

MINISTRY WORKER COMPENSATION

A RESOURCE GUIDE: FOREST LAKES DISTRICT EFCA



It can be quite the challenge to draw conclusions about pastoral and staff compensation. Please use this guide as a framework to aid in discernment of all of the variables of your church and geographic location. Our heart is to provide generous, fair and fruitful practices in this area of church stewardship.

Best Practices

- Pastoral compensation is an essential part of establishing healthy financial practices in a local church. Therefore, your congregation will want to prioritize biblical stewardship of the congregation's resources.
- Biblical generosity (rather than thrift and frugality) should drive this process, so your church leadership board should seek to be generous with your pastors and other paid ministry leaders.
- Equity within the congregation and community is also important; seek to establish pay and benefits that seem fair when compared to your church members and the broader community.
- Your local situation and the limits of your church budget are much more important than regional, state, or national pastoral compensation trends.
- In general, a church should spend 50-60% of its annual budget on compensation and benefits. However, local factors and unique ministry priorities may cause you to fall outside this range.
- Pastors need to take personal responsibility for understanding their compensation. While they are not (and should not be) in control of their own compensation and benefits, they must work to become knowledgeable about their local church budget, history, and practice in this area.
- Retirement should be a priority, and churches should work to develop compensation packages that include church retirement contributions and encourage additional personal retirement investment by paid ministry leaders. We recommend a minimum of 10% of annual salary. This should be done through a combination of church contribution and additional personal contributions.

Developing Your Local Church Framework for Pastoral Compensation

In light of these best practices, your church should develop a flexible process to establish compensation packages for pastors and other vocational ministry leaders.

- As a minimum, your framework needs to include these things (other factors may be important too):
 1. Church precedent (previous position salary, other current staff salaries)
 2. Local demographics (especially median income of the congregation)
 3. Local cost of living in the community
- Your church leadership board and congregation should check your work against comparable compensation packages for other local ministers, local schools, and regional and national norms (adjusted for cost of living). We suggest resources below that can help with this.
- While base salary will be different for vocational leaders based on the factors above, we recommend that benefits be equal for all full-time staff. In general, we recommend modest additional benefits for part-time staff. You can reach out to us for suggested additional benefits and perspective on how they fit your situation.
- Each year, you should review your compensation packages. You should also make sure you clearly communicate total compensation (not just base salary) to your paid ministry leaders each year.

Resources

- ECFA Church and Nonprofit Tax and Financial Guide (downloadable from FCMM)
- [FCMM](#) (EFCA's benefits and retirement ministry).
- churchsalary.com and ministrypay.com

There are many other questions that will come up, and we know this process can feel complicated and difficult. We are here if you need support in this process!

Special thanks to the North Central District for allowing us to adapt their compensation guide. We are BETTER TOGETHER!



Mailing Address: PO Box 207, Cottage Grove, WI 53527



info@forestlakes-efca.org

CHURCH COMPENSATION LINKS

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Here are some more helpful links to help you dive deeper into determining fair compensation for your church staff.

1. Top Compensation Factors to Consider When Setting Church Salaries

Here is a [6 step guide](#) to from [Vanderbloemen](#) on setting compensation levels for your church staff or staff team.

2. 2023 Ministers Tax and Financial Guide

This [guide](#) from the ECFA ([Evangelical Council for Financial Accountability](#)) gives a comprehensive overview of taxes and compensation planning.

3. Salary Setting for Pastors and Staff

In [this article](#) Knute Larson provides some simple practices and considerations as well as additional links and resources for setting salaries for church staff.

4. The Ultimate Church Compensation and Salary Guide

For an in-depth look at salary setting, here is [an article](#) by Thomas Costello at [ReachRight](#).

5. Custom Salary Reports for Your Roles and Region

Church Salary (www.churchsalary.com) by [Christianity Today](#) and Ministry Pay (www.ministrypay.com) by [The Church Network](#) both provide custom reports for your specific position(s) and region, including cost of living and other variables unique to your situation. These are fee-based subscription services.