



SELC DISTRICT
Lutheran Church
Missouri Synod

PASTORAL COMPENSATION GUIDELINES

February 2022

Abstract

Completely revised and updated Guidelines for determining compensation for pastors in the SELC District of The Lutheran Church-Missouri Synod

Christ the King Lutheran Church
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FOREWORD

For many years the SELC District has offered annual “Guidelines for Pastoral Compensation” to help congregations develop that section of their annual budget devoted to the pastor’s salary, housing, insurance, and other benefits. Through the years the Guidelines have remained relatively constant, except for updates for the base salary, possible inflation index, and the US government’s annual mileage reimbursement rate.

In 2019 the SELC District Board of Directors asked that the Guidelines be totally rewritten, to account for the many changes in the general economic, social, and financial environment in which we operate. The rewrite was approved by the Board of Directors in 2020, and this document is the current version as of February 2022.

I want to thank the SELC District Board of Directors for their encouragement, review, help, and suggestions. Thanks to Rev. Curtis Stephens, Pastor at St. Matthew Lutheran Church in Norton, Ohio, for his permission to include his excellent Bible Study “Should Pastors Be Paid?” in these guidelines. Thanks also to Deaconess Deborah Rockrohr, Ed.D., President of Concordia Deaconess Conference, for insights on compensation for Commissioned Ministers.

I also want to thank the Board of Elders of Christ the King Lutheran Church in Lodi, Ohio (Mr. Bob Gogolin, Mr. Tom Reece, and Rev. Wayne Giesler) for their review and helpful suggestions. I especially thank Rev. Wayne Giesler for his suggestions that are reflected in the section “How to Use These Guidelines.”

We offer these Guidelines in the hope that they will be prayerfully used in many of our congregations to the glory of God and for the benefit not only of our pastors and their families, but for the complete ministry of each assembly of believers in the SELC.

In Christ,
SELC District Board of Directors
Rev. Dr. Christopher Cahill
Second Vice-President

NEW! 2022 updates from the previous (2020) edition

Page 2 - Links added - SELC District Compensation Guidelines, LCMS Treasurer’s Manual, LCMS “Taxes and Ministers” brochure, Concordia Plans Services’ Compensation Decision Support Tool

Page 8 - Contacts added – St Luke Lutheran Church, Oviedo FL; Central Florida Cross Network.

Page 9 - Link added - Concordia Plans Services’ Compensation Decision Support Tool

Page 10ff. Note that the CPS Compensation Decision Support Tool is now using “ministry” rather than “congregation” in “Salary Issues and Considerations.” *Please be aware that in this context “ministry” refers to congregations and organizations, not to individuals who may hold a title of “minister” (ordained or commissioned).*

HOW TO USE THESE GUIDELINES: *Some suggestions*

A. INFORMATION YOU'LL PROBABLY NEED TO GATHER before you get started:

- From the SELC District office or website
 - SELC District Compensation Guidelines – link here:
<https://selc.lcms.org/docs/compensation-guidelines/>
 - *Your congregation may not use every section in these Guidelines. That's OK – this is a reference work more than a step-by-step guide - but every section is included because the topic is at least worth thinking about.*
 - LCMS Treasurer's Manual -link here: <https://www.lcms.org/resources/ctmanual>.
This page also has links to the individual sections of the manual.
 - *These documents provide to the congregation's treasure and pastor more guidance and explanations on allowances, reimbursements, taxes, and other details of compensation.*
 - LCMS "Taxes and Ministers" brochure – link here:
<https://files.lcms.org/file/preview/3FEDC203-DF48-441A-A3BF-073F759570CB?>
 - *Clarification of some terminology and concepts*
- From Concordia Plans Services – link here: <https://www.concordiaplans.org/>
 - Overview of the pastor's current Concordia Plans Participation
 - Employer Rate Notice for the coming year
 - Access to the Concordia Plans "Compensation Decision Tool" – link here:
<https://www.concordiaplans.org/employers/resources/compensation-decision-support-tool>
- From your own congregation
 - Current year budget

B. HOW TO USE THESE GUIDELINES THE FIRST TIME

Note: Consult your local congregation's constitution and bylaws for specifics.

1. Pray about each step of this process as you work through them!
2. When these guidelines are received, direct them to the Board of Elders and the congregation chairman.
3. The Board of Elders reviews the guidelines in general, and appoints one or more of their members to be the "compensation sub-committee."
4. The "compensation sub-committee" provides copies of Appendix A ("Should Pastors Be Paid" Bible Study) to the Board of Elders and the Council/Vestry of the congregation, and each group works through it. The Board of Elders may also consider using the Bible Study as a unit in the regular Adult Bible Classes of the congregation.
5. The Council directs the Elders to propose a compensation package for the pastor.
6. The Elders acquire the documents listed in section A above and refer them to the "compensation sub-committee."
7. The Board of Elders may set a time table and series of meetings to review the materials and work up a compensation proposal, entering values in the guidelines worksheet (Appendix C)
8. The Board of Elders reviews the proposal with the pastor for his comments and suggestions.
9. The Board of Elders submits the proposal to the Council / Vestry for inclusion in the congregation's budget proposal.
10. The budget proposal including the compensation proposal is submitted to the congregation for approval at a Voters' Assembly meeting.

C. HOW TO USE THESE GUIDELINES EACH YEAR

- All the items in Section A should be gathered each year, as many of them are revised annually.
- It may not be necessary to follow all the steps in Section B each year, but it might be a good idea for the Board of Elders to
 - Review the Guidelines annually, especially if a revised version is published
 - Revisit the Bible Study if there is turnover on the Board of Elders or the Council
 - Revisit the Bible Study with the congregation in general as part of the vacancy / calling process when the pastor leaves

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Section 1.0. Introduction

In 1864 Dr. C.F.W. Walther, the first President of the Missouri Synod, wrote: "The congregation should do everything in its power to see to it that its pastor has food, clothing, and a home for himself and his family. . . . Moreover, that the pastor has sufficient means to exercise hospitality; . . . that the pastor may live solely by the Gospel; . . . finally, that he may give attendance to reading, practice fellowship and need not entangle himself with the affairs of this life." (Walther, page 142).

This document is the most recent in a series of efforts of the SELC District to provide guidance to congregations regarding the support of the ministry of the Gospel of Jesus Christ by their called Pastor and other called workers.

In the pages that follow we'll address questions like these:

- How much should the pastor and called workers be paid?
- What other benefits should they receive?
- What peculiar professional expenses arise in connection with the ministry?

But these questions should not be asked in a vacuum. Keep in mind that

- Pastors and other church workers do not just happen. They are called by the Lord to serve His people.
- They receive considerable professional training at the seminary, including on-the-job training through vicarage.
- They express their commitment to the work of the Lord through ordination, and by regular service to a congregation and its people.
- Congregations expect pastors to
 - Administering the sacraments
 - Preach and teach the Word
 - Counsel the troubled
 - Organize congregational programs
 - Visit members, especially the elderly and the shut-ins.
 - Be "on-call" day and night
 - And more!
- Congregations should also encourage their pastors to
 - Be involved in, and provide care for the people of the community.
 - Reach the lost, both locally and globally, with the Gospel of Jesus Christ.
 - Be actively involved in activities involving the District and the Synod, the congregation's chief ministry partners.
- The pastor depends on the congregation to be sensitive to his practical, personal and professional needs.

Although many pastors deeply love their work, the stresses of ministry in the 21st century are great. A large percentage of pastors leave the ministry before retirement for a variety of reasons (Hoge and Wenger); a congregation can do its best to ensure that insufficient care and support from them is not one of them.

It is our hope and prayer that this work may, in some small way, assist in developing a fuller and more joyful ministry for all.

Section 1.1. What the Bible says

Appendix A is a Bible Study “*Should Pastors Be Paid?*” written by Rev. Curtis Stephens, Pastor of SELC District congregation St. Matthew Lutheran Church, Norton, Ohio, and Central Circuit Visitor. We suggest that the Board of Elders / Deacons, church Council / Vestry, and other groups work through this Bible study as a first step in determining pastoral compensation.

Section 1.2. Other Church Workers

These guidelines are primarily, but not exclusively, for a congregation that has a sole pastor, or perhaps a senior pastor and associate pastor. We’re aware that other ministry staff configurations are in use in our congregations. The Lutheran Church-Missouri Synod recognizes the following as “Ministers of Religion-Commissioned”:

- Teachers
- Directors of Christian education
- Directors of Christian outreach
- Directors of family life ministry
- Directors of parish music
- Deaconesses
- Parish assistants, and
- Certified lay ministers

In the absence of compensation guidelines for these commissioned ministers, who generally serve at the call of a congregation rather than a contract, we suggest the following options:

- **Option A.** Consider such an individual as the equivalent of “Associate Pastor” for the purposes of developing compensation packages. The level of training, education, and experience should be taken into account.
- **Option B.** Some of these commissioned ministers have national organizations within the LCMS (e.g., Concordia Deaconess Conference). Contact the minister’s national organization to see if it has produced a compensation guidelines package for its members.
- **Option C.** Contact the local office of the geographic district in which your congregation is located to see if they have guidelines for commissioned ministers based on local market factors.
- **Option D.** Contact the local public school district in which the congregation is located for a copy of their teachers’ salary scale and guidelines

For compensation suggestions for congregations that have a larger number of staff in a variety of positions, we suggest contacting St. Luke’s Lutheran Church, Oviedo, Florida (<https://slcs.org/contact/>), or Dennis McGavock, Director of Operations, Central Florida Cross Network (dennis@hclm.org)

Section 2.0. Evaluation Procedures for Salary Determination

1. **Review regularly / annually** to make sure the compensation package keeps pace with the local, regional, and national economy.
 - a. Use the **CPS Compensation Decision Support Tool** (<https://www.concordiaplans.org/employers/resources/compensation-decision-support-tool>) to have a picture of the compensation ranges of LCMS pastors in similar situations, and compensation ranges of pastors of other churches in similar situations.
 - b. Compare possible pastoral compensation packages with those of local professionals with similar education / experience levels; e.g., local public school teachers and administrators
2. **Plan ahead** to correlate this review with annual budget planning.
3. **The Board of Elders** (or its equivalent) should conduct the annual review. The Pastor should not be required to ask for consideration; nor should he be required to air details of his financial circumstances in a public meeting (such as a Voters' Assembly).
4. **Annual adjustments in pastoral compensation should be handled fairly and administratively** just as any other program or budget item. The Voters Assembly will likely require a concise package based on factual, well-organized data

Procedures like these will help to

- Establish appropriate channels of communication
- Provide for concerned, private, frank discussion of pastoral needs in a proper Biblical setting
- Mitigate or eliminate embarrassment, and
- Ensure appropriate consideration and adequate compensation

Section 3.0. Guidelines for Determining Direct Salary

Section 3.1. Minimum Monthly Base Salary

The CPS Compensation Decision Support Tool includes the following factors that are also outlined in the SELC Compensation tool. However, the **CPS Tool uses as a baseline the LCMS national average pay** for a particular position.

- Pastoral position (e.g., Sole Pastor, Senior Pastor, Associate Pastor)
- Congregation size
- Geography
- Years of Experience
- Education (M.Div., D.Min.)

Section 3.2. Location

The CPS Compensation Decision Support Tool includes a zip code-based location factor.

Section 3.3. Experience

“When calling a second-career pastor, a ministry may want to make an adjustment to the starting salary to give credit for secular work experience.” (CPS *Guidelines*, page 4)

The CPS Compensation Decision Support Tool includes an experience factor.

Section 3.4. Increment For Education

The CPS Compensation Decision Support Tool includes an education factor.

Section 3.4.1 Education Debt Relief

“Many pastors are graduating from seminaries and colleges with significant educational debts. They have undertaken these debts in order to be equipped to serve. A ministry may give consideration to assisting these pastors in the repayment of these debts. Such assistance is regular income for the pastor and subject to IRS taxation.” CPS *Guidelines*, page 6.

Section 3.5. Increment For Leadership Position

“A ministry may choose to recognize a pastor’s leadership or administrative responsibility as a factor in the determination of his salary. Generally, as leadership and administrative responsibilities grow, so does the pastor’s salary.” (CPS *Guidelines*, p. 4)

Section 3.6. Summary

The CPS Compensation Decision Support Tool includes all the above factors, in addition to an average range for LCMS pastors in similar situations as well as an average range for pastors of other denominations in similar circumstances.

Section 4.0. Housing

Section 4.1. General considerations

“Pastors are eligible to receive a housing allowance or parsonage that is excluded from income tax.

The ministry must designate a portion of the compensation calculated as Housing Allowance and a resolution designating the amount allowed should be entered into the ministry’s minutes before the calendar year in which it is to be effective.

The amount of money designated as Housing Allowance is not considered income for federal income tax, but is considered income when computing self-employment tax. The federal income tax exclusion for a Housing Allowance is limited to the lesser of the authorized Housing Allowance, actual expenditures for housing or the fair rental value of the home, furnished, plus utilities.

The federal income tax exclusion for a parsonage means that the fair rental value of the parsonage, including any employer-paid utilities, is not included in taxable income.” (CPS Guidelines, page 4)

See also LCMS brochure *Taxes and Ministers*, pages 2-5, for additional information.

Section 4.2. Provided Parsonage

See LCMS *Treasurer’s Manual*, Chapter 2, Section 500 “Parsonage” and LCMS *Taxes and Ministers* page 3 for details.

Section 4.3. Housing Allowance

See LCMS *Treasurer’s Manual*, Chapter 2, Section 300 “Housing Allowance” and LCMS *Taxes and Ministers* pages 3-5 for details.

Section 5.0. Social Security

“Ministers of Religion are considered to be self-employed for Social Security tax purposes. Unlike its lay employees, the ministry does not pay the employer’s half of the pastor’s FICA tax. The pastor is instead obligated to pay his entire SECA tax (the self-employed equivalent of FICA).

A ministry may compensate their pastor the amount the ministry would normally pay in FICA tax to use in payment of his SECA tax. Please note that if this amount is provided as compensation to the pastor, it is subject to income tax and additional SECA tax.” (CPS Compensation Guidelines, page 4)

See the following sections in the LCMS Treasurer’s Manual for detailed explanations regarding

- Social Security and Medicare Taxes (1.325)
- Self-Employment Tax (1.330)
- Self-Employment Tax Rate (1.335)
- Declaration of Estimated Taxes (1.340)
- Estimated Taxes Worksheet (1.345)
- Voluntary Withholding for Ministers (1.350)
- Exemption from Self-Employment Tax (1.360)

See also the sections “Social Security and Medicare” (pages 15-16) and “Tax Payment Methods: Federal, State, and Social Security” (pages 16-17) in the LCMS publication “Taxes and Ministers” for additional information.

Section 6.0. Additional considerations

Section 6.1. Merit Increase

"The laborer is worthy of his hire." Many pastors work long hours serving God's people, going not one, but many extra miles. Congregations are blessed by the efforts of such dedicated and conscientious servants. Is your pastor's salary based only on what you think he needs, or are there other considerations that enter into your determinations?

Section 6.2. Vacation / Days off / Sick Days / Other

Most Pastors consider 60 hours or more per week, 6 days a week, to be "normal". The Congregation will be very wise to ensure that the Pastor receives enough "time off" to "rest and recuperate" in order to be able to provide for the Gospel Ministry among the members and in the Community; and that the Pastor is able to provide adequate attention to the needs of his Family.

We strongly urge that congregations NOT count the pastor's participation in District and Circuit Pastoral Conferences ("required" by the LCMS structure) and Continuing Education Events (within reason) against vacation time.

Section 6.2.1. Vacation Days

The following suggestions are minimum accumulative days of vacation per year based upon years in the Ministry (all including Saturdays and Sundays)

- During the first year = 11 days
- Years 1 – 5 = 18 days
- Years 6 – 10 = 25 days
- Years 11-15 = 32 days
- Years 16 and over= 39 days

Consideration should also be given that Pastors "work" on many days that are known as "National Holidays" (Christmas, New Year's Day, Easter, Memorial Day, 4th of July etc.) and therefore, additional "days off" should be offered "if the Pastor is asked to work on a day that all others are off".

Section 6.2.2. Days Off

A Pastor's schedule is very complex and often demanding. Although many pastors have a set day off each week, for others their day off varies from week to week with varying ministerial duties and demands. Consideration should be given to the pastor's involvement in his family's activities - school, concerts, sports, etc. Whenever possible, the "day off" should not conclude with an evening meeting or other pastoral responsibility.

Section 6.2.3. Conferences

In order to maintain connection with the Synod and District, to improve ministry skills and insights, and for "the mutual conversation and consolation of the brethren," the pastor should be encouraged to attend and participate official Conferences of the Synod and District as often as possible, including

- Circuit Conferences
- District Professional Church Workers' Conferences (annually)
- District Conventions (every 3 years)
- LCMS Conventions, Convocations, and the like (as the occasion arises)

"Encouragement to attend" from the congregation may include reimbursement for registration, travel and housing expenses, and provision for a guest pastor if the conference occurs over a weekend.

Section 6.2.4. Sick Days

“The ministry should provide the pastor with personal / sick leave. . . . Ministries are advised to develop policy that indicates whether or not unused personal and/or sick days are accumulated.” *CPS Guidelines*, page 5

Section 6.2.5. Special Leave

“A ministry may grant special leave at the discretion of the board to cover special cases of emergency or death in the immediate family of the pastor. Special leave should not be considered vacation, sick leave, or personal leave.” *CPS Guidelines*, page 5.

Section 6.2.6. Sabbatical

“After a number of years, consideration may be given to the granting of a sabbatical for the pastor. This is often used as a time of renewal or extended study or research.” *CPS Guidelines*, page 5.

Resources for planning a pastoral Sabbatical are available from a variety of sources, including The Lilly Endowment Clergy Renewal grant program:

<https://lillyendowment.org/for-grantseekers/renewal-programs/pastors/>

Contact SELC District Ministerial Care Coordinator Rev. Chris Cahill for more information:

revcahill@gmail.com

Section 6.2.7. Wellness Retreat

“Consideration should be given to offering the pastor and his spouse an expense-paid wellness retreat, designed to provide a time away for them to focus on their own physical, emotional and spiritual health.” *CPS Guidelines*, page 5.

The following LMCS Recognized Service Organizations provide retreats for pastors and spouses:
Grace Place Retreats (wellness) – now a partner with the Lutheran Church Extension Fund

<https://www.graceplacewellness.org/>

Shepherd’s Canyon Retreats (emotional healing)

<https://www.shepherdscanyonretreat.org/>

Contact SELC District Ministerial Care Coordinator Rev. Chris Cahill for more information:

revcahill@gmail.com

Section 6.2.8. Military Duty

“If your pastor is a chaplain in an Armed Forces Reserve Unit, he will need to be granted a leave of absence during the time he is required to serve. This is usually a two-week period. He should not be expected to use his allotted vacation time for this purpose. The pastor should receive full salary during this training period.” *CPS Guidelines*, page 6.

Contact SELC District President Waldemar Vinovskis for guidance on what to do if the pastor is to be deployed for an extended period of time.

Section 7.0. Health, Retirement, Disability and Death Benefit Packages

“Concordia Plan Services - The Lutheran Church-Missouri Synod is a privately owned insurance provider that offers health plans, disability plans, retirement plans, and savings plans to members of the LCMS Church.”

<https://www.bloomberg.com/profile/company/0851501D:US>; as of 02/08/2022.

It is sometimes tempting for a congregation to receive cost-of-coverage quotes from CPS and think that they might save some money by “shopping around” for another provider. While this may or may not be true, here are some aspects of CPS coverage worth considering:

- CPS works exclusively for and with church workers in The Lutheran Church-Missouri Synod and their families; they have extensive knowledge and experience with a wide variety of church-worker-related financial, tax, and legal matters.
- CPS is owned by The Lutheran Church-Missouri Synod.
- Funding for CPS products and services comes from LCMS member congregations, individuals, and entities. The participation of a particular congregation in CPS helps congregations and individuals across the Synod to benefit from CPS offerings.
- In addition to the insurance types mentioned above, CPS offerings include a wide range of services in the areas of physical, financial, and emotional wellness; financial planning and retirement planning; maternity benefits; educational resources on a variety of topics, and more.

More information about the offerings of Concordia Plan Services can be accessed here:

The Lutheran Church-Missouri Synod

Concordia Plan Services

1333 S. Kirkwood Rd. St. Louis, MO 63122-9007

Phone: 1-888-927-7526

Email: Info@ConcordiaPlans.org

Web Site: www.ConcordiaPlans.org

See Also LCMS Treasurer’s Manual, Chapter 4 and 5

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Comments and recommendations in the rest of this section are based on Concordia Plan Services offerings.

Section 7.1. Retirement Benefits

“Ministries are encouraged to enroll eligible pastors in the Concordia Retirement Plan (CRP). Paired with the Concordia Disability and Survivor Plan (CDSP), the CRP provides a defined level of income in retirement, once the pastor is vested with at least five years of eligible work experience. For more information on the CRP, visit www.ConcordiaPlans.org or contact us at 888-927-7526.” *CPS Guidelines*, page 3.

Section 7.2. 403(b) Savings Plan

“Ministries are encouraged to provide their pastors the opportunity to save for retirement in the Concordia Retirement Savings Plan, a 403(b) plan. . . . Ministries can more effectively encourage their pastor’s preparation for retirement by providing an employer contribution, such as a match to the pastor’s contributions, subject to IRS limits.” *CPS Guidelines*, page 3.

See also LCMS *Treasurer’s Manual*, chapter 5 and LCMS brochure *Taxes and Ministers*, page 17

Section 7.3. Health Benefits

“Ministries are encouraged to offer pastors the opportunity to enroll in the Concordia Health Plan. The ministry can choose the percentage of the health plan cost it will pay, but must pay at least 50 percent for the member.” *CPS Guidelines*, page 3. Additional options, such as a Flexible Spending Account, a Health Savings Account, or a Health Reimbursement Arrangement, are available.

Section 7.4. Disability and Survivor Benefits

“Ministries are encouraged to enroll eligible pastors in the Concordia Disability and Survivor Plan (CDSP). Paired with the Concordia Retirement Plan, the CDSP provides a benefit when a pastor becomes disabled with a qualifying disability. The Plan also provides a benefit at the time of the death of a pastor or a qualifying dependent” *CPS Guidelines*, page 3.

Section 8.0. - Guidelines for Determining Other Compensation / Reimbursements and Allowances

Section 8.1. - Transportation Expense Reimbursement

Transportation expenses are the responsibility of the congregation as a business expense, and are not compensation to the Pastor. They should be paid monthly on a reimbursement basis and not as direct salary. Reimbursement should be made at the current rate of government allowances for business mileage.

The IRS changes these rates regularly, and it is wise to check the IRS website for current information. The Congregation may choose to provide a vehicle for the Pastor, or to provide some fixed transportation allowance – it is always the Pastor's responsibility to keep track and report expenses, and to pay any required taxes on excess allowances.

See also LCMS *Treasurer's Manual*, section 6.135 and LCMS brochure *Taxes and Ministers*, page 6, for additional information.

Section 8.2. - Library and Continuing Education Reimbursement

A pastor, like any other professional, must continue to study and develop professionally. This is done in several ways.

- The first way is through studying professional journals and books.
- Secondly, there are a number of short courses, workshops and seminars available through Synod and District, as well as other organizations and institutions. Pastors may try to participate in one or more of these each year. These opportunities should not be confused by either pastor or congregation with his vacation.

Congregations should provide their pastor an allowance or budget line to help defray the cost of such materials and classes. This allowance should be on a reimbursement basis, and not as direct salary.

See also LCMS brochure *Taxes and Ministers*, page 9, for additional information.

Section 8.3. Moving Expenses

"If your ministry has called a pastor from another site, the ministry may pay all necessary and reasonable moving expenses for the pastor and family. The Ministerial Care Division of Concordia Plan Services has resources that can help pastors with relocating." CPS *Guidelines*, page 7

See also LCMS *Treasurer's Manual*, section 6.140 and LCMS brochure *Taxes and Ministers*, page 9, for additional information.

Section 8.4. Phone Allowance

"The ministry may include an amount in the compensation package to assist the pastor in the cost of phone or internet access. Adding additional compensation to the pastor's salary for phone or internet access may increase his tax liability. Cell phones can now be reimbursed without taxable consequences if certain criteria are met. For further questions or clarification, please consult your tax advisor." CPS *Guidelines*, page 6

See also LCMS brochure *Taxes and Ministers*, page 6, for additional information.

Section 8.5. Other Allowances / Reimbursements

“Ministries may consider assisting their leaders in the **annual dues for community organizations** as part of the ministry’s business. . . . A ministry may provide their pastor with **discretionary funds** to provide minor assistance to persons in need. . . . Occasionally the pastor may find it important to facilitate the congregation’s ministry by having lunch with a prospective member or meeting with elders for breakfast, or other meals. The **cost of such hospitality** is part of the business of the ministry and should not be an item that the pastor should pay personally.” *CPS Guidelines*, page 7

See also LCMS *Treasurer’s Manual*, chapter 6 and LCMS brochure *Taxes and Ministers*, pages 5-13, for additional information.

Section 9.0 Other factors

Section 9.1. Congregational factors

Section 9.1.1. Size of congregation

The CPS Compensation Guidelines generates compensation recommendations for each individual congregation in The Lutheran Church-Missouri Synod. Their algorithm is based on reported average attendance, using factors determined by three categories of congregation size: under 250, 250-500, and over 500. Size is not always an indicator of the congregation's ability or willingness to meet guidelines, however. Some congregations having fewer than 100 people in attendance, yet struggle less to pay the pastor according to the guidelines than congregations that have over 200.

The Lutheran Church-Missouri Synod annually requests statistical reports from each congregation. It is the responsibility of the pastor and the congregation to maintain accurate accounting of members and attendees, not only for the sake of statistical reporting, but to take opportunities to discuss and discern ways to "spur one another on toward love and good deeds, not giving up meeting together, as some are in the habit of doing, but encouraging one another" (Hebrews 10:24-25 - e.g., prayer, Pastor / Elder home visits, stewardship campaign, new member classes, or other).

Section 9.1.2. Median income of congregants

It may be difficult to determine the median income of congregants with any degree of accuracy, since many may be reluctant to share personal financial information with the church.

The CPS decision tool suggests a salary amount based on congregation size, pastoral role and experience, and location (zip code). This location-based demographic information may give a fair picture of the financial situation of a particular area, but may not fairly represent the personal financial status of the general membership of the congregation. The CPS decision tool also suggests a range of salary amounts both above and below the recommended salary. We hope that the congregation will contact the District President, Vice President, Circuit Visitor, or Stewardship executive for assistance and advice if they feel that even the minimum suggested amount is too difficult for them to adopt.

Section 9.1.3. Budget factors

Occasionally someone in a congregation may raise the question of the significant portion of the budget that is to be "spent on the minister." Often this comes from the perspective of an employee, who is aware of the amounts on their own pay stub but unaware of other costs to their own employer. It may be helpful to explain that the budgeted amount includes

- The pastor's "take-home pay"
- The amount usually described as "income tax withholding"
- The amount usually described as "Social Security withholding" for employees PLUS the amount matched by the employer
- The housing allowance, which is counted as income for Social Security purposes although not counted as income for income tax purposes.

In addition to these, the budget amount for compensation also includes

- The “employer’s contribution” for health, pension, disability, and death benefits
- Amounts for reimbursable expenses related to “the business of ministry” (think of these as “the pastor’s expense account”)

If the congregation is reluctant to commit to an amount within the suggested salary ranges, other conversations may need to occur. Please contact the SELC District President, circuit Vice President, Circuit Visitor, Stewardship executive, or LCEF Vice President for assistance.

Section 9.1.4. Congregational membership changes

The CPS decision tool offers three levels of congregation size: over 500, 250-500, under 250. Each of these ranges seems broad enough to account for minor or even moderate fluctuations in membership from year to year. However, if the size of the congregation moves from size range to another within a given year, we hope that both the pastor and the congregation will be willing to make the necessary budget adjustments for the benefit of all concerned

Section 9.1.5. Compensation characteristics of proximal geographic districts

The CPS Decision Tool offers a comparison of the recommended salary for a particular pastoral role alongside

- “The LCMS national average pay for this position”;
- Average “actual salaries for this pastoral role from LCMS congregations in your district”; and
- “The market midpoint pay . . . calculated using salaries for this pastoral role from other denominations. Where available, local data is used and adjusted for education and experience.”
CPS Guidelines, page 2.

Section 9.2. Pastor’s supplemental income

Section 9.2.1. Customary supplemental income

In a traditional ministry setting the salary given to the pastor is for services performed within and for the congregation and its members. He may at times receive supplemental income, as described in the next section. Two words of caution are in order:

- The pastor should carefully monitor his schedule and commitments so that pursuit of these “extra revenue sources” do not overwhelm his parish responsibilities.
- The congregation should not expect that these sources will “make up the difference” between the recommended guidelines and the amount the pastor is actually paid by the church.

Section 9.2.1.1. Sources - weddings, funerals, guest preaching, gifts

A pastor may receive supplemental income from

- “Payments / fees” from congregation, funeral director, or others as part of a “fee schedule.”
- “Honoraria” for services provided, not covered by a “fee schedule.”
- “Gifts” from individuals directly to him
- “Gifts” from the congregation via budget or special collection.
- Other individuals, organizations, or congregations as the opportunity arises

A congregation may

- Set up a “fee schedule” for weddings, funerals, or other special events, detailing hall rental (if any), “suggested” donation to cover building costs, payments to organist, soloist, and pastor. Such a schedule may be mandatory for non-members, but waived for members.
- Occasionally give the pastor a “gift” (e.g., at Christmas time) either from the budget or a special collection; see Section 9.2.1.2.

Section 9.2.1.2. - Reporting

“All tangible and intangible gifts to an employee, including the minister, which have been either purchased or paid directly from the congregational treasury or solicited from individual members in an organized manner (e.g., door collection), is taxable compensation and should be included on Form W-2 unless given for length-of-service. . . Tangible gifts given to employees for length-of-service (including retirement) are nontaxable only if the following conditions are met: the award is presented ceremoniously; the employee has completed at least five years of service and was awarded no more frequently than once every five years; and the gift’s fair market value falls within certain IRS-prescribed limits. . . . Gifts made privately to any church employee from individual congregation members are not deductible as charitable contributions; neither are they taxable income to the employee.” LCMS Treasurer’s Manual, Section 1.315.

Section 9.2.2. - Non-customary supplemental income

Section 9.2.2.1. - Expectations and realities

The Board of Elders in most congregations is charged with (a) the care of the members and (b) the care of the pastor.

The expectations of a congregation about the pastor’s performance, personality, availability, family, and more are often more complex and more subtle than the pastor is able to address alone. The stresses that come both to him and to congregation members because of these unrealized expectations can be significant.

We hope that the Board of Elders will work to find compassionate, caring, and sensible ways to address various issues and concerns raised by the pastor or others, respecting the need for confidentiality in which these discussions take place.

We hope that the Board of Elders will function not so much as an HR committee as the pastor’s advisors, friends, prayer partners, and advocates when necessary or advisable.

We hope that both Board of Elders and pastors will consider the following as resources for them to use freely, rather than as emergency measures when nothing else works:

- SELC District President
 - Rev. Waldemar Vinovskis
- SELC District Vice-Presidents
 - Rev. Dr. Wally Arp
 - Rev. Dr. Chris Cahill
- SELC District Circuit Visitors
 - Rev. Brian Roberts
 - Rev. James Douthwaite
 - Rev. Curtis Stephens
 - Rev. Dr. Carl Krueger
- Lutheran Church Extension Fund Vice President for the SELC

Contact information for these individuals may be found in the SELC District directory.

If after giving due and prayerful consideration to all the factors in this document, the congregation and the pastor conclude that the congregation is able to offer the pastor only a portion of the recommended compensation, then consideration may be given to whether and in what form the pastor may supplement his income appropriately. Section 9.2.2.2. and Section 9.2.2.3. below discuss two commonly-proposed possibilities.

Section 9.2.2.2. - The Pastor's "second job"

If the congregation is unable to support the pastor to the extent of the minimum recommended in the guidelines, what type of "outside employment" or "second job" might be a reasonable supplement for the pastor to consider?

First, please work through the Bible study in **Appendix A** for an in-depth look at what God's Word seems to say about the topics of churches paying pastors, and pastors working outside the church.

Martin Luther weighs in on this question in **Appendix B**, paragraph 1.2. It is obviously his opinion that a congregation should support the pastor's ministry fully, and that "outside employment" should not be an option. Indeed, as some pastors have found, it can be difficult to arrange schedules, work load, family time, and a variety of other stressors when contending with an employer on the one hand who expects a certain work load and scheduled time commitment, and a congregation on the other hand that expects a different work load along with an "always available" time commitment.

Still, if a pastor feels he has no choice but to seek "outside employment," consider at least the following:

- What specific non-ministry skills and training does the pastor have?
 - Can he drive a semi? A combine? A nail?
 - Can he paint? Hang drywall? Do light construction? Write computer code?
 - Might he have experience working in a restaurant? As a FedEx driver? As a bartender? As flight nurse? As a firefighter?
- What particular non-ministry jobs are available in the geographic area?
- What impression might people have (both members of the congregation, and people in the community) if they should see the pastor working in one of these kinds of jobs?
- Would there be some kind of benefit to the congregation (not merely financial) if the pastor were to work one specific job as opposed to another?

There may be other possibilities the pastor may wish to consider that are more in accord with his training for ministry. Some of these possibilities are

- Teacher (occasionally or regularly) at a nearby Christian school
- Adjunct lecturer in religion at a nearby college or university (Christian or secular)
- Hospital or institutional chaplain
- Hospice chaplain
- Counseling for paying clients (if he has a license)
- Writer of books or magazine articles

Section 9.2.2.3. - The Pastor serving multiple congregations

If the congregation is unable to support the pastor to the extent of the minimum recommended in the guidelines, what about sharing the pastor with another nearby LCMS congregation?

The first president of the Missouri Synod Rev. Dr. C.F.W. Walther commented on this issue over a century ago: “A congregation shall regard the needs of its sister churches as its own and help them as much as it can.” (Walther, C.F.W. *The Form of a Christian Congregation*, Second Edition. Translated by John Theodore Mueller. St. Louis: Concordia Publishing House, 1987. Page 178).

Walther again: “Whenever possible, a congregation should be willing to let its pastor serve, as an affiliate or daughter church, a neighboring congregation which alone cannot establish the ministry of the Word for itself or become a self-sustaining congregation.” (Walther, C.F.W., 1987, page 179)

“When a pastor serves more than one congregation, the congregations may want to make an adjustment in the pastor’s compensation to reflect the extra workload and challenges that come with that call.” CPS Compensation Guidelines, page 4. Please note that a pastor serving a dual parish does not merely have a split workload; often the stresses involved with scheduling and juggling ministry responsibilities are greater than if he were serving a single congregation of the same size as the combined churches.

For guidance on entering into such an arrangement, please contact the SELC District President.

APPENDIX A: Should Pastors Be Paid? Does the Lord Speak to the Issue?
A Bible Study by Rev. Curtis Stephens, St Matthew Lutheran Church, Norton, Ohio
Suggested answers by Rev. Chris Cahill, Christ the King Lutheran Church, Lodi, Ohio

Introduction: Was the Apostle Paul a “Bi-vocational” minister? For Paul and the other Apostles, what was the usual practice, versus the exceptional, regarding congregational support (rule vs. exception)? Should pay be the norm for pastors? How much is enough (a stipend or a whole living)? Is the Church free in this matter, or do we have a command from the Lord?

Read **1 Corinthians 9:1-14**

Note especially:

9:3 – “defense” = ἀπολογία

9:4 – “eat and drink” – necessities. (**1 Timothy 6:8** – “*But if we have food and clothing, with these we will be content.*”)

9:5 – “... as do the other apostles, etc.” – therefore, describes near universal practice (catholic & apostolic).

9:6 – Were other apostles / preachers ‘working for a living’? **Paul seems to be saying that his “worker-priest” lifestyle is the exception among the apostles rather than the rule.**

9:7 – “*Who serves as a soldier at his own expense?*” In regard to the American soldier, does it lessen their honor that they receive pay for their service? How might this analogy speak to our people? **We don’t expect soldiers who put themselves in danger on our behalf to do so without some compensation from us; we shouldn’t expect pastors who put themselves into service on our behalf to do so without compensation from us either.**

Vss. **9:7 & 11** speak of reaping **material** benefits for the **spiritual** benefits sown.

- How would you describe Paul’s tone in 1 Corinthians 9:1-14?
- Paul uses the word “right” five times in this text. The Greek word is ἐξουσία. What is the ἐξουσία that Paul is talking about? **The “right” that attaches to the office of Apostle, whether it is to receive compensation for ministry or to be accompanied in ministry by spouses.**
- ἐξουσία means – authority, right, liberty, ability, capability, power. Perhaps here, “rightly authorized” would be good.
- Paul is not critical of those who use this right. In fact, Paul will call it a command of the Lord.

9:8 – Paul does not speak these things “according to man” (κατὰ ἀνθρώπου). To what authority does Paul appeal? **The authority of the Law of God in Holy Scripture**

9:9 – “You shall not muzzle an ox as it treads out the grain” **Deuteronomy 25:4**

9:13 – OT as example for us, priestly provisions – see **Lev. 6:16, 26; Nu 18:8,31; Deut. 18:1-3.**

1 Corinthians 9:14 - ***“In the same way, the Lord commanded that those who proclaim the gospel should get their living by the gospel.”***

It is a command of the Lord that those who preach the Gospel should make their living by preaching the Gospel. Christians stand on the word of God, not on human reason or opinion.

- What struggle of conscience does the pastor face regarding his congregation's budget sheet? **Example - how to offer the Gospel freely, without expectation of reimbursement; at the same time, how to ask a congregation for fair (or even necessary) compensation based on the pastor's family's needs.**
- When money gets tight, what might go through a congregation member's mind regarding the church budget and his/her pastor? **Example - many congregation discussions seem to indicate that some members would rather expect the pastor's family to "tighten their belt buckles" more quickly and forcefully than the members are willing to do for themselves.**

Could a bible study on **1 Corinthians 9:1-14** be helpful for your congregation and/or for pastors as financial difficulties loom over head? In what ways might it help?

On **ζαω** as "get their living" – **Matt. 4:4; Luke 4:4**. BDAG – *to live physically, "with mention of that upon which life depends."*

Some Other Passages:

2 Corinthians 11:8

Was Paul's arrangement with the Corinthians unique, or was it his usual practice? In other words, did Paul receive pay from other churches? **His Corinth ministry was supported by other churches, without expectation that the Corinthians would support him themselves. This may have been his practice with new churches - that his support came from already-existing congregations until new mission starts became established. But this indicates the expectation that existing congregations should not only support their own ministers, but the ministry of missionaries in addition.**

Deuteronomy 18:1-8

What was the source of provision for the priests in the Old Testament? **They were to live on the offerings made to the Lord**

Note **v. 8** – What if the Levite had another source of income? **He was to share it with the other Levites**

1 Timothy 5:17-18

"You shall not muzzle the ox..." – Deuteronomy 25:4

"For the Scripture says... 'the laborer deserves his wages.'" Which Scripture is this? **Luke 10:7**

Matthew 10:9-10

According to Jesus, why shouldn't the disciples bring gold and silver with them on the journey?

"For **the worker is worth his keep.**"

Upon what were the disciples to depend for their necessities? **The hospitality of their hosts**

2 Timothy 2:4 – "No soldier gets entangled in civilian pursuits, since his aim is to please the one who enlisted him."

Can this verse speak to the bi-vocational ministry question? _____

Is so, how? (yea, nay – circumstances?) **Some "bi-vocational" pastors have observed that the presence and demands of the second vocation (whether secular or spiritual) negatively impacts their ability to conduct the primary vocation - even if, for instance, the pastor is also a teacher at a Lutheran school.**

Yet, keep in mind...

1 Peter 5:2

Titus 1:11

- In what way, regarding the preaching ministry, is the temptation of gain an especially dangerous temptation? **It tempts us to serve out of a sense of obligation, greed, or dominance rather than a sense of gratitude, service, and modeling.**
- What about the temptation of ‘retaining what I need to survive’ if a pastor perceives that his income security is tied to his pastoral performance?

* The verb for “gain” (κερδαινω) in these verses is the same as in **Luke 9:25**, “*What does it profit a man if he gains the whole world and loses or forfeits himself?*” (also **Mark 8:36**)

Thoughts....for discussion

“Dual parish” vs. “bi-vocational”. Which is the more biblical, and therefore preferable, model?

In the LCMS, we have many clusters of small congregations and also quite a few small congregations secluded by distance. When does “bi-vocational” become a necessary exception?

Do we have men best fit to make this sacrifice?

Does a congregation’s legitimate inability to continue giving a salary constitute an end to that pastor’s call? (Under what circumstances *can* a pastor leave a call?)

Should Pastors Be Paid? Yes, it is a command of the Lord that pastors be paid a living. As pastors, it is our obligation to uphold and teach all that the Lord has commanded – even this command.

However, Christ has also commanded, “Feed my sheep.” The Apostle Paul’s example shows us there is freedom to make exceptions to this command when doing so best serves the Gospel.

APPENDIX B. Additional Notes and Sources

1. Martin Luther weighs in:

- 1.1. “To the ministers of the Word food and clothing are due because of the divine command. Today those sin grievously who indeed pretend to be Christians, but give the ministers of the church nothing; indeed, who steal and take from them what has been donated by others to be given to them. . . Again, bear in mind also that our Lord Christ demands that the ministers of the Word are to receive not only food and drink but also money and pay so that they may procure for themselves other necessities; for they, too, must have clothing and whatever else they need.” (Walther, page 144)

- 1.2. “What and how much should be given to the servants of the church, its teachers and ministers, for their support, cannot be legally prescribed and determined except by the principle of justice and love. It is reasonable to give to the ministers of Christ as much as is right, necessary, fair, and in accord with Christian love and justice. . . . The law of love prescribes that everyone should be given as much as he needs for his own adequate support and that of his dependents, especially of his household. This should be done in order that such a servant of Christ may not become impatient and negligent in his calling, office, and work on account of want and poverty in his household, or on account of starvation, or because he can hardly clothe, support, and rear his children; or in order that in his distress he may not seek and obtain his support by other means or be forced to entangle himself in secular work, business and the like.” (Walther, page 146)

2. Sources

- 2.1. *Compensation Guidelines*. St. Louis: Concordia Plans Services, 2021.
- 2.2. Hoge, Dean R. and Jacqueline E. Wenger. *Pastors in Transition: Why Clergy Leave Local Church Ministry*. Grand Rapids: Eerdmans, 2005.
- 2.3. The Lutheran Church-Missouri Synod. *Taxes and Ministers*. 2021.
- 2.4. The Lutheran Church-Missouri Synod. *Treasurer’s Manual*. 2021.
- 2.5. Walther, C.F.W. *The Form of a Christian Congregation*, Second Edition. Translated by John Theodore Mueller. St. Louis: Concordia Publishing House, 1987

Guidelines for Determining Pastoral Compensation
Revised February 2022

								PAY TO	PAY TO	PAY AS
SECTION / DESCRIPTION					AMOUNT	TOTAL	PASTOR	OTHER	NEEDED	
Section 7.0. Health, Retirement, Disability and Death Benefit Packages										
	Section 7.1. Retirement Benefits									
	Section 7.2. 403(b) Savings Plan									
	Section 7.3. Health Benefits									
	Section 7.4. Disability and Survivor Benefits									
	Total Health & other Benefits							YES		
Section 8.0. Other Compensation / Allowances / Reimbursements										
	Section 8.1. Transportation Expense									
	Section 8.2. Library and Continuing Education									
	Section 8.3. Moving Expenses									
	Section 8.4. Phone Allowance									
	Section 8.5. Other Allowances and Reimbursements									
	Section 8.6. Adjustment for Inflation									
	Total Other Compensation						YES			

