



The Ministers and
Missionaries Benefit Board

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2024 COMPENSATION INCREASES FOR YOUR PASTORAL STAFF

Compensation and earning power are significant components of financial well-being. Pastoral church leaders who are stressed about financial matters can find it difficult to fully dedicate themselves to their ministry. As your church enters its budget process, I ask you to consider the energy and spirit that your pastoral leader—indeed, ALL your church staff—brings to your church community every day. As you do, please also pray for guidance on how to adequately compensate them for their contribution to the spiritual and missional life of your congregation.

MIMBB stands alongside you as you celebrate the special gifts your pastoral leaders and staff bring to ministry. Those gifts include leadership and the multiple ways they help your church to lead in their communities despite the very personal losses they may have experienced during the COVID-19 pandemic.

Some items to consider when developing your staff compensation budget include:

- **Cost of Living Adjustment.** The Consumer Price Index (CPI) has increased in 2023 to 3.7% as of September 2023. Nevertheless, compensation continues to be lower for ordained ministers as compared to other similarly educated professionals. In fact, the percentage change in average compensation of ordained American Baptist ministers who currently participate in our Comprehensive Retirement Plan is 2.1% as of July 1, 2023. To address the increasing gap in compensation and the cost of living, MIMBB is recommending your church provide a compensation increase of 4.0% in 2024.
- **Education and Experience.** Is your pastoral staff paid in line with people in your community who have similar levels of education and experience—such as school principals, school superintendents and CEOs of non-profit organizations? If not, consider increasing your pastor's compensation to meet community standards.
- **Merit Increase.** Has your pastoral staff achieved exceptional progress in implementing the ministry vision and goals of the church? If so, consider rewarding them with a merit increase.

The enclosed Compensation Budget Worksheet can help you develop a pastoral compensation package. It shows you how to define salary, benefits (such as retirement contributions), and the housing allowance to determine adequate compensation more clearly for your pastoral leader.

If you have questions about staff compensation—and the special rules around clergy compensation are complex—please don't hesitate to contact a Senior Benefits Specialist at 800.986.6222 or service@mmbb.org. You may also call or email a Senior Benefits Specialist if you wish to receive a copy of the 2022-2023 ABCUSA Regional Clergy Compensation Comparison study performed by MMBB.

With blessings,

A handwritten signature in black ink, appearing to read "Perry J. Hopper". The signature is fluid and cursive, with the first name "Perry" and last name "Hopper" clearly distinguishable.

Perry J. Hopper
Associate Executive Director and
Chief Client Services Officer

PASTORAL BUDGET GUIDELINES

MABB recommends using these guidelines and the pastoral budget worksheet to build your pastoral budget.

Minister's compensation

Cash salary should include both an annual cost-of-living increase and recognition of merit or appreciation of service and should be comparable with the salaries of other similarly educated professionals in your area.

A **Social Security/Medicare tax offset** provides assistance to your minister who must pay his or her full Social Security and Medicare tax as a self-employed person. Most churches provide an offset for their pastors. The offset is reported as taxable income for federal income tax and Social Security/Medicare tax purposes.

A **parsonage rental value** is based on the fair rental value of the furnished parsonage.

A **parsonage allowance** is a portion of a minister's salary designated by the church to cover the cost of insurance, repairs, furnishings, etc., paid by the minister. It also includes utility costs if the pastor is paying for them. The allowance is excluded from taxable income only to the extent it is actually used.

Utilities include items such as heat, electricity, telephone, etc. When the church pays for utilities directly, the amount should be included as part of the pastor's total compensation.

Where there is no parsonage, the **housing allowance** designation should include the cost of maintaining a home, including mortgage payments, furnishing, utilities, etc.

Benefits

The **Comprehensive Plan** provides retirement benefits and protects the minister and his or her family in the event of disability or death before retirement.

Retirement Only provides retirement benefits to supplement those available through The Comprehensive Plan.

Health insurance should be provided by the church.

Accountable Plan expenses to be reimbursed

Automobile reimbursement is for miles driven each year by the minister in performance of church business. A guideline could be the standard amount allowed for deduction by the IRS.

Convention expenses include the cost of attending denominational area, regional and national meetings i.e., transportation, meals, housing and registration.

Continuing education should include an annual amount set aside for a course of study or educational conference to develop professional skills. Also, the equivalent of 10 days should be set

aside each year for this purpose. Both funds and time may be accumulated for up to three years.

Books, periodicals and other resources are essential tools for the minister. A reasonable amount should be included in the budget for these items.

The **hospitality fund** provides for the cost to the minister of hospitality extended to individuals and groups on behalf of the church.

Other expenses unique to a particular ministry also should be included for reimbursement, including Ministers Council dues.

PASTORAL BUDGET GUIDELINES

Minister's compensation

	This Year	Next Year
Cash salary	_____	_____
Housing (either a or b)	_____	_____
a. Parsonage rental value Parsonage allowance Utilities allowance	a) _____	_____
b. Housing Allowance	b) _____	_____
Social Security/Medicare tax offset*	_____	_____
Total compensation**	\$ _____	\$ _____

Benefits

	This Year	Next Year
Comprehensive Plan premiums	_____	_____
Retirement Only contributions	_____	_____
Medical and dental premiums	_____	_____
Total benefits	\$ _____	\$ _____

Accountable Plan expenses to be reimbursed

	This Year	Next Year
Automobile_____miles at _____cents per mile	_____	_____
Convention expenses	_____	_____
Continuing education	_____	_____
Books, periodicals, other resources	_____	_____
Hospitality fund	_____	_____
Other expenses	_____	_____
Total reimbursement for ministry-related expense	\$ _____	\$ _____

* Employers choose whether or not to include the Social Security/Medicare tax offset for determining the Comprehensive Plan premiums.

**This amount is used to determine Comprehensive Plan premiums.