

GROWTH POINTS

With Gary L. McIntosh, D.Min., Ph.D.

Paying Your Pastor

The changing economic climate that many churches find today make it a challenge to pay their pastors well.

Consider, for example, the way gradual inflation impacts churches and the pastors they pay. A pastor who received a salary package of \$60,000 two decades ago would need \$91,411 to have the same purchasing power today. That's a 52.4% rate of inflation. Of course, benefits have increased, too. Medical insurance that cost \$3,500 in 1997 now costs \$5,340.

If your church has not kept up by gradually increasing your pastor's salary and benefits, you will be in for a surprise when you need to find a new one.

Since most church leaders sincerely desire to care for their pastors well, here are some ideas to consider as you design your pastoral compensation package this coming year.

First, start your annual planning of the church budget with a Bible study on the subject of pastoral compensation. For example, consider Paul's statement in 1 Timothy 5:17-18.

"Let the elders who rule well be considered worthy of double honor, especially those who work hard at preaching and teaching. For the Scripture says, 'YOU SHALL NOT MUZZLE THE OX WHILE HE IS THRESHING,' and 'The laborer is worth of his wages.'" (NASB) The Williams translation reads, "deserving twice the salary they get."

Spend time reading and considering the impact of this and other Bible passages on pay for your pastor.

Second, compare apples with apples. Church leaders usually compare their pastor's salary to their own. The difficulty is that it is often an unequal comparison. For example, when you ask church leaders how much they make, they normally give you their take-home pay or cash salary. They almost never include the hidden value of employer benefits, such as, retirement payments, medical insurance, or contributions to social security. These hidden benefits add between 20% to 40% more to a person's cash salary. Yet, when people look at their pastor's salary package, they include all of these extra benefits rather than just the cash amount.

Third, conduct a salary review. Most church leaders promise to conduct a yearly salary review of their pastor's pay, but few do it. So, devise a review process that assesses the needs of your pastor, the changing nature of pastor's salary packages, and what other churches of similar size, budget, and location are paying. Also, check out what complimentary jobs are paying in your community, i.e., what do teachers and principals

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,with similar experience and education to your pastor's, receive?

Fourth, set salary standards. It is good to have a defined philosophy and model by which salaries are set. This is especially important since board members change from year to year. While this year's board may arrive at a workable salary process, next year's board may take a different view point. Salary standards will help stabilize changes due to fluctuations in board personnel from year to year.

Fifth, consider the hidden message being delivered by your pay package. Whatever pay package you offer to your pastor, it contains a hidden message. It says that you appreciate the work of your pastor, that you want your pastor to stay with you for a long time, or that you are ready for a new pastor. A person's pay means much more than simply the amount of money received. It includes numerous value statements, as well. What is your hidden message to your pastor? What message is being sent?

Sixth, realize that entry level salaries usually increase faster than salaries of experienced pastors. In practice this means that once pastors take a position they predictably find it difficult to receive adequate raises. The impact of this salary compression often is a cause for pastoral turnover. Pastors may leave a church every few years since they instinctively know they can receive a better raise by taking a new entry position than by staying on in their present ministry. One way to overcome this is to give adequate raises each year.

Seventh, understand the cost of replacing a pastor. It is conservatively estimated that the cost of replacing a pastor is equal to one and one half times the salary of the current pastor.

For example, if your present pastor is receiving \$50,000, it will take \$75,000 to replace him. This happens because when seeking a new pastor leaders become more aware of the current salaries and benefits others are receiving. They often discover that they must pay a higher salary to get a person with equal experience and skills. What would you have to pay to replace your present pastor today?

Eighth, pay a competitive salary. In long pastorates, the salary paid the pastor has usually not kept up with general increases. Then when the pastor retires or resigns, the church finds that the salary they were paying is substantially below what is now necessary. The question may not be WHAT you are paying your pastor, but HOW do you keep your pastor? Have you kept your pastoral salaries up with the cost of living? Is the salary competitive today?

Ninth, contemplate the importance of fringe benefits. They are important since they often add more value to a compensation package than the actual dollar amount. As a rule, a church should give an additional 20% in benefits to its pastors above the total cash salary. These benefits should not be perceived as an increase in the pastor's salary. In reality they are a cost of employing a pastor, or as known in business, a cost of doing business.

Tenth, remember the need for regular sabbatical leave. Growing churches tend to take a proactive approach to this and make certain their pastors receive rest and continuing education for the long haul. A sabbatical leave of two to three months every six years is becoming the trend in many churches.

One of the ingredients that makes for a long pastoral tenure is paying a solid salary. How is your church doing in this area of ministry?

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