



The Ministers and
Missionaries Benefit Board

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2026 Compensation Increases for Your Pastoral Staff

Compensation is a key factor in financial well-being. Pastoral leaders worried about their finances may find it difficult to dedicate themselves to their ministry fully. As your church begins its budget process, please consider the energy and dedication your pastoral leader and church staff bring to your community daily. Pray for guidance in fairly compensating them for their contributions to your congregation's spiritual and missional life.

Adequate compensation ensures your church staff can continue spreading the gospel without financial worries. MMBB supports you in celebrating the unique gifts your pastoral leaders and staff bring to ministry, including their leadership and ability to guide your church in serving God's people.

When developing your staff compensation budget, consider the following:

- **Cost of Living Adjustment:** The Consumer Price Index (CPI) increased by 2.7% from June 2024 to June 2025. Compensation for ordained ministers remains lower than that of other similarly educated professionals. With inflation ticking up from May, there is still uncertainty in the nation's economic outlook concerning the effects of tariffs. The average compensation of ordained American Baptist ministers in our Comprehensive Retirement Plan increased by 1.1% as of June 2025. **MMBB recommends a compensation increase of at least 4.5% for 2026 to address this gap.**
- **Education and Experience:** Is your pastoral staff compensated comparably to those in your community with similar education and experience, such as school principals, superintendents, and nonprofit CEOs? If not, consider adjusting your pastor's compensation to meet community standards.
- **Merit Increase:** Has your pastoral staff made exceptional progress in achieving the church's ministry vision and goals? If so, consider a merit increase to reward their efforts.

The enclosed Compensation Budget Worksheet can help you develop a comprehensive pastoral compensation package, including salary, benefits, and housing allowance.

For questions about staff compensation or the specific rules around clergy compensation, please contact a Senior Benefits Specialist at 800.986.6222 or service@mmbb.org. You can also request a copy of the 2024-2025 ABCUSA Regional Clergy Compensation Comparison study conducted by MMBB.

Regards,

A handwritten signature in black ink, appearing to be 'Earl Thorpe', written over a horizontal line.

Rev. Earl Thorpe, Ph.D.
Financial Wellness Director

23 PASTORAL BUDGET GUIDELINES

MMBB 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	a) _____	_____
Utilities allowance		
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.