



Setting the Pastor's Salary Guidelines for the Staff Parish Relations Committee

It is the responsibility of the Staff Parish Relations Committee/Pastor Parish Relations Committee (SPRC/PPRC) to recommend compensation for the pastor and all staff. Setting the pastor's salary is an often difficult and confusing process. One factor complicating the process is that it can be an emotional process.

PASTOR:

The process is full of anxiety. Just like everyone, pastors have the same financial responsibilities. While the rewards of ministry are rich and fulfilling, pastors are concerned about paying bills, paying for children's schooling, pensions and retirement, and paying for vacations. Like you, pastors need to feel that their work is valued and rewarded.

SPRC/PPRC MEMBERS:

For the members of the SPRC/PPRC, the process is full of anxiety. Feelings of affection for or disappointment with the pastor are mixed together with concerns about the overall church budget. Members may be fearful that raising the pastor's salary will mean financial hardship for them.

THE ROLE OF THE SPRC/PPRC

1. Assess the current compensation situation and how it relates to the leadership needs of the local church. The committee should be asking these and similar questions:
 - How does our compensation package compare with that of similar churches?
 - How does our pastor's salary compare with the incomes of similarly trained people in our community?
 - Is the compensation package likely to attract the quality of pastoral leadership we want or need?
 - Is the compensation package consistent with what Christ wants our church to be?
2. Assess the particular needs of the pastor. A just compensation package includes money for professional expenses. Talk with your pastor about:
 - How many miles do they travel doing church business?
 - Are they taking continuing education courses and are there costs involved?
 - Do they need books or reference materials?

You may be surprised to find out how much it costs your pastor just to do the job. These costs should be borne by the charge and not by the pastor.

3. Be an advocate for the pastor. It is not the responsibility of the SPRC/PPRC to consider the entire budget of the church when recommending the pastor's compensation package. Other groups will be doing this.

The SPRC/PPRC should take an aggressive lead in presenting the interests of the pastor to the whole church. The task of advocating for the pastor may be the most important responsibility of the committee. The SPRC/PPRC may be the only group truly representing the pastor and actively caring for the person who cares so much for you and your church.



PASTOR & TAXES:

Clergy are viewed by the Social Security Administration as self-employed. They are required to pay all Social Security taxes themselves. The self-employment tax is 15.3% on salary, and the fair market rental value of the parsonage. Clergy are not exempt from federal, state or local taxes. Payments for Worker Compensation Insurance are the responsibility of the local church through the Conference Billings.

RETIREMENT PLANNING:

Keep in mind that pastors must make plans for retirement. Without adequate compensation to allow for savings during a long period of ministry, they may not be able to afford a comfortable retirement.

INSURANCE:

The SPRC/PPRC should work with pastors to ensure that they have adequate insurance for their own household possessions. In case of any loss, the church's insurance policy does not cover the pastor's possessions.

FACTORS TO BE CONSIDERED:

- **Professional Qualifications:** the expected qualities that the pastor brings to the charge serve fair salary consideration. Special consideration must be given to outstanding individual talent and merit.
- **Special Requirements of the Local Church:** requirements for advanced or specialized training demand special salary consideration.
- **Desire for Quality Pastoral Leadership:** the quality of long-range pastoral leadership can be directly related to the level of salary. Those charges that desire to have consistently superior pastoral leadership pay substantially higher salaries than charges of comparable size.
- **Cost of Living:** it is essential that consideration be given to the cost of living in your location. Is it higher than other locations in the Conference?
- **Salary of Peers in the Conference:** One of the qualifications of an equitable salary is that it be related fairly and justly to the salaries of other pastors in the Conference.
- **Comparable Professional Salaries:** although pastors' salaries are seldom comparable to physicians or lawyers, it certainly should be comparable to that of other professionals in the fields of education, business and public administration.
- **Family Needs:** special family needs, children's education, and other considerations merit attention. The pastor's salary is to be considered on their merit, not on other household income.
- **Equal Pay for Equal Service:** is a basic principle of the modern church. Discrimination in pay on the basis of sex is prohibited by law and raises issues of morality.

The Commission on Equitable Compensation