice and operational costs of their ministry setting. They fund their ministry and their livelihood through user fees and grants.

It takes time to establish a practice and create a cash flow. As a result, it is often initially impossible for the Advisory Board to create a budget and give direction on such matters as salary and benefits. After the practice has stabilized, the Advisory Board can then exercise its responsibility to provide direction on fiscal matters. Flexibility must be the principle under which a ministry of this type functions during its formative period.



INCORPORATION

The Advisory Board should explore the legal and financial implications of incorporation or other legal structures available in the practitioner's state. We recommend incorporation when the practice stabilizes, and there are funds available to take this action. And while incorporation will limit personal liability in the practice's business dealings, it will not protect the practitioner in cases of professional malpractice. In most cases, solo practitioners require personal malpractice insurance.

PENSION, MEDICAL COVERAGE and HOUSING ALLOWANCE

Appointment to private practice is without annuity. Clergy in private practice cannot generally participate in conference sponsored benefit plans. It is incumbent upon the Advisory Board to ensure that a pension plan is established as quickly as possible. The same is true of medical plans. When legally incorporated, the Board of Directors may designate a portion of compensation as a clergy housing allowance. In the early years of private practice, compensation may be primarily allocated to these benefits areas. Competent legal advice is necessary to ensure compliance with relevant tax laws.

Endorsed clergy in private practice may be eligible to receive limited retirement benefits through the Chaplains Supplemental Pension Grant Fund (CSPGF) administered by Wespeth. All categories of endorsees are eligible to apply, not just those with the word "chaplain" in their work titles.

The Fund is not a primary pension program; it is a gap filler. Clergy in private practice must save and invest for their retirements through the various financial instruments available to the public. A practice's financial viability includes its ability to support the practitioner both now and in the future. Private practitioners are ultimately responsible for funding their own retirements.

CSPGF grants are not funded by apportionments. Receipt of a grant is not an entitlement. The pension rate and policies are set annually by GBHEM based on the economic health of the Fund. Under current policies, credit may be granted for up to 7 years in which a person was a) endorsed for the setting in which they served; b) appointed by the bishop to the setting; and c) not entitled to any employer-provided pension benefits (either defined benefit plans or employer contributions to a defined contribution plan). See the current Wespeth program brochure for more information, wespeth.org.

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