MINISTRY COMPENSATION

101

AGENDA

• About Pension Fund
• Compensation and Benefits for Ministers
• Minister’s Housing Exclusion
• Sample Compensation Budget

WHY PENSION FUND

• Serving all who serve in the Stone-Campbell/Restoration Movement including spouses.
  • Churches
  • Schools, colleges, universities, and seminaries
  • Nonprofit care facilities

• Over 10,000 members with more than $3 billion in assets
• Pension Fund gives back more than $1.8 million per year through our various programs
Compensation for Ministers

- Remember: Ministers don't work a typical 40-hour week
- Moving? Check the cost of living in your new city: "Cost of Living" Calculator at bankrate.com

Minister's Compensation and Expenses

- Cash compensation (salary and housing)
- Benefits
- Reimbursed Business Expenses

Elements of Cash Compensation

- Salary
- Housing/Parsonage Allowance
- Social Security Offset (7.69% of above items)
IS THE MINISTER A CHURCH EMPLOYEE OR SELF-EMPLOYED?

The answer is both!

- Pastor is a church employee for income tax purposes
- Pastor is self-employed for Social Security/Medicare purposes
- Pastor must pay the full 15.3% SS tax themselves (for other employees this is split 50/50 with employer)
- A social security offset helps the minister with this tax

HOUSING ALLOWANCE

- Ministers can determine allowance to be any amount (up to 100% of salary)
- Must be officially approved by leaders and documented in advance
- Up to the minister to maintain expense records and declare appropriate amount to IRS

FOR THE HOUSING EXCLUSION, MINISTERS CAN CLAIM THE LESSER OF:

- The official amount declared by the church, or
- The actual amount spent on eligible housing expenses; or
- The fair rental value of the furnished home, plus utilities.
BENEFITS FOR MINISTERS
THE BASICS

- Retirement contributions
- Healthcare Stipend (or healthcare premium reimbursement if only one employee working 25+ hrs/week)
- Vacation, Sickness, Parental Leave
- Time for Continuing Education
- Provision for Sabbatical

NOTE: Time to attend camps/mission trips/meetings is work time and shouldn't be counted as "vacation."

REIMBURSABLE BUSINESS EXPENSES

- Auto allowance or mileage reimbursement
- Cell Phone Expense
- Books, subscriptions, digital content
- Retreats, Conventions, Minister Meetings
- Business-related Meals ("hospitality")
- Continuing Education fees and travel
- Supplies

QUESTIONS FOR THE MINISTER TO CONSIDER

- What's the community cost of living?
- Will the salary allow for student loan payments?
- How will I know if I'm meeting expectations?
### SAMPLE COMPENSATION & BENEFITS

<table>
<thead>
<tr>
<th>Budget Item</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td>$60,735</td>
</tr>
<tr>
<td>Minister’s Salary &amp; Housing</td>
<td>$4,505</td>
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<tr>
<td>Total Cash Compensation</td>
<td>$66,090</td>
</tr>
<tr>
<td>Benefits</td>
<td></td>
</tr>
<tr>
<td>Retirement (including death &amp; disability insurance)</td>
<td>$8,480</td>
</tr>
<tr>
<td>Health Insurance</td>
<td>$12,000</td>
</tr>
<tr>
<td>Savings for Sabbatical</td>
<td>$1,200</td>
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<tr>
<td>Total Benefits</td>
<td>$22,480</td>
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</tbody>
</table>

### SAMPLE BUSINESS EXPENSES

<table>
<thead>
<tr>
<th>Budget Item</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Expenses</td>
<td></td>
</tr>
<tr>
<td>Auto Allowance (reimbursed at IRS mileage rates)</td>
<td>$1,700</td>
</tr>
<tr>
<td>Books, Subscriptions, Digital Content</td>
<td>$200</td>
</tr>
<tr>
<td>Continuing Education</td>
<td>$1,000</td>
</tr>
<tr>
<td>Hospitality</td>
<td>$500</td>
</tr>
<tr>
<td>Conventions &amp; Meetings</td>
<td>$1,500</td>
</tr>
<tr>
<td>Total Business Expenses</td>
<td>$6,000</td>
</tr>
</tbody>
</table>

### RESOURCES GUIDE:

You can find the following resources on the Pension Fund website under Guides & FactSheets:

- Ministers' Tax Guide
- Ministers' Compensation Whitepaper
- Churches Guide for Calling a Pastor
LET'S CONTINUE THE DISCUSSION

Make an appointment later today to meet with a Pension Fund staff person to answer specific questions you may have.