

**GUIDELINES FOR  
PROFESSIONAL CHURCH WORKER  
COMPENSATION**



**MISSOURI DISTRICT  
THE LUTHERAN CHURCH-MISSOURI SYNOD**

**These guidelines were prepared to assist congregations in studying and arriving at equitable salaries for their workers. The Missouri District Board of Directors approved these guidelines at the meeting on January 31, 2008.**

**Intended for use in fiscal year 2008-09 or calendar year 2009**

## INTRODUCTION

As a congregation considers the compensation it provides, leaders should review the Scriptural principles regarding the care of those who serve:

*Stay in that house and eat and drink whatever they have, since a worker earns his pay. . . Luke 10:7.*

*Let spiritual leaders who lead well be considered worthy of double honor, especially if their work is preaching and teaching, because the Scripture says "When the ox is treading out the grain, do not muzzle him," and, "a worker deserves his pay." I Timothy 5:17–18.*

*In the same way the Lord has commanded that those who preach the Gospel should receive their living from the Gospel. . . I Corinthians 9:14.*

*Let the person who is taught the Word share all good things with his teacher. Make no mistake about this; you cannot fool God. For whatever a person sows he will also reap. . . Galatians 6:6–7.*

*We ask you fellow Christians, to appreciate those who work with you and who lead you in the Lord and who warn you. Love them and think very highly of them on account of the work they are doing. Live in peace with one another. . . 1 Thessalonians 5:12–13.*

These guidelines are prepared for use by church councils and salary committees as they review annually the salaries of their professional church workers. They are not to be construed as an official salary scale of the Missouri District. In determining worker's salaries, their professional credentials should be considered and they should be remunerated accordingly. Education and ministry expectations qualify them to remuneration commensurate with that of other professionals of equivalent education, ability and responsibility. Christian ethics require a congregation to pay the workers a respectable salary.

The church should attempt to attract the best workers into the Gospel ministry. Competition for such workers is keen. If the church does not adequately compensate its workers, it may discourage qualified youth from choosing to work in the church.

Congregations are strongly encouraged to develop a form similar to the last page of these guidelines (Section XIX). This form should be given to each salaried individual to help them better understand their total compensation package. The fringe benefits provided reflect a considerable amount of compensation for each worker.

Average and median incomes of other professionals in the Midwest and the state of Missouri along with salary data of Lutheran workers in the Midwest were used in preparing the ensuing guidelines.

The object of a salary schedule is two-fold in nature. First, the salary schedule should recognize education, experience, and individual dedication to the Lord's work. Second, the salary schedule should encourage further formal education that would prepare the professional for a ministry that would be more fulfilling for him or her and the church as a whole.

It is a good idea to review each worker's duties and expectations on at least an annual basis. This review should be done by an established procedure based on appropriate lines of authority. This process allows for the setting of goals and gives opportunity feedback and the sharing of concerns.

## **I. SALARY COMMITTEE**

Since the base salary requires careful study and deliberation, a small, duly appointed or elected group is most effective in assembling and utilizing facts to make such salary decisions. This group should invite the pastor and principal to discuss salaries and related matters with the group each year. They also should be responsible for recommending the appropriate scale to serve as a guideline for all salaries.

All components and resulting summaries should be variable and negotiable to accommodate the unique quality of each ministry.

## **II. INTERNAL REVENUE SERVICE CLASSIFICATIONS**

Ordained pastors in the exercise of the ministry in the Lutheran Church – Missouri Synod (LCMS) are considered “Ministers of the Gospel” by the Internal Revenue Service (IRS) and are subject to special tax rules and privileges.

All certified teachers, Directors of Christian Education, Directors of Christian Outreach, deaconesses, parish assistants, Certified Lay Ministers, Directors of Parish Music and Directors of Family Life Ministry who are listed on Synod's Roster as graduated or colloquized from one of Synod's educational institutions and are in the exercise of the ministry also are “ministers of the Gospel” because of special rulings by the IRS.

The LCMS holds that many different functions belong to the office of public ministry. These functions may be performed, to varying degrees, by persons holding various positions and titles. In order to clarify these positions and titles, the Synod has established two classifications: “minister of religion, ordained” and “minister of religion, commissioned”.

## **III. HOUSING AND UTILITIES**

The recommended salary guidelines that follow are based on the assumption that congregations do not provide a residence for the worker. If housing is provided and utilities are paid by the congregation, subtract the fair rental value of the parsonage/teacherage plus utilities from the salary. Even if a parsonage/teacherage is furnished and all utilities are paid by the congregation, a part of the worker's compensation should be designated as parsonage/teacherage allowance according to IRS regulations.

Congregations are reminded that workers living in church-owned housing must report the fair rental value of such housing to the IRS as part of the total compensation when figuring the Self-Employment Tax (Social Security) but not for income tax. Consult with local realtors to arrive at a fair rental value of the residence provided for the worker. This should be adjusted regularly to reflect the changing value of the housing provided.

To obtain all allowable tax exemptions for the pastor, the congregation should have a recorded resolution (prior to January 1 of the year it is to take effect), which authorizes the housing / utility/ or parsonage allowance in advance of any payment. The worker may exclude from income only that part of the housing/utility/or parsonage/teacherage allowance that is actually used; the excess is subject to tax.

If the congregation provides housing to the worker, that worker is not developing any equity in a home. Congregations should assist their workers in developing equity by annually setting aside investments in the name of the worker.

The “Congregational Treasurer’s Manual,” (available at the Missouri District Office, on the Missouri District website or on the Lutheran Church – Missouri Synod website) is an excellent resource and should answer any questions in this area.

#### **IV. RETIREMENT, SURVIVOR, AND HEALTH PLANS**

Congregations are encouraged to pay the full cost of participating in the Concordia Health Plans of the workers and they are encouraged to participate in the health plan for the participant’s family.

Ministers of Religion (ordained pastors, certified lay ministers, male and female commissioned teachers, and commissioned Directors of Christian Education) and eligible Deaconesses are classified by Social Security (S.S.) as “self-employed.” Therefore, employers normally do not contribute to S.S. for them. All such workers enrolled in the Concordia Retirement Plan (CRP) as a “new worker” on January 1, 1982, or after, participate on the Regular Basis. Workers who enrolled in the CRP prior to that date, and whose CRP membership did not subsequently terminate, have the option to participate on either the Regular or Full Basis.

If an employer is contributing to the CRP on the Regular Basis for a minister of religion, that employer is to make the amount of the difference between the Full Basis rate and the Regular Basis rate available to that minister of religion. Some deaconesses are also eligible to receive this amount. This special payment assures that all workers deemed “self-employed” by S.S. are treated equitably, whether they are participating in the CRP on the Full Basis or the Regular Basis. The difference (Single 2.3% - Married 3.0% of compensation) should be paid directly to the minister of religion or deaconess, and must be reported as “income” for Federal income tax purposes. If an employer is already helping a worker pay part of the self-employed S.S. tax (e.g., Social Security allowance of 7.65%), the special payment described in this paragraph need not be considered an obligation by the employer.

#### **V. AUTOMOBILE ALLOWANCES**

Travel expenses are “business expenses” of the congregation for which the worker should be fully reimbursed. The congregation should define which travel expenses will be reimbursed. Congregations are asked to periodically check the IRS guidelines for changes.

Allowance for automobile expenses become necessary for the exercise of the worker’s function. The worker should be fully reimbursed for automobile use in exercise of his ministry. The suggested method is by direct reimbursement of expenses as outlined in Section 6.110 in the Treasurer’s Manual. The amount per mile should not exceed the IRS guideline. If, instead of a

dollar-for-dollar reimbursement of expenses, the congregation grants a cash expense allowance to the pastor with no substantiation requirement, as defined by the IRS, the amount paid by the congregation to the pastor must be reported on the pastor's Forms W-2 and 1040. The worker must complete Form 2106, "Employee Business Expenses," in order to deduct his business expenses. They are deductible as miscellaneous itemized deductions on Schedule A of Form 1040 only if they exceed two (2) percent of adjusted gross income.

## **VI. CONVENTIONS, RETREATS, AND CONFERENCES**

The worker should be required to attend official district meetings with all expenses (travel, lodging and registration) paid by the congregation. Conventions, retreats, conferences and limited guest-speaking engagements should not be treated as vacation time.

## **VII. PROFESSIONAL GROWTH**

Continuing education in all fields of human endeavor, including the ministry, is increasingly necessitated by the complexities and rapid change characteristic of modern life. Parishes are encouraged to provide opportunities for their worker's continued spiritual enrichment through continuing study.

Adequate time over and above vacation may be allowed each worker for this purpose, with provision for accrual of time and funds to permit flexibility in matching available programs.

Whenever workers undertake advanced study in their field which is related to their work, and such study is approved by the respective board, the congregation should consider paying some or all of the costs involved in such study; i.e. course fees, books and such other out-of-pocket costs as reasonable. Check the Treasurer's Manual for taxability of such payments.

It is recognized that each congregation may have its own budget limitations, therefore, sufficient funds should be made available to cover a minimum of one course per staff member per year.

Workers should be given Professional Growth days during the year.

## **VIII. TAX SHELTERED ANNUITY (TSA)**

TSA is available to workers under federal tax laws. It may be advantageous for a worker to contribute to a TSA. The congregation may elect to provide this as a no cost benefit to the worker.

## **IX. VACATIONS**

Workers should be encouraged to take vacations. Three weeks should be regarded as a minimum. Workers with longer experience may be allowed four weeks or more. In addition to the regular vacation, congregations also should consider providing pulpit relief for pastors once a quarter.

## **X. SICK LEAVE**

It is recommended that each congregation have a sick leave policy. This policy should be written within the guidelines as set forth in the Concordia Plans and include adequate sick leave days until such time as the Concordia Disability Plan applies.

## **XI. SABBATICAL LEAVE**

If your worker has been at your congregation for six or more years, a sabbatical for renewal and growth purposes should be considered. Interested congregations should contact the Southeastern District's Sabbatical Guidelines and Resources located on-line ([www.se.lcms.org/pdfs/sedsabguideline.pdf](http://www.se.lcms.org/pdfs/sedsabguideline.pdf)).

## **XII. VACANCIES/PULPIT SUPPLY**

The suggested minimum remuneration for a vacancy pastor shall be \$100 for each day set aside to fulfill the vacant congregation's responsibilities. The specific hours involved shall be agreed upon by the vacancy pastor and congregation. In addition, a specified reimbursement for auto expenses will also be furnished.

This remuneration guideline does not take into consideration any preaching responsibilities. Inasmuch as the responsibility of conducting services and preaching often falls to someone other than the vacancy pastor, any guest pulpit supply shall be compensated based upon the guidelines for pulpit supply remuneration found below.

The following is suggested as a minimum amount:

One Service	\$ 100.00
Two Services	\$ 125.00
Bible Class	\$ 25.00
Mileage	\$ IRS rate
Lodging & Meals	Paid if overnight stay is necessary

### XIII. ORDAINED MINISTER ANNUAL COMPENSATION SCALE

<u>Years of Experience</u>	<u>Base Salary</u>	<u>Percentage Multiplier</u>	<u>Including Utility &amp; Housing Allowance</u>
0	\$35,000	1.45	\$50,750
1	\$35,000	1.47	\$51,450
2	\$35,000	1.49	\$52,150
3	\$35,000	1.51	\$52,850
4	\$35,000	1.54	\$53,900
5	\$35,000	1.57	\$54,950
6	\$35,000	1.60	\$56,000
7	\$35,000	1.63	\$57,050
8	\$35,000	1.66	\$58,100
9	\$35,000	1.69	\$59,150
10	\$35,000	1.72	\$60,200
11	\$35,000	1.75	\$61,250
12	\$35,000	1.78	\$62,300
13	\$35,000	1.81	\$63,350
14	\$35,000	1.84	\$64,400
15	\$35,000	1.87	\$65,450
16	\$35,000	1.90	\$66,500
17	\$35,000	1.93	\$67,550
18	\$35,000	1.96	\$68,600
19	\$35,000	1.99	\$69,650
20	\$35,000	2.01	\$70,350
21	\$35,000	2.03	\$71,050
22	\$35,000	2.05	\$71,750
23	\$35,000	2.07	\$72,450
24	\$35,000	2.09	\$73,150
25	\$35,000	2.11	\$73,850
26	\$35,000	2.13	\$74,550
27	\$35,000	2.15	\$75,250
28	\$35,000	2.17	\$75,950
29	\$35,000	2.19	\$76,650
30	\$35,000	2.21	\$77,350

\*Percentage multiplier will increase by (.02) each year until retirement.

Other factors to be considered:

- A) Prevailing community standards
- B) Size of congregation (number of communicants per pastor)
- C) Number of congregations
- D) Specialized education

- E) Special situation and challenges (chaplaincy, campus ministry, etc.)
- F) Status – senior and/or associate/assistant
- G) Continuing education

#### **XIV. COMMISSIONED MINISTER COMPENSATION**

For the professional worker in the church, a Baccalaureate Degree with no experience is usually considered the base salary. In using an index scale, the base salary is multiplied by 1.00. The base salary for men and women should be equal.

Teachers with less formal education than a college degree would have a multiplier smaller than 1.00 applied to the base salary. In the same regard, teachers with education beyond the Bachelor's Degree would use a multiplier larger than 1.00 commensurate with the additional hours earned.

Although the same index scale can be used by all congregations in the Missouri District, adjustments in the base can be made up or down depending upon the local living cost (See XVIII. Base Salary Modifiers). It would be appropriate to contact the local public school district and consider its base salary as a comparable figure.

A base salary is defined as, "that salary paid to a teacher with a B.S. and no years of experience for 12 months of service". Remember that teachers on 10-month calls/contracts are paid on 10/12 of this base.

#### **XV. ADDITIONAL RESPONSIBILITY**

In order to take into account other items which should be reflected in a worker's salary, congregations should give special compensation for responsibility beyond that of a classroom teacher or other called positions.

After calculating the compensation an additional amount should be added according to the following:

Principal	.20-.30 of base
Assistant Principal	.10-.20 of base
Director of Christian Education	.10-.20 of base
Director of Music for Congregation	.05-.15 of base
Director of Youth	.05-.15 of base
Staff Person Serving as Administrator for all Part-Time Agencies	.05-.15 of base
Athletic Director for Congregation	.05-.15 of base
Technology Coordinator for Congregation	.05-.15 of base

## XVI. COMMISSIONED MINISTER COMPENSATION SCALE

YEARS EXP	A		B		C		D		E		F		
	B.S.	B.S.	10	10	20	20	MASTERS	MASTERS	10	10	20	20	
0	35,000	1.00	35,000	1.03	36,050	1.06	37,100	1.12	39,200	1.16	40,600	1.20	42,000
1	35,000	1.02	35,700	1.05	36,750	1.08	37,800	1.14	39,900	1.18	41,300	1.22	42,700
2	35,000	1.04	36,400	1.07	37,450	1.10	38,500	1.16	40,600	1.20	42,000	1.24	43,400
3	35,000	1.06	37,100	1.09	38,150	1.12	39,200	1.18	41,300	1.22	42,700	1.26	44,100
4	35,000	1.08	37,800	1.12	39,200	1.15	40,250	1.21	42,350	1.25	43,750	1.29	45,150
5	35,000	1.10	38,500	1.15	40,250	1.18	41,300	1.24	43,400	1.28	44,800	1.32	46,200
6	35,000	1.12	39,200	1.18	41,300	1.21	42,350	1.27	44,450	1.31	45,850	1.35	47,250
7	35,000	1.14	39,900	1.20	42,000	1.24	43,400	1.30	45,500	1.34	46,900	1.38	48,300
8	35,000	1.16	40,600	1.22	42,700	1.27	44,450	1.33	46,550	1.37	47,950	1.41	49,350
9	35,000	1.18	41,300	1.24	43,400	1.30	45,500	1.36	47,600	1.40	49,000	1.44	50,400
10	35,000	1.20	42,000	1.26	44,100	1.33	46,550	1.39	48,650	1.43	50,050	1.47	51,450
11	35,000	*		1.28	44,800	1.35	47,250	1.42	49,700	1.46	51,100	1.50	52,500
12	35,000			1.30	45,500	1.37	47,950	1.45	50,750	1.49	52,150	1.53	53,550
13	35,000			*		1.39	48,650	1.48	51,800	1.52	53,200	1.56	54,600
14	35,000					1.41	49,350	1.51	52,850	1.55	54,250	1.59	55,650
15	35,000					1.43	50,050	1.53	53,550	1.58	55,300	1.62	56,700
16	35,000					*		1.55	54,250	1.61	56,350	1.65	57,750
17	35,000							1.57	54,950	1.64	57,400	1.68	58,800
18	35,000							1.59	55,650	1.66	58,100	1.71	59,850
19	35,000							1.61	56,350	1.68	58,800	1.74	60,900
20	35,000							1.63	57,050	1.70	59,500	1.77	61,950
21	35,000							1.65	57,750	1.72	60,200	1.79	62,650
22	35,000							1.67	58,450	1.74	60,900	1.81	63,350
23	35,000							1.69	59,150	1.76	61,600	1.83	64,050
24	35,000							1.71	59,850	1.78	62,300	1.85	64,750
25	35,000							1.73	60,550	1.80	63,000	1.87	65,450
								+		+		+	

(\*) It is suggested that when a teacher reaches the end of column A, B, and C, that their multiplier will not increase with additional years of service. This is done to encourage further graduate education. For other commissioned workers (DCE, DCO, etc) congregations may determine multipliers for additional years of service and whether any further education is required.

(+) Those commissioned ministers and teachers at the end of column D, E, and F, have the multiplier increased by .02 for each additional year of service.

## XVII. OTHER CHURCH WORKERS ANNUAL COMPENSATION SCALE

<u>Years of Experience</u>	<u>Custodians</u>	<u>Secretaries</u>	<u>Child Care Director</u>	<u>Business Manager/ Director of Music</u>
0	.65	.75	1.05	1.10
1	.67	.77	1.07	1.12
2	.69	.79	1.09	1.14
3	.72	.82	1.12	1.17
4	.75	.85	1.15	1.20
5	.78	.88	1.18	1.23
6	.81	.91	1.21	1.26
7	.84	.94	1.24	1.29
8	.87	.97	1.27	1.32
9	.90	1.00	1.30	1.35
10	.93	1.03	1.33	1.38
11	.96	1.06	1.36	1.41
12	.99	1.09	1.39	1.44
13	1.02	1.12	1.42	1.47
14	1.05	1.15	1.45	1.50
15	1.08	1.18	1.48	1.53
16	1.11	1.21	1.51	1.56
17	1.14	1.24	1.54	1.59
18	1.17	1.27	1.57	1.63
19	1.19	1.29	1.59	1.66
20	1.21	1.31	1.61	1.68

After 20 years, percentage multiplier will increase by (.02) each year until retirement.

The base salary set for 2008 is \$35,000. Check the Base Salary Modifiers for cost of living. Below are two examples of the above scale:

1) New hire custodian      Base salary \$35,000 x .65 = \$22,750 per year / 2080 (52 weeks x 40 hours) = \$ 10.94 per hour.

2) Secretary  
8 years experience      Base salary \$35,000 x .94 = \$32,900 per year / 2080 (52 weeks x 40 hours) = \$15.82 per hour.

## XVIII. BASE SALARY MODIFIERS

Because differences exist in the cost of living in various counties, a congregation may choose to modify the base salary. This table was developed to accommodate the variations in the cost of living in different counties within the District but should not be used to negatively impact the current compensation for workers. These figures were derived from the following website: <http://www.relocationessentials.com/aff/www/tools/salary/salaryanalyzer.aspx>.

COUNTY	MULT	BASE	COUNTY	MULT	BASE	COUNTY	MULT	BASE
Adair	0.85	29,750	Greene	0.95	33,250	Ozark	0.93	32,550
Andrew	1.00	35,000	Grundy	1.00	35,000	Pemiscot	0.90	31,500
Atchison	1.00	35,000	Harrison	1.00	35,000	Perry	0.90	31,500
Audrain	0.86	30,100	Henry	0.86	30,100	Pettis	0.88	30,800
Barry	0.93	32,550	Hickory	0.93	32,550	Phelps	0.90	31,500
Barton	0.89	31,150	Holt	1.00	35,000	Pike	0.94	32,900
Bates	0.89	31,150	Howard	1.00	35,000	Platte	1.00	35,000
Benton	0.87	30,450	Howell	0.87	30,450	Polk	0.93	32,550
Bollinger	0.90	31,500	Iron	0.90	31,500	Pulaski	0.90	31,500
Boone	0.85	29,750	Jackson	1.00	35,000	Putnam	1.00	35,000
Buchanan	1.00	35,000	Jaspar	0.85	29,750	Ralls	0.94	32,900
Butler	0.82	28,700	Jefferson	0.93	32,550	Randolph	0.86	30,100
Caldwell	1.00	35,000	Johnson	0.87	30,450	Ray	0.92	32,200
Callaway	0.86	30,100	Knox	0.94	32,900	Reynolds	0.90	31,500
Camden	0.87	30,450	Laclede	0.90	31,500	Ripley	0.82	28,700
Cape Girardeau	0.89	31,150	Lafayette	0.87	30,450	St. Charles	0.94	32,900
Carroll	1.00	35,000	Lawrence	0.95	33,250	St. Clair	0.89	31,150
Carter	0.89	31,150	Lewis	0.94	32,900	St. Francois	0.90	31,500
Cass	0.89	31,150	Lincoln	0.94	32,900	St. Genevieve	0.90	31,500
Cedar	0.95	33,250	Linn	1.00	35,000	St. Louis	1.00	35,000
Chariton	0.86	30,100	Livingston	0.89	31,150	Saline	0.88	30,800
Christian	0.93	32,550	Macon	0.86	30,100	Schuyler	0.86	30,100
Clark	0.98	34,300	Madison	0.84	29,400	Scotland	0.86	30,100
Clay	0.98	34,300	Maries	0.90	31,500	Scott	0.83	29,050
Clinton	1.00	35,000	Marion	0.86	30,100	Shannon	0.90	31,500
Cole	0.89	31,150	McDonald	0.93	32,550	Shelby	0.94	32,900
Cooper	0.86	30,100	Mercer	0.86	30,100	Stoddard	0.90	31,500
Crawford	0.90	31,500	Miller	0.89	31,150	Stone	0.93	32,550
Dade	0.93	32,550	Mississippi	0.90	31,500	Sullivan	1.00	35,000
Dallas	0.93	32,550	Moniteau	0.86	30,100	Taney	0.95	33,250
Daviess	1.00	35,000	Monroe	0.86	30,100	Texas	0.86	30,100
Dekalb	1.00	35,000	Montgomery	0.86	30,100	Vernon	0.86	30,100
Dent	0.90	31,500	Morgan	1.00	35,000	Warren	0.94	32,900
Douglas	0.95	33,250	New Madrid	0.90	31,500	Washington	0.90	31,500
Dunklin	0.86	30,100	Newton	0.86	30,100	Wayne	0.90	31,500
Franklin	0.90	31,500	Nodaway	1.00	35,000	Webster	0.93	32,550
Gasconade	0.90	31,500	Oregon	0.95	33,250	Worth	1.00	35,000
Gentry	1.00	35,000	Osage	1.00	35,000	Wright	0.93	32,550

## XIX. WORK SHEET FOR SALARIED WORKER COMPENSATION

Name \_\_\_\_\_

Fiscal Year \_\_\_\_\_

The following provides complete information about salary and benefits. Salary adjustments will begin on \_\_\_\_\_. The check on \_\_\_\_\_ will reflect the change. For questions contact: \_\_\_\_\_.

1.	Base Salary (Includes years of experience and education level)	
	A. District Base Salary	_____
	B. Multiplier for Years of Service and Education	_____
	C. Base Salary Modifier (See Section XVIII)	_____
	D. Factor for number of months worked divided by twelve	_____
	Base Salary (A x B x C x D)	\$ _____
2.	Compensation for Additional Responsibilities	\$ _____
3.	Other Cash Compensation	
	_____ \$ _____	
	_____ \$ _____	
	_____ \$ _____	
	Total other compensation	\$ _____
4.	Reduction for parsonage/teachrage	\$(_____)
5.	New Total Cash Salary (Line 1+2+3-4)	\$ _____
6.	Current Cash Salary	\$ _____
7.	Annual Dollar increase (Line 5-6)	\$ _____
8.	Percent Increase (line 7 divided by line 6) _____%	
9.	Benefits not included above (Concordia Plans, FICA, etc)	\$ _____
10.	Value of parsonage/teachrage (Line 4)	\$ _____
	<b>Total Salary and Benefit Package: (Lines 6+9+10)</b>	<b>\$ _____</b>