



## 2023 Guidelines for Rostered Minister Compensation

for Ministers of Word and Sacrament (Pastors) and for Ministers of Word and Service (Deacons)

### Special points of interest:

- Recommendation for at least 4% increase in base salary
- Sabbatical Policy Recommendation
- Remember these are minimum guidelines

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Cost of Living Average (COLA) increases for 2023 are estimated to be between 8-10.5% based on the Consumer Price Index. The Synod Council takes the COLA estimates into account when setting synod guidelines. Understanding that most of our congregations and ministries cannot handle that big an increase in compensation, we are prayerfully recommending at least a 4% increase in base salary for 2023. The 2023 Rostered Minister Compensation Guidelines provide explanations and presents aids for determining the various parts of the compensation in a progressive manner. The components of Pastor's compensation package will be presented as follows:

- Base Salary (not including housing or professional expenses)
- Parsonage or Housing Allowance
- Supplemental Benefits
- Professional Expenses

There are different standards of living in the communities which compose the Arkansas-Oklahoma Synod. Guidelines which seem low and inadequate to some may be a significant challenge for others.

The Base Salary for rostered ministers should compare to others in the community of similar responsibility, training, and activity.

### **Please regard these as minimum guidelines.**

Congregations are encouraged to exceed the guidelines in compensating their pastors.

These guidelines and suggested compensation levels for 2023 were reviewed and approved by the Arkansas-Oklahoma Synod Council August 26, 2022

## Compensation Guidelines for Minister of Word and Sacrament (Pastor) Compensation:

The 2023 entry level (first call) salary range for ministers of word and sacrament is **\$43484-\$45659 plus** housing. No pastor serving a full time call should be below the entry level salary range. See **Appendix A** for more comprehensive guidelines.

## Compensation Guidelines for Ministers of Word and Service (Deacons)

The 2023 entry level (first call) salary ranges for ministers of word and service are \$39,635-\$42650 for those with a BA degree and \$41675-45100 for those with a MA degree. The guidelines for deacons are found in **Appendix B**.

The same careful and just consideration should be given to ministers of word and service regarding salary, benefits, and reimbursements as those serving as ministers of word and sacrament. However, it should be noted that the ELCA does not recognize ministers of word and service as eligible for housing allowances per IRS regulations nor are they considered self-employed and therefore a SECA allowance would not be applicable.

## Compensation for Pulpit Supply, Interim and Contract Ministry

2023 Compensation for single Sunday worship leadership (pulpit supply) is

**One** worship service: \$150 Plus travel reimbursement (meals, lodging, mileage)

**Two** worship services: \$175 Plus travel reimbursement (meals, lodging, mileage)

**Three** worship services: \$200 Plus travel reimbursement (meals, lodging, mileage)

Compensation for interim ministry and long-term contract ministry is worked out on a case by case basis in consultation with the Bishop.

## Five Things to Remember About Pastors' Housing Allowances

Clergy know that they are entitled to a housing allowance for the costs of maintaining a residence. This allowance is not included as taxable income on pastors' W-2s. However, there are rules for determining, documenting and reporting a housing allowance that need to be followed.

1. Clergy need to determine the cost of maintaining **one** residence for the upcoming calendar year, or for the remainder of the year if a call commences during a year. The housing allowance amount is the **lesser of:**

- a. Amounts actually paid for housing and related expenses.

- b. The fair rental value of the home.
- c. The amount actually paid or declared by the congregation as the housing allowance.

2. The clergy housing allowance amount must be requested in writing and approved by official action by the employer at the beginning of the call and then prior to the beginning of each tax year. In a congregation, the housing allowance is generally approved by the congregation council or the finance committee. A record of the action to approve should be in writing.

3. The housing allowance is not subject to federal income tax, but it is subject to self-employment tax. On the W-2, it is not reported in Box 1. It is typically reported as an information item in Box 14.

4. A housing allowance operates prospectively; in other words, it is declared ahead of when the expenditures are made. It can be modified if significant expenses not anticipated earlier are identified, but the allowance must always be changed ahead of the expenditures.

5. Pastors need to maintain records of their costs, including receipts, in order to document the housing expenses in the event of an IRS audit.

Pastors should consult with a tax preparer who is experienced in dealing with clergy taxes as needed to resolve any questions pertaining to their individual housing allowance.

For more information on this topic, visit [www.porticobenefits.org](http://www.porticobenefits.org)

## **Other Considerations Regarding Pastors' Compensation**

### ***Housing: Equity Allowance***

Pastors living in church-owned parsonages experience a significant disadvantage in that they do not acquire any equity in a home. Some congregations have provided their pastors with a "equity allowance". This is over and above their stated compensation and is designed to partially or wholly compensate the pastor for this disadvantage. The purpose of this allowance is to assist pastors in obtaining suitable housing at retirement. It should not be available to pastors until retirement. Churches can do this by depositing the annual equity allowance in a tax-favored retirement program that is not accessible to the pastor. This limits the tax burden on the pastor and ensures that the funds are not available until retirement.

### ***SECA Taxes: Social Security Allowance***

Regardless of whether the congregation pays the minister as an "employee" in IRS terms, Social Security always considers an ordained minister of word and sacrament "self-employed." That means the congregation does not and cannot pay FICA. It also means that the minister must pay self-employment tax (SECA ) of 15.3%. It is recommended that the congregation provides a minister of word and sacrament a 7.65% allowance in lieu of paying FICA for Social Security. The minister uses this money in paying their self-employment tax. Salary, housing (allowance or parsonage) and this SS allowance are used in determining SECA tax.

### ***Professional Expenses***

It is recommended that the congregation pay or reimburse the expenses of the rostered leader for all activities required by the congregation as well as Synod Assembly and Synod Cluster meetings and the annual Theological Conference. The congregation may reimburse for professional expenses (including automobile use) but this is a matter of reimbursement, not compensation. Professional expenses therefore belong under “administrative” or “operating” expenses in the budget and not under “staff salaries.”

The IRS recommends that ministers be placed on an Expense Reimbursement plan in which business related expenses are paid to the minister upon submission of an invoice or signed and itemized business expense form. This is in contrast to a system in which the minister is given a flat monthly allowance for expenses (which is reported as income and subject to tax) and then deducts business related expenses as allowed when filing their annual taxes.

### ***Automobile Expenses***

Use of the minister’s automobile for business activity is a congregational expense and should properly be listed under congregational administrative expenses in the budget rather than under compensation. Reimbursement to the minister is on a per-mile basis using an Expense Reimbursement plan is recommended. Check [IRS.gov](https://www.irs.gov) for the 2023 rate (it is usually set in January).

### ***Continuing Education***

Continuing education is essential for the rostered leader to bring fresh insights and resources to the congregation and for professional growth. Continuing education is a means by which the congregation’s rostered leader builds upon and extends knowledge, acquires new skills and grows into more effective ministry. The minimum recommended level for continuing education allowance is \$700 per year from the congregation and \$250 per year by the pastor, as well as 2 weeks of time.

These Continuing Education funds and time may accumulate for 3 years to be used for an extended Continuing Education event by the rostered minister with the congregation’s consent. Continuing Education goals should be determined in a consultation arising out of the work of the Staff Support or Mutual Ministry Committee.

### ***Vacation***

Because of the intense and emotional nature of the work done by a minister, it is recognized as important that a vacation policy be established providing at least 4 weeks, including 4 Sundays. This is not considered a reward, but recognition that a person needs renewal to be most effective in ministry.

### ***Parental Leave***

Since the church places a high value on family, it is appropriate for congregations to provide maternity and paternity leave when a new child is added to the family. The following guidelines are suggested: 1. Six weeks of paid parental leave following the birth or adoption of an infant. For parents who adopt an older child, two weeks of paid parental leave is suggested. 2. If both parents are serving the congregation(s), the weeks may be split between them. 3. Accrued vacation may also be used in conjunction with parental leave. Ministers desiring additional leave, either prior to or following the birth of their child, may negotiate for unpaid leave.

## Sabbatical

It is recommended that congregations develop and approve a policy which will allow a 3 month or longer sabbatical after at least 4 years or no longer than 6 years of service in a congregation. The purpose of a sabbatical is for rest, renewal, and a time of extended study for personal and professional growth. It is recommended that congregations continue the compensation and benefits during the sabbatical and provide for the services of a supply pastor.

Congregations seeking assistance in developing a sabbatical policy may contact the Office of the Bishop.

## Factors to Consider when Determining Compensation

The following additional factors ought to be considered when determining your -total compensation package:

**Cost of living:** It is recommended that individual salaries include an inflation/cost of living increase over the previous year's salary.

**Experience:** Years in the ministry, or even as a layperson in secular work (which enhances ministry skills).

**Special Skills, training and abilities:** Continuing education and training workshops may have provided your pastor with special skills which ought to be recognized, e.g., youth ministry, counseling licenses, musical abilities.

**Responsibilities:** Size of congregation and the ratio of staff to total membership, supervision of program staff are all factors to consider.

**Merit:** Awards should be based upon an annual ministry review process agreed upon in advance by all parties. It is strongly recommended that congregations utilize a ministry review process in determining compensation.

**Context:** How does your pastor's compensation package compare to other professionals in the community, such as school principals?

**Guidelines:** Is your pastor's compensation in line with the suggested synod guidelines? Remember: These are minimum guidelines—congregations are encouraged to exceed these guidelines in compensating their pastors.

## Resources for Ministry Review

It is recommended that there be an annual congregation ministry review. This review needs to include a review of the pastor's involvement and commitment to the ministry of the congregation, as well as a review of the members' involvement and commitment to the ministry of the congregation. This should be done on a regular basis and not just when there is conflict or problems in the life of the congregations. Contact the synod office for ideas and

resources for doing a ministry review.

A Mutual Ministry Committee is recommended in the ELCA Model Constitution for Congregations. This Committee emphasizes that “mutual ministry is the equipping and supporting of all baptized members (earthen vessels) so they can, in turn, carry the gospel into the world and into the church.” (The Rev. Geo. Keck).

## **Benefits**

Full participation in the ELCA Portico pension and benefit plans is expected for all rostered ministers and their families (spouse and children). The cost is determined as a percentage of “Defined Compensation” (base salary, plus housing or furnishings allowance, plus Social Security allowance). The pension contribution is a minimum of 10% of Defined Compensation. The premium for the medical plan varies according to a schedule available from the Portico Benefit Services. A rate calculator is available at <https://employerlink.porticobenefits.org/home/resources/calculators.aspx>

Congregations should choose the level of health benefits coverage in addition to determining the premium for the family situation of the pastor by using the calculators. The Arkansas-Oklahoma Synod Council recommends the Gold+ level for health benefits.

## Appendix A: 2023 Compensation Schedule for Ministers of Word and Sacrament (Pastors)

Suggestions for the base salary only are based on a 4% increase. Figures for the Housing Allowance recommendation are based on 30% of the base salary (The IRS percentage for figuring the value of a parsonage for SECA tax) and the SECA allowance based on 7.65% of Base Salary + Housing.

The Chart lists Low and High range salaries. Determination of where a pastor falls in this range can be based on the local context, duties of the pastor and other factors discussed in these guidelines. As you consider compensation levels please remember:

1. These are considered Minimum guidelines. Congregations are encouraged to compensate pastors beyond the minimum.
2. Pension & Health Benefits, Auto Allowance & other Expense Reimbursements are in addition to the Base Salary.

	Low	High	Housing Allowance		SECA	
Yrs of Experience	4% Increase	4% Increase	Low	High	Low	High
			30%	30%	7.65%	7.65%
0-1	\$43,484	\$45,659	\$13,045	\$13,698	\$4,325	\$4,541
2	\$43,756	\$45,944	\$13,127	\$13,783	\$4,352	\$4,569
3	\$45,774	\$48,063	\$13,732	\$14,419	\$4,552	\$4,780
4	\$47,861	\$50,254	\$14,358	\$15,076	\$4,760	\$4,998
5	\$49,024	\$51,475	\$14,707	\$15,442	\$4,875	\$5,119
6	\$50,195	\$52,704	\$15,058	\$15,811	\$4,992	\$5,241
7	\$51,360	\$53,928	\$15,408	\$16,178	\$5,108	\$5,363
8	\$52,524	\$55,150	\$15,757	\$16,545	\$5,224	\$5,485
9	\$53,695	\$56,380	\$16,109	\$16,914	\$5,340	\$5,607
10	\$54,765	\$57,504	\$16,430	\$17,251	\$5,446	\$5,719
11	\$56,028	\$58,830	\$16,808	\$17,649	\$5,572	\$5,851
12	\$57,228	\$60,089	\$17,168	\$18,027	\$5,691	\$5,976
13	\$58,364	\$61,282	\$17,509	\$18,385	\$5,804	\$6,094
14	\$59,525	\$62,502	\$17,858	\$18,751	\$5,920	\$6,216
15	\$60,655	\$63,688	\$18,196	\$19,106	\$6,032	\$6,334

***For those with over 15 years of experience add \$500 for each year of experience***

## Appendix B: 2023 Compensation Schedule for Ministers of Word and Service (Deacons)

Deacons serve in many different contexts and a variety of ministries including congregations, church programs, agencies outside of the church, and non-profit organizations. The following schedule is provided to give guidance for deacons serving under a congregational call. However, they may provide useful guidance for other calls as well.

1. The current guidelines represent a 4% increase over the 2022 schedule. The guidelines reflect only salary. These are considered Minimum guidelines. Congregations are encouraged to compensate deacons beyond the minimum.
2. Pension & Health Benefits, Auto Allowance & other Expense Reimbursements are in addition to the Base Salary.

YEARS OF SERVICE	BA DEGREE 2023 LOW	BA DEGREE 2023 HIGH	MA DEGREE 2023 LOW	MA DEGREE 2023 HIGH
0	\$41,210	\$44,356	\$43,342	\$46,904
1	\$41,829	\$45,406	\$44,455	\$48,412
2	\$42,474	\$46,467	\$46,093	\$49,868
3	\$43,087	\$47,554	\$46,680	\$51,324
4	\$43,737	\$49,910	\$48,906	\$54,236
5	\$44,351	\$49,910	\$48,906	\$54,236
6	\$45,001	\$51,059	\$50,019	\$55,692
7	\$45,620	\$52,151	\$51,106	\$56,992
8	\$46,259	\$53,269	\$52,192	\$58,552
9	\$46,909	\$54,309	\$52,192	\$58,552
10	\$47,523	\$55,255	\$54,267	\$61,360
11	\$48,142	\$56,098	\$55,354	\$62,733
12	\$48,786	\$57,151	\$56,441	\$64,048
13	\$49,405	\$58,209	\$57,502	\$65,390
14	\$50,050	\$59,420	\$58,568	\$66,737
15	\$50,695	\$60,580	\$59,628	\$68,026

***For those with over 15 years of experience add \$500 for each year of experience***

## 2023 Worksheet for Pastor's Compensation

NAME	2022 AMOUNT	COMPARISONS	2023 PROPOSED
<b>I. SALARY</b> a. Base salary excluding housing Adjusted for experience, merit, size of congregation, responsibility and education.		*AOK minimum \$43484 + \$500 x yrs. over 15	
b. Social Security allowance		7.65% of base plus housing	
c. Housing Allowance or Furnishings & Equity Allowances		\$30%of Base Salary depending on local costs	
<b>TOTAL "DEFINED COMPENSATION"</b>	\$		\$
<b>II. BENEFITS</b> a. Pension, medical, disability, death benefits (percentage of "Defined Compensation")		10% Pension, % for Medical varies	
b. Vacation	_____ Weeks	four weeks	_____ Weeks
c. Other benefits:	_____	_____	_____
<b>TOTAL BENEFITS</b>	\$		\$
<b>III. PROFESSIONAL EXPENSES</b> a. Automobile expense reimbursement		\$0.62 cents/mile was 2022 rate	
b. Time for continuing education	_____ weeks	two weeks	_____ weeks
c. Continuing education allowance		\$ 700.00	
d. Books, magazines, and registration fees			
e. Other reimbursable expenses			
<b>TOTAL PROFESSIONAL EXPENSES</b>	\$		