

Compensation Guidelines for Pastors
Foundation Document
Maine Conference United Church of Christ
2024

This document comes from collaborative efforts of the Committee on Ministry chairpersons of our seven Associations. It is offered as an educational resource and guide for congregations preparing compensation packages for newly called pastors for the annual review of pastoral compensation. It is offered to the pastors and congregations of the Maine Conference as support for prayerful discernment of a congregation's capacity to financially support an authorized minister.

FAITH FOUNDATIONS OF CLERGY COMPENSATION

- **Covenant:** Individuals, congregations, Associations, Conferences, and the national setting of the United Church of Christ follow Jesus in relationships of covenant. When a congregation calls a pastor, the congregation covenants to compensate the pastor faithfully and the pastor covenants to serve faithfully. Discernment around pastoral compensation is a work of covenant creation and covenant renewal. Such work ought to be entered as holy ground.
- **Generosity and Stewardship:** In all settings of the UCC, we are called to be generous givers and faithful stewards of ministry resources, both human and material.
- **Trust and Transparency:** The relationship between pastor and congregation is built upon a sacred trust. Pastors should be full participants in discernment and discussion around their compensation. Our conversations and communications around pastoral compensation must be transparent and respectful. We intend them to express our love for Christ and our love for one another.
- **Justice:** As he sent the 72 out into work of ministry (Luke 10:7), Jesus taught that they were to be justly provided for. We practice our faith by compensating our ministers justly. It is strongly encouraged that our congregations not discriminate on the basis of age, gender, gender expression, race, sexual orientation, disability, marital or family status.

ANNUAL REVIEW:

It is recommended that Pastors' compensation be reviewed annually by the leaders designated for this responsibility. This review should happen well before congregational meetings for budget approval. The review occurs in an open, prayerful, thoughtful conversation with the minister. The review is supported by current Maine Conference Compensation Guidelines and other relevant resources. **Annual review of the minister's compensation must not be confused with annual review of the congregation's ministries (including both the work of the minister and of the congregation).**

COMPENSATION GUIDELINES

BEGINNING UNDERSTANDINGS:

- Compensation for Authorized Ministers is unique and recognized as such by the IRS. For tax guidance in preparing compensation packages, pastors and leaders in congregations can refer to the tax resources found on the website of The Pension Boards of the UCC: <https://www.pbucc.org/index.php/menu-news-sep/tax-resources>.
- The “salary basis” of an Authorized Minister is the total of cash salary plus housing allowance.
- Benefits are in addition to salary and housing.
- We recommend that the minister’s salary basis (cash salary + housing) be adjusted annually based on the annual COLA percentage established by the Social Security Administration.
- As they honor their commitments to constant evaluation of faithful and effective ministry, congregations recognize merit in their ministers’ work with increases to salary basis, benefits, and/or increases to annual days away from ministry responsibilities.
- As tools for working remotely become more widely accessible, congregations are encouraged to establish and be prepared to shift understandings around work that pastors will do on-site and work that pastors will do remotely.

SALARY: These are the figures approved by a vote of delegates at the October 15, 2023 Annual Meeting of the Maine Conference of the United Church of Christ:

- **Recommended Minimum Salary with Parsonage:** *For congregations with fewer than 100 souls in their care, the recommended minimum annual cash salary for full-time, ordained ministers is \$43,054. This increase reflects an 3.2% 2023 COLA*
- **Additional Years of Ministry Experience:** *We recommend that the annual cash salary of full-time, ordained ministers increase by \$800 for each additional year of ministry experience up to 16 years and \$400 per year for each year beyond 16 years. For less than full time ministers, the number is a percentage of this full-time number. For example, half-time ministers would have an increase of \$400 for each additional year served up to 16 years.*
- **Ministry Size:** *We recommend that a full-time, ordained minister’s annual cash salary increase by \$3,000 for every additional 100 souls in the congregation’s care. Souls in the congregation’s care include not only recorded members, but also persons who attend worship and others connected to the congregation’s ministries in ways that would lead them to seek the pastor’s care.*

This indicates Salary only, not Housing

**Souls
In Care**

Years of Ministry Experience

	1-4	5-8	9-12	13-16	17-20	21-24	25-28	29-32	33-36	37-40	41-44
<100	43,054	46,254	49,454	52,654	54,254	55,854	57,454	59,054	60,654	62,254	63,854
	46,254	49,454	52,654	54,254	55,854	57,454	59,054	60,654	62,254	63,854	65,454
101-200	46,054	49,254	52,454	55,654	57,254	58,854	60,454	62,054	63,654	65,254	66,854
	49,254	52,454	55,654	57,254	58,854	60,454	62,054	63,654	65,254	66,854	68,454
201-300	49,054	52,254	55,454	58,654	60,254	61,854	63,454	65,054	66,654	68,254	69,854
	52,254	55,454	58,654	60,254	61,854	63,454	65,054	66,654	68,254	69,854	71,454
301-400	52,054	55,254	58,454	61,654	63,254	64,854	66,454	68,054	69,654	71,254	72,854
	55,254	58,454	61,654	63,254	64,854	66,454	68,054	69,654	71,254	72,854	74,454
401-500	55,054	58,254	61,454	64,654	66,254	67,854	69,454	71,054	72,654	74,254	75,854
	58,254	61,454	64,654	66,254	67,854	69,454	71,054	72,654	74,254	75,854	77,454
501-600	58,054	61,254	64,454	67,654	69,254	70,854	72,454	74,054	75,654	77,254	78,854
	61,254	64,454	67,654	69,254	70,854	72,454	74,054	75,654	77,254	78,854	80,454

LICENSED MINISTERS AND MINISTERS WITH LAY MINISTERIAL STANDING: Full-time licensed ministers and those with Lay Ministerial Standing who have fewer years of educational preparation may be compensated at least 80% of the Maine Conference Compensation Guidelines for full-time ordained ministers.

PREVIOUS MINISTRY EXPERIENCE: In preparing a first compensation package for a newly called pastor, it is important to consider the pastor's years of previous ministry experience. If a second career ordained minister has previous professional experience that is an asset in ministry, years of experience in a previous career may be considered for recognition as additional years of ministry experience.

FORMS OF MINISTRY:

- **Part-Time Ministry:** Compensation for part-time ministers should be calculated as a percentage of the full-time compensation package. For example, the compensation for half-time ministers ought to be 50% of the full-time compensation package.
- **Congregations are encouraged to offer part time pastors the same compensation as full time pastors for paid vacation, parental leave, personal or emergency leave, paid holidays, sick leave, continuing education, and Sabbatical.**
- **For small churches that cannot afford to pay their pastors at full salary guidelines, they are encouraged to offer increased time off for vacation, the week after Christmas, the week after Easter, and increased sick leave or personal leave.**

- **“Pulpit Supply Plus”:** Small membership congregations seeking limited ministry hours may wish to consider providing their minister with a “pulpit supply plus” compensation package:
 - \$175-250 plus mileage reimbursement at the IRS business rate for worship services
 - \$20-30 per hour plus mileage reimbursement at the IRS business rate for other ministry tasks
- **Interim Ministry:** Compensation for ministers serving congregations during interim seasons are reimbursed at the same level as settled pastors.

TAX ISSUES FOR MINISTERS

- **Social Security Offset:** For purposes of income tax, the authorized minister is an employee whose cash compensation is reported on IRS form W-2 (the housing allowance or value of a provided parsonage is NOT included in this figure). For purposes of Social Security, however, the minister is considered self-employed and must pay self-employment tax at the rate of 15.3% of cash salary plus housing allowance/value of provided parsonage. To acknowledge this anomaly, it is recommended that the congregation provide an additional cash benefit equal to 7.65% of the minister’s salary basis to ministers who contribute to Social Security. For purposes of income tax reporting, the offset is additional compensation and must be included in cash salary on form W-2.
- **Educational Resources:** Educational resources to support ministers and congregations with questions about clergy tax issues are available from The Pension Boards of the United Church of Christ: <https://www.pbucc.org>
- **Voluntary Withholding:** A minister and congregation can voluntarily agree to subject the minister’s compensation to income tax withholding if the minister prefers this option. The minister must file an IRS Form W-4. The agreement between minister and congregation must be in writing and include:
 - The minister’s name, address, and Social Security number
 - The congregation’s name and address
 - A statement that the minister desires withholding of income tax

HOUSING:

- **Relocation Expenses:** When a congregation calls a new pastor, it is recommended that the congregation pays full relocation expenses for the minister and family members. Moving expenses are now considered taxable income to be reported on Form W-2. It is suggested that the churches are aware and negotiate offset of this expense.

- **Parsonages:** When congregations provide parsonages for ministers, the congregations are responsible for maintaining the home's safety and good repair.
 - Prior to the beginning of a new ministry and at two-year intervals thereafter, the home should be professionally inspected for any potential hazards, such as the presence of lead paint and increased radon levels. The congregation is responsible for informing the pastor of any identified hazards and addressing them promptly.
 - The congregation is responsible for payment of all utilities.

- **Furnishing Allowances:** When a parsonage is provided, a portion of the minister's income may be designated toward allowable housing expenses such as furnishings and upkeep supplies. The amount of the furnishings allowance must be formally approved each year by a vote of the appropriate leadership group in the congregation, recorded in the group's minutes, and retained in the congregation's files. This vote must be taken prior to the beginning of payments to be made in the next tax year.

- **Housing Allowances:**

The IRS allows a portion of a minister's compensation to be designated as housing allowance. These dollars are not subject to income tax, but are fully taxable for Social Security purposes.

A housing allowance is calculated and paid based on the median price of owner-occupied housing in the congregation's community. The housing allowance is no less than 1% per month of the value of a median-priced standard 3-bedroom home in the community.

For example: If the median priced home is valued at \$100,000, the annual housing allowance would be \$12,000. Annual review of compensation should include review of current value of a median-priced standard 3-bedroom home in the congregation's community.

The IRS requires that the dollar amount of a housing allowance be formally approved annually by a vote of the congregation or designated committee of the congregation before payment of the housing allowance at the voted amount begins. The date of the vote and the amount approved must be recorded in minutes and be retained in the congregation's records.

The IRS does not provide a list of allowable expenses, but it is understood to include reasonable household expenses such as: down payment on a home, mortgage payments (including both interest and principal), home equity loan payments (assuming the loan proceeds are used for housing-related expenses), real estate taxes, home owners' association dues, property insurance, utilities, furnishings and appliances (including repairs), structural repairs,

remodeling, yard maintenance and improvements, pest control, snow removal, maintenance items, and trash pickup.

Each year, the amount of the housing allowance must be formally approved by a vote of the appropriate leadership group in the congregation, recorded in the group's minutes, and retained in the congregation's files. This vote must be taken prior to the beginning of payments to be made in the next tax year.

Example 1:

Pastor with 10 years of experience, congregation size is < 100, church provides parsonage.

Salary: Between \$48,119 and \$51,319
Housing allowance: \$0

Example 2:

Half time pastor with 10 years of experience, congregation size is < 100, church provides parsonage.

Salary: Between \$24,059 and \$25,660
Housing allowance: \$0

Example 3:

Pastor with 15 years of experience, congregation size is 150, median home price of 3-bedroom home in the church community is \$100,000.

Salary: Between \$54,319 and \$55,919
Housing allowance: \$1,000 (1% of \$100,000) per month = \$12,000 per year
Total cash compensation: \$66,319 to \$67,919

Example 4:

Pastor with 25 years of experience, congregation size is 300, median home price of 3-bedroom home in the church community is \$500,000.

Salary: Between \$62,119 and \$63,719
Housing allowance: \$5000 (1% of \$500,000) per month = \$60,000 per year
Total cash compensation: \$122,119 to \$123,719

Example 5:

Half time pastor with 15 years of experience, congregation size is < 100, median home price of 3-bedroom home in the church community is \$100,000.

Salary: Half of full time is between \$25,659 and \$26,460
Housing allowance: Half of \$1,000 (1% of \$100,000) per month = \$500 per month = \$6,000 per year
Total cash compensation: \$31,659 to \$32,460

- **Housing Equity Allowance:** A housing equity allowance is not a housing allowance. For ministers living in parsonages, a housing equity allowance is a part of fair and just

compensation that enables them to accumulate some equity that can eventually be used to acquire their own housing.

- It is recommended that provision of a housing equity allowance be made in consultation with a tax attorney or certified financial planner.
- Some congregations base the parsonage allowance on how much the parsonage has increased in value during the past year and contribute that amount annually to the equity allowance. Other congregations contribute a percentage of salary as an equity allowance. This percentage might begin as low as 2% and increase over time toward as much as 10%.

BENEFITS:

“Salary Basis” definition: Some benefits are calculated using the minister’s “salary basis” as a starting point. The salary basis is either of these two figures:

- The total of the minister’s cash salary plus housing allowance or –
- The total of the minister’s cash salary plus 30% of cash salary plus any furnishings allowance.

Annuity: It is recommended congregations contribute an amount equal to 14% of their ministers’ salary basis to The Annuity Fund administered by The Pension Boards of the UCC.

Health, Dental, and Vision Insurance: It is recommended that the full cost of Plan A Health and Dental insurance offered through The Pension Boards of the UCC be provided for our congregations’ ministers and their dependents. If ministers choose other comparable coverage, the congregation will provide payments up to the amount of the Plan A health and dental premium. Vision insurance coverage is also a recommended benefit and is available through The Pension Boards. Benefits for less than full time ministry is negotiable.

Medicare: We recommend that congregations provide supplemental coverage to pastors receiving Medicare benefits. A Medicare Advantage plan with prescription drug coverage is offered through The Pension Boards of the UCC. If a pastor chooses other supplemental coverage, the congregation should provide reimbursement for that expense up to the cost of the Pension Boards’ Medicare Advantage plan.

Life and Disability Insurance: Authorized ministers who are enrolled in health insurance coverage through The Pension Boards of the UCC may receive life and disability insurance coverage through The Pension Boards. The premium for this coverage is calculated as 1.5% of a minister’s salary basis. This coverage is recommended. If pastors are not covered by health insurance through The Pension Boards, they are not eligible for life and disability insurance through The Pension Boards. It is recommended that congregations provide similar coverage at a similar cost.

Flexible Spending Accounts: Ministers can benefit from tax savings if congregations establish Flexible Spending Accounts. Ministers designate pre-tax deductions from their salary to be

deposited in these accounts. With proper documentation for qualifying medical and dependent care expenses, these expenses can be reimbursed tax-free. The UCC Pension Boards will administer these accounts.

Tax Sheltered Annuity: As employees of a religious institution, ministers are eligible to contribute to 403(b) plans for retirement savings. Congregations may also make contributions to employees' accounts. Pertinent IRS information may be found here:

<https://www.irs.gov/retirement-plans/irc-403b-tax-sheltered-annuity-plans>

BENEFITS OF TIME

Days Off: Two days off per week for full-time ministers are encouraged to support health and well-being.

Vacation: We recommend four weeks of vacation, including Sundays. Additional weeks of vacation, up to a total of six weeks, may be considered for pastors serving for more than five years in the same ministry setting.

Quarterly Weekends: We recommend one weekend off quarterly to support our pastors' well-being.

Paid Holidays: The staff members of the Maine Conference receive these days as paid holidays: New Year's Day, Martin Luther King, Jr. Day, Presidents' Day, Good Friday, Easter Monday, Memorial Day, Independence Day, Labor Day, Indigenous Peoples' Day, Veterans' Day, Thanksgiving Day and the Friday after Thanksgiving, Christmas Eve and Christmas Day.

When these holidays are work days for the Authorized Minister or Monday holidays that fall on one of the minister's usual days off, they may be converted to "floating holidays".

The staff members of the Maine Conference are granted the week between Christmas and New Year's Day, including Sunday, as compensated time off. This compensated time off is paid holiday time in addition to the vacation benefit. This benefit is encouraged for the ministers of the Maine Conference as well. At minimum, the Sunday following Christmas and the Sunday following Easter are recommended as paid holidays for ministers.

Sick Leave: Sick leave accumulates at a rate of one day per month up to thirty days. A need for continuing sick leave beyond thirty days should be addressed as short-term disability.

Parental Leave: Provisions should be made for all clergy welcoming a new child to have at least six weeks of leave at full salary and benefits. Congregations are encouraged to grant as much as twelve weeks to allow for family bonding and emotional well-being. Flexibility in ministry expectations should continue for up to six months during this important time. It is recommended that the parental leave benefit be provided in full for both full-time and part-time ministers.

Emergency or Personal Leave: Allowance should be made for ministers to be with their families at times of celebration or sorrow, emergencies or unusual family responsibilities. Paid personal leave is provided for five to seven days per year, with additional days suggested when compassion calls for an extension. These days do not accrue.

Continuing Education: Continual learning is essential for effective ministry and benefits both ministers and the congregations they serve. Two weeks each year are recommended. Pastors and the appropriate leaders from their congregations ought to be in conversation about continuing education opportunities that will be mutually beneficial. Congregations should budget an annual amount (\$500-\$1,000) for reimbursement of continuing education expenses.

Sabbatical Leave: Three months of paid sabbatical leave for every five years of service is recommended. Congregations do well to budget for this anticipated expense annually. It is a professional expectation that a minister will continue to serve the local church granting the sabbatical for at least one year following the end of the sabbatical period.

UCC Wider Church and Outdoor Ministry Events:

Attendance at Association and Conference meetings is an expectation for authorized ministers. Congregations should also grant time for their ministers to serve in Association, Conference, or national settings of the UCC.

We encourage congregations to grant their pastors one week of participation in or service to outdoor ministry opportunities at Pilgrim Lodge.

If the pastor's expenses for participation in a wider church or outdoor ministry event are not reimbursed by the wider ministry setting, it is recommended they are ~~should be~~ reimbursed by the congregation.

UNPAID LEAVE: We recommend that pastors' needs for seeking unpaid leave be considered with compassion. Such needs include care for a spouse, partner, child, or parent with a serious health concern; the pastor's own serious health concern that prevents fulfillment of ministry responsibilities; or a qualifying exigency as defined by the Family and Medical Leave Act. Up to 12 workweeks of unpaid leave may be granted in a 12-month period. Health insurance coverage will continue without change or interruption for the pastor and the pastor's covered family members.

MINISTER'S DEATH: In the case of the minister's death, the congregation should provide salary, housing, and all benefits to the minister's spouse or partner and family for three months. This includes continued use of the parsonage. Other compassionate benefits should be considered on an individual basis in consultation with Maine Conference ministerial staff.

COSTS FOR CONGREGATIONS:

Workers Compensation Insurance: Congregations are required by law to provide workers' compensation insurance for all employees, including ministers.

Professional Liability Insurance: It is important that congregations' liability insurance include professional liability (malpractice) insurance for their pastors.

Reimbursed Expenses:

- **Automobile:** Congregations are to reimburse their ministers for the costs of ministry related travel.
 - **IRS Employee mileage rate.** Congregations may reimburse pastors for ministry related travel using the current IRS business mileage rate.
 - **Providing an automobile to use for ministry travel.** Congregations may provide pastors an automobile for ministry travel.
- **Association and Conference Meetings:** Ministers costs for attending these meetings should be reimbursed by their congregations.
- **Community of Practice:** We recommend that all ministers enroll in a Community of Practice as a source of collegial support, growth, and accountability. The annual enrollment cost for participation in a Community of Practice should be provided by the congregation.
- **Coaching, Counseling, and/or Spiritual Direction:** Pastors' well-being and vibrancy in ministry are strengthened by the support provided by professional coaching, counseling, and spiritual direction. We recommend that congregations provide reimbursement of \$50-\$150 monthly to pastors to cover these costs. Pastors should submit receipts with requests for reimbursement.
- **Other Professional Expenses:** Congregations should include in their annual budgets an amount for pastors' professional expenses. Costs such as books, professional subscriptions, purchase and maintenance of worship vestments, and entertaining guests of the church are all legitimate professional expenses and should not be covered by the pastor's salary. Upon timely presentation of receipts, they should be reimbursed by the congregation.
- **Criminal Background Check:** At the conclusion of a successful pastoral search process, the congregation reimburses the pastor for the cost of a current criminal background check. Oxford Document Management provides the reports of criminal background checks for the UCC Ministerial Profile. The Maine Conference also has a separate Oxford Document Management account to provide reports of criminal background checks for pastors without UCC Ministerial Profiles.