



Date: April 24, 2024
To: Texas District Congregation and School Administrators
From: Linda Hagge, Texas District Treasurer
Re: "Salary Guidelines for Professional Church Workers"

IMPORTANT INFORMATION REGARDING "SALARY GUIDELINES:"

The Texas District is pleased to provide access to the Concordia Plan's "Compensation Decision Support Tool" or CDST.

A professional compensation firm engaged by Concordia Plans researches actual salaries from many nationally recognized denominations (and independents) and maintains the data overtime considering inflation and cost of living patterns by region. This expanded data base is thought to be true to actual market rates and trends. In other words, the salary estimations provided by the CDST are specific to salary trends within each congregation's service area.

Please note the following:

- The pastor and parish professional tool launched in two separate phases over the last couple of years. Using this tool churches can create compensation estimates for positions including Sole Pastor, Senior Pastor, Associate Pastor, Director of Christian Education, Director of Christian Outreach, Deaconess, Director of Family Life Ministry, Director of Parish Music and Lay Minister. Here is the link for the pastor and parish professional tool:
<https://tc.cbiz.com/CompToolCPS/Login.aspx>
- The educator tool sits at a different URL than the pastor/parish professional tool. The educator tool allows the user to create compensation estimates for positions including Teacher, Assistant Teacher, Head Principal/Administrator, Assistant Principal/Administrator and Early Childhood Director. Schools from preschools and childcare centers all the way through high schools can use the tool. Here is the link for the educator tool:
<https://tc.cbiz.com/CompToolCPSEd/Login.aspx>

The CDST provides a range of data upon which a salary estimate may be made. This salary estimation is inserted at the top of page 10 called "Worksheet for Development of a Worker's Total Compensation Package." Please read the Salary Guidelines to understand the philosophies and methodology surrounding a professionally managed compensation program for each congregation or school.

Additional information regarding the Texas District "Salary Guidelines:"

- The "Salary Guidelines" are intended to be a helpful resource for congregational leadership to use in establishing professional church worker compensation amounts. The guideline is not "perfect" for every position due to the unique needs of each congregation or school. Consequently, it is important to note: Congregation leaders and school administrators are responsible for setting salary levels appropriate for the work assigned. In light of this, please refrain from communicating to workers: "The District said you are to be paid \$x." Since each position within the congregation is unique, a position description should be provided to the worker. It is recommended that pay be tied to performance and to an up-to-date position description. The annual performance appraisal process should include a review of these elements.

- While the "Salary Guidelines" are not intended to mandate salary by specific type of position, we suggest that church professionals not be paid below the minimum pay shown by the CDST pay range. Prayerful and reasonable judgment should be used in applying the process. *We want to attract and retain talented workers for the mission field now and in the future.*

- Concordia Retirement Plans, as a part of the "Preserve the Core" program, announced in 2014 the discontinuance of the automatic 1% match for the first 2% of retirement dollars contributed by the employee to the 503b retirement plan. This change is effective June 30, 2014. Because the revised Concordia Retirement Plans will mean that workers will need to work longer (until their Social Security age) and save a little more (due to reduced retirement benefits), the District President is encouraging congregations to continue the matching program. Please see Concordia Plans for the details of this elective option. By so doing, it will encourage workers to save more for their retirement.

-Please direct any questions regarding the guidelines to Linda Hagge, 1-512-926-4272; 1-800-951-3478.



Salary Guidelines for Professional Church Workers

Revised April 2019

Message from the District President

Dear Fellow Servants of our Savior Jesus Christ,

Support for professional church workers is a joyful pursuit for God's people. It is a privilege to walk with God's servants for the purpose of His mission. Over the years the Texas District has offered guidance to congregations for setting the salary and benefits of professional church workers. Therefore, from time to time these guidelines will be adjusted and changed to meet the latest economic realities in Texas.

No salary guideline is perfect for every ministry situation, but these guidelines can help a congregation determine compensation for church workers. The salary guidelines are intended to be used by the committee or council that addresses the compensation of workers.

Guidelines are never prescriptive, but are suggestive of an approach for the review of the compensation you are providing your professional workers, so that:

- **God will be glorified;**
- **The ministries of your congregation will be honored, your congregation will feel that it is "doing right" by its professional workers, and the congregation can celebrate its demonstration of love and respect for those called to serve;**
- **Your church workers will experience a sense of appreciation and fulfillment in their ministry among you; and**
- **Young people will be encouraged to consider opportunities for full-time service in the church.**

It is a unique privilege for God's people to share in the important task of bringing the Good News of Jesus Christ to others. In His wisdom, God does call and lead some Christians to serve as full-time professional church workers. Truly these pastors, educators and other church workers are special gifts from God deserving of our love, support and care.

Your partner in mission,

Rev. Michael Newman, President

Texas District of The Lutheran Church - Missouri Synod

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SCRIPTURAL PRINCIPLES

God has blessed the church with servants in ministry who are devoted to bringing the Good News of Jesus Christ to His people. When considering the compensation of a professional church worker, God's people are called to support and provide for those who "prepare God's people for works of service, so that the body of Christ may be built up..." (*Eph. 4:11*)

The Bible describes the mutually supportive and respectful relationship of God's servants with His people:

- "They keep watch over you as men who must give an account. Obey them so that their work will be a joy, not a burden, for that would be of no advantage to you" (*Heb. 13:17*).
- "I thank my God in all my remembrance of you, always in every prayer of mine for you all making my prayer with joy, because of your partnership in the gospel from the first day until now" (*Philippians 1:3-5*).
- "We ask you, brothers, to respect those who labor among you and are over you in the Lord and admonish you, and to esteem them very highly in love because of their work. Be at peace among yourselves" (*1 Thessalonians 5:12-13*).

The Bible also provides wisdom and guidance for the support of those who serve in ministry:

- "Do you not know that those who are employed in the temple service get their food from the temple, and those who serve at the altar share in the sacrificial offerings? In the same way, the Lord commanded that those who proclaim the gospel should get their living by the gospel" (*1 Corinthians 9:13-14*).
- "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 he is treading out the grain' and 'The worker deserves his wages'" (*1 Tim. 5:17-18*).

In summary, the professional church worker is called by God to be servant, leader, counselor, caregiver, proclaimer, teacher, listener, evangelist, and steward to the congregation. The Christian congregation is called to respond to these benefits and blessings by providing a salary that is commensurate with education, responsibilities, and experience. This is accomplished by providing adequate salary, housing, transportation, vacation time, and financial assistance for spiritual and professional growth with genuine care, concern, and love for both worker and family.

Therefore, this guide is being submitted for serious consideration by congregations of the Texas District of the Lutheran Church—Missouri Synod, so that the office of the public ministry will be honored, God will be glorified, and parents will be encouraged “to give their children for the work of the Lord.”

PHILOSOPHICAL BASE

Based on the preceding scriptural principles, the following guidelines are intended to assist congregations in planning equitable and financially sound standards for compensation of their workers. Since the guidelines are just that, guidelines, and do not take into consideration all factors relevant to a worker’s value in a given ministry, the following factors are also to be taken into consideration:

- 1) **COMMITMENT** - dedication of self and time to the study of Scripture and the teaching/preaching/living thereof; vigilance in caring for people; openness and availability; seeing role as a calling and not as a job.
- 2) **EDUCATION** - continued growth through seminars, workshops, clinics, institutes, conferences, graduate-level courses, reading of relevant books, journals, publications, etc.
- 3) **EXPERIENCE** - time in the ministry, leading, conducting, or participating in workshops, seminars, etc., for your own parish or others; creative and/or innovative preaching, teaching, planning, organizing, administration, evangelism, assimilation, stewardship, worship, church growth, etc.
- 4) **RESPONSIBILITY** - good time management; conscientious in pastoral role and responsibilities; continuing growth in understanding of self and own capabilities; delegation of appropriate responsibilities; awareness and attention to one’s own spiritual needs, commitment to God, spouse, children, church, in that order; spiritual leadership; compassion; preparation for preaching, teaching, and meetings.
- 5) **PERFORMANCE** - doing the right job well; administrating/delegating appropriately; setting goals and objectives for oneself; working with congregational leadership to set goals and objectives; uses time effectively; seeks opportunities for ministry; educating, stimulating, and motivating as a role model; equipping the body of Christ for its ministry; utilizing gifts of people for the work of the church; seeking spiritual growth and development in the people as well as self.

Since performance evaluation is difficult, based upon the preceding factors, congregations and schools should develop position descriptions for their workers indicating areas of responsibility and expected performance levels. The job description should include what the

congregation or school will do to assist the worker in being the servant/leader they have called the worker to be, e.g., money/time for workshops, seminars, spiritual development activities, method and timing of evaluation.

While these guidelines and recommendations are not binding upon any congregation or school, the document presented is a guide for evaluating present levels of compensation. These guidelines do offer suggestions on equitable means of evaluating duties and the performance of those duties so that congregational leaders might be equipped to establish fair and reasonable levels of remuneration for their workers. We highly recommend that the salary figures calculated by use of this methodology be viewed as the "minimum" salary for which any related position is paid.

RECOMMENDATION TO CONGREGATIONS AND SCHOOLS

The establishment of a permanent Salary Committee is recommended for each congregation and school. Many congregations and schools have this responsibility assigned to a decision making committee as a part of their by-laws. This committee should be convened annually. The membership of the committee might include the Chairman of the Congregation (or his designee), Chairman of the Board of Elders, Chairman of the Board of Education and two members at large appointed by the Congregational Chairman. The Congregational Chairman should designate the Chairman of the Salary Committee. The purpose of this committee would be to annually re-evaluate all wages.

Please recognize that there may be a substantial difference between present scales and these recommendations. It may not be feasible to make up this difference or to do so at one time. The congregation/school should study the proposed salary schedule, establish compensation goals, set a timetable for achieving these goals and perhaps raise salaries some each year until desired levels are reached. For example, a three year goal on both the proposed income and expense side of the budget can be a blessing to both the ministry and care of workers God has placed in ministry.

All salary decisions must be made in light of a number of factors including current economic conditions. For example, a worker's pay adjustment must be made in light of cost of living increases for the community served. Additional considerations are addressed below.

PERFORMANCE EVALUATION

Congregations and schools would be wise to make an annual performance evaluation of all workers. This will be helpful, not only to the employer, but to the workers. A worker's responsibilities are to be clearly identified in his or her position description, thus making it easier for the worker to properly perform his or her functions. Performance evaluation is to be conducted by the appropriate supervisory person to whom a worker reports. In the case of sole pastor or Administrative/Senior Pastor, the Chairman of the Congregation and Chairman of the Board of Elders should conduct the performance evaluation. Sample performance forms are included with this guide. It should be noted that the most effective format of

performance appraisals are those in which the performance measures are directly tied to the major areas of responsibility per the position description document.

Other professional church and school workers should be evaluated by the appropriate board(s) and supervisory personnel. Examples of worksheets used to complete a performance evaluation are shown in the Appendix.

POSITION DESCRIPTIONS

Each congregation/school calls their workers to meet the needs of their particular congregation/school. Position descriptions should therefore, be reflective of actual assigned duties. Help with position descriptions is available from your MMF or Texas District School Ministry department (1-800-951-3478). Additional information can be found on the LCMS web site (www.lcms.org).

SALARY AND HOUSING ALLOWANCE DETERMINATION

SALARY

Since the nature of church and school work duties are varied by type of job and assignment, this guideline was not developed to establish a specific target or standard of compensation by type of leadership position or locale within Texas. It is a template to use as a guide. It will not and is not intended to cover every employment scenario within congregations. Each congregation's leadership team is responsible for setting compensation levels appropriate for the work assigned.

SALARY FOR PROFESSIONAL LCMS CHURCH WORKERS

The Compensation Decision support Tool was created to assist LCMS congregations in the process of determining salaries for certain staff positions. It may be accessed online here:

<https://tc.cbiz.com/CompToolCPS/Login.aspx>

The tool provides compensation suggestions for Sole Pastor, Senior Pastor, Associate Pastor, Director of Christian Education, Director of Christian Outreach, Deaconess, Director of family Life Ministry, Director of Parish Music and Lay Minister. If uncertain as how a role should be classified, please read the "Position Functions" document provided on line.

Before accessing the Decision Support Tool, it would be helpful to collect the following information:

- employee's position
- zip code of the congregation's location
- name of the church
- worker's years of work experience
- worker's education level
- additional adjustment percentage (see definition provided online)
- parsonage (if applicable)

The Compensation Decision Support Tool will provide a printable page outlining the factors entered to calculate "Total Salary Range." This range will be reflected as "lower pay," "average pay," and "higher pay." It is the responsibility of those tasked with setting salaries to make the final salary determination. Once an estimate of the worker's salary is determined, the salary figure is entered on the top line of the "Worksheet For Development of a Worker's Total Compensation Package." Benefit descriptions and determination guidance is provided later in this document.

SALARY FOR PROFESSIONAL LCMS SCHOOL WORKERS

The Compensation Decision support Tool was created to assist LCMS schools in the process of determining salaries for certain staff positions. It may be accessed online here:

<https://tc.cbiz.com/CompToolCPSEd/Login.aspx>

The tool provides compensation suggestions for elementary, middle and high school teacher, preschool teacher and assistant teacher, childcare teacher and assistant teacher, head administrator/principal, assistant administrator/principal and early childhood director. If uncertain as how a role should be classified, please read the "Position Functions" document provided on line.

Before accessing the Decision Support Tool, it would be helpful to collect the following information:

- employee's position
- zip code of the school's location
- name of the school
- worker's commissioned status
- years of work experience
- worker's education level
- additional adjustment percentage (see definition provided online)

The Compensation Decision Support Tool will provide a printable page outlining the factors entered to calculate "Total Salary Range." This range will be reflected as "lower pay," "average pay," and "higher pay." It is the responsibility of those tasked with setting salaries to make the final salary determination. Once an estimate of the worker's salary is determined, the salary figure is entered on the top line of the "Worksheet For Development of a Worker's Total Compensation Package." Benefit descriptions and determination guidance is provided later in this document.

WORKSHEET FOR DEVELOPMENT OF A WORKER'S TOTAL COMPENSATION PACKAGE

| | | |
|---------------|--------------|--------------|
| SALARY | Current Year | Proposed for |
| | _____ | _____ |

| | | |
|---|------------|-------|
| Total Cash Salary (From Compensation Decision Support Tool; Compensation Includes Housing, but not Benefits) | (1) | |
| | _____ | _____ |

BENEFITS (Concordia Worker Benefit Plans)

| | Current Year | Proposed Year |
|----------------------|--------------|---------------|
| Retirement Plan (2a) | _____ | _____ |
| Health Plan (2b) | _____ | _____ |
| Disability Plan (2c) | _____ | _____ |

| | | |
|--|------------|-------|
| Sub-Total Concordia Plans (Add Lines 2a through 2c) | (2) | |
| | _____ | _____ |

| | | |
|---|------------|-------|
| Total Benefits (Add Lines 1 and 2) | (3) | |
| | _____ | _____ |

PROFESSIONAL EXPENSES

| | | |
|------------------------|------|--|
| Auto | (4) | |
| Meeting Expenses | (5) | |
| Continuing Education | (6) | |
| Books and Periodicals | (7) | |
| Hospitality | (8) | |
| Civic Club Membership | (9) | |
| Worker Education Debt | (10) | |
| Phone/Internet Expense | (11) | |

| | | |
|---|-------------|-------|
| Total Professional Expenses (Add Lines 4 through 11) | (12) | |
| | _____ | _____ |

TOTAL COST OF PROFESSIONAL COMPENSATION

| | | |
|----------------------|-------|-------|
| (Add Lines 3 and 12) | | |
| | ===== | ===== |

GENERAL CONSIDERATIONS REGARDING SALARY DETERMINATION

- Does the recommended salary increase reflect an additional year of service? Is the increase appropriate considering current economic factors such as inflation?
- Is the worker being rewarded for providing a high level of service?
- Is the worker receiving feedback that serves to enhance future performance and effectiveness (both immediate and long-term)? Never reduce salary or benefits as a form of performance feedback.
- A fillable Excel worksheet titled "Worksheet For Development Of A Worker's Total Compensation Package" is available on the District's website www.txdistlcms.org. See "Congregations," then "Treasurer Resources."
- Positions for which State certification is required should be filled with certified personnel.
- No worker should typically be paid less than any worker he or she supervises. If this situation should occur, explain the rationale or adjust accordingly.
- A worker living in church-owned housing should have deducted from their salary an amount equal to the fair market rental value of the housing plus any utilities paid by the congregation. "Parish owned" housing is discussed below. Please also refer to the Treasurer's Manual for more information on this topic.
- **The suggested salary amount does not include any other benefits.** Examples of additional benefits include retirement and medical benefits, auto/phone allowance, office or other administrative expense allowances, etc. These additional cost considerations are discussed later in these materials.

HOUSING ALLOWANCE

Those individuals who are eligible for housing allowance (which is excluded from income tax) will need to fulfill the basic requirements set by the IRS. The congregation must designate a portion of the compensation calculated above as a "Housing Allowance," and a resolution designating the amount allowed should be entered in the congregation's minutes in December (or earlier) before the calendar year in which it is to be effective. The Appendix lists examples of resolutions for recording housing allowances within the congregation's minutes. The "housing allowance" election may be stated as a dollar amount or percentage of the "suggested salary" (bottom line) on the "Worksheet for Determining Compensation." This action may be amended at any time but must be applicable to future payments (not retroactive). Once the amount of the allowance has been properly designated, it is recommended that it be identified as such on the paycheck remittance as "housing allowance" however, this is not a requirement. It can be included in one check covering both the allowance and salary.

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. (See Social Security.)

It is the worker's responsibility to document the actual amount spent and the fair rental value of the dwelling and to adjust his income accordingly, if applicable.

For additional information on housing allowances, see the *Congregational Treasurer's Manual* and the *Taxes and Ministers* brochure, both published annually and available on the Synod's website: www.lcms.org.

See the Appendix for sample resolutions for establishing housing allowances. Also included is a guideline sheet for declaration of items included in a housing allowance.

PARISH OWNED HOUSING

The salary guidelines that follow have been developed upon the assumption a congregation does not provide the professional worker with a residence, but includes a "housing allowance" as part of cash salary. If the congregation provides a residence to the worker, the recommended salary must be discounted. If the utilities are provided in addition to the house, the recommended salary may be discounted by twenty percent (20%). Caution: If the congregation provides the professional church worker with a residence, the Congregation Treasurer must determine the value of that residence, not for IRS purposes, but for SE (Self-Employment Tax) purposes. This is usually done by a comparison to rental property in the area and using perhaps 80% of a comparable "going rate."

HOUSING FOR CALLED HUSBAND AND WIFE

Commissioned Ministers, both men and women, are eligible under the IRS code to exclude salary designated as "housing allowance" from taxable income. When both a husband and wife are Commissioned Ministers, both may exclude a housing allowance from income, but the same limitations apply. The Congregational Treasurer's Manual explains the limitations on housing allowance.

SUPPLEMENTAL BENEFITS

CONCORDIA WORKER BENEFIT PLANS

It is customary for congregations to enroll and support their workers in the Concordia Worker Benefit Plans. While these plans are a significant expense to the congregation, they do provide your worker the utmost of protection for health care and provide a retirement plan that is supplemental to what Social Security offers. The plans are "portable," that is, they are generally offered to workers of the Synod, and allow workers to accept a call to your congregation without benefit "voids" or penalty. There are three programs/benefits within the Concordia Worker Benefit Plans:

- 1) Concordia Health Plan
- 2) Concordia Retirement Plan
- 3) Concordia Disability & Survivor Plan

An optional program of All-cause Accident Insurance is also available. Details on these plans are available from the Concordia Plans, 1333 S. Kirkwood Road, St. Louis, MO, 63122-7295; also at concordiaplans.org.

Under the provisions of the Concordia Worker Benefit Plans, the congregation is required to pay the entire premium for the (2) Retirement and (3) Disability & Survivor Plans. The provisions for

(1) Concordia Health Plan are different and require only that the congregation pay the premium for the worker. However, most congregations have provided Concordia Health Plan coverage to a worker's spouse and dependents. If the congregation does not pay for the worker's spouse and dependents, the worker is making this payment from his taxable income. On the other hand, if the congregation provides this health care coverage insurance as a supplemental benefit, the amount is free of income tax for the worker.

CONCORDIA RETIREMENT PLAN REGULAR/FULL RATE DIFFERENCE TO BE PAID TO WORKERS(*)

All ministers of religion enrolled in the Concordia Retirement Plan as a "new worker" on January 1, 1982 or after participate on the **Regular Basis**. Workers who enrolled in the CRP prior to that date, and whose CRP membership did not subsequently terminate, have the option to participate on either the **Regular or Full Basis**.

If an employer is contributing to the Concordia Retirement Plan on the **Regular Basis** for a minister of religion, that employer is to make the amount of the difference between the **Full Basis** rate and the **Regular Basis** rate available to that minister of religion. This "equalization payment" (formerly referred to as off-set payment) assures that all workers deemed "self-employed" by Social Security are treated equitably. This special payment must be reported as income for Federal income tax purposes. There is one exception to this special payment. If the employer is already helping a worker pay part of the self-employed

S.S. tax (e.g., Social Security allowance of 7.65%), this special payment is not required to be paid.

(*) This benefit discontinued effective June 30, 2014.

TAX SHELTERED RETIREMENT PLAN

Church workers may shelter a portion of their wages in a 403(b) tax sheltered retirement savings plan administered through Concordia Plans. This Concordia Retirement Savings Plan (CRSP) is managed for Concordia Plans by Metropolitan Life. See the ConcordiaPlans.org web site or *LCMS Congregational Treasurers Manual* for more information.

PENSION AND RETIREMENT

Each congregation which participates in the Concordia Retirement Plan MUST provide the Concordia Retirement Plan for all eligible workers. This national plan, which is qualified with the Internal Revenue Service, prohibits discrimination against any eligible employee by denying this benefit. The congregation pays the full cost of the plan.

SICK LEAVE, HOSPITALIZATION AND DISABILITY

Sick leave, hospitalization, and disability shall be granted in accordance with Worker Benefit Plans and/or other benefit programs in which each congregation is encouraged to participate. The Concordia plan, entitled Concordia Disability and Survivor Plan (CDSP) helps to ensure that an eligible worker's compensation is not disrupted.

SOCIAL SECURITY

The Lutheran Church--Missouri Synod has taken positions in its conventions indicating that it does not oppose social security on the basis of religious principles. In fact, conventions of the Synod have enacted resolutions encouraging participation in social security, implying that, as a church body which ordains ministers, it does not recognize a theological basis for opposing participation in social security. Professional Church Workers are, therefore, encouraged to participate in the program.

Please note that for social security tax purposes, clergy are considered "self-employed" and therefore pay this tax on both "salary" and "housing." The current tax rate is 15.3% (12.4 component for old-age, survivors, and disability insurance (OASDI) and a 2.9% component for Medicare). Consult your tax advisor or IRS.gov for current information regarding tax rates and deductions.

PROFESSIONAL EXPENSES

AUTO ALLOWANCE

Car and travel expenses should be regarded as “business expenses” of the congregation. Reimbursement should cover actual miles traveled. (Most agencies and businesses allow the standard IRS rate which includes gas and oil, depreciation, maintenance, and insurance.) A year-end review of actual expenses should be conducted to assure that total travel expenses are covered. Congregations may also wish to purchase or lease a car for their workers.

There are tax ramifications for both unaccountable cash allowances and personal use of congregation-owned vehicles. Please refer to the *Congregation Treasurer’s Manual* for additional information.

MEETING EXPENSE

Attendance by professional church workers at Synod and Texas District approved conventions, retreats, conferences and workshops should be encouraged and considered to be part of the business of the congregation. Indeed, the attendance of all professional church workers at official Texas District Conventions is required by the Handbook of the Synod. The worker should not be required to utilize vacation time or personal funds to attend these events.

PROFESSIONAL GROWTH (CONTINUING EDUCATION)

To maintain professional skills, funding should be available to cover a minimum of one course per staff member per year. It is suggested that an amount between \$200-\$500 per-year per-worker be budgeted for this purpose. This sum is not added to a worker's compensation but held in a reserve account until needed. A worker is encouraged to submit an annual plan for approval. The worker should not be expected to use vacation time to attend continuing education events.

BOOKS, PERIODICALS

The congregation is encouraged to include an established amount in the annual budget to assist the worker in the purchase of professional journals, books and memberships in professional organizations. Funds provided for professional books, periodicals and memberships should not be considered to be part of a worker's salary.

HOSPITALITY

A professional church worker may find it convenient to conduct church business by meeting for coffee, breakfast or lunch. It may be important to meet with a prospective congregation member or board member in a hospitable setting. The cost of hospitality on the part of the worker is not something the church worker should pay personally. The congregation should consider providing a fund in the budget from which your church worker might be reimbursed

for hospitality extended on behalf of the congregation. A policy should be established for use and accountability of these funds.

CIVIC CLUB MEMBERSHIPS

Many pastors belong to civic clubs (Rotary, Lions, Optimists, etc.) as a part of community exposure and awareness for the congregation. Congregations should consider assisting in payment of annual dues as part of the congregation's operating budget.

WORKER EDUCATION DEBT

Many church professionals are graduating from the seminaries and colleges with significant educational debt. They have undertaken this debt to be equipped to serve the congregation. A congregation should give serious consideration to assisting workers in repayment of this debt. Such assistance is regular income for the worker and subject to IRS taxation.

PHONE/INTERNET EXPENSE

The congregation is encouraged to include an amount in the compensation package to assist the worker in the cost of phone or internet access. Please see IRS tax policies regarding "accountability" and "non-accountability" plans for phone/internet expense to employees.

ADDITIONAL TOPICS RELATED TO COMPENSATION

VACATION AND DAYS OFF

Each congregation should adopt a vacation schedule for its workers. This schedule should be recorded within the official personnel manual of the congregation. The vacation schedule should be reviewed annually and the necessary allowances made if the ministry load has been exceptionally heavy for any period of time. Full-time church workers should receive vacation during their first year in ministry and should be encouraged to take some vacation each year. Each worker should be required to take at least a two-week vacation per year. The following schedule of allowable vacation time is recommended for workers in 12-month positions:

Days of Vacation
(Includes Saturdays & Sundays)

| <u>Total Years of Service</u> | <u>Commissioned Ministers</u> | <u>Ordained Ministers</u> |
|-----------------------------------|-----------------------------------|-------------------------------|
| 0 - 5 yrs | 14 days * (2 wks) | 21 days (3 wks) |
| 5 - 15 yrs | 21 days * (3 wks) | 28 days (4 wks) |
| 15 + yrs | 28 days * (4 wks) | 35 days (5 wks) |

*In addition to these days, Commissioned Ministers may be allowed the Christmas Recess and Spring Break as "down time," not to be counted as vacation time.

The anniversary date of a worker's ordination or commissioning is normally used in calculating service for purposes of vacation time. The congregation might find it necessary to prorate vacation time if the worker has not served for a full year.

Educators serving on a ten (10) month contract are not normally granted vacation time in addition to the time-off at Christmas and Spring Break. Teachers with 10-month positions are typically expected to be at work each day class is in session. Their vacation is given in accordance with the school's academic calendar. Teachers with 12-month positions are typically given vacation according to the scale above and are expected to be at work during the school's academic vacations unless they are using their assigned vacation days. More information on teacher vacations can be found in the sample Board Manual from the LCMS District and Congregational Services website (www.lcms.org).

Some congregations have allowed their pastor an "off-Sunday" on the fifth Sunday of the month as a week-end away. This practice is to be encouraged as "compensatory" time for the extra duties that are part of holiday seasons.

Days-off to attend required Texas District professional church worker conferences and meetings, and attendance at professional seminars and workshops are not vacation time, and congregations are discouraged from considering these professional growth meetings as part of the worker's vacation time.

Congregations calling second career workers may wish to adjust this scale to reflect the workers' vacation at his or her previous employment.

Vacations are granted for refreshment and renewal so that a worker may continue to serve with strength and vigor. A shortened vacation may not be in the best interest of the congregation.

The congregation should honor the worker's day off each week. Attendance at conferences or district meetings is not to be part of day off activities. The day off is given, not only for the health of the worker, but also for the sake of the worker's family. A day off does not include attending church meetings on the night of the off day. Though the worker must have a day off, the worker should always be available for emergencies. If the worker should leave town, someone in the congregation should know where and how to reach him/her. The definition of an "emergency" should be defined by policy so that the vacationing church worker is not needlessly contacted.

SABBATICALS

The Commission on Ministerial Health of the Texas District, LCMS, encourages congregations and schools to develop a policy for sabbaticals and then encouraging its workers to take advantage of this opportunity to be renewed, restored, and reenergized in body, soul and mind. The LCMS in convention in 2001 passed a resolution encouraging congregations to fund

sabbaticals for its pastors. Guidelines for developing a sabbatical policy were approved by the Board of Directors of the Texas District, LCMS in March 2004. These documents are available on the Texas District web site at: Resources -> Documents and Forms -> Sabbatical Guidelines (Word).

PASTOR'S FUND

In the course of his ministry, a pastor will be asked to provide minor financial assistance to persons in need. The financial assistance provided, as a representative of the congregation, should not be from his personal funds. Many congregations provide their pastor with discretionary funds for such purposes. The pastor should maintain complete records and report regularly on their use.

GIFTS, PERQUISITES, CHRISTMAS GIFTS OR BONUSES

Congregations are encouraged to remember their workers at Christmas time and five year intervals of service. When parishioners insist on giving gifts or perquisites, it shall be left to the discretion of the workers to use these as the individual so desires. Gifts to church workers for which the donor receives a receipt for tax deduction purposes must be reported as taxable income by the church worker. Please see the Treasurer's Manual for details.

PERSONAL, SICK OR SPECIAL LEAVE

Personal business must occasionally be transacted during regular business hours. In order to facilitate such transactions, congregations have found it advisable to allow time for professional workers to conduct such business.

It is suggested that sick leave be granted in accordance with the Concordia Disability and Survivor Plan of fourteen (14) days per year. After fourteen days of illness, the Concordia Disability Plan provides wage replacement. It is suggested that a worker be allowed one day per month as sick leave with a maximum accumulation of fourteen (14) days.

A congregation may grant special leave at the discretion of the board of directors to cover special cases of emergency or death in the immediate family of the professional worker. Special leave should not be considered vacation, sick leave or personal leave.

PREGNANCY LEAVE

Each congregation is encouraged to adopt a policy that allows a pregnant worker to use accumulated vacation and sick leave in conjunction with benefits offered by Concordia Disability and Survivor Plan. A policy of six to eight weeks is not an unreasonable time to hold a position for a new mother.

MILITARY DUTY

Professional church workers who are members of the armed forces will need time-off to meet their reserve obligations. It is customary for reserve military personnel to be involved in weekend duty once a month and to be on active duty two weeks usually during the summer. It is suggested that since the church worker is paid by the military for active duty, one week of the two weeks of summer active duty be considered vacation time (salaried) and the other as special leave (non-salaried). If a substitute is required to handle regular responsibilities of your worker, it is expected that your worker will compensate that substitute in accord with the congregation's guidelines. It is also assumed that a pastor/chaplain will make arrangements and compensate a substitute pastor to handle emergencies. Congregations served by pastors called to active duty are considered vacated if the call-up is for an extended period.

MOVING EXPENSES

When a congregation calls a professional church worker, the general accepted practice is to pay all necessary and reasonable moving expenses for the worker and his family. Some or all of these expenses, however, may be taxable to the employee. See the *Congregational Treasurer's Manual* for additional information.

FACILITIES, EQUIPMENT, OFFICE HELP

The congregation has the responsibility of providing proper facilities, such as office equipment and supplies, office help, etc., that may be necessary to conduct the administrative functions of the church and school.

GUEST PREACHER/LECTURER COMPENSATION

At times, the pastor may be temporarily absent due to illness, vacation, or the congregation is in the "call process." A guest preacher or lecturer may be invited to provide worship or bible study services. If the guest pastor is to be present for worship in the morning and must travel 100 miles or more, the congregation is to provide motel/hotel lodging and meals for him. All mileage is to be reimbursed at the current IRS rate. A compensation guide is on the Texas District web site under "Treasurer Resources." Minimum compensation amounts vary by type of pastoral service provided.

SALARIES FOR NON-CALLED STAFF

This compensation guide is intended to help set salaries for Called workers and other teachers of congregations in the Texas District. Job descriptions, experience levels, and educational requirements vary greatly among the other staff in a congregation, including the secretaries, business and facility managers, and other ministry positions. Although it would be difficult to establish such a scale, the following suggestions may help a congregation in setting these salaries.

Consider surveying your local school district for salaries of school secretaries, custodians, etc. Also check with local businesses and other churches in your area regarding pay scales. For positions that utilize an advanced degree, use the scale in this guide based on the education and experience of the applicant. For part time staff, consider using this guide to calculate a full time salary and divide the salary by 2080 hours to approximate an hourly rate.

The American Guild of Organists provides salary guidelines for its membership. Those guidelines may be downloaded at <http://www.agohq.org/profession/indexsalary.html>.

APPENDIX

ALTERNATIVE APPROACH TO FRINGE BENEFITS

The traditional approach to providing the church worker with benefits is for the congregation to pre-select the benefits and inform the worker. The congregation is billed directly by the Concordia Worker Benefit Plans for retirement, health insurance and disability/survivor insurance coverage for its worker. Under this approach the benefits are provided without recognition as taxable income for the worker.

Congregations with multiple workers have found that there is a disparity between the total cost to the congregation for the benefits package, especially in health care insurance, between its single and married workers. Further, the spouses of some married workers may be provided the health care coverage by their employer. In such instances the spouse has "double coverage".

The "alternative approach" to offering benefits may allow some choices to be made by the worker. As long as the congregation is fair in the administration of their benefits plan, this may be a viable option. Please defer to the congregation's policy and Concordia Plan administration documents on fair benefits administration.

The "alternative approach" involves two basic steps:

(1) The congregation establishes an amount that it will spend in providing "benefits" to each of its workers. The amount might be a fixed sum or a percentage of the worker's cash salary.

(2) The worker and the congregation agree on how the amount set aside for the worker is to be spent.

For example, Grace Lutheran Church's pastor's cash salary has been set at \$65,000. In addition, Grace Congregation has established as the "Benefits Allowance" for their pastor 30% of cash salary.

| | |
|-------------------------|---------------|
| Pastor's Cash Salary | \$65,000 |
| Benefit Allowance | <u>19,500</u> |
| Total Congregation Cost | \$84,500 |

The list below outlines how the pastor and Grace congregation planned to use the "Benefit Allowance"

| | |
|-------------------------------------|--------------|
| Concordia Retirement Program (8.7%) | \$5,070 |
| Disability/Survivor Program (2.25%) | 1,463 |
| Health Insurance (Option D) | 8,280 |
| Retirement Plan contribution | <u>4,687</u> |
| Total Benefit Allowance | \$19,500 |

Grace Congregation requires that its pastor be enrolled in Concordia retirement, disability/survivor and health insurance programs as per their fair benefits administration policy. The decision regarding the health insurance option level (beyond Option A) (worker only) is made by the worker. The decision to have a retirement contribution rather than take cash to help pay self-employment tax was made by the pastor.

Another example: Grace Congregation has a Christian Day School. One of the called teachers is single in the first year of teaching with a cash salary of \$42,473. Faith congregation has established the benefit allowance for its teachers at 30% of cash salary.

| | |
|-------------------------|---------------|
| Teacher's Cash Salary | \$42,473 |
| Benefit Allowance | <u>12,742</u> |
| Total Congregation Cost | \$55,215 |

The plan developed by the teacher and Grace congregation for the use of the "Benefit Allowance:"

| | |
|-------------------------------------|------------|
| Concordia Retirement Program (8.7%) | \$3,695 |
| Disability/Survivor Program (1.2%) | 510 |
| Health Insurance (Option C) | 7,800 |
| Cash | <u>737</u> |
| Total Allowance | \$12,742 |

This teacher decided to have the congregation include \$737 as additional income. Income tax will have to be paid by the teacher on this additional income, but this young teacher is in need of the cash to pay self-employment tax and to repay government loans obtained while in college.

APPENDIX
SAMPLE RESOLUTION FOR ESTABLISHING HOUSING ALLOWANCE

SAMPLE 1
RESOLUTION

RESOLVED, that (name of congregation), as a Standing Resolution to remain in force and effect until such time as amended or revoked, hereby authorizes and establishes a housing allowance for each Minister of the Gospel at any time serving it in the amount of \$_____ per year.

SAMPLE 2
RESOLUTION

RESOLVED, that (name of congregation), as a Standing Resolution to remain in force and effect until such time as amended or revoked, hereby authorizes and establishes a housing allowance for each Minister of the Gospel at any time serving it in the amount of each year equal to _____% of that person's gross annual compensation.

SAMPLE 3
RESOLUTION

RESOLVED, that (name of congregation), as a Standing Resolution to remain in force and effect until such time as amended or revoked, hereby authorizes and establishes a housing allowance for (individual's name) at any time serving it in the amount of \$_____ per year.

SAMPLE 4
RESOLUTION

RESOLVED, that (name of congregation), as a Standing Resolution to remain in force and effect until such time as amended or revoked, hereby authorizes and establishes a housing allowance for (individual's name) at any time serving it in the amount each year equal to _____% of that person's annual compensation.

SAMPLE 5
RESOLUTION
(MUST BE PASSED EVERY YEAR)

“Be it resolved that the dollar amounts noted adjacent to the names of those individuals listed below, be stipulated as housing allowance for the year ____ in accordance with the regulations of the Internal Revenue Service. In the event of an audit, each of the listed individuals understands that the “Burden of Proof” is upon them to substantiate the amount. The housing allowance will be paid from ____ (date) to December 31, _____. (List professional workers below with the amount of their housing allowance next to each name.)

APPENDIX

Minister's Estimate of Expenses for Housing Allowance

| ITEM | AMOUNT |
|--|----------|
| 1. Rent on home | _____ |
| 2. Garage Rental | _____ |
| 3. Down payment, legal, loan and title fees on purchase of home | _____ |
| 4. Mortgage payments (principal and interest) | _____ |
| 5. Real estate taxes on home | _____ |
| 6. Property Insurance (homeowner's and renter's) | _____ |
| 7. Utilities: Gas | _____ |
| Electricity | _____ |
| Water | _____ |
| Heat | _____ |
| Telephone (basic service) | _____ |
| Trash Pick-up | _____ |
| Storm Drainage | _____ |
| 8. Furnishing and appliances (purchase/repair) | _____ |
| 9. Structural repairs and remodeling | _____ |
| 10. Lawn care and landscaping | _____ |
| 11. Maintenance items (household cleaners, light bulbs, pest control) | _____ |
| 12. Other allowable expenses (specify) | _____ |
| 13. Home Owner's Association Dues | _____ |
| TOTAL | \$ _____ |

APPENDIX

Performance Review For Pastor and Principal

| During the past year worker has given evidence of: | No Evidence | Minimally Adequate Evidence | Reasonable & Expected Evidence | Unusual & Exceptional Evidence | Rare & Superior Evidence |
|--|-------------|-----------------------------|--------------------------------|--------------------------------|--------------------------|
| Commitment and support of the mission of the church and its school | | | | | |
| Understanding of basic Lutheran theology and integrating the faith into total ministry | | | | | |
| Performance as a skilled preacher/teacher in the pulpit and/or classroom | | | | | |
| Performance as a skilled helper and counselor | | | | | |
| Good, healthy relationships with parishioners, students, parents | | | | | |
| Supports and shows loyalty to church/school staff as a team member | | | | | |
| Personal commitment to excel as minister/leader | | | | | |
| Initiating, creating, and giving vision as a Christian leader | | | | | |
| Equipping staff and members for service | | | | | |
| Walking with Christ; model for others to follow | | | | | |
| Administrative and leadership skills | | | | | |
| Loyalty to and supportive of subordinates | | | | | |
| Achievement of annual goals | | | | | |
| Continued personal growth | | | | | |

APPENDIX

Performance Review For Teacher and DCE

| During the past year worker has given evidence of: | No Evidence | Minimally Adequate Evidence | Reasonable & Expected Evidence | Unusual & Exceptional Evidence | Rare & Superior Evidence |
|--|-------------|-----------------------------|--------------------------------|--------------------------------|--------------------------|
| Commitment and support of the mission of the church and its school | | | | | |
| Understanding of basic Lutheran theology and integrating the faith into total ministry | | | | | |
| Performance as a skilled teacher | | | | | |
| Performance as a skilled counselor and helper of people | | | | | |
| Personal relationships with parishioners, parents, young people | | | | | |
| Loyalty to church/school staff as a team member | | | | | |
| Personal commitment to excel as an educator and minister | | | | | |
| Initiating, creating, and giving vision as a Christian leader | | | | | |
| Equipping members for service | | | | | |
| Walking with Christ; model for others to follow | | | | | |
| Loyalty to, support of effective supervision | | | | | |
| Performing clerical and record keeping tasks accurately and timely | | | | | |
| Achievement of annual goals | | | | | |
| Continued personal growth | | | | | |



Compensation Decision Support Tool

LCMS Churches



User ID

Password

Log In

The following login credentials will give you access to this site:

User ID: CPS

Password: CPS

You will be logged out automatically after 20 minutes of inactivity.

If you have any questions, send an email to info@concordiaplans.org

Tool Updates

The Compensation Decision Support Tool for LCMS pastors and parish professionals is now available in the Apple app store! Search "CPS Comp" to find it.

You can now enter an experience factor for parish professional position calculations, and we have updated our pastoral salary data to provide you the most current information possible.