



Compensation Guidelines for Authorized Ministers in the Indiana-Kentucky Conference of the United Church of Christ 2023

Every congregation determines the compensation of the clergy based on the realities of the church and its setting. Not every congregation is able to attain the guidelines shared here at this time. As with mission so with compensation, if your congregation is not where it could or should be, consider increasing the pastor's salary a percentage or two each year in addition to the cost-of-living adjustments. In addition, you may consider alternative ways to help your pastor with inflationary pressures such as a one-time bonus, additional time off, etc. As you read this document consider that most clergy have 3 to 4 years of graduate education above the basic college degree. How does your pastor's salary compare with other professionals in your area with that amount of training? Transitional Minister/Interims are compensated at the same rate as Settled Clergy. Further, while this document refers to clergy compensation, attention needs to be paid to all who are compensated for the ministry in which they are engaged: directors of particular programs, secretaries, custodians and musicians.

It is understood that some churches may not be able to meet these guidelines immediately and may need instead to institute them over a period of 3-5 years. It will be important in these instances to project a cost-of-living increase for each year and to make the necessary projection of total dollars above where the compensation package is at present. Then simply divide by the number of years it will take to reach the goal and increase by that figure the annual compensation package over the 3-5year period.

Some churches, because of their smaller membership and/or financial constraints, may be unable to provide an adequate compensation package for full-time pastoral service. These churches are encouraged to meet with a conference staff person to review their situation. They may consider creative options, such as calling a part-time, bi-vocational pastor or sharing a pastor with another congregation in the area in order to combine resources to offer adequate compensation. A congregation should not expect a pastor to work full-time for part-time compensation.

Many congregations are served by part-time clergy. When considering part-time or bi-vocational ministry, the compensation should be proportionate to a full-time position. A full-time clergy position is a professional work week of 40 to 45 hours or 10 to 12 units, a unit being a morning, afternoon, or evening. Half-time clergy positions are a professional work week of 20-22 hours or 5-6 units. The MESA Team has created a document "Call Agreement between an Authorized Minister and a Local Church of the United Church of Christ" that describes the time commitment and ministry responsibilities of full-time, three-quarter-time, half-time and quarter-time pastoral positions and how to calculate salary, housing allowance and financial benefits. This document can be found on the Indiana Kentucky Conference website under Resources for Pastoral Search at [IKCUCC Website - Resources](#)

MINIMUM CASH SALARY BY MEMBERSHIP

The cash salary does NOT include housing, benefits, professional, or any other expenses. In calculating years of ordained experience, churches may wish to include other relevant life and work experience. Additional compensation for education above the Master of Divinity level should be 4-7% additional based on the degree earned. The numbers presented below only account for the cost-of-living adjustment, please consider a merit raise in addition to a cost-of-living adjustment.

Full-Time Ministry

Number of Church Members

Experience in Years

	0-3	4-9	10-12	13-20	20 Plus
0-150	\$41,149	\$43,784	\$47,024	\$50,268	\$57,603
151-300	\$43,784	\$47,663	\$50,787	\$54,295	\$62,187
301-500	\$47,272	\$51,064	\$54,848	\$58,634	\$67,167
501-1000	\$50,589	\$55,155	\$59,242	\$66,958	\$72,537

Half-Time Ministry

Number of Church Members

Experience in Years

	0-3	4-9	10-12	13-20	20 Plus
0-150	\$20,574	\$21,892	\$23,512	\$25,134	\$28,802
151-300	\$21,892	\$23,831	\$25,393	\$27,147	\$31,094
301-500	\$23,636	\$25,532	\$27,424	\$29,317	\$33,584
501-1000	\$25,294	\$27,578	\$29,621	\$33,479	\$36,269

BENEFITS AND PROFESSIONAL EXPENSES

A. HOUSING ALLOWANCE

In addition to a cash salary, a pastor should be provided a housing allowance if no parsonage is provided. It should be an amount officially designated (in advance of payment) as a housing allowance. The payments officially designated as a housing allowance must be used in the year received. The housing allowance is usually one of the three below:

- If no parsonage is provided, a housing allowance should be calculated based on the median price of owner-occupied housing in the church's own community. The housing allowance should be set at 1% per month of the cost of that median priced home (e.g., if the median priced home is \$100,000, the annual housing allowance is \$1,000/month or \$12,000/year).
- If a parsonage is provided, 30% of the cash salary is used as Housing Allowance in the calculations of benefits like Annuity and Life and Disability Insurance.

B. SOCIAL SECURITY ALLOWANCE

Since clergy are treated as self-employed for social security purposes, pastors must pay the current 15.3% on the cash salary plus housing allowance or on the cash salary plus the fair market rental value of the parsonage plus utilities. Therefore, it is recommended that churches pay to the pastor a social security allowance of 7.65% of the pastor's salary plus housing allowance or, where a parsonage is provided, 7.65% of fair market rental value plus cost of utilities for social security. This is taxable income, which must be reported on a clergy person's tax returns.

C. BENEFITS

1. Cash Based Benefits

- a) **Annuity** - minimum of 14% of base salary plus housing allowance (or minimum of 14% of 130% of cash salary if parsonage is provided) paid quarterly to [The Pension Boards UCC](#).¹
- b) **Life Insurance and Disability Benefit Plan** (short-term and long-term disability income insurance and decreasing term life insurance through UCC program) - cost is 1.5% of cash salary plus housing allowance (or 1.5% of 130% of base salary if parsonage is provided). For more information visit [Pension Boards UCC](#).
- c) **Health Insurance** There are three health plans (A,B and C) sponsored by the Pension Boards, which vary the premiums and deductibles. [Click here for rate locator](#).
- d) **Dental & Vision Insurance** available through the UCC Pension Boards. [Click here for rate locator](#).
- e) **Medical and Dependent Care Flexible Spending** - Pre-tax deductions from salary for medical and dependent care expenses under Section 125 of the IRS Code. Get information at [The Pension Boards UCC](#)

2. Paid Time Off Benefits (PTO) – Not Accruable

- a) **Vacation Time** - 4-6 weeks of vacation per year. When unable to provide salary increases, compensation of additional vacation and/or days off should be seriously considered.
- b) **Parental Leave** - Parental leave is extended if you and your family experience the birth or adoption of a child. You will receive twelve weeks of paid parental leave so that you can care for self and family. Unused parental leave is forfeited.
- c) **Compassionate Leave** - In the event of circumstances such as but not limited to the illness of a dependent, the death of a family member, a mental health crisis, or a personal crisis, up to 5 days of compassionate leave per incident, not to exceed 10 days per 12 months of service. Compassionate leave does not accumulate. Compassionate leave is not meant to be utilized as additional vacation time.

3. Additional Paid Time Off Benefits – Accruable

- a) **Sick Leave** - 12 days of sick leave per 12 months of service; sick leave can accumulate up to 30 days over the years of service, though accumulated sick leave is not payable upon termination. Sick leave is not meant to be utilized as additional vacation time.

4. Standard Days Off

- a) **Holidays** – The usual holidays enjoyed by the majority of employed persons (including the provision that the pastor will take compensatory time when the holiday falls on a day requiring ministerial work).
- b) **Days Off** – Two days off per calendar week, as do employees of most other organizations and businesses.

5. Professional Time

- a) **Continuing Education Time** - 1-2 weeks, including Sundays.
- b) **Sabbatical Time and Funds** - Every 5 years for a 3-month period.² [Lilly Endowment Inc. Renewal for Pastors](#)
- c) **Collegial Time** - for clergy retreats, ministerial meetings, and support groups. This is not vacation.

¹ This is the standard formula recommended by the UCC Pension Boards for calculating the annual church contribution to a pastor's annuity. However, in some specific situations where a pastor's compensation package is heavily weighted toward a housing allowance, a tax accountant should be consulted to assure that the annuity payment does not exceed the maximum percent of taxable compensation allowed by the IRS for contribution to a 403(b) tax sheltered annuity

² Conference/Association Staff are available for sabbatical planning including information regarding funding sources.

D. PROFESSIONAL COSTS (Not to be understood as part of Pastoral Compensation but more accurately the cost of pastoral activity and support; congregations are urged to list professional expenses as part of other appropriate reimbursable categories since these are not compensation.)

Tax law allows deduction of business expenses on Schedule A only after the minister has spent more than 2% of family adjusted gross income on such expenses. *THEREFORE*, it is important that a church establish an “Accountable Reimbursement Plan” which will reimburse or pay directly all costs which the pastor incurs for “doing business” for the church, so that the pastor is not paying income tax for church expenses. These should include but not be limited to:

1. **Auto Reimbursement** - for use of personal car at current IRS rate plus tolls and parking, or an automobile provided by the church. [IRS Standard Mileage Rates](#)
2. **Professional Expenses** - all expenses allowed by the IRS.
3. **Continuing Education Allowance** - Clergy are encouraged to participate in Continuing Education. Reimbursements include registration, travel, room and board, materials, etc.
4. **Reimbursement for Criminal Background Checks** - Criminal background checks are required for all pastors. The general practice is for the calling body to reimburse the final candidate for this expense. This could be up to \$175.00.
5. **Technology and Equipment** – Clergy need technology and equipment to serve a congregation. This may include computers, printers, office furniture or equipment, internet connectivity, cell phones, or other consumables such as paper and ink. This may also need to include accommodations for a disability. These should be negotiated as part of any employment agreement and revisited on a regular basis.

For reference, the following is an illustration of what is needed to fund the POSITION of a pastor (salary, housing, AND benefits and professional expenses) for an authorized minister with 12 years of experience, serving in a church with up to 150 members:

COMPENSATION:	(Illustration A)
Salary (based on years of experience and church size)	\$47,024
Housing Allowance (for those not in a parsonage, \$150,000 house)	\$18,000
BENEFITS:	
Annuity (salary + housing x 14%) ¹	\$9,103
Life Insurance and Disability Benefit Plan (salary + housing x 1.5%)	\$975
Medical/Dental/Vision Insurance [Plan A – EE, Spouse/Partner, Child(ren) 2022 rate]	\$28,084
Social Security Offset (salary + housing x 7.65%)	\$4,974
PROFESSIONAL COSTS:	
Professional Expenses	\$1,000
Continuing Education	\$1,000
Book Allowance	\$500
Auto Reimbursement (10,000 miles/year @ \$.585/mile for 2022)	\$5,850
Total needed to fund the position of minister	\$116,511

PART TIME PASTORS

Many part-time pastors are called to work 5-6 units a week, a unit is defined as being equal to a full morning, or afternoon, or evening. A full day’s work consisting of working from the morning through the evening would be considered three units: one for the morning, one for the afternoon and another one for the evening. For example, a

part-time pastor might work 3 days in a week with two units per day. The Sunday units would include one for the leading worship, and two for preparation and sermon writing for a total of three units. This leaves 2-3 units for engagement in other ministry in the congregation and in the community.

SUPPLY PASTORS

Supply pastors are those that fill in at a church when the settled pastor is away (vacation, illness, continuing education, sabbatical leave, etc.) or if the church is in transition. Supply pastors are paid a flat rate for each service and travel expenses.

HELPFUL LINKS

Annual Cost of Living Adjustments	https://www.ssa.gov/cola/
Background Check – Oxford Document Company	https://www.oxforddoc.com/
Call Agreement Workbook:	https://www.uccresources.com/products/call-agreement-workbook?variant=17676055492
Call Agreement between an Authorized Minister and a Local Church of the United Church of Christ	http://ikcucc.org/connect/resources/
Cost of Living Historical Data	https://www.ssa.gov/oact/cola/colaseries.html
Ernst & Young Financial Planning Services	https://www.pbucc.org/index.php/ey-financial-planning-services
Health Insurance Rate Locator	https://www.pbucc.org/index.php/rate-locator
Housing Allowance Resources	https://www.churchlawcenter.com/church-law/understanding-the-clergy-housing-allowance/ https://www.clergysupport.com/tax/legitimate-housing-expenses/
The Pension Board – UCC	www.pbucc.org

PASTORAL PACKAGE CALCULATION WORKSHEET

Line No.	Description	Notes	Amount
1	Cash Salary (see Table on Page 2)		
2	Merit Increase		
3	Total Cash Salary (Add Line 1 & 2)		
4	Housing		
5	Total Cash Salary & Housing (Add Line 3 and 4)		
6	Benefits		
7	Social Security Offset (7.65% of Line 5)		
8	Retirement Annuity (14% of Line 5)		
9	Health Insurance		
10	Dental Insurance		
11	Vision Insurance		
12	Life & Disability Insurance (1.5% of Line 5)		
13	Community of Practice		
14	Total Benefits (Add Lines 7-13)		
15	Total Compensation Package (Add Line 5 and 14)		
16	Reimbursed Expenses		
17	Mileage and Travel (at IRS allowable rate)		
18	Professional Expenses		
19	Continuing Education		
20	Criminal Background Check		
21	Total Reimbursed Expenses (Add Lines 17-20)		
23	Grand Total Cost of Pastor (Add Line 15 and 21)		