

Pastoral Compensation Tool Guidelines

Purpose: The Pastoral Compensation Tool is designed to assist ministers, sessions, and presbyteries in assessing whether the terms of a minister's call enable him to be free of worldly care and concern. There is no one-size-fits-all approach to creating a call that is applicable in every situation. Consequently, what is offered is a tool that provides guidelines for discussion and evaluation of what is to be included in an adequate call.

An adequate pastoral call will take into account the following:

I. Living Expenses.

A. Base Salary.

B. Housing Allowance.

C. Debt.

II. Medical and Retirement Expenses.

A. Medical/Health Insurance.

B. Retirement.

C. Social Security.

III. Other Expenses.

I. LIVING EXPENSES: An adequate call must make provision for these needs.

- **Base Salary** (See <https://aspe.hhs.gov/poverty-guidelines> for poverty guidelines based on family size. Find the applicable figure and multiply it by 1.5 to arrive at a recommended, minimum base salary. A proposed base salary that is below this recommended minimum base salary should not be approved by presbytery without giving due consideration to other sources of income).

The Base Salary ought to cover the following living expenses:

- **Food**
- **Clothing**
- **Personal/Family Vehicle Use** - This is for non-ministerial vehicle use. (Mileage used in ministerial work should be considered a separate expense, submitted to the church and reimbursed at the IRS allowable rate. This reimbursement should be outside the minister's compensation package).
- **Recreation/Vacation** - A minister should have something in his personal budget for rest and relaxation. A church does well to invest in the mental, emotional, and physical well-being of its minister.
- **Miscellaneous** - This category is the catch-all for all of the other costs involved in day-to-day living: personal/hygiene items, cards and gifts, haircuts, etc.
- **Savings** - It is part of wisdom to be saving money for future needs, including major automobile repairs and future automobile purchases. An adequate Base Salary should allow the minister to have a savings account.
- **Years of Service Increase** - A multiple on the Base Salary should be considered on the basis of a minister's years of service. The CMC suggests 3% per year of service as in the following formula: $(\text{Original Base Salary} \times 0.03 \times \text{Years of Service} + \text{Original Base Salary} = \text{Adjusted Base Salary})$.
- **Housing Allowance** - The Housing Allowance provides ministers with a significant tax benefit. The total annual figure for anticipated housing-related expenses should be designated as a Housing Allowance in the church's annual congregational meeting minutes. The Housing Allowance is based on the sum-total of the following:

- **Rent or house payments** - These may include the mortgage, interest, and insurance if the minister owns a home. Or this may include the cost of rent or the fair rental value of a parsonage/manse if that is provided to the minister as part of his compensation.
- **Utilities** - These typically include electricity, gas, water, sewer, phone, television, and internet.
- **Maintenance** - This may include lawn care, pest control, gardening supplies, interior and exterior painting; exterior repair/replacement of siding, windows, and roof; appliance repair/replacement, furniture repair/replacement, all kitchen and cleaning supplies, home decorating, etc.

The Housing Allowance should be in addition to Base Salary.

- **Debt** - Many ministers come out of college and seminary with substantial school debt. Provision should be considered to help cover monthly payments. This compensation ought to be in addition to the Base Salary.

II. MEDICAL and RETIREMENT EXPENSES: An adequate call must make provision for these needs.

- **Medical/Health Insurance** - The church should pay the cost of premiums for the pastor and his family, and might also consider covering out-of-pocket medical expenses, including deductibles and co-pays.
- **Retirement** - The CMC strongly recommends that 10% of a minister's salary (Base Salary + Housing Allowance) be invested annually for retirement, preferably in the OPC Retirement Plan. A call for a minister should designate something toward retirement. The CMC recommends that a minister's call not be approved that has less than 5% of his salary invested annually toward retirement.

- **Social Security** - One-half of a minister's Social Security tax should be paid to him in extra salary. For ministers who have opted out of Social Security, the church should provide, toward his retirement, one-half of what would have been the minister's Social Security tax. Ministers who have opted out of Social Security should be investing the equivalent of what would have been paid in Social Security taxes into a retirement plan.

III. OTHER EXPENSES: An adequate call should make provision for these needs.

- **Disability and Life Insurance** - Good stewardship includes planning for the future so that a minister's personal and family needs can be met in an emergency without being an unnecessary diaconal burden on the church.
- **Christian Education** - A minister with children may need assistance with costs related to their Christian education.
- **Ministry Expenses**
 - **Books**
 - **Continuing Education**
 - **Conferences**
 - **Cell Phone**
 - **Computer Equipment**