

# **GUIDELINES FOR PASTORS/CHURCH STAFF COMPENSATION**

***For the Year 2008***

**Central Canadian District of The Christian and Missionary Alliance in Canada**

## **BACKGROUND**

The financial support of pastors is a unique matter. Often there is confusion about who sets the pastor's salary and what criteria should be considered in determining the compensation received. The biblical precedent for providing generous support to those who give spiritual care and nurture to God's people is evident in both the Old and New Testaments. It is clear from Moses' instruction to Israel that the people were to contribute to the priests a share of the offerings presented in sacrifice to God for their physical sustenance. This practice of providing for those who ministered to the people as God's representatives carried over into the Church. The apostle Paul declared that the elders (pastors) who led the church well were to receive "double honor" especially those with the ministry of preaching and teaching. That he was referring to financial remuneration is clear from the context in which this instruction was given in I Timothy 5.

Therefore, it should be the intended purpose of every congregation to provide a fair and equitable salary package for the pastor(s) based on the biblical principle of generosity.

## **APPROACH**

Since every church has the responsibility of caring for the pastor(s) with diligent attention and since there are a variety of factors that may contribute to what constitutes fair and equitable pay in the community in which a church is located, the following guidelines are given to assist in the process of determining a suitable salary package. While attempting to establish a procedure for determining an adequate salary, it is acknowledged that these guidelines serve only to give direction and are basic in their instruction.

1. A personnel committee shall be established from the Board of Elders for the purpose of setting the annual salary of the pastor(s) and church staff, where applicable. This committee shall meet with the pastor(s) and other staff members to discuss goals, needs, expectations, and resources available.
2. The personnel committee shall make recommendations on the compensation packages to the board with supporting arguments. The board will give final approval for inclusion in the church budget. Care must be given to present the annual church budget to the congregation in such a way as to prevent open discussion or voting on the salaries. This is to be a matter decided by the board, not the congregation, after proper consultation with the pastor(s) and staff members. The goal of the personnel committee is to ensure that there is sufficient economical support for the paid staff to maintain a reasonable lifestyle and to provide spiritual, emotional and physical stability.
3. The following factors may contribute to establishing a salary package:
  - Experience (number of years in pastoral ministry and, if applicable secular work force).
  - Education

- Position to be filled (Solo Pastor, Senior Pastor with staff, Staff position, etc.)
- Size of congregation
- Benefits provided by the church (separate from Alliance Retiral Fund, CPP, EI, EHT)
- Housing (if the church does not provide housing, Canada Customs and Revenue Agency does allow for a clergy resident deduction)
- Reimbursements for ministry expenses (e.g. travel, hospitality, media tape book allowance, etc.)

It must be recognized that the provision of adequate pay for the pastor(s) will be of benefit to both the pastor(s) and the congregation. A carefully developed plan is essential in order to assure that this happens. This is both the practical and biblical means to successful ministry.

## **METHOD**

The personnel committee after reviewing the above approach should determine the appropriate level of remuneration for the pastor(s) using the following sources for input:

- Complete the Remuneration Worksheet by using the Remuneration Guidelines as issued by the District for the current year. (Be careful to give consideration to other types of experience and education that may be relevant.) Reviewing the prior year's worksheet would be helpful.
- Review prior years' increases in pastor(s) remuneration.
- Have at least one meeting with pastor(s) to discuss performance and receive feedback from the pastor as to accomplishments, goals and aspirations.
- Salary grid from previous year is available from District Office on request.

Then based on the above range, figure and discussions, and after a time of prayer establish the remuneration level for the next year. This decision and the rationale subject to board approval should then be communicated by way of a meeting with the pastor(s).

## **TIMING**

The above process should be followed:

- At least annually
- When calling a new pastor
- More frequently if something significantly occurs during the year that changes the ministries.

**2008 REMUNERATION GUIDELINES**  
**Central Canadian District of the Christian and Missionary Alliance in Canada**

The following information is provided for guidance when considering the various components for the pastor(s) remuneration for the 2008 calendar year.

**Base Salary:**

The base salary in accordance with these guidelines is \$28,900 for 2008. It is to be updated by the District Office annually and should increase by the rate of inflation (approximately the Consumer Price Index).

**Clergy Resident Deduction:**

Just a reminder that churches need to provide all part-time and full-time Official Workers with a T1223E –Clergy Residence Deduction Form in addition to providing a T4. This T1223E form provides employer affirmation that the church believes the eligible pastors have satisfied both the clergy status and clergy function criteria and therefore believe the worker can claim his /her personal tax deduction.

Because of the difficulty of setting a fixed clergy resident deduction that is appropriate for all the communities where we have churches we recommend that:

The Church Board should define what is considered to be a reasonable standard of accommodation and base the annual clergy resident deduction on the "Fair Rental Value" for that standard of accommodation.

Two separate issues are involved here. The first is defining what accommodation is reasonable for use in setting the allowance forming part of the remuneration. The second concerns the fair rental value of the accommodation which the pastor can deduct for tax purposes, regardless of the allowance paid as part of the remuneration package from the church. For example, if a pastor were to select accommodation well above the standard in the area, this should not necessarily require paying a clergy resident allowance equal to the fair rental value. On the other hand, the pastor would be entitled to deduct that value for tax purposes. This matter should be discussed with the pastor and the church's outside accountant to ensure compliance with Canada Customs and Revenue Agency (*See Canadian Council of Christian Charities explanation of new guidelines for Clergy Resident Deduction effective Jan. 1, 2001 on their website ccc.org*)

**Experience Allowance:**

The experience factor is intended to recognize increased effectiveness that should result with more years in the ministry. The rate of increased effectiveness should be more heavily weighted to the first several years of ministry and then reduce as the years move along.

The following are the suggested values for calculating the Experience Factor:

Increments per year of full time experience   \$500

**Church Size Allowance:**

As the size of the Church increases, there is additional pressure on all staff to manage the complexities of ministries. The Senior Pastor will encounter a significant increase in administrative duties as they give oversight to the additional staff. All staff should be eligible for this allowance, but the weighting factor should recognize the degree to which they are impacted.

The Church Size Allowance (based on average primary weekend service(s) increments are as follows:

Less than 100	\$2,000
>100; less than 300	\$4,000
>300; less than 500	\$6,000
>500; less than 700	\$8,000
>700; less than 900	\$10,000

The suggested weighting factor for Church Size Allowance:

Senior Pastor	100%
Other Pastors	50%
Church Staff	25%

**Under-Graduate Degree Allowance:**

The under-graduate degree allowance is intended to recognize the increase in effectiveness that should result from additional education. A pastor/worker should receive this allowance when he/she earns his/her first degree. The value of this increment should be in the \$1,000.00 range.

**Graduate Degree Allowance:**

The graduate degree allowance is intended to recognize the increase in effectiveness that should result from additional education. A pastor/worker should receive this allowance when he/she earns his/her first Masters degree. There is no provision for additional degrees after that; however, additional compensation may be considered. The value of this increment should be in the \$1,500 range.

**Guideline for Pension Benefit:**

This guideline on the pension benefit is intended to encourage pastors/church staff to contribute towards their own retirement income. The Church (employer) should pay 5% of gross pay to Alliance Retiral Fund and the pastor/church staff should contribute the same amount. Any contribution beyond this level by the pastor/church staff and any additional payment by the Church would be on a purely voluntary basis.

**Travel Allowance:**

Revenue Canada issues guidelines for reimbursement of travel costs based on a set rate per kilometer. Revenue Canada has recommended for the year 2007 .50 per km. for the first 5000 km. and .44 per km. thereafter (2008 Rates can be obtained at end of Dec 2007 by going to web site CRA-ARC.GC.CA and go under Automobile Allowance Rates). Churches are encouraged to follow these guidelines and pastors need to complete expense reports from mileage log book to support the travel costs. Alternatively some Church Boards and pastors may arrange a pre-set travel allowance with no mileage information submitted which would make the pre-set travel allowance a taxable benefit

**Group Benefits Package: (Wawanesa Life)**

For employees working 30 or more hrs./wk. (A, B, C, D)

For employees working 20 or more hrs./wk. (A, B, D)

**A. Life Insurance Plan**

- Premium is based on \$.33/1,000 +P.S.T. of an employee's annual earnings to a maximum of \$200,000.
- Earning figure includes salary, housing allowance and taxable benefits. Car allowance is not included.

**B. Optional Life Insurance**

- Available to all eligible employees and spouses in units of \$10,000 up to a maximum of \$200,000.

**C. Long-Term Disability**

- Provides 60% of earnings to a maximum of \$5,500/month
- Premium is based on 60% of annual earnings and is at rate of \$1.85 +P.S.T. per \$100 of benefit per month

**D. Extended Health/Dental**

- must enroll in the Group Life Insurance Plan to join.(Premium rates vary for family or single coverage.)

For A, B, C and D, there is a three-month waiting period for new workers to become eligible.

As an Ontario resident, all premiums are subject to P.S.T. (8%)

Churches may consider covering Wawanesa (10-20%) difference between claim payments received and costs of claims

**Vacation:**

All full-time pastors/church staff should be encouraged to take holidays (See guideline below.) The usage of these weeks should be pre-arranged and coordinated to coincide with the best time for the Church year.

<u>Pastoral Staff</u>	<u>Total Years in Ministry</u>	<u>Vacation Benefit</u>
	0- 5 years	3 weeks
	6- 11years	4 weeks
	12-25 years	5 weeks
	25+ years	6 weeks
<u>Administrative Staff</u>	<u>Length of Employment</u>	<u>Vacation Benefit</u>
	0- 2 years	2 weeks
	3- 9 years	3 weeks
	10+ years	4 weeks

**Discretionary One-Time Payment**

If pastors/church staff go beyond the line of duty, an extra bonus, etc. may be paid.

**Optional Allowance (s):**

Other forms of allowances may also be considered such as:

Media/Tape /Book Allowance: It is good for the pastor to keep current on new material and reference books (over and above what a Church chooses to do in the Library).

Fellowship Allowance: Pastors and youth workers frequently entertain and host groups in their home. A pre-set monthly allowance may be appropriate to cover these costs. This would be over and above any expense reports pastors would submit in the ordinary course of ministry.

Education Allowance: Continuing education is beneficial for all parties concerned and depending on the nature of the additional education the Church and the Pastor may come to some cost-sharing arrangement.

Study Leaves: It is beneficial for pastors to be given the opportunity for soul and body renewal through personal reading, reflection and recreation. Pastors with significant experience and responsibility could be considered for extended time periods.

Attached is a Remuneration worksheet to be used in helping you establish remuneration for your staff.

Word Doc-compensaguide2008

**REMUNERATION WORKSHEET**

Name: \_\_\_\_\_

For the Year: \_\_\_\_\_

Base Salary \_\_\_\_\_  
Clergy Resident Deduction \_\_\_\_\_

Additional Allowances  
Experience Allowance \_\_\_\_\_  
Church Size Allowance \_\_\_\_\_  
Under Graduate/Graduate Degree Allowance \_\_\_\_\_  
Travel Allowance (if not paid for actual miles) \_\_\_\_\_

Total Remuneration =====

Pension Benefit (based on Total Remuneration) \_\_\_\_\_

Other forms of consideration  
If there are any optional allowances that were part of the pastor's/church staff contract, this should be noted here.