

A Pastor's Guide:

# How to Advocate for Salary and Benefits to Your Church Committee



Dear Pastor,

As you faithfully shepherd God's people, you carry a sacred calling — one that often requires the strength of Samson, the resilience of Job, and the wisdom of Solomon. These qualities are not just biblical ideals; they reflect the daily reality of ministry. At GuideStone, we recognize the weight of your calling and the importance of ensuring that your ministry is supported not only spiritually, but also financially.

This resource, *A Pastor's Guide: How to Advocate for Salary and Benefits to Your Church Committee*, was prayerfully developed to help you navigate one of the most delicate yet essential aspects of pastoral leadership: advocating for fair compensation and benefits.

We know these conversations can feel uncomfortable. Yet Scripture affirms that “the worker is worthy of his wages” (Luke 10:7), and that those who preach the Gospel should earn their living by the Gospel (1 Corinthians 9:14).

This guide is designed to equip you with biblical foundations, practical tools and gracious communication strategies to help you engage your church leadership with clarity and integrity. Whether you are a full-time, bivocational or retired minister — or whether you serve in a small, mid-sized or large congregation — your work matters deeply. Your well-being is vital to the health of your congregation.

I encourage you to read through this guide not only as a resource for yourself, but also as a tool to help educate and encourage your church committee. You are not just advocating for your own needs — you are modeling stewardship, setting a precedent for future pastors, and strengthening the church's witness in your community.

We pray this guide will serve you well as you lead with wisdom and grace. May the Lord bless your ministry, your family and your faithful service to his church.

In Christ,



Dr. Hance Dilbeck  
President, GuideStone®



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# Understanding the Biblical Basis for Fair Compensation



Conversations about your compensation as a pastor can feel awkward, or even inappropriate. You may hesitate to speak up, fearing that you may appear ungrateful or materialistic. Ministry is supposed to be a calling not a job.

Ministry is indeed a calling, but it is also work. The Bible acknowledges this by repeatedly comparing spiritual work to physical labor such as farming or shepherding.

*Shepherd God's flock among you, not overseeing out of compulsion but willingly, as God would have you; not out of greed for money but eagerly.*  
1 Peter 5:2 (CSB)

Scripture also provides a solid foundation for fair compensation so that you, as a pastor, can advocate for your needs with confidence.

## The Biblical Case for Fair Compensation

Providing for those who serve in roles of spiritual leadership is a principle rooted early in the **Old Testament**.

The Levites held a unique role among the Israelites as the tribe set apart by God for spiritual service to him and his people. Unlike the other tribes, they did not receive a portion of Canaan as their inheritance. Instead, their inheritance was the Lord himself (Deuteronomy 18:1-2) and the privilege of serving in the Tabernacle (and later the Temple), carrying out the duties of worship and spiritual service. To provide for their needs, God ordained that a tithe be taken from each tribe and given to them.

*"Look, I have given the Levites every tenth in Israel as an inheritance in return for the work they do, the work of the tent of meeting." Numbers 18:21 (CSB)*

These contributions were not charity but rather a recognition that the Levites' work was essential to maintaining the nation's spiritual well-being and deserving of financial support. This system ensured that the Levites could devote themselves entirely to the work of the Tabernacle without the distraction and stress of earning a living from the land.

The Old Testament sets the precedent that those in spiritual leadership should receive material support from the community they serve.

The **New Testament** builds on this foundation and reinforces the church's responsibility to provide for its spiritual leaders.

In Luke 10, Jesus sends out 72 of his disciples to prepare his way, instructing them to rely on the hospitality of those they ministered to.

*"Remain in the same house, eating and drinking what they offer, for the worker is worthy of his wages ... "* Luke 10:7 (CSB)

Jesus affirms that all workers, including those called to spiritual work, should benefit from the fruits of their labor.

Paul echoes this idea in his letter to the Corinthians. Just as farmers can reap from the fields they sow, so should pastors be supported materially by the spiritual "harvest" of their labor.

*If we have sown spiritual things for you, is it too much if we reap material benefits from you?* 1 Corinthians 9:11 (CSB)

A few verses later, he directly links the service of preaching to the church's responsibility to provide for the preacher.

*In the same way, the Lord has commanded that those who preach the gospel should earn their living by the gospel.* 1 Corinthians 9:14 (CSB)

Finally, in his letter to Timothy, Paul quoted both Moses and Jesus to further emphasize to his protégé the value of pastoral work.

*The elders who are good leaders are to be considered worthy of double honor, especially those who work hard at preaching and teaching. For the Scripture says: **Do not muzzle an ox while it is treading out the grain**, and, "The worker is worthy of his wages."* 1 Timothy 5:17-18 (CSB)

"Double honor" means that a pastor's vital leadership is worthy of both respectful submission (1 Corinthians 16:16) and material provision. By linking Deuteronomy 25:4 and Luke 10:7, Paul highlights the continuity of the principle of fair compensation for spiritual leaders across both the Old and New Testaments.

## Practical and Spiritual Benefits of Fair Compensation

While the biblical case for fairly compensating pastors is clear, consider the two main practical and spiritual implications for your church.

### 1 Fair compensation enables effective ministry for both you and your church.

As a pastor, you bear many responsibilities that extend beyond the pulpit. The added burdens of financial stress can cause burnout and decreased effectiveness, which can ripple through your congregation. Fair compensation can help you stay focused and dedicated to your ministry and serving your congregation. When your congregation prioritizes your financial well-being, it equips you to shepherd it more effectively in its spiritual growth and fulfillment of the Great Commission.

For churches with many paid pastors on staff, fair compensation can reduce the likelihood of turnover and provide stability and continuity in leadership.

The principle of fair compensation applies to bivocational pastors as well. As a bivocational pastor, you straddle two worlds, vocational ministry and outside employment, and with that comes additional sacrifice. Fair compensation acknowledges the dual commitments you manage and allows you to focus on your ministry without excessive reliance on external employment, strengthening your ability to lead and nurture effectively.

## **2 Fair compensation models biblical principles.**

Fair compensation is not merely a financial issue but a biblical mandate and a reflection of the church's commitment to further God's Kingdom. When a church compensates its pastor fairly, it models obedience to Scripture and sets an example of love, generosity and good stewardship. The congregation honors the Lord by honoring you as the shepherd he has called to lead it and affirms the value of your work. It also prepares the church to care well for the men who will stand in the pulpit after you.

Your work for the Lord deserves recognition and support. Advocating for fair compensation is not self-serving but aligns with biblical principles to ensure your effective ministry. By following Scripture, both you and your church can grow spiritually and relationally.

# Evaluating Your Current Compensation Package



These **five questions** will help determine if a person is a **minister for federal tax purposes**:

1. Is the person ordained, licensed or commissioned?
2. Does the person administer ordinances (baptism and the Lord's Supper)?
3. Does the person conduct religious worship?
4. Does the person have management responsibilities in the church?
5. Is the person considered to be a religious leader by the church?

**Generally, a Minister for Tax Purposes must be ordained, licensed or commissioned and answer "yes" to a majority of the other four questions.**

As a pastor, your compensation package should reflect your church's commitment to your well-being (and that of your family) and ability to serve effectively. Beyond just a paycheck, it should include benefits such as health plans, a housing allowance, retirement contributions and other financial provisions. Understanding how to assess your total compensation will assist in the development of a compensation package that meets your personal, family and ministerial needs.

Below are six key aspects of your compensation for you to evaluate, identify areas for improvement, and prepare for discussions with your church compensation committee.

## 1 Employer-Sponsored Health Plans

**Employer-sponsored health plans can be an essential facet of your financial well-being.**

According to the Affordable Care Act's (ACA) requirements, organizations with 50 or more full-time employees are considered applicable large employers (ALEs) and are mandated to offer at least minimum essential coverage (MEC). However, any employer with fewer than 50 full-time employees is not required to provide health plans.

Most churches fall into the MEC category and are not required by law to provide health plans to their employees. **However, it is a recommended best practice for your church to do so since health plans can factor into employee retention and provide a financial safety net for you, your family, and other church employees, allowing you to access the care you need.**

In addition to a health plan in your package, other coverage considerations include life, dental, vision, accident and disability.

## 2 Housing Allowance

The minister's housing allowance is a significant tax benefit because it allows you to exclude certain housing expenses from your ministerial income before and even after retirement.

According to Section 107 of the Internal Revenue Code, if you qualify as a "**Minister for Tax Purposes**", you can exclude some, or even all, of your income designated for housing expenses from federal income tax. The housing allowance remains

subject to self-employment tax (SECA) while you are working as a minister. Nevertheless, this important benefit can result in significant tax savings.

If you're an **active minister**, ask your church to designate an updated housing allowance prior to the beginning of each calendar year, as it cannot be done retroactively. To make it official for recording purposes, the appropriate committee or board should keep a signed and updated annual designation on file.

**To help determine the amount of your housing allowance**, ministers can exclude the **lowest** of the following three amounts from federal income for tax purposes when your church employer properly and timely designates a housing allowance for you:

- The total housing allowance designated by their church
- Actual housing expenses (including mortgage payments, utilities, property taxes, insurance, improvements, furnishings, etc.) **Note that expenses for food, cleaning services or domestic help are not eligible.**
- The fair rental value of the home (furnished, plus utilities) and only for your principal residence

If you're a **retired minister**, Revenue Ruling 75-22 allows denominational pension boards such as GuideStone to designate a housing allowance for retired SBC ministers receiving income from their 403(b) retirement plan. But, even as a retiree, you must continue to follow the housing allowance rules and limits.

If you are a retired non-SBC minister seeking a housing allowance designation, your initial request must be in writing and made in advance with a *Retirement Income Application*, verified and signed by your previous employer, or *Housing Allowance Authorization* form for changes going forward.

### 3 Employer-Sponsored Church Retirement Plans

Planning for retirement is essential for everyone, including pastors. However, many churches overlook this vital aspect of compensation. **A church retirement plan is an investment in your future well-being.**

Many denominational pension boards (including the Southern Baptist Convention through GuideStone) offer **403(b)(9) retirement income plans**. These plans are specifically designed to meet the needs of churches and other 501(c)(3) church-related organizations.

These plans allow employees to make tax-sheltered, tax-paid and Roth contributions and the church to make employer contributions (e.g., non-matching and matching). Using any of these contribution types, industry experts recommend working toward a savings goal of 15% of your income (as a combination of employee and employer contributions). **Plus, retired SBC pastors may be able to designate a housing allowance on retirement income from church plans through GuideStone.**

### 4 Regular Cost of Living Adjustment (COLA)

Don't confuse a COLA with a performance-based raise. A performance-based raise is an increase in your compensation based on how well you fulfilled your pastoral responsibilities. **COLA is an annual adjustment made to your compensation that allows you to keep the buying power of your original wage in the face of inflation.**

Over time, inflation can erode the purchasing power of the dollar. Periodic adjustments may be needed to help your compensation keep up with inflation.

Research inflation rates and local cost-of-living trends to determine if your compensation has kept up with inflation. **Each fall, the Social Security Administration (SSA) updates its COLA information at [SSA.gov/COLA](https://ssa.gov/COLA).** In addition, many websites provide cost-of-living comparisons by region or city, and the U.S. Bureau of Labor Statistics provides annual Consumer Price Index (CPI) reports for reference. You should consider key factors such as housing costs, utilities, groceries and medical care.

If your compensation doesn't cover your essential needs at the same level as before, an adjustment may be needed to help you continue to serve effectively without undue financial strain.

## 5 Social Security Offset

If you qualify as a "Minister for Tax Purposes" in the eyes of the IRS, you have a dual tax status under the U.S. Internal Revenue Code. **Generally, a minister will be classified as an employee of the church for federal income tax purposes but considered self-employed for Social Security and Medicare tax purposes.** Most ministers should file their tax returns as employees and pay self-employment (SECA) taxes on their ministerial income (unless they have chosen to be exempted from Social Security).

Social Security and Medicare taxes are collected under the Federal Insurance Contributions Act (FICA) and the Self-Employment Contributions Act (SECA).

- **FICA** is the system for **non-ministerial** employees in which employers and employees share the tax burden, each paying half (7.65%) of the total taxes (15.3%) due.\*

Churches should still issue a *Form W-2* to ministerial employees but never withhold Social Security and Medicare (FICA) taxes for ministers. Also, churches should not withhold federal income taxes from ministers' wages (except for ministers who have elected voluntary withholding by submitting a *Form W-4* to their church).

- **SECA** is the system covering **self-employed people**. Under SECA, self-employed people are responsible for paying the full 15.3% tax,\* covering the employer and employee portions of Social Security and Medicare.

**If you qualify as a "Minister for Tax Purposes", you are considered self-employed for Social Security and Medicare purposes and must pay the full SECA tax of 15.3%.\*** This additional tax burden can significantly reduce your take-home pay.

\*Based on the current tax rates.

**To address this issue, your church could offer a Social Security offset — a designated amount added to your compensation to help cover the SECA tax.** Many churches will provide an offset equal to 7.65% of a pastor's salary — the same as an employer typically would contribute for a non-ministerial employee. While this extra amount can be helpful, remember that this additional portion is also taxed at the full SECA rate and subject to federal income tax. The offset may not put you on par with a regular employee paying half of the FICA taxes. To do so, your church would need to provide an offset greater than 7.65%.

It's important to communicate to your compensation committee that this offset is not a bonus but a way to promote equitable compensation.

## 6 Time-Off Policies

Time away from your pastoral responsibilities is essential for personal and family well-being. Evaluate your church's policies on vacation, sick and family leave. Your church should allow you time off for rest, recovery and unexpected emergencies. Some churches even offer sabbaticals every few years for spiritual renewal and study. **A church that values its pastor's long-term effectiveness will recognize the importance of rest and renewal.**

Evaluating your pastoral compensation package is an essential component of achieving financial stability and ministry sustainability. By considering these factors, you can determine whether your current package meets your needs. If adjustments are necessary, approaching your compensation committee with well-researched and biblically grounded reasoning can lead to positive changes.

A well-supported pastor is better equipped to serve, and churches that invest in their leaders create a healthier, more effective ministry for the long term.

# Researching Pastoral Compensation Benchmarks



When it comes to evaluating your salary and benefits, it's hard to know what amounts are fair. Scripture speaks to the principle of compensation for those who serve the Lord, revealing that *"the worker is worthy of his wages"* (1 Timothy 5:18, CSB). Recent data shows that the trend of inflation outpacing pastor pay is reversing, but there is more work to be done.

While pastors willingly carry many burdens, financial hardship should not be one of them. You and your family's needs must be met so that you can finish well financially while pursuing your ministry calling. You should feel empowered to assess your earnings. But how can you know what is fair?

Just like any other job, multiple contributing factors should be considered in determining the compensation of a pastoral role, such as:

- Education level
- Years of experience
- Cost of living in the area
- Scope of ministry responsibilities
- Church size

With these items in mind, here are some ways to kick off your compensation research and efforts:

## 1 Review the salaries of comparable professionals in your community with similar responsibilities and education levels.

Roles like business owners, accountants, school administrators, religious education directors and similar leadership positions in the for-profit and nonprofit sectors provide good benchmarks. Consider using tools like *ChurchSalary.com* or researching salaries on *ZipRecruiter.com*.

## 2 Review compensation benchmarks across different ministry positions.

As part of our mission to enhance financial security and resilience for those who serve the Lord, we teamed up with Lifeway® to gather data\* on the latest trends in SBC compensation and benefits. With the exception of 2020, we've surveyed churches, pastors and staff every two years since 1996.

You can review compensation benchmarks for similar ministry positions, with the option to filter by:

- Average attendance
- Membership
- Education level
- Years of experience
- Age
- Church budget
- Community location
- State convention
- Position type

To gain access to the latest results of the biannual survey, visit [GuideStone.org/CompensationSurvey](https://GuideStone.org/CompensationSurvey).

### **3 Act annually to stay on track.**

You may also consider asking your church to incorporate an annual cost-of-living adjustment designed to help your wages keep up with inflation. If you are adequately compensated, you can stay well financially, limiting the impact of financial concerns on your ministry.

We hope this information is helpful as you have compensation benchmark conversations with your church.

*\*[Research.Lifeway.com/Compensation-Data](https://Research.Lifeway.com/Compensation-Data)*

# Building a Case for Your Compensation and Benefits



This saying is trustworthy: *“If anyone aspires to be an overseer, he desires a noble work.”* 1 Timothy 3:1 (CSB)

Serving as a pastor is a noble and rewarding calling, but it comes with significant burdens and responsibilities deserving thoughtful consideration regarding compensation and benefits.

Many pastors may not feel equipped to navigate discussions about pay with their church leadership, unsure how to communicate their needs with humility.

But for your and your family’s sake, your voice needs to be heard. It’s important to take the initiative to help your church leadership fully appreciate the magnitude of the responsibilities of your role and effectively advocate for fair and appropriate compensation.

In the following section, we provide the insight you need to confidently engage in these critical conversations. By exploring how to align your compensation with your pastoral duties, understanding the differences between the salary-and-benefits approach and the lump-sum package, and knowing the importance of retirement planning and proper health plan coverage, you can build a compelling case for the appropriate compensation that provides for your well-being and honors the calling God has placed on you.

## Aligning Your Compensation with Your Pastoral Responsibilities

As a pastor, your ministry encompasses numerous responsibilities that require your time, energy and heart. Serving is a calling, but as Paul reminds us, it’s also a vocation worthy of fair compensation.

*“If we have sown spiritual things for you, is it too much if we reap material benefits from you?”*  
1 Corinthians 9:11 (CSB)

The material benefits you reap should be commensurate with the spiritual sowing that you do. In other words, **your salary should reflect the scope of your responsibilities.**

Ensuring your salary fairly aligns with your role is not self-serving but biblical and practical. Next are three key factors to consider as you and your church leadership evaluate your salary.

## 1 Pastoral Responsibilities

Your pastoral responsibilities are multifaceted, and articulating them is vital to helping your church leadership understand the breadth of your work.

- **Spiritual:** Your primary calling as a pastor is to provide spiritual leadership and guidance to your congregation. Most of this is done through preaching, teaching, mentoring and counseling, all of which require extensive study, preparation, prayer and work.
- **Relational:** Pastoral ministry also occurs outside the pulpit or formal teaching times. Visiting the sick, comforting the grieving, and officiating at weddings and funerals are essential aspects of ministry. These all require emotional and physical energy. Many take place outside – and on top of – traditional office hours, requiring extra time and energy from you.
- **Administrative:** You oversee many of the day-to-day operations of the church. Also, importantly, you manage and lead staff and organize ministries. These tasks require skill and time beyond what many may think of as traditional pastoral duties.
- **Emotional:** In ministry, you carry your congregation’s emotional burdens. You must frequently play the role of counselor, arbitrator or crisis manager. These additional burdens are a significant part of your work and, though often invisible, should be recognized and factored into compensation considerations.
- **Family:** If you have a family, part of your job as a pastor is to lead it well (1 Timothy 3:4–5). Financial stress is one of the leading causes of marital strain. Fair compensation allows you to better maintain a healthy work-life balance and be present for your family, providing the support and leadership your spouse and children need without the added burden of financial anxiety.

As a final note, whether your spouse works outside the home should not be a factor in determining your compensation. No business can determine an employee’s salary based on a spouse’s income. The same rule should apply to a church.

## 2 Church Growth

Church growth is arguably the most obvious factor to consider. As growth occurs, your responsibilities will grow, and your compensation should be adjusted to match your increased workload and duties.

However, some types of growth can’t be measured simply by counting new attendees. That’s why evaluating different kinds of growth is essential for proper alignment.

- **Numerical growth:** An increasing congregation comes with additional demands that will impact your workload and the time dedicated to serving your church. More members could mean more sermons, pastoral meetings and visits, counseling sessions, and teaching and discipleship opportunities.
- **Spiritual growth:** The spiritual growth of your church may be reflected by the increase in the time you spend mentoring and equipping members and leaders. It could also be indicated by the rise in the number of ministry endeavors or programs the church engages in under your leadership.
- **Administrative growth:** Your managerial demands may increase as you oversee more staff, larger budgets or more complex programs and ministries.

### 3 Community Impact

Paul reminds us that ministry should extend beyond the walls of the church.

*Let us not get tired of doing good, for we will reap at the proper time if we don't give up. Therefore, as we have opportunity, let us work for the good of all, especially for those who belong to the household of faith.*

Galatians 6:9-10 (CSB)

The impact you and your church have on the community is another factor to consider carefully.

- **Representation:** As a pastor, you serve as the face of the church to the community. You act as a bridge between the community and your church by attending community events or engaging with local leaders. Your presence reflects the church's mission.
- **Outreach:** Fulfilling the Great Commission (Matthew 28:19-20) as a church begins by reaching out to the surrounding community. Your leadership drives and oversees your church's outreach efforts, such as Vacation Bible School, community care programs and evangelism initiatives.

Trying to align your compensation with your responsibilities is not simply about getting more money. It is about ensuring you receive an appropriate reward for your service so that you can meet your material needs and remain fully focused on your calling.

### Best Practice for Compensation Structure: Lump-Sum Package vs. Salary-and-Benefits

As a pastor, being **paid the proper way** is just as important as being **paid the proper wage**. Unfortunately, many pastors are losing out on some of their cash earnings because of how their churches bundle their benefits.

Most churches compensate their pastors using one of two methods:

#### 1 The Lump-Sum Package Approach (Not Recommended)

Under the **lump-sum package** approach, your church determines the total amount it will pay you but **gives you the responsibility** of allocating those dollars for your needs. You must intentionally set aside portions of your income to cover your housing expenses, health plan costs, ministry-related expenses (such as travel or continuing education), and employee retirement contributions.

As a result, your entire salary (excluding any retirement contributions) may be subject to taxes. You could miss out on the tax benefits available to ministers under the U.S. tax law and pay more in income tax than you legally need to, leaving you with less cash earnings to provide for yourself and your family.

Lump-Sum Package Approach	
Cash salary, net of housing allowance	\$45,000
Housing allowance	\$20,000
Medical insurance premiums paid by minister	\$21,500
Church retirement plan contributions	\$6,500
Car expenses (nonaccountable plan)	\$2,000
Business and travel expenses (nonaccountable plan)	\$2,500
Ministry expenses (nonaccountable plan)	\$1,000
Continuing education expenses (nonaccountable plan)	\$1,500
<b>Church Spends</b>	<b>\$100,000</b>

Tax impact of Package Approach	
<b>\$73,500 subject to tax</b> (all items except housing allowance and church retirement plan contributions)	
<b>Assuming 16% tax rate*, \$11,760 tax liability</b> (without taking into account SECA or deductions)	
<b>Take-home Cash</b>	<b>\$33,240</b>

## 2 The Salary-and-Benefits Approach (Recommended)

That’s why GuideStone recommends your church use the **salary-and-benefits** approach. With this method, your church still determines the total compensation amount, but **it assumes the responsibility** of allocating dollars for you in the following ways:

**1. The church designates a portion of your salary as a housing allowance, an important benefit that can result in significant tax savings.**

According to Section 107 of the Internal Revenue Code, if you meet the qualifications as a “minister of the Gospel”, you can exclude some, or even all, of your income designated for housing expenses from federal income tax. The housing allowance is not subject to federal income tax, although it is subject to self-employment tax (SECA) while you are working as a minister.

**2. The church creates an accountable reimbursement plan (ARP) for your ministry-related expenses.**

Some churches use a non-accountable reimbursement plan, which provides a set amount of money to pay back pastoral expenses without providing any documentation. As a result, all reimbursements received are considered additional taxable income and must be reported, potentially resulting in a higher tax liability. With an ARP, expenses related to your ministry are documented following IRS guidelines. Reimbursements are not treated as taxable income to you.

**3. The church pays for your (and your family’s) health plan and makes retirement contributions on your behalf.**

Using a salary-and-benefits method instead of a lump-sum approach, your church still pays the same amount for the health plan costs and retirement contributions, but those line items may be excluded from your taxable income. Only your cash salary would be subject to taxes.

Salary-and-Benefits Approach	
Cash salary, net of housing allowance	\$45,000
Housing allowance	\$20,000
Medical insurance premiums paid by church	\$21,500
Retirement plan paid by church contributions	\$6,500
Car expenses (accountable plan)	\$2,000
Business and travel expenses (accountable plan)	\$2,500
Ministry expenses (accountable plan)	\$1,000
Continuing education expenses (accountable plan)	\$1,500
<b>Church Spends</b>	<b>\$100,000</b>

Tax impact of Salary-and-Benefits Approach	
<b>\$45,000 subject to tax</b> (only cash salary)	
Assuming 12% tax rate*, <b>\$5,400 tax liability</b> (without taking into account SECA or deductions)	
<b>Take-home Cash</b>	<b>\$39,600</b>

Learn more about how to create an ARP through our *Compensation Planning Guide* at [GuideStone.org/CompensationPlanning](https://www.guidestone.org/CompensationPlanning).

**These three benefits, in combination, may result in significant tax savings for you and increased take-home pay.**

Even if your church can't raise your salary significantly today due to budgetary constraints, shifting from a lump-sum package to a salary-and-benefits package can put more money in your pocket without any additional cost to the church.

**The benefits of this approach are more than just financial.**

**1. Greater Clarity Around Your Compensation**

By combining all aspects of your compensation into one number, the lump-sum model can leave you and the congregation uncertain about what is being provided. **The salary-and-benefits model itemizes your compensation components so that you know exactly what you are being paid and the additional benefits received (which makes budgeting simpler for you).** Plus, your congregation will have a clearer understanding of how the church budget supports you.

**2. Improved Budgeting Discussions**

Under the lump-sum model, those involved in the budget process may have differing interpretations of what the package includes. You may advocate for a raise, only to be told that your compensation is competitive, even if your take-home pay is insufficient. **With the salary-and-benefits model, the line-item allocations provide financial clarity.** You and your church can discuss and adjust each component individually.

**3. Better Biblical Stewardship by the Church**

Scripture underscores the importance of compensating pastors appropriately. A lump-sum package may obscure your actual take-home pay and create an inaccurate impression of your total package. **The openness of the salary-and-benefits method helps maintain the integrity of the church's financial stewardship.**

The lump-sum package approach may seem simple and convenient, but it may be harmful to your financial well-being. The salary-and-benefits approach provides better clarity and helps ensure you are compensated fairly and appropriately for your spiritual leadership.

## Retirement Plans

The key to retirement is to start saving as soon as possible and to take advantage of all the plan features. But first, you must enroll in a retirement plan.

**If your church already has a retirement plan, we encourage you to enroll now if you haven't already.**

**1. Ask your church's administrator for an enrollment form and information regarding key plan features.**

**2. Determine your contribution type and amount.**

[Select the type of contribution that is right for you](#) and decide what percentage of your paycheck you want to contribute to the retirement plan. Most plans have employee contribution options that include:

- Tax-sheltered Contributions
- Roth Contributions

Those who are considered [Ministers for Tax Purposes](#) may choose to contribute tax-sheltered contributions so they may have the opportunity to [claim housing allowance on their retirement income](#). However, your contribution choice depends on your unique situation, circumstances and other tax considerations.

In addition, sometimes churches offer **employer contributions**, whether they are **matching** or **non-matching**. If your church will match your contributions, be sure to contribute enough to be [eligible for any employer-matching contributions](#) (church-matching contributions). Remember that industry experts recommend working toward a savings goal of 15% of your income (as a combination of employee and employer contributions), so strive to increase your contribution rate year over year.

But it's okay to start where you are!

- Pastors, start by saving 1-2% of your monthly income for retirement, working toward 5%.
- Encourage your church to contribute 5-10%, increasing as the congregation can over time.

### **3. Choose your investments.**

Review the investment options available in the plan and make your selections based on your time horizon, risk tolerance and retirement goals.

### **4. Complete and submit your enrollment forms.**

Make your selections on the forms and supply the personal information required by your employer.

If your church or ministry is affiliated with the Southern Baptist Convention, it may already participate in the [SBC Churches retirement plan](#).

If your church or ministry doesn't have a retirement plan, [learn more about retirement plan options](#) with GuideStone. Even if your church or organization is not affiliated with the Southern Baptist Convention, we may still be able to work with your organization to determine the plan that best fits your organization's needs.

### **5. If you enroll through GuideStone, expect to receive our informative onboarding email series designed to help you access and learn more about your MyGuideStone® account.**

**If you have already enrolled and have been saving for a while, we encourage you to:**

#### **1. Evaluate your savings strategy and potentially increase contributions.**

Generally, industry experts suggest setting aside 10-15% of your income for retirement saving purposes. This percentage should include personal and employer matching contributions (if applicable).

The following strategies may help you start saving:

- Save at a rate high enough to receive your employer's match. Then, you can commit to raising your contribution rate by at least 1% or 2% every year until you have reached your contribution goal.
- Increase your contributions each time you receive a pay raise or a bonus or as you pay off a debt, such as a credit card or automobile loan.
- Create an annual reminder on your calendar, computer or phone to prompt you to review your balance and increase contributions yearly, if necessary.

## 2. Periodically do a retirement planning checkup.

As you move toward retirement, take time to prepare for the next steps that are coming your way.

GuideStone provides a [Retirement Readiness Assessment](#) for a more in-depth review of your progress and to determine whether you are on track or need to save more to reach your goals.

GuideStone members can schedule a complimentary 30-minute appointment with a Financial Consultant\* to review their retirement account or use our online [Retirement Income Estimate](#) tool to evaluate expected cash flow and income options in retirement.

## 3. Review retirement resources by life stage.

From the beginning stages of planning your saving and investment strategies to enjoying life in retirement, we can help guide you every step of the way. The [GuideStone Member Journey](#) can help you find the resources you need wherever you are on your path to retirement.

**If your church doesn't have a retirement plan, [check out these options through GuideStone](#). You can take the information to your church leaders to show them how easy it could be to get started!**

## Health Plans and Other Coverages

As a pastor, you lead God's people – a calling that requires strength, energy and endurance. When you get sick or hurt or if you manage a chronic medical condition, it's essential to have a health plan and other coverages ready to go.

Here's the bottom line – **a healthy pastor is a more effective pastor.**

**When your church provides these benefits**, it demonstrates supportive and purposeful care to its pastor, consequently maximizing its capacity to further the Kingdom.

### Health Plans

[Health plans](#) can offer coverage for qualified medical expenses, preventive care services, access to in-network providers and financial protection from catastrophic medical claims.

GuideStone health plans align with biblical values and are designed to help you thrive in all seasons of ministry. Most plans include [wellness tools](#) at no additional cost, a team of Member Experience Specialists, convenient telemedicine and international coverage.

These benefits work together to maximize your health and protect your finances – **so you can focus on your ministry.**

\*GuideStone financial consultants provide financial education and do not provide investment advice. Financial consultants are not investment advisor representatives licensed or registered by or with any state or the SEC. Advice from registered financial advisors is separately available from GuideStone Advisors®, an SEC Registered Investment Adviser and GuideStone Financial Resources affiliate.

With a variety of plan types and designs available, you can find coverage that meets your needs, stewards your resources well and honors your Christian faith.

- [Comprehensive Plans](#)
- [Consumer-driven Plans](#)
- [Protection Plans](#)
- [Medicare-coordinating Plans \(Retiree Only\)](#)

How a health plan functions varies based on its deductibles, co-pays, co-insurance, maximum out-of-pocket amounts, prescription coverage, and access to in- and out-of-network providers. We've developed resources to help you learn [which plan may be a good fit](#) and get more familiar with [commonly used terminology](#).

### **Life Coverage**

Would your family face financial hardship if you passed away? Life coverage helps protect your family from immediate and long-term financial struggles. It can help:

- Pay for end-of-life expenses, including funeral costs and medical expenses
- Maintain a standard of living
- Pay off debts
- Assist in life's milestones such as a first car, college and weddings
- Care for other loved ones, such as aging parents

### **Other Coverage Options**

[Other coverages](#) round out benefit solutions for your peace of mind.

- Dental coverage
- Vision coverage
- Accidental Death and Dismemberment (AD&D) coverage
- Disability coverage

For more information, contact a GuideStone customer solutions specialist at [Insurance@GuideStone.org](mailto:Insurance@GuideStone.org) or **1-844-INS-GUIDE** (1-844-467-4843), Monday through Friday, from 7 a.m. to 6 p.m. CT.

# Communicating with Clarity, Grace and Integrity



As you near the time to present your compensation and benefits plan to your church, **how** you communicate is just as important as **what** you communicate. No matter how valid a proposal is, it won't be fully understood and considered unless it's communicated with grace, integrity and clarity.

*Let your speech always be gracious, seasoned with salt, so that you may know how you should answer each person. Colossians 4:6 (CSB)*

*Pleasant words are a honeycomb: sweet to the taste and health to the body. Proverbs 16:24 (CSB)*

## **Clarity:** Using Easy-to-understand Resources

While some may be experts, don't expect everyone in your church to be familiar with retirement planning, compensation and benefits. Using easy-to-understand resources can help them make informed decisions and provide sources they can refer to after your initial meeting.

- Carefully organize your presentation in an easy-to-follow format.
- Provide links to tools you may have used (such as [compensation websites](#)) and to specific [retirement plans](#) or [health plans](#).
- End your presentation with clarity by defining specific goals and desired outcomes. Avoid generic phrases such as "I need better pay and benefits". Instead, provide specifics, such as:
  - Desired salary range: \$xx - \$xx
  - Employer retirement contributions: xx% - xx%
  - Health plan: <specific plan name>, monthly rate covered at xx%

## **Grace:** Balancing Humility with Advocacy

Leaning too far into any communication style can be detrimental to your goal. Being so humble that you make requests with hesitation can prevent serious consideration.

On the other hand, advocating in a way that comes across as a demand can cause your church to feel defensive. A proper balance of humility and advocacy, led with grace, provides the best chance of being heard and considered.

You're a pastor, ministry staff leader or someone advocating for your ministry staff. We know you know this! But since financial and benefit topics can be sensitive, we wanted to equip you with these tips to communicate with grace:

- Pray for the Lord's sovereign guidance to preserve relationships, exercise proper stewardship and honor Christ.
- Lead your presentation with gratitude.
- State the facts (rather than feelings) and back them up.
- End your presentation with a focus on the future and how your request ultimately benefits the church and your family.
- Be prepared for questions and be willing to do further research if requested.
- Make your case but leave the decision in their (and the Lord's) hands.
- Avoid using guilt and ultimatums.

**Integrity:** Navigating Common Negotiation Challenges

Negotiations are likely to occur before any final decisions are made. How you handle this phase can greatly impact the outcome. An open, respectful approach establishes mutual respect and allows communication to move forward.

- Listen intently to others' viewpoints without interruption.
- Be patient yet persistent.
- Remain positive.
- Be willing to compromise. If your ministry can't meet all requests now, suggest gradually meeting needs in phases over time.

# Addressing Common Concerns from Church Committees



Discussing compensation and benefits with congregational leadership can be a delicate and sensitive matter for any pastor.

Very few churches are large enough to have a specialized human resources staff. Decisions like these are often made by a church committee of lay leaders, most of whom probably have little experience in pastoral salaries and benefits.

Hopefully, committee members will prioritize ensuring you receive an appropriate level of compensation. Nevertheless, you, as a pastor, must be prepared to act as your own advocate. In many cases, you will need to educate the committee and address their concerns — both spoken and unspoken.

## 1 Since ministry is a calling, shouldn't you serve regardless of pay?

While this question may not be asked openly, some members might make this assumption. They may be taken aback by your advocating for your compensation. Some could even think it's the church's responsibility to keep you humble by paying you less.

Encourage the committee to see that underpaying you is not only shortsighted but detrimental to the church's mission. Share your needs and circumstances openly, helping them understand that everyone should receive appropriate compensation, pastors included.

At the same time, model the same stewardship in your financial life that you preach in the pulpit. Making resourceful choices in your day-to-day life will exemplify your commitment to a Gospel-informed, financial management mindset.

Asking you to serve without adequate compensation comes at a significant cost for you, your family and the church you're called to serve. Scripture doesn't warn against congregations paying a pastor too much, only too little.

*The elders who are good leaders are to be considered worthy of double honor, especially those who work hard at preaching and teaching. 1 Timothy 5:17 (CSB)*

## 2 Why this compensation amount?

Too often, churches take a narrow approach to pastoral compensation, looking exclusively at factors such as a pastor's experience and previous salary, what they paid their previous pastor or the church's size. They often don't consider other key factors, such as cost of living or market trends. Therefore, the compensation amount you suggest may exceed the committee's initial expectations.

Do your research beforehand and have objective fair pay data available. Start by looking at salaries for local jobs in for-profit and nonprofit sectors, such as business owners, accountants, school administrators, comparable churches in your area, or even religious organization directors with similar responsibilities. Based on this information and your personal budget, know your target compensation and the minimum you can accept.

## 3 We have a limited church budget.

Most churches operate within tight budgetary constraints, balancing operational costs and ministry needs. Committee members may be worried that a salary readjustment could necessitate cuts in other areas.

Remind the committee that Scripture prioritizes provision for pastors.

*In the same way, the Lord has commanded that those who preach the gospel should earn their living by the gospel. 1 Corinthians 9:14 (CSB)*

Healthy members led by a healthy pastor are essential for any church's mission to succeed. Point out that fair and appropriate compensation ultimately benefits the congregation by allowing you to focus on their spiritual growth without undue financial stress or distraction. Demonstrate that your request aligns with common compensation benchmarks from other churches or similar organizations (see Question 2).

If your church is only experiencing a temporary financial setback, you could recommend working out a catch-up schedule.

## 4 Is your requested compensation commensurate with your pastoral responsibilities?

Much of your work is behind the scenes, away from the spotlight of Sunday mornings. The committee may not understand the full scope of your duties, which can lead to a hesitation in adjusting compensation.

In these cases, provide a detailed job description that outlines the full scope of your spiritual, administrative and managerial responsibilities. Offer them a look at your weekly calendar to illustrate the demands on your time. Show how the church has benefited from your ministry. Highlight success stories and list what the church has accomplished under your leadership.

## 5 We're setting a difficult precedent to keep.

The committee may be concerned that adjusting compensation now could set a precedent for future salary expectations for the entire church staff.

Clarify that adjustments should be made based on roles, responsibilities and market standards, not blanket precedents. Encourage the development of written procedures that consider factors such as experience, education, cost of living and comparable positions in the community.

**6 Adjusting the pastor’s salary will create tension among the staff.**

The committee may assume that minimal salary disparities will promote staff solidarity. As a result, staff members are grouped within a similar pay range without sufficiently distinguishing between different roles. In addition, encourage your church leaders to help you evaluate if the church is properly staffed – whether too many or too few – based on the needs of the congregation and ministry.

Clarify the unique responsibilities of pastoral roles, which rightfully warrant a different compensation level. Suggest periodic reviews and compensation assessments for the entire staff designed to ensure they are paid by market standards.

**7 Our ministry cannot afford a health plan.**

GuideStone offers a variety of health plans (and, for this example, short-term and long-term disability coverages, too) to help accommodate tight ministry budgets while providing care and peace of mind for pastors and their families. Plan costs vary based on features such as deductibles, co-insurance and co-pays. For example, a health plan with a higher deductible typically offers a lower monthly cost.

Plus, a ministry that takes care of its pastor’s health essentially takes better care of the ministry’s health. You, as a pastor, can better focus on your calling if you’re not weighed down with the stress and concerns of access to health care and coverage for medical expenses. So, the question may be – can the ministry afford not to provide a health plan?

For example, consider a pastor who suffers a broken leg in a car accident. Time for treatment and reduced mobility can temporarily impair his ability to serve while his leg heals. However, the stress and demands of covering medical expenses can have a much longer impact on his service.

**8 Wouldn’t it be better to set up a “lump sum” package approach instead of having the ministry pay for a health plan?**

This approach will likely result in the pastor paying more in taxes and may lead to financial hardship for the church and the pastor if he does not allocate a portion towards retirement and health coverage. See the section titled [“Best Practice for Compensation Structure”](#) for details.

**9 Is it possible to have a health plan that aligns with biblical values?**

Yes. GuideStone health plans exclude coverage for abortifacients, abortion procedures and charges for or related to gender dysphoria treatments, including but not limited to sex change surgery, sex hormones related to the surgery, and related preparation and follow-up treatment.

**10 Will managing a health plan or a retirement plan be difficult and time-consuming?**

No, because GuideStone makes it easy!

The GuideStone Employer Access® Program (EAP) allows ministry partners to easily view plan information, make updates, access documents, make payments and perform other administrative functions in one convenient place.

We also offer MyGuideStone® for GuideStone members to view and learn about their health and retirement plan details with ease.

Having an open discussion on these topics can help you achieve fair and appropriate compensation while fostering and strengthening the trust between you and the church's leadership.

**The whole church flourishes when everyone understands that fair compensation isn't merely a provision for you but an investment in its mission.**

# Maintaining a Healthy Relationship Post-Negotiation



Your relationship with church leaders is vital to the health of your church. What happens after salary negotiations is as crucial as the process itself. Strong unity among church leadership nurtures harmony in the rest of the congregation. Here are five best practices to ensure a strong and healthy relationship after salary negotiations.

## 1 Clarify expectations and keep records.

A healthy post-negotiation relationship begins with ensuring that you and the committee have a clear record of your finalized agreement. Even in a trusting church environment, miscommunication occurs, memories fade and perspectives change. That's why it's essential to document the compensation agreement, effective dates and any expectations that go with it.

While Scripture specifically speaks to biblical qualifications for a pastor, your church may have other, distinct considerations and needs, based on its location, size and other considerations. A recorded job description for the role of pastor will set a foundation for fair evaluations and discussions in the future.

Good documentation can reduce potential misunderstandings and conflicts, helping better ensure you and the committee have aligned expectations.

## 2 Commit to regular reviews.

Discussions about your compensation should not be a one-and-done talk but an ongoing conversation. Compensation reviews should be conducted at least annually. The discussion should include:

- **Shifts in your ministry responsibilities**
- **Changes in your area's cost of living**
- **An updated evaluation of [compensation benchmarks](#)** from similar-sized churches or jobs with similar responsibilities.

Regular discussions can help ensure your compensation remains aligned with your duties and job market conditions.

### 3 Set up periodic check-ins.

Formal compensation reviews should not be the only time you and the committee engage with each other. Your committee should establish periodic check-ins to allow the opportunity for:

- **Mutual encouragement and celebrating successes together**, such as exceeding giving goals or accomplishing ministry achievements
- **Discussions about your personal and ministry needs**, demonstrating a commitment to balancing your responsibilities outlined in your job description with your family and personal well-being
- **Updates on the church's financial health**

Staying engaged with each other between annual reviews will foster an ongoing spirit of collaboration.

### 4 Establish a plan for conflict resolution.

Conflicts can arise even in the most well-intentioned relationships. A **conflict resolution plan** is essential to maintaining strong connections and navigating challenges without damaging your relationship.

You and the committee should develop a respectful and fair process for addressing disagreements with grace and understanding. This agreed-upon plan could include **mediation with other trusted church leaders**.

Healthy conflict resolution ensures that both of you feel heard and respected and strengthens the bond of your relationship. **Navigating conflict in a God-honoring way serves as an example to the congregation.**

### 5 Pray together regularly.

Prayer should always be integral to your interactions during salary negotiations and throughout the year. **Spending time praying together will remind you and the committee of your shared mission** to glorify God, build his church and help keep your relationship centered on Kingdom work rather than personal preferences or financial concerns.

Maintaining a healthy relationship between you and the church committee requires intentionality and effort. But it's an exercise in stewardship and an investment that will benefit the entire body of Christ.



For more information on creating a compensation plan,  
access our *Compensation Planning Guide* by visiting

[GuideStone.org/CompensationPlanning](https://www.guidestone.org/CompensationPlanning)

For more information, contact us at [Info@GuideStone.org](mailto:Info@GuideStone.org) or  
**1-888-98-GUIDE** (1-888-984-8433), Monday through Friday,  
from 7 a.m. to 6 p.m. CT.

Connect with us on social media at [GuideStone.org/Social](https://www.guidestone.org/Social).

