

**PASTORAL BENEFITS COMMITTEE REPORT**  
**2011-2012 GUIDELINES FOR PASTORAL SALARY AND BENEFITS**  
**Adopted 1994 (updated November 2011)**

These guidelines are intended for the use of the Missionary Churches of the Michigan Region, in the evaluation of their pastoral compensation and in the preparation of annual budgets. When adopted by Conference, these guidelines become our recommended standard for the year and until modified. The Regional Director shall use them as a reminder to church boards at the appropriate time each year.

**Scriptural Foundation**

*Who serves as a soldier at his own expense? Who plants a vineyard and does not eat of its grapes? Who tends a flock and does not drink of the milk? When the plowman plows and the thresher threshes, they ought to do so in the hope of sharing in the harvest. If we have sown spiritual seed among you, is it too much if we reap a material harvest from you? The Lord has commanded that those who preach the gospel should receive their living from the gospel. 1 Corinthians 9:7, 10-11, 14*

*The elders who direct the affairs of the church well are worthy of double honor, especially those whose work is preaching and teaching. For the Scripture says, "Do not muzzle the ox while it is treading out the grain," and "The worker deserves his wages." 1 Timothy 5:17-18*

**Full Time Compensation**

**1. Definition of "Full Time"**

It is understood that most full time pastors will invest 50-60 hours a week in ministry.

Note: For the purpose of worker's compensation and disability insurance an employee must be employed a minimum of 30 hours a week.

**2. Minimal Full Time Compensation Package**

A full time pastor should receive an appropriate cash salary, a housing allowance and/or use of a parsonage, health insurance, long-term disability, and Missionary Church pension. Otherwise, the pastor should be free to supplement his income with outside employment.

**3. Establishing the Pastor's Compensation Package**

- A. Responsibility Factor - Consider the size of the congregation and the ministries it provides.
- B. Training and Experience Factor - Consider education, ordination and years in active ministry.
- C. Cost of Living Factor - Consider annual adjustments to reflect changes in the cost of living.
- D. Non-Statistical Growth Factor - Consider the pastor's contribution (his leadership, planning, communication, spiritual guidance, etc.) to the spiritual growth of the members.
- E. Whether the pastor's wife works or not should not be a factor in establishing the pastor's salary.
- F. Consultation with a resource such as Church Law and Tax Report's *Annual Compensation Handbook for Church Staff* ([www.churchlawtoday.com](http://www.churchlawtoday.com)) or online at the U.S. Department of Labor Compensation Statistics ([www.bls.gov](http://www.bls.gov)).

**4. Pastor's Salary and Benefits**

Estimate the median salary and benefits of a similar professional person working in your community as the base from which the following considerations are then made:

- A. Cash Salary.
- B. Housing - parsonage and utilities or an adequate housing allowance.
- C. Telephone - the church should provide for telephone service in the parsonage, except for the pastor's personal long distance calls.
- D. Health insurance - for the family.
- E. Long-term Disability Insurance.
- F. Retirement Fund (e.g. 403b, 401k). It is recommended that each pastor begin a 403b tax sheltered annuity (e.g., Guidestone) or some like tax-sheltered savings program early in their career. Contributions made on a "deferred compensation" basis are free of income and self-employment tax, are portable, simple and can be started with \$50 or \$100 per month." The plan can be employee and/or employer funded.
- G. Social Security - at least one-half of self-employment tax on the pastor's salary and on his housing allowance or the parsonage fair rental value.

- H. Paid Vacation - for all full-time ministers: (Cumulative Pastoral Career Experience)
  - 0-5 years experience = 2 weeks,
  - 6-12 years experience = 3 weeks,
  - 13-20 years experience = 4 weeks
  - Over 20 years of experience = 5 weeks

NOTE: The pastor and church board should establish a vacation time policy. (e.g., when vacation should be used, how many weeks in a row are allowable, whether unused vacation time is cumulative for future years, etc)

- I. Sabbatical Rest. To honor long-term service to a local congregation, the church is encouraged to consider offering their pastor a 30 to 90 day sabbatical rest after 10 years of service. This shall not be considered vacation time, nor shall it be considered time to candidate for another position.
- J. All additional monies received from the church such as Christmas gifts and additional cash for FICA are cash salary and should be included in the wages section of the W-2.

#### 5. **Business Expense and Health Reimbursement Plans**

- A. Continuing Education - the church should cover expenses for the pastor to attend at least one seminar a year, besides the Region and General Conferences.
- B. Entertainment Account - to cover his expenses for ministry related meals and hospitality.
- C. Mileage - provide for mileage reimbursement at the IRS rate, or some other adequate car allowance. A mileage log of church related travel should be submitted on a monthly basis.
- D. Health costs reimbursement. These can be **employee** funded through a cafeteria or a flexible spending account, or **employer** funded by creating reimbursement funds for co-pays and deductibles in the health insurance plan. Both plans are non-taxable, if a fully accountable program is used and payment is given only when a receipt is submitted - usually on a monthly basis.

#### 6. **Miscellaneous**

- A. It is recommended that the church encourage its pastor to take a day off each week.
- B. It is recommended that the church send its pastor and treasurer to a church tax seminar.
- C. Salary and benefits packages for all paid church staff should be structured so as to take maximum advantage of the tax laws and to avoid unnecessary tax liability.
- D. Churches should include pastoral counseling liability and sexual misconduct liability in their insurance coverage. An amount larger than the amount included in the basic policy is recommended.
- E. Churches should purchase workers' compensation insurance.
- F. Churches are encouraged to participate in the annual Pastor Appreciation Day.
- G. Churches are urged to cover the expenses for the pastor to attend the annual Regional ministers' retreat, pastor and spouse retreat, Regional and General Conferences.  
(Not to be considered a part of vacation, continued education, or seminar allowance.)
- H. Churches are to encourage their pastor to attend a Regional camp and not consider it as vacation.
- I. According to the IRS pastors are unique and must be considered employees for income tax purposes and as self-employed for Social Security / Medicare. Withholding is not required from salary payments, but earnings must be reported on a W-2, not a 1099 miscellaneous form. No housing allowance or provided housing value should be included in the wage section of the W-2. Housing is subject only to self-employment tax.

#### 7. **Other Benefits a Church May Wish to Consider**

- A. Library Allowance - the church may wish to make provision for a Pastoral Library Allowance to cover the purchase of books and periodicals, which he deems helpful for an effective ministry.
- B. Equity Allowance - if a parsonage is provided, the church might consider giving the pastor a monthly equity allowance to compensate for the equity he would build up if he were to own his own home.
- C. Additional Life Insurance. The church can purchase up to \$50,000 in term Life without it being taxable to the pastor.

**PASTORAL REVIEW AND EVALUATION**  
**The Michigan Region of the Missionary Church**  
**PLEASE COMPLETE AND RETURN BY FEBRUARY 15**

**I. GENERAL INFORMATION**

_____ PASTOR'S NAME	_____ POSITION (e.g., Senior Pastor, Youth Pastor, etc.)
_____ CHURCH NAME	YEARS _____ MONTHS _____ LENGTH OF TIME IN POSITION
_____ DATE OF EVALUATION	FROM _____ TO _____ EVALUATION PERIOD
_____ PRESENT SALARY	_____ TIME SINCE LAST SALARY INCREASE

**II. PURPOSE OF EVALUATION**

The purpose of this form is to serve as a communication tool between the pastor and the church board/elder board to evaluate the pastor's performance and to find ways for growth and improvement. Please think in terms of how the pastor has been doing, not what he is potentially capable of doing.

The Resource Center is requesting that each church implement the following evaluation timetable:

The Church Board or Elder Board shall meet between October 15- January 28 each year, in the Pastor's absence to review the Pastor's work, salary, and benefits. After the review the church board shall meet with the pastor as soon as possible to present a summary of the evaluation. (The annual pastoral review does not imply the necessity of an annual congregational vote of confidence.)

**III. GUIDELINES FOR EVALUATION**

- ◆ Duplicate this form for your leaders to complete.
- ◆ **Compile a master copy with a summary of the average scores and comments, so that the information may be presented to the pastor. Comments should be initialed.**
- ◆ Please be objective, fair and realistic in your evaluation. Avoid anonymous comments.
- ◆ Look for ways to affirm and encourage your pastor. Remember the Golden Rule.
- ◆ Discuss and agree with your pastor a procedure for the annual pastoral review.
- ◆ The results of this evaluation are to be shared with the pastor as soon as possible.
- ◆ Keep this evaluation confidential between the pastor and the board.
- ◆ **Send the Regional Director a copy of the summary of the average scores and comments signed by both the pastor and vice-chairman. Please return by February 15**

**IV. OVERALL RATING KEY**

- 5 - **Excellent**: performance is outstanding; makes significant contributions; superior performance.
- 4 - **Good**: performance exceeds requirements; highly effective.
- 3 - **Satisfactory**: performance of duties is constant and effective.
- 2 - **Needs Improvement**: performance is sometimes less than satisfactory; a weak area.
- 1 - **Unacceptable**: performance is consistently unsatisfactory; marked improvement is necessary.

<b>Ministry Performance Factor</b>	<b>Rating:</b> 5 - Excellent 4 - Good 3 - Satisfactory 2 - Needs Improvement 1 - Unacceptable	<b>Comments</b>
<b>1. Sermon Content &amp; Impact</b> Understandable, Biblical, well-illustrated, well prepared, practical application, faces issues squarely, helps me.		
<b>2. Sermon Delivery</b> Keeps my attention, communicates clearly, passionate, enthusiastic, from his heart, calls for response		
<b>3. Relating to Others</b> Considerate & tactful, servant heart, loves people, approachable, hospitable, creates & maintains healthy relationships		
<b>4. Personal Integrity</b> Trustworthy, faithful, respectful, appropriate conduct with opposite sex, regarded as a growing Christian		
<b>5. Work Habits</b> Demonstrates initiative, dependable, follows through, good overall work ethic, motivated within, puts forth effort		
<b>6. Accessibility</b> Has regular work hours, returns calls, responds to messages, available to talk		
<b>7. Demonstrates Leadership</b> Has vision, communicates vision for future, has goals, anticipates the next step of improvement for the church, leads the church		
<b>8. Training &amp; Equipping</b> Helps leaders lead, conducts training, facilitates discipleship, assists others in discovering their ministry		
<b>9. Spiritual Vitality &amp; Growth</b> Shows evidence of meaningful devotional life, demonstrates fruit of the Spirit, has character, passion to become like Christ, wants to know God		
<b>10. Creates Ownership of Ministry</b> Builds the team, motivates others to get involved, demonstrates recruitment skills, frequently meets with leaders, has influence for the purpose of the church		

<b>Ministry Performance Factor</b>	<b>Rating:</b> 5 - Excellent 4 - Good 3 - Satisfactory 2 - Needs Improvement 1 - Unacceptable	<b>Comments</b>
<b>11. Organizational Skills</b> Balances priorities, good use of time, well organized, meets deadlines, shows high regard for order, delegates, delegates tactfully		
<b>12. Family &amp; Home</b> Shows love & care for spouse & family, spouse is supportive of ministry, spiritually leads his family, parsonage(if applicable) is well maintained inside and out		
<b>13. Relates to the Unchurched</b> Builds bridges & develops rapport with unchurched people, has friendships outside the church, teaches people to reach out		
<b>14. Professional Self-improvement</b> Attends training events regularly, shows evidence of reading and study, openness to evaluation, is well informed and up-to-date		
<b>15. Response to the Community</b> Genuine spiritual concern for the community, leads church to meet needs of community, organizes efforts to impact church's neighborhood		
<b>16. Adaptable &amp; Flexible</b> Open to change, responds positively when plans change, handles emergencies efficiently, handles multiple projects, has back-up plan		
<b>17. Builds Community</b> Creates harmony, effectively resolves conflict, creates team-spirit, teaches people to love each other		
<b>18. Resilience</b> Stamina, persistence to “keep going” even with opposition, handles discouragement prayerfully, able to handle “criticism” with grace and nobility.		
<b>19. Exercises Faith</b> Calls church to prayer, encourages people to trust God, growing faith in God to enable his ministry, prays for God to meet “big needs.”		
<b>20. Connection to Region/ Denomination</b> Attends & promotes Region and Denominational conferences & events, encourages relationships with other Missionary Churches.		

**OVERALL RATING AVERAGE:** \_\_\_\_\_  
(Add rating scores for each category then divided by number of categories for overall rating average)

**ADDITIONAL COMMENTS:**  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**PLAN OF ACTION FOR GROWTH AND IMPROVEMENT:**  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**PASTOR'S RESPONSE AND COMMENTS:**  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

We have participated in a review of this evaluation and overall performance....

\_\_\_\_\_  
**PASTOR'S SIGNATURE**

\_\_\_\_\_  
**CHAIR/ VICE-CHAIRMAN'S SIGNATURE**

\_\_\_\_\_  
**DATE**

\_\_\_\_\_  
**DATE**

**MAKE THREE COPIES OF THIS EVALUATION:**  
[1] Church Board Copy  
[2] Pastor's Copy  
[3] Region Superintendent's Copy

**PLEASE COMPLETE AND RETURN BY FEBRUARY 15**

**Michigan Region of the Missionary Church - 1091 Creekwood Trail - Burton, Michigan 48509**

**PASTORAL SALARY WORKSHEET**  
**Michigan Region of the Missionary Church**

<b>Due February 15</b>
------------------------

Minister's Name \_\_\_\_\_

Church Name \_\_\_\_\_

<b>1. SALARY</b>	<b>20</b> _____	<b>20</b> _____
A. Cash Salary	\$ _____	\$ _____
B. Utilities (amount paid by church)	_____	_____
C. Social Security (above cash salary)	_____	_____
<b>TOTAL SALARY</b> .....	<b>\$</b> _____	<b>\$</b> _____

<b>2. HOUSING</b>		
A. Fair Rental Value (for parsonages)	\$ _____	\$ _____
B. Housing Allowance paid to Pastor	_____	_____
<b>TOTAL SALARY &amp; HOUSING</b> .....	<b>\$</b> _____	<b>\$</b> _____

<b>3. BENEFITS</b> (not considered as salary by IRS)		
A. Parsonage Telephone (Regional policy is for churches to pay for the phone in the parsonage, except for the pastor's personal long distance calls)	\$ _____	\$ _____
B. Hospitalization/Medical	_____	_____
C. Long Term Disability	_____	_____
D. Pension - Denominational	_____	_____
E. Other (e.g. 403b) _____	_____	_____
_____	_____	_____
<b>TOTAL SALARY, HOUSING &amp; BENEFITS</b> .....	<b>\$</b> _____	<b>\$</b> _____

<b>4. BUSINESS EXPENSE</b> (not considered salary by IRS)		
A. Travel Allowance: flat rate or mileage at _____ cents per mile	\$ _____	\$ _____
B. Entertainment Allowance	_____	_____
C. Educational Improvement: professional growth, books, periodicals, seminars, etc.	_____	_____
D. Other _____	_____	_____
<b>TOTAL COMPENSATION PACKAGE</b> .....	<b>\$</b> _____	<b>\$</b> _____