



## FINANCIAL SUPPORT FOR PASTOR/PASTORAL STAFF CARING FOR PASTOR/PASTORAL STAFF FINANCIALLY

Most churches have a genuine care for their pastors/pastoral staff and desire to provide their needed financial support. While building and maintenance takes a sizable amount of the budget, the most important asset of a church is the pastoral leadership. Their compensation package is not an expense. Rather, it is to be seen as an investment in the church ministry. Due to the economic condition in our nation, establishing a fair compensation package is a challenge to congregations. The accompanying material suggests various ways churches can increase the financial support of pastors/pastoral staff, sometimes without increasing the church budget.

An annual review form of a pastor's compensation package can be downloaded from this website. Even in situations where a financial increase may not be possible, it is good to have an annual compensation package review. This gives the opportunity to discuss this subject with the pastor and consider alternative ways to increase support, even if an actual raise is not feasible.

When it comes to salary, consideration is given to the cost-of-living increase and any increase above that percentage. A research of compensation packages for comparable positions in the area can be a help in setting salaries and benefits. Information as to pay packages for those in education or government can be obtained through website research. *The 2012-2013 Compensation Handbook for Church Staff* published by Your Church provides salaries and benefit averages for various church staff positions ([store.churchlawtodaystore.com](http://store.churchlawtodaystore.com)).

If not already established, creating the housing/parsonage/rental allowance and the accountable reimbursement business allowance are two ways to financially benefit pastors. The tax laws for these areas give a financial advantage to pastors. It is not complicated for churches to set up these allowances, but the IRS rules must be followed. Check out the information concerning these allowances on this website. Also, a good resource in this area is *Worth's Income Tax Guide for Ministers* by B. J. Worth. Or, there is the website of Free Church Accounting at [freechurchaccounting.com](http://freechurchaccounting.com). It does not offer specific legal or tax advice but provides information as to laws relating to finances, donations, and staff compensation packages.

When churches can provide only slight or no pay increases, they may consider other ways to compensate pastoral leadership.

- ◆ Increase vacation days for the year or permanently
- ◆ Increase in housing allowance
- ◆ Increase number of days of sick leave
- ◆ Provide accountable reimbursement plan for business expenses

- ◆ Provide a sabbatical
- ◆ Provide finances for vacation/retreat for pastor and family