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The purpose of the Ministerial Support Committee is to encourage each church's affirmation and care of its minister(s) and his/her family. Support of the minister by the church is an expression of the belief in the call of God on the minister's life. This report is to provide guidelines for churches for good stewardship in compensating their ministerial staff.

We believe that the churches have a right to expect spiritual and administrative leadership from their ministerial staff, and that they are in turn responsible to provide their ministerial staff with an adequate living and contribute to a respectable retirement. We also believe that the salary and support of the ministerial staff should be the first priority in every church's financial obligations.

We recommend that the church board or an appropriately assigned committee review all pertinent portions of this report in preparation for the annual budget meeting.

We further recommend:

### I. Salary

1. That each church strives toward the goal of employing its lead pastor on a full-time basis.
2. For reference, the total salary and benefits package for church staff (pastoral and support) is suggested to be no more than 45-50% of Total Income in Operational Budget.
3. That our churches be guided in setting the lead pastor's minimum cash salary by the following formula: 20 percent of the amount "Raised for All Purposes" up to \$100,000 + 7 percent of the excess above \$100,000.
4. Consideration should be given that compensation should reflect the pastor's position within the local church and within the community. Compensation should also reflect the length of experience, level of education, demonstration of capability, productivity, length of service, and level of successful leadership in the management of the local church.
5. That church boards review pastor and pastoral staff compensation at least once a year with consideration given to both (1) merit increase, and (2) increase for cost of living. It is important to note that failure to provide a cost-of-living increase to the pastor actually results in a salary reduction equal to the inflation experienced during the year in question. This is why cost-of-living and merit increases should be simultaneously considered.
  - a. The total package, salary and benefits such as housing allowance, insurance and social security (self-employment tax), should be analyzed.
  - b. If this analysis shows that an increase is needed, especially in the area of salary, that a two-to-five year plan of raises and/or benefit increases may be instituted to bring the total compensation package to a suitable level.

The local church board secretary shall notify the district office of any decrease in any pastor's compensation-including the reasons for the decrease in salary.

6. That each church provides housing for all full-time pastoral staff. Realizing that a home is one element of retirement, we encourage churches to adopt one of the following options:

*Option One* — Establishment by the church board of a monthly housing allowance. To implement the housing allowance method, we recommend consideration for the following guidelines:

- a. The following items should be included in the calculations:
  - (1) Mortgage payment
  - (2) Insurance
  - (3) Utilities
  - (4) Property taxes
- b. Provide for assistance with down payment and closing costs. Government regulations may allow for no-interest loans to be made. Please check with your particular state.
- c. Funding possibilities to enable a church to change from providing a parsonage to providing a housing allowance include:
  - (1) The sale of the present parsonage(s) (refer to *Manual* paragraph 104) and the investment of the proceeds from the sale in an investment fund to generate revenue for the housing allowance.
  - (2) The pastor may want to buy the parsonage. If so, the church can establish the Housing allowance, the pastor obtains a loan; the church invests the proceeds and pays the housing allowance to the pastor, who in turn pays the mortgage payments.

*Option Two* — The church provides housing for all full-time pastoral staff in the form of a parsonage and utilities. Realizing that housing is a key element for the retirement years, the church will pay into the full-time staff person's equity housing fund. It is important that you follow IRS guidelines in setting up this fund. We recommend the following for this fund:

- a. A fund would be established for each full-time staff member.
- b. The fund would follow the full-time staff member from church to church.
- c. Each church should consider an annual amount of \$1,500 to \$2,500 for the equity fund.

This option would enable the local church to keep a parsonage, while enabling the fulltime staff to develop a fund for retirement housing.

7. That when a church cannot support a salary and benefits package that meets the financial needs of their pastor, they allow their pastor to be bi-vocational with their permission and blessing. The pastor should be allowed to work enough hours outside the church to meet his or her financial needs. Pastors should not consider working more hours than necessary to meet their financial needs. Churches should only take into consideration compensation for pastoral services.

Note: This must all be done in conformity with Internal Revenue Service regulations.

## II. Employee Benefits

8. Pastoral compensation packages should be discussed between the pastor and the church board to maximize allowable Internal Revenue Service tax exclusions. When structuring the package for housing allowance for example, the following should not only be evaluated from the standpoint of compensation but also based on the tax impact.
  - a. Full rent or mortgage payment

- b. Insurance (both property and contents)
- c. Property taxes
- d. Improvements
- e. Furnishings: purchase and repairs
- f. Utilities and homeowners association dues
- g. Cleaning supplies
- h. Repairs, maintenance and remodeling to home
- i. Landscaping
- j. Alarm systems
- k. Internet and cable or satellite television

Another area that should be evaluated from the standpoint of both compensation and tax impact is health/dental insurance/expenditures.

- 9. That each church reimburses all pastoral staff for their full Social Security tax, and that the reimbursement payments are made at least quarterly or proportionately with each salary check.
- 10. The **2019** SECA tax rate for the self-employed pastor is 15.3 percent. The formula for figuring the pastor's Social Security is:
  - a. Pastor's annual cash salary: \$ \_\_\_\_\_
  - b. Add housing and/or fair rental value of parsonage: \$ \_\_\_\_\_
  - c. Total of a and b: \$ \_\_\_\_\_
  - d. Multiply by .153: \$ \_\_\_\_\_
  - e. Divide by .847: \$ \_\_\_\_\_
  - f. This amount equals the Social Security: \$ \_\_\_\_\_

- 11. That all ministers on the church staff be granted vacation with salary and pulpit supply paid by the church. That dates scheduled for vacation be set at their discretion with approval of the senior/lead pastor and the church board. A full vacation week is to include seven consecutive days. That vacation time shall be based on the following formula:
  - a. At least two weeks for pastors serving the denomination for the first four years
  - b. At least three weeks for pastors serving the denomination for 5 to 9 years
  - c. At least four weeks for pastors serving the denomination for 10 to 19 years
  - d. At least five weeks for pastors serving the denomination for 20 to 29 years
  - e. At least six weeks for pastors serving the denomination for 30 or more years

It is recommended that each pastor and associate(s) adopt the church year for the purpose of scheduling vacation time. Vacation time should not accumulate from year to year without the approval of the church board. Time spent at district and general church functions should not be counted as vacation or time off because attendance at these functions is part of the pastor's official duties.

- 12. That all paid ministers on the church staff be granted at least 3 weeks paternity paid leave or 6 weeks maternity paid leave. Volunteer staff should be offered the same leave times. In cases of adoption we recommend that the local church initiate conversation with the pastoral family as to what might be appropriate and helpful ***because of the variety of types of adoptions, (i.e. foster care adoptions, overseas adoptions, etc.).***

### III. Other Benefits

- 13. That each church encourages all pastoral staff to enrich their ministerial training by providing funds to permit them to engage in some form of advanced or continuing education, such as ministerial conventions, seminars, directed studies, special college and seminary courses, the purchase of professional development materials and the payment of professional dues.

14. That each church, recognizing the intensity of duties on the Lord's day, insist that their pastors take at least one full day off each week or its equivalent for worship and rest. Since this is not always possible, we recommend that the day off be carried over. Also, personal time should be taken at a time of the pastors' own choosing and is in addition to national holidays. In addition, the church board should be sensitive to particularly stressful time periods, and grant additional time off as needed.
15. That churches consider granting the pastors times away for rest, renewal, prayer, and spiritual growth. In addition, we recommend that the pastors be given at least one week off each year for study. This would not be a vacation but a serious means of strengthening the minister and their service. No minister can keep high standards without planned and consistent learning. This could include attendance at a minister's workshop, class or any Lifelong Learning opportunity.
16. The church board should provide leadership in organizing and implementing daily prayer on behalf of their pastors and families.
17. That each local church organizes a board committee to assist in improving and facilitating care of the pastoral staff. The committee shall pray for and encourage the pastoral staff and their families in every way possible. It shall be the duty of the committee to oversee and facilitate all special and seasonal expressions of love given to the pastoral staff and their families. They are also to be aware of and coordinate practical ways of assisting the pastoral staff and their families (e.g. provision for child care for church retreats, conventions, and assemblies, etc.) and help find ways as a church to minister to the children of the pastors and staff.
18. That considering the high rate of stress ministry places on clergy couples, each church should encourage and enable its full-time ministers to attend periodic marriage enrichment retreats, paying all expenses, and not consider this as vacation time.
19. That our churches, wherever possible, establish a fund to pay expenses of their pastoral staff and spouse(s) to attend evangelism conferences, general assembly, PALCON, WILCON, District Pastors' & Spouse Retreat, and other district, regional, and general conferences and retreats.

#### **IV. Local Church Expenses**

20. That the following professional expenses incurred on official church business, and not reimbursed by the district or other sources, be reimbursed through an accountable plan for all pastoral staff in addition to their salary:
  - a. Entertainment: home & restaurants (housing church guests, etc.)
  - b. Business Meals
  - c. Ministry-related gifts (wedding, baby, etc.) and Benevolent gifts
  - d. Assemblies, conventions, continuing education expenses: Registration fees, Air/train/bus/car rental, Lodging/tips/laundry, Meals and tips
21. That the local church provides an auto reimbursement:
  - a. Through an accountable reimbursement plan at the current IRS-accepted mileage rate per business mile (such plan should meet the minimum reporting requirements as set forth by the U.S. tax code).
  - b. Or provides a church-owned and maintained vehicle for the pastor's use.
22. That the moving expenses of incoming pastoral staff be paid by the local church, including taxes on automobile and other taxable property (when applicable), and to give an amount equal to an extra week's salary for miscellaneous expenses for relocation. Consideration should be made for the moving expenses of a retiring pastor and incoming part-time staff.

23. That each church remembers the pastoral staff and families with a generous Christmas gift (e.g., one week's cash salary).
24. That the church provides a comfortable and well-equipped office-study for the pastor's use. This provision should include necessary equipment such as a phone and computer (with internet access), and all necessary supplies, postage, and office administrative help as needed.

#### **V. Retirement Considerations**

25. That each church fund a tax-sheltered annuity for pastoral staff, in addition to their cash salary, in an amount equal to at least 5 percent (a minimum of \$500 per year and not to exceed the maximum amount allowable by law) of the pastor's annual cash salary, using Pensions and Benefits USA Supplement Retirement Plan or equivalent.
26. That each church pay 10% of their current adjusted monthly income to the District Missional Resource Center in order to fulfill the Pensions and Benefits Allocation that will assure maximum retirement and life insurance benefits for their pastor from Pensions and Benefits USA.

#### **VI. Insurance Considerations**

27. We recommend that each church work with their pastoral staff to provide the best health insurance coverage possible. If the pastor chooses to use the Federal or State Exchanges in acquiring health insurance, please be aware of the ever-changing rules and regulations in how the church is or is not permitted to cover this cost. You may contact the district treasurer for additional guidance.

Churches that employ retired ministers as paid staff are encouraged to give consideration to covering the cost of providing supplemental health insurance, but be sure to follow the current Affordable Care Act guidelines.

28. Churches are strongly encouraged to provide term life insurance for their pastor and pastoral staff.
  - a. By participating in the district-arranged term life insurance, paying the premium out of the local church budget. The district will arrange for basic term life insurance for all assigned ministers and fulltime ministerial staff (associates) who are on the payroll of churches for the Mid-Atlantic District Church of the Nazarene. Premiums for those ministers employed by the district and for senior pastors serving organized churches or church plants whose total church income is less than \$40,000, line 32 on the APR (Annual Pastor's Report), and for active evangelists (those holding six or more revivals in the previous year) will be paid out of the Ministerial Resource Fund. Churches providing this coverage are requested to pay the premium on an annual basis to the district treasurer upon receiving the invoice.
  - b. By some other option at an equal amount of coverage or more. The district coverage amount should be considered a minimum.
29. That each church considers adoption of the general church's income protection plan (disability insurance), and accidental death and dismemberment insurance plan. That it be recognized as a Christian responsibility to give the pastor sick leave with full pay up to 90 days; and that if the illness continues longer, the termination of the leave should be determined by the local church board in consultation with the District Superintendent.

30. That each church should provide a professional liability rider on the church insurance policy for the pastor/staff.

#### **VII. Action Items**

31. That the Ministerial Support Subcommittee plan and implement a seminar as a part of TEAM Day and recommend knowledgeable finance and tax consultants available to assist the pastors, church treasurers and the church's financial committees and/or trustees in financial areas, income tax management and retirement planning for the pastor.
32. That the Ministerial Support Committee report be sent to all pastors and/or church board secretaries by internet means to their boards in a fall board meeting. The church board needs to reply back to the district any action that was taken.

#### **VIII. Benevolence**

33. Those churches that are able should give material assistance at Christmas to other pastors and their families who are in need. Churches should contact the District Superintendent for the names of those pastors and staff members who need such assistance.
34. That churches honor retired pastors, evangelists, and missionaries (and their spouses) who are a part of their congregation by remembering them appropriately on their birthdays, wedding anniversary, Christmas, etc. Churches that are able should give financial assistance and also help the above attend district assembly, pastors and spouse retreat, etc.

#### **IX. Evangelist's Support**

35. That each church upon calling an evangelist provide remuneration in an amount equal to twice the pastor's weekly cash salary for the number of Sundays of the meeting; that consideration be given to reimbursing travel expenses and health insurance premium; that proportional reimbursement be given for Social Security tax; and that the amount of remuneration be communicated to the evangelist before the meeting.
36. That each evangelist called by a local church, within the present church year, be remembered at Christmas with a cash gift.
37. That each local church which has a commissioned evangelist who supports that church with tithes and offerings consider helping the evangelist with expenses to each evangelism conference and general assembly; and that the district consider helping each commissioned evangelist on its rolls with expenses to each conference on evangelism and general assembly.

#### **X. Pulpit Supply**

38. We recommend that retired ministers be employed for pulpit supply as frequently as possible. Retired ministers live on limited retirement benefits and may welcome the opportunity to provide pulpit supply. Retired ministers are a source of experience and expertise that should be utilized by the local church.
39. A minimum amount for pulpit supply should be \$75.00 to \$150.00 plus consideration of travel expenses.

#### **XI. Pastoral Sabbath Rest**

40. Members of the ministerial staff should take a Sabbath rest to, among other things, prevent burn-out and provide time for reflection, leadership renewal, and spiritual growth. The church board is encouraged to initiate discussion about a Sabbath rest with their pastors. Sabbath rest is a time to receive, to be nurtured, to dig deeper into oneself and into one's relationship with God. The concept of Sabbath rest is a cyclical season of renewal for the minister and the ministry that is modeled by God following creation and by Jesus as he took his disciples on retreat following intense times of mission.
41. The congregation should consider a Sabbath rest for any lead pastor and full-time pastoral staff members who have served five consecutive years with that congregation and every fifth year thereafter. The sabbatical should be a minimum of four to six weeks and should be scheduled by considering the needs of the congregation, the requirements of the pastor's proposal, and any other pertinent concerns. The sabbatical should not reduce the time allotted for continuing education or regular vacations. The pastor should continue to receive full salary and retirement benefits including insurance, social security, and travel and entertainment allowances during the sabbatical period. In addition, a stipend may also be provided at the discretion of the board after consideration of the pastor's proposal.
42. The Process: The church board and the pastor will form a Sabbatical Committee to develop a written proposal for presentation to the church board at least six months prior to the beginning of the desired sabbatical. The proposal shall include the focus of the sabbatical, travel plans, a communication plan, and a listing of the church tasks to be cared for in the absence of the pastor. No personnel changes shall be made without consulting the pastor and no two members of the pastoral staff may be on sabbatical leave at the same time except by permission of the church board.
43. The pastor and the Sabbatical Committee will each prepare a written report and submit it to the church board within the first three months after he or she returns. A copy of each of the reviews will also be forwarded to the District Superintendent for his information and review.
44. We recommend that pastors give themselves ample time to pray and prepare for the sabbatical before engaging a Sabbath Rest Committee to develop a plan. The pastor should consult a mentor or other trusted advisor and ask for congregational and church board assistance to identify program resources and assist in developing a proposal. Be careful to recognize any extra expenses that may be incurred during the sabbatical and plan to keep a daily journal.
45. Several questions can guide preparation: What do I want to happen to me personally? How do I want the sabbatical to affect my family/spouse? How might the congregation benefit?

Additional information on planning for sabbaticals may be obtained at <https://www.usacanadaregion.org/districts/district-resources> under the Sabbatical heading

#### *Disclaimer*

These guidelines are not intended to serve as tax advice. Questions regarding tax issues should be directed to a qualified consultant. Contact the district office or international headquarters for additional help.