



**Southern California Nevada Conference  
United Church of Christ  
2004 Clergy Compensation Guidelines**

**The Board of Directors has adopted new Clergy Compensation Guidelines and recommends them to your churches for education and consideration. We encourage churches to carefully, prayerfully, and earnestly consider these guidelines when developing clergy compensation packages. We recognize that these guidelines may be outside the budgets of many of our churches. The minimum compensation guidelines (seen in Year 1 on page 9) continue to be the baseline expectation for church compensation. When a church offers less than these minimum amounts, Conference staff and the Church & Ministry Committees will work with pastors and their congregations to insure an understanding that lower packages determine that a ministry is part-time.**

Rev. Daniel Romero  
Conference Minister

Rev. Dr. Jane Heckles  
Conference Minister

## **Developing a Pastor's Initial Compensation Package**

### **Call and Covenant**

Compensation should be consistent with the values that faith affirms. It should meet genuine needs and respond to economic conditions.

Mutual responsibility for salary negotiations is an important part of the covenant made between a pastor and congregation. The baseline for which all future compensation is determined is the salary package negotiated as part of the call made to a new pastor. The search committee of the church and the financial committee develop a salary package commensurate with the leadership requirements and financial realities of the congregation.

This document has been prepared to specifically support the church and clergy in their negotiations of initial and ongoing compensation packages. Pastors know their abilities, needs, and experiences and are prepared to take an active role in negotiating their compensation.

These guidelines apply to all ordained full-time and part-time pastors, associate pastors, and interim pastors. Though non-ordained professional and support staff members are not addressed in these guidelines, they should also receive just compensation for their work on behalf of the church.

## **Categories for Developing a Pastor's Compensation Package**

### **Introduction**

The minister's compensation package includes cash salary and a housing allowance (or provision of a parsonage in return for service) and just benefits such as pension, insurance, a social security allowance, study leave and sabbatical, vacation, family/medical and sick leave. These guidelines recommend a line-item compensation package including all of the above. The line-item compensation package (in lieu of a lump sum) more accurately presents the real financial implications for the clergy and congregation. Following is a discussion of each of the elements that comprise the compensation package.

### **Cash Salary, Social Security, and Housing Allowance**

#### ***Cash Salary:***

In preparation of these guidelines (see page 9), consideration was given to the pastor's abilities, years and types of experience, special skills and training, size and median income of the church, duties of the job, and information on the salaries of comparable professionals in the community (i.e. school principals, psychologists, college professors, and business managers). We recommend that clergy and churches have these guidelines in front of them while negotiating a compensation package.

***Social Security Allowance:***

Most pastors pay their own Social Security (SS) as self-employed persons. (As a note, one half of SS tax is deductible by the pastor.) Some congregations pay a portion or all of the self-employment SS tax. In this case, this allowance is taxable income.

***Housing Allowance:***

Clergy have the privilege of determining a housing allowance based on federal law and individual needs, and the allowance will vary from year to year. The following two paragraphs provide additional information about the housing allowance.

Clergy who own or rent homes can exclude from their income for federal income reporting purposes the portion of their ministerial income designated by their employer as 'housing' allowance. In June 2002, the US Congress passed the "Clergy Housing Allowance Clarification Act". The bill clarified that the housing allowance for clergy who own their home cannot exceed the annual fair rental value of the home (furnished including utilities). This benefit may change from time to time and what is permitted may be verified in the most recently published copy of Church & Clergy Tax Guide or the monthly Church Treasurer Alert!, both published by Christian Ministry Resources. (www.iclonline.com)

Also appearing in Church & Clergy Tax Guide is:

Parsonage and housing 'allowances' should be (1) adopted by the church board or congregation, (2) in writing, and (3) in advance of the calendar year. However, churches that fail to designate an allowance in advance of the calendar year should do so as soon as possible in the new year. The allowance will operate prospectively.

Churches and clergy are encouraged to consider the unique needs of clergy families when negotiating both the housing allowance package and the location in which the clergy family will live. Churches continue to seek creative ways to address clergy living arrangements. For example, both spouses work in many families. Also, many families value the importance of keeping their children in the same schools throughout their educational experience.

***Just Benefits/Church Administrative Costs***

Just benefits and administrative costs are to be paid over and above the salary and housing allowance. If they are not, the pastor may end up with less than enough to live on, and this will compromise his/her ability to give the best possible ministry to a congregation.

***Annuity, Family Protection Plan, and Group Life Insurance:***

The UCC General Synod recommends annuity payments (for pension) of 14% of the SALARY BASIS. The salary basis is defined as salary, social security allowance, and housing allowance or if a parsonage is provided, salary and social security allowance PLUS another 30% of the salary amount for the value of housing. Additional recommended options offered by the UCC Pension Board include: Family Protection Plan and Group Life Insurance (which together are 1.5% of the same basis used for the

annuity) which provides income during extended illness and life insurance for ordained ministers.

***Health Insurance:***

Another just benefit is health insurance for pastors and their families, dependents, and/or partners. The UCC offers a health insurance plan with rates determined yearly by the Pension Board. Although other options are potentially available, ideally pastors and their dependents belong to the UCC Group Health Insurance Program. This program includes separate medical and dental coverage. Pastors are encouraged to remain a part of the UCC Health Insurance plan; at this time, it can be difficult to return to the plan once a person leaves. There may be less expensive programs, but there can be significant problems when relocating. Once in the UCC program, participants can continue coverage when moving from church to church. *The Southern California Nevada Conference staff is fully aware of the current high cost of UCC Health Insurance coverage, and is working with other conferences and the Pension Board in developing a more economical alternative.*

***Business and Professional Expenses/Expenses Associated with the Mission of the Church:***

Reimbursable expenses (under an IRS accountable reimbursement plan) include, but are not limited to, the following: Books, Periodicals, Continuing Education, Meetings, Conferences, Workshops, Entertainment, Hospitality, and Miscellaneous Professional Expenses (such as robes and clerical collars). Please refer to the Church & Clergy Tax Guide for additional information.

***Additional Just Benefits for Care of Clergy***

Time and expenses incurred in maintaining and renewing the spiritual and vocational needs of pastors are both factors in determining the compensation package. These guidelines encourage churches and clergy to intentionally and systematically engage in clergy self-care.

***Salary Adjustments:***

**Cost of Living Adjustment.** Churches are encouraged to provide an annual cost of living adjustment.

**Merit Increases.** Churches are encouraged to prayerfully consider annual merit increases in clergy compensation above and beyond the annual Cost of Living Adjustment.

If a congregation is unable to provide a monetary increase for either Cost of Living or Merit, churches are encouraged to consider other kinds of remuneration, such as additional weeks of vacation or extended study leave.

***Vacation:***

One month of annual vacation at full pay should be provided. Because vacations are for the purpose of self-care, it is recommended that clergy be encouraged to take scheduled vacation each year.

***Study Leave:***

Two weeks of study leave per year, including Sundays, are recommended for continuing education.

***Sabbatical Leave:***

These guidelines recommend that sabbatical leave be negotiated at the time of the initial compensation package. The most common plan is three months of sabbatical leave in addition to the regular vacation and study leave with full pay after five to seven years of service to one congregation. It is customary for a pastor to return for a minimum of one year after a sabbatical leave.

Churches are cautioned to appropriately plan for a sabbatical by “earmarking” part of the expense to be set aside each year, in their annual budget. The largest cost will be pastoral coverage, and your Conference Ministers can be helpful in providing more information and possible names of those who could appropriately provide pastoral coverage at the time of the sabbatical.

***Weekly Days Off:***

Two days off per week are strongly recommended to assure a pastor’s continued health and endurance.

***Holidays:***

Churches and clergy should refer to any existing personnel policy in negotiating holiday time, including the possibility of one 3-day weekend off per quarter in addition to vacation and study leave.

***Sick Leave:***

Churches are encouraged to provide clergy with regular compensation for up to twelve days of sick leave per year.

***Family/Medical Leave:***

Churches may want to consider providing paid parental and medical leave to clergy for up to four weeks per year.

***Other Support***

***Transportation:***

Transportation is a major expense for a pastor. These guidelines expect that a compensation package will include either IRS-sanctioned mileage or reimbursement for vehicle lease/purchase payments, automobile insurance, and vehicle operation and

maintenance. The cost reimbursement option (versus mileage reimbursement) should be prorated for church use of the car.

### ***Housing Models***

Churches and clergy have several options to consider in determining housing needs. Some churches currently have parsonages. Some churches use equity sharing models for a down payment on a home. When a housing allowance is furnished, it should be adequate to purchase or rent comparable housing. Establishing equity in a home as the housing market continues to appreciate is an important issue for churches and clergy to consider. Please contact the Conference Office for more information.

### ***Child Care***

Some congregations pay child-care costs for pastors with children. It should be noted that this is taxable income.

### ***Flexible Spending Accounts***

Some churches may wish to provide clergy with the opportunity to establish Flexible Spending Accounts to cover additional expenses for medical care, child care, or education. Funds deposited into this type of account may be withdrawn only to pay for covered expenses. The funds in the account are not considered to be taxable income, but the funds also may not be withdrawn for any other purpose. Please consult your tax advisor for more information. The tax laws covering Flexible Spending Accounts are complex.

### ***Preparation of Conference Guidelines***

These guidelines are reviewed and updated periodically by the Conference Board of Directors. These guidelines were prepared by a committee of pastors and laypersons in consultation with Southern California Nevada Conference staff. This was done with prayerful consideration for the needs of congregations, the cost of living in Southern California/Nevada, and input from recent data reporting on average increases in the compensation packages for UCC pastors across the nation. The committee recommends that all clergy and congregations review the materials in the Church & Clergy Tax Guide for more information about compensation issues. The Conference Board of Directors approved these guidelines on January 24, 2004.

**Examples**

Following are three examples of **hypothetical** compensation packages based on the preceding guidelines.

**These guidelines recognize that these examples may be outside the budgets of many of our churches. We encourage churches to carefully, prayerfully, and earnestly consider these examples when developing clergy compensation packages.**

**EXAMPLE 1**

**Full time Senior Pastor or Solo Pastor**

**Basic Package**

Base Salary	\$25,000
Housing	\$25,000
Social Security (7.65%)	\$3,825
Health Insurance	\$15,348*
*Family coverage. Single coverage: \$7674	
Life & Disability (1%)	\$538
Annuity (14%)	\$7,536

**Total**                
\$77,247

**Expense Associated with the Mission  
of the Church  
(Voucher Reimbursement)**

Books/Periodicals/Continuing Education	\$3,000
Meetings/Conferences/Workshops	\$500
Entertainment/Hospitality	\$500
Miscellaneous Professional Expense	\$500

**Total**                
\$4,500

**Transportation**

Vehicle Lease/Purchase Payments	\$3,600
Automobile Insurance	\$1,200
Vehicle Operation & Maintenance	\$2,400

**Total**                
\$7,200

**Total Church Responsibility**    \$88,947

**EXAMPLE 2**

**Full time Senior Pastor or Solo Pastor**

**Basic Package**

Base Salary	\$20,000
Housing	\$20,000
Social Security (7.65%)	\$3,060
Health Insurance	\$15,348*
*Family coverage. Single coverage: \$7674	
Life & Disability (1%)	\$431
Annuity (14%)	\$6,028

**Total**                
\$64,867

**Expense Associated with the Mission  
of the Church  
(Voucher Reimbursement)**

Books/Periodicals/Continuing Education	\$1,000
Meetings/Conferences/Workshops	\$500
Entertainment/Hospitality	\$500
Miscellaneous Professional Expense	\$500

**Total**                
\$2,500

**Transportation**

Mileage - Estimated @ 12,000 Miles/Yr Using IRS Business Mileage Rate for 2004: 37 <sup>1/2</sup> ¢/mile	\$4,500
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**Total**                
\$4,500

**Total Church Responsibility**    \$71,867

**EXAMPLE 3**

**Part time Solo Pastor of Small Church  
20 Hours/Week - 10 Years of Service**

**Basic Package**

Base Salary and Housing	\$27,845
Social Security (7.65%)	\$2,130
Health Insurance	\$15,348*
*Family coverage. Single coverage: \$7674	
Annuity (14%)	\$4,197

**Total** \$49,520

**Expense Associated with the Mission  
of the Church**

**(Voucher Reimbursement)**

Books/Periodicals/Continuing Education	\$750
Meetings/Conferences/Workshops	\$125
Entertainment/Hospitality	\$100
Miscellaneous Professional Expense	\$125

**Total** \$1,100

**Transportation**

Mileage - Estimated @ 4,000 Miles/Yr	
Using IRS Business Mileage Rate	
for 2004: 37 <sup>1/2</sup> ¢/mile	\$1,500

**Total** \$1,500

**Total Church Responsibility** \$52,120

**2004 Guidelines for  
Full-time Senior Pastor of Multiple Staff Church or Solo Pastor  
SUGGESTED COMPENSATION  
(Includes Only Cash Salary and Housing Allowance)**

<b>YEARS OF SERVICE</b>	<b>MEMBERS Up to 100</b>	<b>101-200</b>	<b>201-300</b>	<b>301-500</b>	<b>Over 500</b>
1	\$40,014	\$41,124	\$42,451	\$43,724	\$45,036
2	\$41,214	\$42,451	\$43,724	\$45,036	\$46,387
3	\$42,451	\$43,724	\$45,036	\$46,387	\$47,779
4	\$43,724	\$45,036	\$46,387	\$47,779	\$49,212
5	\$45,036	\$46,387	\$47,779	\$49,212	\$50,689
6	\$46,387	\$47,779	\$49,212	\$50,689	\$52,209
7	\$47,779	\$49,212	\$50,689	\$52,209	\$53,775
8	\$49,212	\$50,689	\$52,209	\$53,775	\$55,389
9	\$50,689	\$52,209	\$53,775	\$55,389	\$57,050
10	\$52,209	\$53,775	\$55,389	\$57,050	\$58,762
11	\$53,775	\$55,389	\$57,050	\$58,762	\$60,525
12	\$55,389	\$57,050	\$58,762	\$60,525	\$62,341
13	\$57,050	\$58,762	\$60,525	\$62,341	\$64,211
14	\$58,762	\$60,525	\$62,341	\$64,211	\$66,137
15	\$60,525	\$62,341	\$64,211	\$66,137	\$68,121

**Notes for 2004 Guidelines for Full-time Senior Pastor or Solo Pastor**

1. For Clergy With More Than 15 Years Experience: Consider 3.00% per year increase, which reflects the pattern established in the chart.
2. **Second Career Clergy:** Prior experience from other careers and other graduate education should be considered as years of service.
3. **Additional Education:** Clergy should receive additional compensation for education beyond the Bachelor's Degree and Master of Divinity. Educational equivalencies should be negotiated between the pastor and the church.
4. **Full-Time Interim Ministry:** Compensation for specialists in interim ministry should be at least at the same level as the last full time Pastor but may need to be higher to adequately compensate for the interim's unique skills, or to stretch the congregation toward more adequate compensation for a newly called Pastor.
5. **Full-Time Associate Pastor:** Associate Pastor salaries should be determined independently of the senior pastor compensation package. Associate Pastors should receive 85% of the suggested minimum compensation appropriate to their years of service and the size of the congregation per the minimum compensation guidelines on this page.
6. **Part-Time Associate Pastor:** Part-time Associate Pastors in multiple staff churches should receive the full-time Associate Pastor minimum compensation, pro-rated for the number of hours of work per week. For example, a half-time Associate Pastor should receive 50% of the amount the individual would receive if he/she served as a full-time Associate Pastor at the church.
7. **Co-Pastors:** These guidelines recommend that Co-Pastors receive equal compensation, which is to be determined by averaging the combined years of service of each Co-Pastor.
8. **Part-time Solo Pastors of Small Churches:** Please see the table on the next page. Above 30 hours per week is considered full-time.
9. These numbers presume a 3.00% yearly incremental increase.

**2004 Guidelines for  
Part Time Solo Pastor of Small Church  
SUGGESTED COMPENSATION  
(Includes Only Cash Salary and Housing Allowance)**

<b>YEARS OF SERVICE</b>	<b>\$ PER HOUR:</b>	<b>Annual @ 10 Hours/Wk</b>	<b>Annual @ 15 Hours/Wk</b>	<b>Annual @ 20 Hours/Wk</b>	<b>Annual @ 25 Hours/Wk</b>	<b>Annual @ 30 Hours/Wk</b>
1	\$20.52	\$10,670	\$16,006	\$21,341	\$26,676	\$32,011
2	\$21.14	\$10,991	\$16,486	\$21,981	\$27,476	\$32,972
3	\$21.77	\$11,320	\$16,980	\$22,640	\$28,301	\$33,961
4	\$22.42	\$11,660	\$17,490	\$23,320	\$29,150	\$34,980
5	\$23.10	\$12,010	\$18,014	\$24,019	\$30,024	\$36,029
6	\$23.79	\$12,370	\$18,555	\$24,740	\$30,925	\$37,110
7	\$24.50	\$12,741	\$19,112	\$25,482	\$31,853	\$38,223
8	\$25.24	\$13,123	\$19,685	\$26,246	\$32,808	\$39,370
9	\$25.99	\$13,517	\$20,275	\$27,034	\$33,792	\$40,551
10	\$26.77	\$13,922	\$20,884	\$27,845	\$34,806	\$41,767
11	\$27.58	\$14,340	\$21,510	\$28,680	\$35,850	\$43,020
12	\$28.40	\$14,770	\$22,155	\$29,541	\$36,926	\$44,311
13	\$29.26	\$15,213	\$22,820	\$30,427	\$38,034	\$45,640
14	\$30.13	\$15,670	\$23,505	\$31,340	\$39,175	\$47,010
15	\$31.04	\$16,140	\$24,210	\$32,280	\$40,350	\$48,420

**Notes for 2004 Guidelines for Part-time Solo Pastor of Small Church**

1. For Clergy With More Than 15 Years Experience: Consider 3.00% per year increase, which reflects the pattern established in the chart.
2. These guidelines for a part-time Solo Pastor were developed to take into account two factors:
  - a) Compensation will depend on the number of hours per week.
  - b) The size of a church will not adequately reflect the workload for a part-time Solo Pastor who still has many of the same responsibilities as a full-time Solo Pastor: preaching and leading worship weekly, supervising non-ordained staff, dealing with tenants/building issues, etc.)
3. These ranges do not include benefits. It is recommended that part-time clergy be given vacation and study leave.
4. These numbers presume a 3.00% yearly incremental increase.

## Suggested Reference List

**Note: The Reference List is provided for information only. The Conference Ministers, Conference Board of Directors and Clergy Compensation Task Force members are not experts in the area of tax preparation or law. Please consult your attorney or tax adviser if you have specific questions.**

(Current Year) Compensation Handbook for Church Staff

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