

Church's Guide to Basic Compensation for 2014

*“Dedicated to those
who serve”*



The Free Will Baptist
Minister's Program
www.fwbmp.org

WELCOME

This is the nineteenth year that the Minister's Program has published the Basic Compensation Brochure (renamed the "Church's Guide to Basic Compensation") for our churches and pastors. We continue to receive positive responses to our efforts and we hope that you will find this tool helpful.

An open and frank discussion about the salary needs of the pastor should not be a difficult or uncomfortable experience for either party. The church has a responsibility to provide a fair and adequate salary for their pastor and the pastor has a responsibility to serve the church faithfully. Paul spoke about this relationship in 1 Corinthians 9:9-14.

The church should review the pastor's salary on an annual basis. These reviews should be meetings attended by the church's finance committee and the pastor with the intent to consider all issues that affect the pastor's compensation plan. At the very least a church should consider an experience adjustment.

Historically the Minister's Program has used the Social Security Cost of Living Adjustment (COLA) in our current recommendations. For 2014 this adjustment has been set at 1.5%. We are recommending that churches

consider, at a minimum, adjusting their pastor's wage to reflect this increase.

While the base recommendations have increased this year, we encourage our churches to talk with their minister and assist him in meeting his financial needs and goals. Please remember that health care and other costs continue to rise.

When the church and pastor meet to consider matters of compensation, we hope that you will find this guide helpful.

WHAT IS THE CHURCH'S GUIDE TO BASIC COMPENSATION?

For many years there has existed a need for information to help churches determine adequate compensation levels for their pastor. The Minister's Program realized this need and took steps to help the churches and ministers of our denomination as they plan together.

This brochure is a starting point for finance and pastor search committees as they discuss salary and benefit needs with the pastor. It is our hope that it will be used to help churches make informed decisions regarding the compensation of their pastor.

RECOMMENDATIONS

Direct Income

	I	II	III	IV
Base	20,850	27,250	38,400	45,425
Housing	6,000	7,650	10,600	12,700
Utilities	2,700	3,500	4,775	5,700
FICA**	2,260	2,937	4,113	4,882

** This is one half of the pastor's FICA and is considered income for tax purposes.

Retirement

	2,400	3,200	4,300	5,000
Med. Ins.*	13,940	13,940	13,940	13,940
Dis. Ins.	750	750	750	750
Life Ins.	700	700	700	700

Expense Reimbursement

Mileage**	6,800	7,350	8,500	9,600
Convention & Conferences	500	500	500	500
Seminars & Publications	350	550	650	650

* BCBS Blue Select Silver 3500 \$3,000 Ded, Age 50 Male Family Coverage (spouse & 2 children) See more information on the back page
 ** IRS Standard Mileage for 2014 is 56 cents per mile.

HOW CAN IT BE USED?

This information is a tool that can be modified to help you determine a fair and reasonable compensation for your pastor. We have taken into account major factors such as church size and the minister's education and experience. You need to fine tune these numbers for your situation. Also, factors such as the church's ability to pay and the vocational status of the minister should be taken into account.

Income is broken down into three main categories: direct, fringe, and expense reimbursement. These categories are then broken down further to help those concerned see what is involved in a balanced plan.

First we will look at the various classifications for churches and ministers. For classification purposes there is a temptation not to include members who attend only casually (3-4 times per year) however, this does not clearly reflect the scope of the pastor's work. In the event of sickness, death or spiritual need, the casual member will no doubt call upon the pastor.

We also encourage you to visit our new website and use the calculator provided for this computation. The website address is www.fwbmp.org

Church Classification Membership Classification

1-49	I
50-149	II
150-299	III
300+	IV

Pastor's Education

Degree	Adjustment
2 Year	0%
4 Year	10%
Masters	13%
Doctorate	15%

Minister's Experience

Years	Adjustment
0-5	0%
6-9	5%
10-19	10%
20-29	15%
30+	20%

Example

Your minister has a 4 year degree and 12 years experience in the pastorate. Your church has 125 members. To use the **Church's Guide to Basic Compensation**, find the church classification which in this case would be a II and then calculate the adjustments. The education and experience adjustments should be made on direct income only.

The total direct income is \$41,337. At this point we will factor in the adjustments for education and experience. In our example these amounts are 10% and 10% which total 20%. Multiply the direct income of 41,337 x 1.20 to reach the recommended total of \$49,604.

Example: Classification II

	Direct Income	As Adjusted
Base	27,250	32,700
Housing	7,650	9,180
Utilities	3,500	4,200
FICA	2,937	3,524
Total	41,337	49,604
Fringe Income		
Retirement	3,200	3,200
Medical Insurance	13,940	13,940
Disability Insurance	750	750
Life Insurance	700	700
Expense		
Mileage	7,350	7,350
Convention & Conferences	500	500
Seminars & Publications	550	550

OTHER CONSIDERATIONS

In addition to the minister's regular compensation, there are other matters that the church should consider. They are as follows:

Vacations

Two weeks with one additional week for each 5 years of experience is suggested. The church should budget for the supply speaker.

Christmas Gift

The church should consider a minimum of one week's salary as an added bonus during the Christmas season.

Sick Leave/Disability

You should agree in writing what the policy of the church will be in the event of sickness or disability. This is especially true in the event that the pastor lives in the parsonage. How long will the parsonage be available and compensation continue? In the event of a total disability the church should continue the pastor's salary for a minimum of ninety days and up to one hundred and eighty days if possible.

Death Benefits

What does a church do when their pastor dies? This doesn't happen very often but when it does it presents some very difficult choices for the church, especially if a parsonage is involved. These decisions are much easier when

the church has considered this possibility beforehand.

While the church has lost their pastor, it is important to consider that the widow has lost her husband, his salary and, in the case of a parsonage, her home. The Minister's Program recommends that the church continue to pay the widow 70% of the pastor's salary for a period of 90 days and that she be granted the right of occupying the parsonage for that period of time.

Supply Speakers

When someone is called to fill a pulpit for a service, the church should consider a minimum of \$150 per service and mileage at the IRS rate for a round trip from his home. The current mileage rate for 2014 is 56 cents per mile.

Interim Pastors

If this individual is expected to provide all the pastoral services expected of a regular pastor, then you should use the **Church's Guide to Basic Compensation**.

Evangelists

The recommended amount is \$150 per service with an allowance for mileage and meals if travel will be during meal time. Overnight accommodations, if needed, should be at an acceptable motel at the expense of the church.

BUDGET WORKSHEET

Classification _____

Direct Income

Base _____

Housing _____

Utilities _____

FICA _____

Total _____

Fringe Income

Retirement _____

Medical Insurance _____

Disability Insurance _____

Life Insurance _____

Total _____

Expense

Mileage _____

Convention & Conferences _____

Seminars & Publications _____

Total _____

Healthcare under the Affordable Care Act (ACA)

Sweeping changes in healthcare have taken place due to the implementation of Obamacare. These changes are beyond the scope of this publication.

Due to the massive costs associated with this initiative tax savings which have been available in past years will no longer apply. It appears that while churches will be able to reimburse their pastors for personal health coverage this reimbursement should be reported as taxable income.

The good news is that you make qualify for a substantial subsidy based on income and dependents. Navigating the rule associated with the new law will require the expertise of a professional.

The Minister's Program is not qualified to provide tax or legal advice so it is imperative that the pastor seek the advice of a qualified tax and insurance advisor.

For Additional Information
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