

October 4, 2018

To: All Church Boards and Pastors

Re: Ministerial Salary and Benefits

Greetings:

This annual report is meant to keep you up to date on salary trends, benefits, and other related information for your 2018 budget purposes. Please consider the following:

**Social Security** – Please refer to the following Social Security Administration web pages for the tax rate and for the wage base for the old age survivors and disability insurance (OASDI): <http://www.ssa.gov/OACT/ProgData/taxRates.html> and <http://www.ssa.gov/OACT/COLA/cbb.html#Series>.

The Social Security Administration sends a record of earnings each year, which Ministers should review for accuracy and investigate any discrepancies. Ministers who anticipate retiring in the near future should work closely with their Social Security Administration office through the process of filing for benefits, especially if they are working past age 65.

**Cost of Living** – The Consumer Price Index (CPI) increased 2.1% for 2017. Projections are for CPI to increase around 2.5% for 2018 and in the range of 2.0 – 2.5% for 2019.

**Salaries** – Research indicates that the average increases in 2018 are projected to be near 3% and similar for 2019. Social Security made a 2.0% Cost of Living Adjustment (COLA) in 2018. As of the date of this letter, the Social Security Trustees are predicting a COLA of 2.4% for 2019. The COLA for 2019 will be finalized/released in October of 2018.

Attached are three different schedules. The first shows the salary information presented for all Central Region churches combined. The second and third pages present the salary information by component and by size of church. For this purpose, we used average Sunday Morning Worship attendance as reported in each church's annual statistical report.

Schedule #2 is for senior pastors while schedule #3 is for associate pastors. We have added information from the Missionary Church denomination and from a national survey by Church Law & Tax. This information is intended to help compare the salary package your church is offering to churches of similar size within our region. The column headed by the “#” symbol indicates how many churches reported providing that component in their compensation package. You will notice that some of the size categories have been changed and that some are very broad. I did my best to break down the categories based on the date provided so that there would be a meaningful amount of data in each category.

When reviewing salaries, the church board must consider:

1. Any adjustment you have already made for 2018 compared to the actual salary increases granted in 2018

2. The projected increase in salaries for 2019
3. The relative position you wish your pastor to hold within the published salary range
4. Performance of staff members against standards established for the position
5. Educational qualifications of staff
6. Years of service to your church and total years in the ministry
7. Efforts being made by the staff members to improve themselves in order to enhance their ministry.

One of the biggest assets that your church has is its staff. Most ministers did not choose their occupation because of the high salaries. These men and women are called of God to the churches in which they serve. One scripture that should always serve as a guide in your church staff is I Timothy 5: 17 - 18 which says, “*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 worthy of his wages.’*” Our churches have a responsibility to our paid professional staff to make sure that their needs are adequately cared for. It is a good investment to be as generous as practical in your administration of compensation.

The way in which a minister’s compensation package is structured can have a significant impact on the tax your pastor pays. Make sure that your minister is not paying more in tax than necessary. If you are unsure about how to properly structure your minister’s compensation package, please seek the help of a tax professional who is knowledgeable about the unique features of clergy tax. It could save tax dollars now and headaches in the event of an IRS audit.

**Vacation guidelines** - The Central Region has recommended that the following guidelines be followed in the administration of vacation policy for full time Senior and Associate Ministers serving our churches:

- 2 weeks of vacation after 1 year of approved ministry
- 3 weeks of vacation after 7 years of approved ministry
- 4 weeks of vacation after 15 years of approved ministry

Regional/Local Boards may grant more vacation time based on fewer years of service than the guidelines state. Vacation time is exclusive of denominational and regional conferences and camps.

I trust this report is of some benefit as you prepare your 2018 budget. Feel free to contact me at (260) 747-2027 or [stevesisson@mcusa.org](mailto:stevesisson@mcusa.org) if you have questions or need additional information.

Respectfully,  
Steve Sisson