

Pastor Compensation Best Practices Worksheet

Suggested Resources for Improving Your Pastor's Financial Health

How to Use This Worksheet

1. Take the Pastor Compensation survey and get your church's financial health score for this module. [Click for survey.](#)
2. Consider using the [6-Month \(one session per month\) Online Training](#) to maximize the benefits of these financial health best practices.
3. Invite key church leaders (e.g., pastor, board chairman, treasurer, finance committee chairman/members, personnel committee, elders, council, board, key staff members, etc) to take the [survey](#) and share results with one another.
4. Plan a time when the pastor and key leaders can view the Pastor Compensation training video at [NAE.net/financialhealth](#) (available in 2017).
5. Review the best practices below and determine which 5-12 practices you can add into the life of your church in the coming 6-12 months. Assign key people to do further research.
6. Ask your leaders to get the free 40 Day Generous Life devotional (available as an app on iPhone/Android/Windows by searching for "givewithjoy" or receive the email version at [GiveWithJoy.org](#)) and go through it personally, as a couple, or family.
7. Schedule a meeting for people to report back on their findings and develop your [Pastor Compensation 12-Month Planning Calendar](#) to move forward.

Many churches that go through this experience significant improvements in their overall financial health and the care they provide for their pastor and family (especially when they also use the [Church Generosity module](#)). Click on links below or access this PDF and other resources at [NAE.net/financialhealth](#).

PASTOR COMPENSATION

#	BEST PRACTICES	SUGGESTED RESOURCES (\$)=Cost involved.	
1	Review Bible verses and insights for pastor compensation	List: 69 Bible Verses About Taking Care of Your Pastor Article: What the Bible Says About Paying Your Pastor?	Podcast: Paying Your Pastor (21 mins) 5 Things You Should Know About Pastor's Salaries
2	Review denomination or nationally recognized pastor compensation research and recommendations	Check with your Denomination for Resources & Guidelines Manual - Guide for Compensating Clergy Website: MinistryPay.com eBook: 10 Fundamentals of Clergy Payroll/Taxes	eBooks (\$) - Compensation Handbooks for Pastors/Staff Research - Pastor and Church Staff Compensation Article: When Your Church Can't Pay a Fair Wage (pgs. 29-30) Manual: IRS Tax Guide for Churches
3	Selected key leaders do an annual goals and compensation review with the pastor	Sample: Pastor Evaluation and Compensation Review	Book (\$): A Guide to Church Staff Evaluations
4	Annual plan to receive a special love offering appreciation gift to bless the pastor and family	Planning Guide: Pastor Appreciation Month Article: Are Pastor Love Offerings Taxable Income? Article: Are Pastor Love Offerings Deductible to the Donor? Pinterest: Pastor Appreciation Ideas Gifts (\$): Pastor Appreciation Resources	Worksheet: Pastor Appreciation Questionnaire Article: Pastor Appreciation Articles for Every Age Group Manual: Planning a Pastor Appreciation Month

PASTOR HOUSING

5	Know and follow IRS rules for setting housing allowance	Video: Housing Allowance Guidelines for Ministers (28m) Article: Guidelines for Pastor's Housing Allowance	Video: Church Comp/Housing/Reimb Rules - Chap 2 (13m) Manual: Guide for Compensating Clergy
6	Annual written approval of housing allowance worksheet	Check with your denomination for resources and guidelines Samples: Forms for Pastor Expenses and Housing Allowance	White paper: Guidelines for Pastor's Housing Allowance Article: How to Report Housing on Pastor's W2 Tax Form
7	Written guidelines for any parsonage finances/maintenance	Check with your denomination for resources and guidelines Sample: Guidelines for use of a church parsonage	Manual: Guide for Compensating Clergy (see pages 6-8) Article: Eight Good Reasons to Live in a Parsonage

SOCIAL SECURITY / RETIREMENT

8	Pastor Social Security regulations are understood and followed	Articles: Soc Security Rules for Ministers & Churches Articles: What Should Pastors/Churches Know About Soc Sec Webinar: Special Payroll Rules for Pastors & Churches (77m)	Article: Top 6 Tax Mistakes Ministers and Churches Make Article: Ministers, Social Security, and Honesty
9	Church provides 50% or more Social Security payroll offset to help the pastor pay the quarterly SECA taxes	Article: How to Set Social Security Allowance for Ministers Manual: Guide for Compensating Clergy (see pg 5, point 3)	
10	Pastor and/or church regularly contributes to denominational or “clergy housing allowance” 403b retirement acct	Video: Retirement Planning for Ministers (23m) Article: How a Pastor Should Begin Planning for Retirement	Article: What Churches Need to Know About 403b plans

INSURANCE COVERAGES

11	Pastor/family have medical care coverage in compliance with federal laws for pastors and churches	Webinar: How Affordable Care Act Effects Churches (49 m) Video: Church/Pastor Insurance Rules – Chapter 3 (7m)	eBook (\$) : Affordable Care Act: Church Survival Guide
12	Researched affordable options for medical care coverage for the pastor/family	Pastors: Check with your denomination or spouse’s employer Article: Health Insurance Options for Clergy Article: New Health Care Rules for Churches/Pastors	Vendor (\$) : Church Shield Insurance Article: Understanding Health-Care Sharing Ministries
13	Budget monies for pastor/family medical coverage and costs	HealthCare.gov (\$) : Govt website for find health insurance Vendor (\$) : Thrivent.com Vendor (\$) : Guidestone.org	Vendor (\$) : Christian Health Care Ministries Vendor (\$) : Samaritan Ministries Vendor (\$) : Christian Care Ministry Vendor (\$) : Discounts for Prescrip/Vision/Dental/Etc.
14	Researched affordable options for life and disability insurance coverage	Vendor (\$) : Thrivent.com Vendor (\$) : Guidestone.org	Vendor (\$) : MMBB.org Vendor (\$) : eInsurance
15	Budget monies for pastor’s life and disability insurance	Vendor (\$) : ClergyAdvantage.com	

PASTOR EXPENSES

16	Researched expert resources/recommendations on pastor expenses	Video – Ministers Business Expenses (26m) Video: Pastor Comp/Housing/Reimbursement Rules (13m)	Video: Understanding Payroll Reimbursement for Pastors Video – How to formulate salary & expense reimbursements
17	Written policy/procedures/practices for pastor expenses	Article: How to reimburse ministerial expenses legally List: 29 Q&A’s About Minister’s Expenses and Sample Policy Article: Are You Handling Expenses Reports Correctly?	Sample: Minister expense reimbursement form Sample: Church policy and expense form Article: Best Way to Handle Pastor Ministry Expenses
18	Types of Pastors Expenses:		

- (A) Denom & Pastor Events (B) Continuing Education (C) Books, subscriptions, software (D) Office supplies, copies, etc. (E) Computer equipment
 (F) Cell phone equipment/plan [Article: Cell phone reimbursement policies](#) (G) Vehicle costs for ministry miles [Article: Pastor Auto Allowance/Reimbursement](#)
 (H) Church-related meals and meetings (I) Hosting/hospitality at home [Video: Hosting/Hospitality Expenses \(watch 12:49 to 18:50\)](#)
 (J) Special financial assistance (student loans – [Article: Govt student loan forgiveness](#), home purchase, home equity offset, moving, professional counseling, special needs)
 (K) Non-monetary help and provisions [Audio/Article: Financial & Non-\\$\\$\\$ Pastor Benefits \(25m\)](#)

PAYROLL TAXES

29	Researched affordable/experienced church payroll services	Vendor (\$) : Church Shield Payroll Services Vendor (\$) : Ministry Works Church Payroll Services Vendor (\$) : PayrollforPastors.com Vendor (\$) : ClergyTaxNet.com	Checklist: Annual Payroll Tax Checklist for Churches Webinar: Deduct Stress from Your Payroll Process (60m) Video: Pastor Comp/Housing/Reimb Rules – Chap 2 (13m)
30	2016 federal overtime rules are understood and followed	Chart: Determine the Overtime Rules for Your Church Google: How government overtime rules affect churches	Article: Federal Rules for Overtime Pay Article: Paying Church Employees for Overtime
31	Pastor keeps accurate records and receipts for all tax-deductible expenses not covered by the church	Manual: Pastors Tax Guide (Pages 24-27)	
32	Pastor uses an experienced clergy tax professional or clergy tax/accounting company for filing tax returns	Vendor (\$) : Clergy Advantage Vendor (\$) : PayrollforPastors.com	Vendor (\$) : Church Coalition

DAYS OFF / DAYS AWAY

33	Written policy for days off, vacation, sick days and holidays		
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34	Written policy for a sabbatical period	Manual: Advantages of Sabbaticals for Pastors & Churches Article: A Sabbatical Guide for Pastors	Article: Does Your Church Have a Sabbatical Policy? Manual: Sample Sabbatical Policies and Planning Tools
35	Leaders aware or approval of outside ministry or service	Article: Coming in the future	
36	Leaders aware or approval of outside work	Article: 5 Ways Pastors Can Make Extra Money Audio: Advantages of bi-vocational pastors and staff (21m) eBook: Become an Online Content Expert and Make Money Article: Ministers and Working Spouses	Article: Finding the Perfect 2nd Job for a Pastor Article: Eight Reasons to Be a Bi-vocational Pastor or Staff Article: Easy Ways to Make Money Selling Things Online

Source: [National Association of Evangelicals](#) - *Financial Health for All* – More resources are available at NAE.net/financialhealth. Questions or suggestions? Email Brian Kluth at BKluth@NAE.net. 12092016