

MEMORANDUM

TO: Local Brethren Church Leaders
FROM: Ken Hunn
DATE: September, 2010
RE: 2011 Pastoral Salary Schedule and Recommendations

In most churches this is the time of the year when the salary and benefits package for your pastor and any other paid staff is reviewed. This is an important and very sensitive time for both the pastor and the congregation. How you engage in this process sends a strong message to the pastor and is a witness to your community about the spiritual and relational health and maturity of the congregation itself. It is an opportunity for leaders to not only review pastoral staff ministry, but also the work and ministry of the congregation as well. This can be a time of **affirmation** and **encouragement**. This should also be a time to identify barriers to pastoral and congregational health and resulting growth, and develop specific plans to address those barriers in the coming year.

In consultation with the pastor, the appropriate group should recommend a salary and benefit package for the pastor and other paid staff members to the church's leadership and congregation.

Several factors should be considered in determining salary, including:

- increase in the general cost of living
- local and regional economic factors
- pastoral performance (based on goals mutually agreed to in the prior year.)
- current size and growth of the congregation
- total years of experience in ministry
- educational level achieved by the pastor and willingness to improve pastoral leadership skills through continuing education, seminars, etc.

Obviously the church's ability to pay must be considered, but the pastoral package should not be determined by what is left over after all other budget items have been determined. Leaders reviewing salary and benefits should remember the Golden Rule. The pastor's salary is more than a necessary payment to keep body and soul together; it represents the congregation's recognition for past service and an encouragement and motivation for service yet to come.

Enclosed is the recommended 2011 pastor's salary schedule and benefits. You should know that the basic schedule was originally prepared by a team of lay leaders from our own Brethren Churches. These figures are reviewed annually and updated based on projected inflation. Following are categories that need to be taken into consideration in the preparation of this recommendation:

1. Salary. Comparing pastors' salaries with that of prevailing salaries of others with similar levels of professional training [consider, for example, the local salary/benefits schedule for public high school teachers with a Master's degree, as appropriate]; it becomes clear that pastors are not in ministry "for the money." Jesus said, "The worker deserves to be paid" [Luke 10:7]. We do our pastors and church a great disservice if we take the attitude of "Let's get by with as little as possible." Churches significantly below the recommended schedule should make every effort to move toward the base salary schedule in 2011.

2. Salary ranges. Due to the variety of geographical locations and factors mentioned previously, salary ranges are provided. Congregational leaders and pastor should consider all variables in determining an equitable salary.

3. Years in ministry. Increased experience in your church or with another church contributes to the pastor's ability to lead. More growth and maturity usually takes place in earlier years of ministry, so ranges are increased as years in ministry increase.

4. Educational level. Figures are based on the completion of a Master of Divinity (M. Div.) degree [Bachelor of Divinity is equivalent if earned before 1970]. While we have not produced a schedule for lesser or greater levels of education, we recommend that in consultation with your pastor you adjust the scale higher or lower according to the actual educational level reached.

5. Value of parsonage/housing allowance. Over the years, of course, housing costs have risen dramatically. When computing the fair rental of your parsonage, please take your local housing market into consideration. If providing a housing allowance and housing costs in your area are above the national average, increase the salary schedule accordingly.

6. Paid vacation. We encourage churches to be more generous than providing only the minimum amount of vacation as suggested below. Pastoral ministry is often stressful, with many clergy on call 24 hours a day. Time completely away from duty is often the only remedy. Many pastors live far away from family, and often are compelled to spend vacation time reconnecting. A church can afford to be generous in this area because it adds little in actual expense to the church budget. Be generous then, and encourage your pastor to take time away from duties and other family responsibilities to be alone with their immediate family. Additional paid personal and sick leave days should also be provided.

7. Recommended standard for Professional and Personal Development. Encouraging our leaders to stay informed and be challenged and changed by outside learning experiences is critically important. We recommend that pastors engage in a minimum of ten hours of Continuing Education or leadership development training each year. Most pastors welcome the opportunity to attend experiences that enhance their ability to lead. Churches should insist on it by providing the time away in excess of vacation and the financial resources to attend. Congregational support in this area demonstrates a commitment for ongoing leadership transformation and provides healthy pastoral care and support.

The Brethren Church National Offices regularly communicates these opportunities to pastors and often creates peer learning experiences to go with key events. Connect with these learning experiences in conjunction with your vision and goals as a congregation. It is often a good idea to send key volunteer leaders along with the pastor to create a shared understanding of how to apply learnings from the experience to your local mission. We recommend you reimburse pastors for the entire cost of these opportunities, and provide the time (not part of their paid vacation) they will need to attend.

Additionally, congregations should encourage and support their pastor to plan for an extended times of “Sabbath” at regular intervals. This concept refers to the way your pastor embraces a day off, as well as intentional times away for reflection about the future. Every leader finds rest and reflection in different ways. For some it is being still before God, for others it is a focused time in the Word and in prayer, for others it might be to engage in an activity that gives energy and rest to the body, mind, and soul. Some embrace this sort of activity in a monthly day with God, a quarterly overnight with God, and a yearly week with God. Ask that your pastor identify what “Sabbath” means in their life, and to engage in that activity on a regular basis for personal and corporate benefit. This would relate to the pastoral day off, but it is important to engage in Sabbath activity on a more seasonal basis as well.

Similarly, we also recommend providing your pastor with an extended Sabbatical of at least one month for each 5-to-7-year-period of ministry at your church. The term “Sabbatical” is understood as both rest and restoration as well as an intentional time of study focused on a specific outcome that would benefit the mission of the church. These vital times of reflection and refreshing will allow your pastor to minister to your congregation from a spiritual and emotional well that overflows rather than a bucket that is dry and empty. At the same time, it is also important that pastoral leaders engage intentionally in times away that would equip the body, soul, and mind for key seasons of leading change and transformation in the church. Support for these times should include both the additional time away from normal duties and finances necessary.

Recommended 2011 Pastor's Salary Schedule and Benefits

Salary and Housing

The recommended 2011 schedule provides for a 1% increase over 2010. This slight increase assumes that inflation in the United States will continue to be flat. Some figures in the table may be slightly higher or lower than that percentage based on rounding to the nearest \$10. We realize that some churches will still find it hard to make an arbitrary increase because of the economic situation unique to their area. However as was stated above we still encourage you to evaluate performance, years of experience, and current educational level when considering whether or not to increase your pastor's salary. Congregations with pastors whose experience significantly exceeds twenty-one years should consider salary and/or benefits that exceed these recommendations accordingly.

Special note to churches not yet on scale: even a slight increase in a salary already below scale does not reasonably address the needs of today's pastor. Please make every effort to increase to what is recommended below. Now might be a very opportune time to consider making such a change. Salaries for churches averaging 0-50 are considered part-time. These churches as well as those who provide a salary below these recommendations should consider releasing their pastor to earn outside supplemental income.

At the other end of the spectrum: churches over 125 in average worship attendance should begin the discussion of hiring associate staff. Churches averaging over 150 in worship will have difficulty continuing healthy growth or maintaining that level without associate staff. Contact the National Office to discuss this and other issues related to staffing and remuneration at all growth levels.

BASE SALARY SCHEDULE

<u>Average Worship Attendance</u>	<u>Total Years in Ministry</u>				
	<u>1 - 2</u>	<u>3 - 5</u>	<u>6 - 10</u>	<u>11 - 20</u>	<u>21+</u>
0 – 50	24,360-31,240	27,850-35,280	32,330-39,870	37,140-46,100	46,860
51 – 100	31,240-37,360	35,490-43,260	41,510-49,590	47,730-57,130	57,780
101 – 200	36,590-46,740	42,170-53,630	48,390-61,930	55,710-71,230	71,760
Associates	31,240-37,360	35,490-43,260	41,510-49,590	47,730-57,130	57,780
201 – 400	41,950-56,370	48,070-65,970	55,380-74,610	63,790-85,750	86,950
401 – 800	47,300-61,720	53,420-70,240	60,510-79,630	68,810-91,100	92,190
Over 800	53,200-69,370	57,670-74,170	64,340-83,230	72,320-93,830	95,140

This salary schedule includes salary, housing, and all of self-employed Social Security.

Remember that:

- The IRS definition of housing includes fair rental value of parsonage, or [in the case of the pastor's owned home] the fair rental value of home and contents including furnishing and appurtenances, such as a garage, plus utilities. [Please note: the IRS no longer recognizes the housing allowance for the pastor's owned home as consisting of mortgage payments and household supplies and the like, along with utilities and furnishings.] Do not over or under assign the value of housing, since it is used in computing Social Security. A realtor should be consulted periodically to determine fair rental value of the parsonage or pastor's owned home. If a pastor owns their own home, they must designate the amount of salary allocated for housing allowance to gain the greatest allowable tax advantage. [See the "Worksheet for Pastoral Services" for a sample declaration to be made by the church each year for this clergy tax benefit.]
- Workers not self-employed pay half of their Social Security tax, an amount equaling 7.65% of salary. [Another 7.65% is matched by the employer as a benefit.] However, for Social Security purposes the pastor is considered as self-employed, and therefore is responsible for the entire amount of their Social Security taxes. [An amount equal to over 14% of salary]. Though the self-employed Social Security tax is included in the salary schedule amount, churches should bear in mind that a greater amount of the pastor's salary is not spendable income.
- Salaries for churches averaging 0-50 are considered part-time. These churches should release their pastor to earn outside income to supplement to the level of salary suggested. At the other end of the spectrum, churches over 125 in average worship attendance should begin the discussion of hiring associate staff. Churches averaging over 150 in worship will have difficulty continuing healthy growth or maintaining that level without associate staff. Contact the National Office to discuss this and other issues related to staffing and remuneration.

Benefits

In addition to salary, we ask the church to provide the following benefits:

- Paid vacation minimum of 2 weeks for 0-2 years of accumulated ministry experience, 3 weeks for 3-9 years, 4 weeks for 10 or more years. Additional days of paid vacation could be considered in addition to or in lieu of other benefits by agreement of both pastor and congregation.
- Day off of at least one day per week.
- Limit the number of evening meetings to 2-3 per week.
- Family health insurance [see note below].
- 10% of above salary for retirement through the Brethren Retirement Fund. Contact the National Office for more information about this program.
- Adequate budgeted amount and time for continuing education/books/ministry tools [at least 2% of salary is recommended, depending on salary level].

Though we encourage the church to be the primary provider for family health insurance, in some instances a pastor may elect to retain coverage through a spouse's employer. In that situation, the church should adjust the salary upward in lieu of providing duplicate insurance coverage.

We also recommend the church [in consultation with the pastor] consider providing other benefits, such as:

- Disability insurance [especially important if the pastor is not covered by Social Security, a worker's compensation plan, or is dependant on a parsonage].
- Group term life insurance [tax-free up to \$50,000].
- Dental, vision and pharmaceutical insurance.
- Self-insured medical reimbursement plan [for deductibles and other expenses not covered by health insurance], or a Medical Savings Plan if authorized in your area.
- Parsonage Equity Reserve program for pastors living in the church's parsonage.

The Parsonage Equity Reserve program would establish a tax-free parsonage reserve fund into which the church would deposit monthly an amount equal to 10% of the fair rental value of the parsonage. When the pastor leaves the church the funds accumulated in the parsonage reserve fund including interest earned would be paid to the pastor in lieu of the cash value appreciation, which would normally be earned if the pastor owned the parsonage. This payment will permit the pastor to make a down payment on a home at their next assignment or to purchase a home in retirement.

Reimbursements

In addition to salary and benefits, the church should provide for full reimbursement of the following expenses incurred by the pastor:

- Reimbursement for travel at the current **IRS rate which is 50¢ per mile**. This rate will probably change for 2011. The announcement from IRS is usually made in early December.
- Full reimbursement for all costs associated with District Conference, General Conference, Brethren Pastors and Spouses Conference and annual continuing education experiences approved by the church.

Worksheet for Pastoral Services

	Church Providing a Parsonage	Churches <u>Not</u> Providing a Parsonage
1. Pastor's Income		
a. Pastor's salary (based on schedule):	\$ _____	\$ _____
b. Less value of parsonage provided	- _____	
c. Less value of parsonage utilities paid directly by the church	- _____ <hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
d. Total cash salary payment to pastor	\$ _____ <hr style="border-top: 3px double black;"/>	\$ _____ <hr style="border-top: 3px double black;"/>
2. Standard Benefits		
a. Family health insurance	\$ _____	\$ _____
b. Retirement (10% of 1.a.)	\$ _____	\$ _____
c. Budget for reimbursement for travel expenses @50¢ per mile (2010 rate)	\$ _____	\$ _____
d. Budget for reimbursement for District, General, and Brethren Pastors and Spouses Conferences	\$ _____	\$ _____
e. Budget for reimbursement for continuing education/books/ministry tools and for professional dues and expenses	\$ _____ <hr style="border-top: 3px double black;"/>	\$ _____ <hr style="border-top: 3px double black;"/>
f. Total standard benefits	\$ _____ <hr style="border-top: 3px double black;"/>	\$ _____ <hr style="border-top: 3px double black;"/>
3. Other Benefits		
a. Disability insurance	\$ _____	\$ _____
b. Workers' compensation insurance	\$ _____	\$ _____
c. Group term life insurance	\$ _____	\$ _____
d. Dental / vision insurance	\$ _____	\$ _____
e. Other	\$ _____ <hr style="border-top: 3px double black;"/>	\$ _____ <hr style="border-top: 3px double black;"/>
f. Total other benefits	\$ _____ <hr style="border-top: 3px double black;"/>	\$ _____ <hr style="border-top: 3px double black;"/>

4. Designation of Parsonage Allowance

Because current tax laws provide favorable advantage for pastors for their expenses in providing a home, it is appropriate to take the action listed below on an annual basis.

The pastor, in consultation with the committee, should be allowed to designate the "Pastor's Salary" from line 1.a. in the way that will be most advantageous for tax purposes. Following is a worksheet for that purpose:

	Church Providing a Parsonage	Churches <u>Not</u> Providing a Parsonage
a. Pastor's salary (from line 1.a.):	\$ _____	\$ _____
b. Less fair rental value of home, furnishings and appurtenances such as a garage	- _____	- _____
c. Less utilities [if paid by the pastor]	- _____	- _____
	<hr/> <hr/>	<hr/> <hr/>
d. Total salary minus housing allowance	\$ _____	\$ _____
	<hr/> <hr/>	<hr/> <hr/>
e. Total parsonage allowance for designation (total of 4.b. and 4.c.)	\$ _____	\$ _____
	<hr/> <hr/>	<hr/> <hr/>

Parsonage Allowance Declaration

Action to be taken annually by the church on the amount on line 4.e.

Under current tax laws, pastors are not subject to federal income tax on parsonage allowance paid as part of compensation to the extent used to rent or provide a home. After considering the estimate of home expenses by Pastor _____, a motion was made by _____, and seconded by _____, and passed to adopt the following resolution:

Resolved, that of the total cash salary for the year _____, \$_____ is hereby designated as parsonage allowance.