

# ***COMPENSATION GUIDE***



***Michigan District of  
The Lutheran Church—Missouri Synod***

*Revised October 2023*

## TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Scriptural Principles .....	1
Philosophical Base .....	1
Housing:	
• Parsonage or Teacherage .....	2
• Individually Owned Housing .....	3
Salary Guidelines .....	4
General Considerations .....	6
Salary Worksheet .....	7
Salary Worksheet Sample .....	8
Recommendation to Congregations .....	9
Car Allowance .....	9
Vacations and Days Off .....	9
Mission Opportunities and Sabbaticals .....	10
Sick Leave, Hospitalization, and Disability .....	10
Pension and Retirement .....	10
Social Security .....	10
Concordia Retirement Plan Regular/Full Rate Difference Paid to Worker .....	11
Tax Sheltered Annuities .....	11
Gifts, Perquisites, and Christmas Gifts .....	11
Moving Expenses .....	11
Performance Evaluation .....	11
Professional Growth .....	12
Facilities, Equipment, Office Help .....	12
Position Descriptions .....	12
Pastoral Service During Supply/Vacancy to Congregations .....	12
Salaries for Non-Called Staff .....	12
Appendix A	
Sample Resolution for Establishing Housing Allowance .....	13
Appendix B	
Minister's Estimate of Expenses for Housing Allowance .....	14
Performance Review for Pastor and Principal .....	15
Performance Review for Teacher and DCE .....	16

## **SCRIPTURAL PRINCIPLES**

When considering the compensation of a professional church worker, one must take into consideration the office of the ministry and the Scripture references to the office. One must recognize that the professional church workers are to “prepare God’s people for works of service, so that the body of Christ may be built up...” (*Eph.4:12*)

As such, the Church is guided to obey them and submit to their leadership. “They keep watch over you as men who must give an account. Obey them so that their work will be a joy, not a burden, for that would be of no advantage to you.” (*Heb. 13:17*) They are to be welcomed with great joy, and honor shown to them. (*Phil. 2:29*) The word which they preach and teach of God should be heeded and applied to daily living and the Lord’s Supper received frequently. (*Lk. 22:19*) The congregation is called to join with them as partners in the Gospel, hold them in highest regard, and live in peace with each other. (*Phil. 1:5; I Thes. 5:12-13*)

While living in such harmony, “the Lord has commanded that those who preach the gospel should receive their living from the gospel.” (*I Cor. 9:14*) Paul writes to Timothy, “The elders who direct the affairs of the church well are worthy of double honor, especially those whose work is preaching and teaching. For the Scripture says, ‘Do not muzzle the ox while he is treading out the grain’ and ‘The worker deserves his wages.’” (*I Tim. 5:17-18*)

Also, any and all who benefit from their pastoral care and instruction “must share all good things with his instructor.” (*Gal. 6:6*) The pastor should receive a salary that is commensurate with his education, responsibilities, and experience. He is called to preach and teach the gospel and direct the affairs of the church. Jesus himself affirms this. When sending out the twelve disciples and the seventy-two others, He stated to each group, “the worker deserves his wages.” (*Luke 10:7*) They were to go out with faith and without fear trusting in the Lord for both spiritual and physical needs. Those who received them and their message were to provide them with compensation deserving of their calling as ambassadors for Christ. (*2 Cor. 5:20*)

In summary, the professional church worker is called of God to be servant, leader, counselor, care giver, proclaimer, teacher, listener, evangelist, and steward to his congregation. The Christian congregation is called to respond to these benefits and blessings. This is demonstrated by providing adequate salary, housing, transportation, vacation time, and financial assistance for spiritual and professional growth with genuine care, concern, and love for the worker and his family.

Therefore, this guide is being submitted for serious consideration by congregations of the Michigan District of the Lutheran Church—Missouri Synod, so that the office of the public ministry will be honored, God be glorified, and parents be encouraged “to give their children for the work of the Lord.”

## **PHILOSOPHICAL BASE**

Based on the preceding scriptural principles, the following guidelines are intended to assist congregations in planning equitable and financially sound standards for compensation of their workers. Since the guidelines are just that, guidelines, and do not take into consideration all factors relevant to a worker’s value in a given ministry, the following factors are also to be taken into consideration:

- 1) **COMMITMENT** – dedication of self and time to the study of Scripture and the teaching/preaching/ living thereof; vigilance in caring for people; openness and availability; seeing role as a calling and not as a job.
- 2) **EDUCATION** – continued growth through seminars, workshops, clinics, institutes, conferences, graduate courses, reading of relevant books, journals, publications, etc.
- 3) **EXPERIENCE** – time in the ministry, leading, conducting, or participating in workshops, seminars, etc., for your own parish or others; creative and/or innovative preaching, teaching, planning, organizing, administration, evangelism, assimilation, stewardship, worship, church growth, etc.

- 4) RESPONSIBILITY – good time management; conscientious in pastoral role and responsibilities; continuing growth in understanding of self and own capabilities; delegation of appropriate responsibilities; awareness and attention to one’s own spiritual needs, commitment to God, spouse, children, church, in that order; spiritual leadership; compassion; preparation for preaching, teaching, and meetings.
- 5) PRODUCTIVITY – doing the right job well; administrating/delegating appropriately; good use of time, setting goals and objectives for self and congregation; seeing opportunity for ministry and seeking to meet the need; educating, stimulating, motivating, equipping the body of Christ for its ministry; utilizing gifts of people for the work of the church; seeking spiritual growth and development in the people as well as self.

Since performance evaluation is difficult, based upon the preceding factors, a good suggestion is that congregations develop a position description for their workers indicating areas of responsibility and expected performance levels. The job description should include what the congregation will do to assist the worker in being the servant/leader they have called the worker to be, e.g., money/time for workshops, seminars, method and timing of evaluation.

While these guidelines and recommendations are not binding upon any congregation, the document presented is a guide for evaluating present levels of compensation. The guidelines do offer suggestions on equitable means of evaluating duties and the performance of those duties so that congregational leaders might be equipped to establish fair and reasonable levels of remuneration for their workers.

## **HOUSING**

### 1) PARSONAGE OR TEACHERAGE

Where housing is provided by the congregation, it is recommended that the congregation assume full responsibility for all housing-related costs, including general maintenance and repair, decorating, utilities, and telephone. The personal choices of the residents should be considered when changes are being made to the decorating.

A worker living in a parsonage or teacherage may also receive a housing allowance to cover the cost of such items as garbage removal, lawn care, home furnishings, repairs and maintenance, etc., if any of these are paid for directly by the worker.

If the congregation prefers to have a professional church worker pay utilities, it should carefully determine the actual costs and provide an allowance adequate to cover the total cost.

By not owning a home, a worker does not enjoy the opportunity to build equity in a home, which presents challenges to the worker upon retirement or upon acceptance of a call to a congregation that does not provide a parsonage or teacherage. The congregation may wish to help alleviate this disadvantage by creating a housing equity program which can be funded in a variety of ways. The former LCMS Home Equity Program that was developed by LCMS legal counsel and available through LCEF has been discontinued as tax law changes have made the Program non-compliant with current law. Congregations using the LCMS Home Equity Program should cease its use immediately and may need to retroactively correct activity. A congregation could develop its own, compliant, deferred compensation home equity plan. Alternately, the home equity allowance could be paid to the worker through a tax deferred 403(b) plan (which may only be available to the worker after the age of 55), through regular taxable cash payments that the worker would invest himself, or other means compliant with tax law.

A parsonage and teacherage is granted to the worker for the benefit of the congregation. It provides housing for the worker and his family, but the greater benefit is received by the congregation. This dwelling is often close to the church and therefore parishioners often expect the worker or his family to do things they would not normally have to do. The church does not pay housing for each new worker and therefore saves financially.

The salary scale which follows assumes individually owned housing. For those living in church-owned housing, an amount equal to face market rental plus utilities paid by the church should be deducted from the salary proposed by the scale.

## 2) INDIVIDUALLY OWNED HOUSING

The salary scale that follows assumes individually owned housing.

Those individuals who are eligible for a tax-excluded housing allowance will need to fulfill the basic requirements set by the IRS. The congregation must designate a portion of the total compensation as a “Housing Allowance,” and a resolution designating the amount allowed should be entered in the congregation’s minutes in December (or earlier) before the calendar year in which it is to be effective.

This action may be amended at any time but must be applicable to future payments (not retroactive). Once the amount of the allowance has been properly designated, it need not be paid to the worker separately. It can be included in one check covering both the allowance and salary.

The housing exclusion is available only if the worker actually spends the allowance expense directly related to renting or providing a home and the fair rental value of the furnished house, plus utilities is not exceeded. For this purpose, the term “home” not only means a dwelling place, but also includes other related structures such as a garage. Expenditures directly related to renting or providing a home include the rental payments and mortgage installment payments on a home and such related expenditures as real estate commissions, attorney fees, escrow fees, etc.; mortgage interest, real estate taxes and special assessments; utilities, garbage removal, repairs and maintenance, home furnishings and the cost of insurance coverage for fire, theft, and liability. The congregation needs only to designate the housing allowance. It is the worker’s responsibility to document the actual amount spent and the fair rental value of the dwelling and to adjust his income accordingly, if applicable.

The amount of money designated as “housing allowance” is not considered income for federal income tax, but is considered income when computing Self-Employment tax. (See Social Security Section on page 10.)

The granting of a “housing allowance” has tax benefits for the worker. The portion of his salary determined to be housing allowance is exempt from Federal income tax. In addition, he is allowed to pay the interest on his home mortgage loan and property taxes out of his housing allowance and also declare them as itemized deductions for tax purposes.

For additional information on housing allowances, see the *Congregational Treasurer’s Manual* and the *Taxes and Ministers* brochure, both published annually and available on the District’s website: [www.michigandistrict.org/business](http://www.michigandistrict.org/business).

See Appendixes A and B for sample resolutions for establishing housing allowances. Also included is a guideline sheet for declaration of items included in a housing allowance.

# Salary Guidelines

## Michigan District, LCMS

### Called Workers and Other Teachers

To determine the suggested salary for any called worker, a base salary is multiplied first by a factor to adjust for the number of months worked during a year and then multiplied by the Individual Add-On Factor (IAF), which is the sum of points assigned to the individual based on the worker's education/experience, special duties, and performance.

#### STEP 1:

The Michigan District's Congregational Compensation Guide includes two options for setting a congregation's base salary.

**Option A:** The base salary is the starting salary in the local Public School District for a teacher with a Bachelor's degree and no experience. This figure can be obtained by calling the local School District office.

**Option B:** The base salary is established from the regional table which is updated annually (usually in October) by the District Office based on a sampling of public school salaries. Option B was established as an alternative for those congregations unable to locate their public school starting salaries. Congregations are encouraged to use Option A in order to establish a base salary which most reflects the economy and cost-of-living of the area they serve.

<u>Area</u>	<u>Option B Base Salary (Revised October 2023)*</u>
Macomb County	\$42,000
Monroe County	\$39,000
Oakland County	\$42,500
Ottawa and Kent Counties	\$44,000
Saginaw Valley	\$42,000
Wayne County	\$45,000
Washtenaw County	\$45,000
Other Michigan Areas	\$41,500

#### STEP 2:

Since the base salary from Step 1 relates to a ten month per year position, an adjustment must be made to properly reflect the actual months of service required for any position. To obtain the adjusted base salary, (if other than ten months) divide the base salary from Step 1 by ten and then multiply by the actual number of months required for the position.

#### STEP 3:

To obtain the worker's suggested salary, multiply the adjusted base salary from Step 2 by the Individual Add-On Factor (IAF) percentage. The IAF percentage is computed by adding together the points credited based on (A) education/experience, (B) special duties, and (C) performance and expressing the sum as a percentage.

A. Education/Experience Points

Determine the education class the worker belongs to based on the following classifications:

- Class I -- Bachelor's degree, non-rostered status
- Class II -- Bachelor's degree, rostered (and non-rostered status at congregation's choosing.)
- Class III -- Class II plus 18 or more credits toward Master's degree and State certification
- Class IV -- Class III plus Master's degree
- Class V -- Class IV plus 15 college credits (minimum class for all traditional route pastors)
- Class VI -- Class V plus 2<sup>nd</sup> Master's degree or Master's + 30 credits
- Class VII -- Doctorate Degree

Determine the experience class for the worker. A year of experience should be credited to the worker for each year he/she has served any congregation. It is recommended that a full year of service is credited to the worker for any type of professional church work experience (such as prior service as a teacher, DCE, or pastor) even if different than that currently being served. It is further recommended that at least 50% credit is given for relevant previous secular experience. Based on the education class and years of experience, determine the points credited to the worker.

**Education Class**

<b>Experience</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>	<b>VI</b>	<b>VII</b>
0	90	100	110	120	130	140	145
1	92	102	111	121	131	141	146
2	94	104	112	122	132	142	147
3	96	106	113	123	133	143	148
4	98	107	114	124	134	144	149
5	98	108	115	125	135	145	150
6	98	109	116	126	136	146	151
7	98	110	117	127	137	147	152
8	98	110	118	128	138	148	153
9	98	110	119	129	139	149	154
10	98	110	120	130	140	150	155
11		110	120	131	141	151	156
12		110	120	132	142	152	157
13		110	120	133	143	153	158
14		110	120	134	144	154	159
15		110	120	135	145	155	160
16			120	136	146	156	161
17			120	137	147	157	162
18			120	138	148	158	163
19			120	139	149	159	164
20			120	140	150	160	165
21				141	151	161	166
22				142	152	162	167
23				143	153	163	168
24				144	154	164	169
25				145	155	165	170
26				146	156	166	171
27				147	157	167	172
28				148	158	168	173
29				149	159	169	174
30				150	160	170	175
31				151	161	171	176
32				152	162	172	177
33				153	163	173	178
34				154	164	174	179
35				155	165	175	180

For Classes IV and up, increment the scale 1 point for each year over 35. The scale intentionally stops for Classes I through III to encourage continued education.

B. Added Duties Points

Additional points are awarded for certain administrative positions.

**Senior, Administrative or Head Pastor**

<u>Average Weekly Worship Attendance</u>	<u>Additional Points</u>
1 - 70	0
71 - 135	10
136 - 265	20
266 - 450	30
451 - 700	40
701 - 999	50
1000+	60

**School Principal/Administrator**

<u>School Enrollment</u>	<u>Additional Points</u>
1 - 250 Students	20
251 - 500 Students	25
501+ Students	30

Additional points should also be rewarded for full time teachers with administrative, supervisory, or programmatic responsibilities. The congregation/school should determine an appropriate level (potentially 10 to 15 points) for duties including athletic director and choir director.

(Note: These points are given as examples of what might be done by a local congregation. Each church needs to weigh its own needs and responsibilities.)

C. Performance Points

Finally, points should finally be awarded based on performance. This is at the discretion of those setting salary, but it is suggested that up to 20 points be added for performance. (See sample “Job Reviews for Pastors, Principals, and Teachers.”)

**GENERAL CONSIDERATIONS**

An Excel worksheet is available on the District’s website <https://michigandistrict.org/resources/compensation-guide/> for assistance in using calculating salaries based on this guide.

Positions for which State certification is required should be filled with certified personnel. When, in an emergency, an uncertified person is employed, a 5-point reduction in Step 3 is suggested. This congregation may consider restoring the reduced pay as assistance toward certification.

No worker should typically be paid less than any worker he or she supervises.

A worker living in church-owned housing should have deducted from their salary an amount equal to the fair market rental value of the housing plus the utilities which are paid by the congregation. To get the fair market rental value, secure two estimates and take the average.

Congregations are also to offer retirement and medical benefits to full time workers.



**WORKSHEET FOR DETERMINING SUGGESTED COMPENSATION**

Name of Worker: \_\_\_\_\_

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

Education Level: \_\_\_\_\_ Class: \_\_\_\_\_

Years of Experience: Our Congregation: \_\_\_\_\_

Prior Congregations: + \_\_\_\_\_

Prior Secular Experience (If applicable): + \_\_\_\_\_

Total Years of Experience: ..... = \_\_\_\_\_

**Step 1 Determine Base Salary**

Option A – Local School District Salary for Beginning Teacher with Bachelor’s Degree

Option B – Use District provided regional table \_\_\_\_\_

**Step 2 Determine Adjusted Base Salary** (If this is a 10-month position, skip to Step 3.)

Base Salary divided by 10 \_\_\_\_\_

Times number of months required x \_\_\_\_\_

Equals Adjusted Base Salary = \_\_\_\_\_

**Step 3 Multiply Adjusted Base Salary by Individual Add-On Factor**

A. Education/Experience Points: \_\_\_\_\_

B. Added Responsibilities Administrative Pastor: + \_\_\_\_\_

Principal: + \_\_\_\_\_

Special Duties: \_\_\_\_\_ + \_\_\_\_\_

\_\_\_\_\_ + \_\_\_\_\_

C. Performance Points: + \_\_\_\_\_

Reduction for no teaching certificate – \_\_\_\_\_

Total Individual Add-On Factor x \_\_\_\_\_ %

Suggested Salary = \_\_\_\_\_

Does this person supervise anyone that is making more than this person? \_\_\_\_\_

If yes, explain rationale or adjust accordingly. \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

# WORKSHEET FOR DETERMINING SUGGESTED COMPENSATION

Name of Worker: Sample Worker  
Fiscal Year 2023  
Education Level: Master's + 15 credits Class: V

Years of Experience: Our Congregation: 2  
Prior Congregations: + 7  
Prior Secular Experience: + 2  
Total Years of Experience: = 11

## Step 1 Determine Base Salary

Option A – Local School District Salary for Beginning Teacher with Bachelor's Degree

Option B – Use District provided regional table \$44,000

## Step 2 Determine Adjusted Base Salary (If 10-month position, skip to step 3)

Base Salary divided by 10 \$ 4,400  
Times number of months required x 12  
Equals Adjusted Base Salary = \$52,800

## Step 3 Multiply Adjusted Base Salary by Individual Add-On Factor

A. Education/Experience Points: 141  
B. Added Responsibilities Administrative Pastor: + 10 (assumes 120 A.W.A.)  
Principal: + \_\_\_\_\_  
Special Duties: \_\_\_\_\_ + \_\_\_\_\_  
\_\_\_\_\_ + \_\_\_\_\_  
C. Performance Points: + 12 (subjective)  
Reduction for no teaching certificate - \_\_\_\_\_  
Total Individual Add-on Factor x 163%  
Suggested Salary = \$86,064

Does this person supervise anyone that is making more than this person? No

If yes, explain rationale or adjust accordingly. \_\_\_\_\_

## RECOMMENDATION TO CONGREGATIONS

The establishment of a permanent Salary Committee is recommended for each congregation. This committee should be convened by the Congregation Chairman annually. The membership of the committee could include the Chairman of the Board of Elders, Chairman of the Board of Christian Education, Chairman of the Board of Trustees and two members at large appointed by the Congregational Chairman. The Congregational Chairman shall designate the Chairman of the Salary Committee. The purpose of this committee would be to annually re-evaluate all wages and conduct a complete wage survey as the economic situation warrants.

Please recognize that there may be a substantial difference between present scales and these recommendations. It may not be feasible to make up this difference at one time. The congregation should study the proposed salary schedule, set a timetable for achieving these goals and perhaps raise salaries some each year until these levels are reached.

Congregations adopting this compensation guide for the first time may find they have workers paid in excess of these guidelines. Care should be taken in adjusting salaries for such workers. A congregation may choose to grandfather those workers at their current salary, allow only cost of living adjustments until the new scale catches up, or determine another reasonable method to handle the situation.

### CAR ALLOWANCE

Car and travel expenses should be regarded as “business expenses” of the congregation. Reimbursement should cover actual miles traveled. (Most agencies and businesses allow the standard IRS rate which includes gas and oil, depreciation, maintenance, and insurance.) A year-end review of actual expenses should be conducted to assure that total travel expenses are covered. Congregations may also wish to purchase or lease a car for their workers.

There are tax ramifications for both unaccountable cash allowances and personal use of congregation-owned vehicles. Please refer to the *Congregational Treasurer’s Manual* for additional information.

### VACATIONS AND DAYS OFF

Each congregation should adopt a vacation schedule for its workers. This schedule should be recorded within the official personnel manual of the congregation. The vacation schedule should be reviewed annually and the necessary allowances made if the ministry load has been exceptionally heavy for any period of time. Full-time church workers should receive vacation during their first year in ministry and should be encouraged to take some vacation each year. Each worker should be required to take at least two weeks vacation per year. The following schedule of allowable vacation time is recommended for workers in 12-month positions:

<u>Years of Church Service</u>	<u>Weeks Vacation (Including Saturday and Sunday)</u>
0 – 4	minimum 3 weeks
5 – 10	3 – 4 weeks
11 – 20	4 weeks
Over 20	5 weeks

Teachers with 10-month positions are typically expected to be at work each day class is in session. Their vacation is given in accordance with the school’s academic calendar. Teachers with 12-month positions are typically given vacation according to the scale above and are expected to be at work during the school’s academic vacations unless they are using their assigned vacation days. More information on teacher vacations can be found in the sample Board Manual from the LCMS District and Congregational Services website ([www.lcms.org](http://www.lcms.org)).

Congregations calling second career workers may wish to adjust this scale to reflect the workers’ vacation at his or her previous employment.

If a worker leaves his congregation, any unused vacation should be negotiated as to payment in lieu of time off.

Some workers may want to take a smaller or shorter vacation one year in order to take a longer vacation the following year. It is recommended:

- (a) that the congregation decides if it wants to permit accumulation, and
- (b) that no more than seven days be allowed toward accumulation.

Vacations are granted for refreshment and renewal so that a worker may continue to serve with strength and vigor. A shortened vacation may not be in the best interest of the congregation.

The congregation should honor the worker's day off each week. Attendance at conferences or district meetings is not to be part of day off activities. The day off is given, not only for the health of the worker, but also for the sake of the worker's family. A day off does not include attending church meetings on the day off night. Though the worker must have a day off, the worker should always be available for emergencies. If the worker should leave town, someone in the congregation should know where and how to reach him/her. A pastor for emergency needs should be available.

## **MISSION OPPORTUNITIES AND SABBATICALS**

Resolution 1-02 at the 2006 Michigan District Convention encouraged congregations to provide financial support for its profession church workers to participate in short term mission opportunities. In addition, congregations should consider a Sabbatical Policy to allow the church worker an extended pilgrimage away every 5 to 7 years to restore, renew, rebuild, and rejuvenate the whole person, body, mind, and spirit. A Sabbatical Guideline resource is available on the District website from the Michigan District Commission for Church Worker Care.

## **SICK LEAVE, HOSPITALIZATION, AND DISABILITY**

Sick leave, hospitalization, and disability shall be granted in accordance with Concordia Plan Services and/or other benefit programs in which each congregation is encouraged to participate. These plans insure that a worker's compensation is not disrupted.

Michigan Employers employing over 50 employees are required to offer paid medical leave under the Paid Medical Leave Act. As of this writing, the Act will expand to most employers with expanded benefits on February 19, 2023. Action is pending both legislatively and judicially which could impact this expansion. Congregations should stay aware of this changing landscape.

## **PENSION AND RETIREMENT**

Each congregation which participates in the Concordia Retirement Plan MUST participate in the Concordia Retirement Plan for all eligible workers. The National plan, which is qualified with the Internal Revenue Service, prohibits discrimination against any eligible employee by denying this benefit. The congregation pays the full cost of the plan.

## **SOCIAL SECURITY**

The Lutheran Church--Missouri Synod has taken positions in its conventions indicating that it does not oppose social security on the basis of religious principles. In fact, conventions of the Synod have enacted resolutions encouraging participation in social security, implying that, as a church body which ordains ministers, it does not recognize a theological basis for opposing participation in social security. Professional Church Workers are, therefore, encouraged to participate in the program.

Please note that for social security tax purposes, clergy are considered "self employed" and therefore pay this tax on both "salary" and "housing." The current tax rate is 15.3% (12.4 component for old-age, survivors, and

disability insurance (OASDI) and a 2.9% component for Medicare). Consult your tax advisor for current information regarding tax rates and deductions

## **CONCORDIA RETIREMENT PLAN REGULAR/FULL RATE DIFFERENCE TO BE PAID TO WORKERS**

All ministers of religion enrolled in the Concordia Retirement Plan 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**.

Through June 30, 2014, employers contributing to the Concordia Retirement Plan on the **Regular Basis** for a minister of religion were required to make the amount of the difference between the **Full Basis** rate and the **Regular Basis** rate available to that minister of religion. This “equalization payment” (formerly referred to as off-set payment) assured that all workers deemed “self-employed” by Social Security are treated equitably. Congregations may continue to pay the equalization payment if they choose. Those choosing to discontinue the payment should develop a plan to minimize the impact on those workers currently receiving the payment. This special payment must be reported as income for Federal income tax purposes.

## **TAX SHELTERED ANNUITIES (TSA)**

Church workers may seek to shelter a portion of their wages in a 403(b) tax sheltered annuity. The Concordia Retirement Savings Plan is available for congregations to offer to their workers. Various insurance companies and investment brokers also offer 403(b) plans. See the *LCMS Congregational Treasurers Manual* for more information.

## **GIFTS, PERQUISITES, AND CHRISTMAS GIFTS**

Some congregations will give monetary gifts to the pastors or teachers for services rendered for such things as baptisms, weddings, funerals, etc. These services are part of the worker’s normal duties, and parishioners should not be expected or encouraged to pay for these services. Congregations are encouraged to remember their workers at Christmas time. When parishioners insist on giving gifts or perquisites, it shall be left to the discretion of the workers to use these as the individual so desires.

## **MOVING EXPENSES**

When a congregation calls a professional church worker, the general accepted practice is to pay all necessary and reasonable moving expenses for the worker and his family. These expenses, however, will generally be taxable to the employee. See the *Congregational Treasurer’s Manual* for additional information.

## **PERFORMANCE EVALUATION**

Congregations would be wise to make an annual performance evaluation of all congregational workers. This will be helpful, not only to the congregation, but to the workers. If a worker’s responsibilities are identified clearly in his job description, it will be easier for the worker to properly perform his functions and serve as a guide for an evaluation of his performance by the congregation. Evaluation is to be conducted by the appropriate supervisory person to whom a worker reports. In the case of sole pastor or Administrative/Senior Pastor, the Chairman of the Congregation and Chairman of Elders should conduct the performance evaluation. Sample performance forms are included with this guide.

Other professional church workers should be evaluated by the appropriate board(s) and supervisory personnel.

## **PROFESSIONAL GROWTH**

To maintain professional skills, funding should be available to cover a minimum of one course per staff member per year.

## **FACILITIES, EQUIPMENT, OFFICE HELP**

The congregation has the responsibility of providing proper facilities, such as office equipment and supplies, office help, etc., that may be necessary to conduct the administrative functions of the church and school.

## **POSITION DESCRIPTIONS**

Help with position descriptions is available from your District Facilitator and/or from the office of the Superintendent of Schools. Please contact the District office. Additional information can be found on the LCMS web site ([www.lcms.org](http://www.lcms.org)).

## **PASTORAL SERVICE DURING SUPPLY/VACANCY TO CONGREGATIONS**

A “Supply/vacancy” is defined as those times in a congregation where the pastor is temporarily absent due to illness, vacation, or other time off. All mileage is to be paid at the current I.R.S. rate (65.5 cents/mile for 2023). If the supply pastor is to be present for worship in the morning and must travel 75 miles or more, the congregation is to provide motel/hotel lodging and meals for him. If a pastor’s wife is also expected to make or be part of the presentation (i.e. missionary’s wife), she is also to be paid \$122/hour in addition to the amount paid to the pastor.

<u>TYPE OF SERVICE</u>	
Presiding – No Sermon	\$122
Preaching – One Service	\$238
Presiding & Preaching	\$317
Additional Services	\$122
Bible Study/Presentation	\$122/hr.

(Guidelines as of October 2023, will be adjusted by CPI annually)

## **SALARIES FOR NON-CALLED STAFF**

This compensation guide is intended to help set salaries for Called workers and other teachers of congregations in the Michigan District. Job descriptions, experience levels, and educational requirements vary greatly among the other staff in a congregation, including the secretaries, business and facility managers, and other ministry positions. Although it would be difficult to establish such a scale, the following suggestions may help a congregation in setting these salaries.

Consider surveying your local school district for salaries of school secretaries, custodians, etc. Also check with local businesses and other churches in your area regarding pay scales. For positions that utilize an advanced degree, use the scale in this guide based on the education and experience of the applicant. For part time staff, consider using this guide to calculate a full time salary and divide the salary by 2080 hours to approximate an hourly rate.

**APPENDIX A**  
**SAMPLE RESOLUTION FOR ESTABLISHING HOUSING ALLOWANCE**

---

**SAMPLE 1**  
**RESOLUTION**

RESOLVED, that (name of congregation), as a Standing Resolution to remain in force and effect until such time as amended or revoked, hereby authorizes and establishes a housing allowance for each Minister of the Gospel at any time serving it in the amount of \$ \_\_\_\_\_ per year.

**SAMPLE 2**  
**RESOLUTION**

RESOLVED, that (name of congregation), as a Standing Resolution to remain in force and effect until such time as amended or revoked, hereby authorizes and establishes a housing allowance for each Minister of the Gospel at any time serving it in the amount of each year equal to \_\_\_\_\_% of that person's gross annual compensation.

**SAMPLE 3**  
**RESOLUTION**

RESOLVED, that (name of congregation), as a Standing Resolution to remain in force and effect until such time as amended or revoked, hereby authorizes and establishes a housing allowance for (individual's name) at any time serving it in the amount of \$ \_\_\_\_\_ per year.

**SAMPLE 4**  
**RESOLUTION**

RESOLVED, that (name of congregation), as a Standing Resolution to remain in force and effect until such time as amended or revoked, hereby authorizes and establishes a housing allowance for (individual's name) at any time serving it in the amount each year equal to \_\_\_\_\_% of that person's annual compensation.

**SAMPLE 5**  
**RESOLUTION**  
**(MUST BE PASSED EVERY YEAR)**

“Be it resolved that the dollar amounts noted adjacent to the names of those individuals listed below, be stipulated as housing allowance for the year \_\_\_\_\_ in accordance with the regulations of the Internal Revenue Service. In the event of an audit, each of the listed individuals understands that the “Burden of Proof” is upon them to substantiate the amount. The housing allowance will be paid from \_\_\_\_\_(date) to December 31, \_\_\_\_\_. (List professional workers below with the amount of their housing allowance next to each name.)

## APPENDIX B

---

### Minister's Estimate of Expenses for Housing Allowance

ITEM	AMOUNT
1. Rent on home	\$ _____
2. Garage Rental	_____
3. Down payment, legal, loan and title fees on purchase of home	_____
4. Mortgage payments (principal and interest)	_____
5. Real estate taxes on home	_____
6. Property Insurance (homeowner's and renter's)	_____
7. Utilities: Gas	_____
Electricity	_____
Water	_____
Heat	_____
Telephone (basic service)	_____
Home internet	_____
Trash Pick-up	_____
Storm Drainage	_____
8. Furnishing and appliances (purchase and repair)	_____
9. Structural repairs and remodeling	_____
10. Lawn care and landscaping	_____
11. Maintenance items (household cleaners, light bulbs, pest control)	_____
12. Other allowable expenses (specify)	_____
13. Home Owner's Association Dues	_____
TOTAL	\$ <u>                    </u>

Changes in tax law may affect accuracy of text. Copyrighted. All rights reserved



## APPENDIX C

# Performance Review For Pastor and Principal

NOTE: OTHER REVIEW FORMS AVAILABLE FROM YOUR CMMF OR ON-LINE

During the past year worker has given evidence of:	No Evidence	Minimally Adequate Evidence	Reasonable & Expected Evidence	Unusual & Exceptional Evidence	Rare & Superior Evidence
Commitment and support of the mission of the church and its school					
Understanding of basic Lutheran theology and integrating the faith into total ministry					
Performance as a skilled preacher/teacher in the pulpit and/or classroom					
Performance as a skilled helper and counselor					
Good, healthy relationships with parishioners, students, parents					
Supports and shows loyalty to church/school staff as a team member					
Personal commitment to excel as minister/leader					
Initiating, creating, and giving vision as a Christian leader					
Equipping staff and members for service					
Walking with Christ; model for others to follow					
Administrative and leadership skills					
Loyalty to and supportive of subordinates					
Achievement of annual goals					
Continued personal growth					

## APPENDIX D

### Performance Review For Teacher and DCE

NOTE: OTHER REVIEW FORMS AVAILABLE FROM YOUR CMMF OR ON-LINE

During the past year worker has given evidence of:	No Evidence	Minimally Adequate Evidence	Reasonable & Expected Evidence	Unusual & Exceptional Evidence	Rare & Superior Evidence
Commitment and support of the mission of the church and its school					
Understanding of basic Lutheran theology and integrating the faith into total ministry					
Performance as a skilled teacher					
Performance as a skilled counselor and helper of people					
Personal relationships with parishioners, parents, young people					
Loyalty to church/school staff as a team member					
Personal commitment to excel as an educator and minister					
Initiating, creating, and giving vision as a Christian leader					
Equipping members for service					
Walking with Christ; model for others to follow					
Loyalty to, support of effective supervision					
Performing clerical and record keeping tasks accurately and timely					
Achievement of annual goals					
Continued personal growth					



## *NOTES*