



THE LUTHERAN CHURCH—MISSOURI SYNOD

Minnesota South District

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Pastor Compensation Guidelines Minnesota South District The Lutheran Church Missouri Synod

Revision Note

REVISED MAY 2023. This guide will remain in effect until superseded. It is designed for use over a period of years. If you are not sure this is the most current revision, call the District Office at 952-223-2158. The Guidelines updated the base rate and economic adjustors from May 2018.

Introduction

This guide is for use by congregations and their salary committees. Copies should be made for the committee responsible for setting salaries, and originals should be filed for future years. It should not be construed as a mandatory set of rules, but rather as recommendations to assist congregations in deciding issues which are common to all pastors and congregations.

All congregations are encouraged to continue to provide benefits such as are provided by Concordia Plan Services. While these plans are a significant expense to the congregation, they do provide to your worker the utmost for health care and provide a retirement plan that is supplemental to what Social Security offers.

Scriptural Rationale

The consideration of how to regard and provide for a called pastor involves the spiritual task of a congregation to answer the question, "What does the congregation owe its pastor?" In the Table of Duties of the Small Catechism the answer is twofold: The congregation owes its pastor a proper attitude because of the office he holds, and the congregation owes its pastor proper compensation because of the work that he does on its behalf.

With respect to attitude God's Word says, "Obey your leaders and submit to them, for they are keeping watch over your souls, as those who will have to give an account. Let them do this with joy and not with groaning, for that would be of no advantage to you." (Heb. 13:17) Consider also these words from 1 Thessalonians, "We ask you, brothers, to respect those who labor among you and are over you in the Lord and admonish you, and to esteem them very highly in love because of their work. Be at peace among yourselves." (5:12-13)

Respecting and esteeming highly those who labor among you includes proper compensation, as Paul puts it simply to the Christians in Corinth, "In the same way, the Lord commanded that those who proclaim the gospel should get their living by the gospel." (1 Cor. 9:14) And also from 1 Timothy, "Let the

elders who rule well be considered worthy of double honor, especially those who labor in preaching and teaching. For the Scripture says, "You shall not muzzle an ox when it treads out the grain," and, "The laborer deserves his wages." (5:17-18)

A pastor is called by God through a congregation to be many things on behalf of that congregation. He is called to be a servant, leader, counselor, care giver, proclaimer, teacher, listener, evangelist, steward, and more. The congregation is called to respond to these benefits and blessings in part by providing an 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.

How to Use This Guide

This document is linked with two other compensation guidelines, one for teachers and one for all other commissioned workers (DCE, DCO, Deaconess, etc.). All three share a common Base Rate for determining salary. This number is used in connection with an experience multiplier table to arrive at the desired compensation. Usually only two numbers will change each year, the compensation Base Rate and the Mileage Rate as set by the IRS. These numbers are found in the following section.

This guide divides the compensation into five groupings.

Base Compensation:

- Base Salary according to Experience
- Adjustments according to Setting
- Adjustments according to Effectiveness and Education
- Housing

Supplemental Income:

- TSA (Tax Sheltered Annuities and IRAs)
- FICA (Social Security)
- Home Equity Support

Supplemental Benefits:

- Health, Survivor and Retirement Plans
- Vacations
- Sick Leave

Professional Expenses:

- Car Allowance
- Books
- Continuing Education Expenses

Miscellaneous Compensation Items:

- Pulpit Supply/Guest Speaker Fee
- Vacancy Pastor Compensation
- Military Duty
- Retired Pastors

Base Compensation

BASE RATE	\$50,553
IRS MILEAGE RATE	\$.67

A. Base Salary according to Experience

Make a determination of years of experience for the pastor, subtracting the year of ordination from the year in which the salary will be paid. A man who entered the ministry later in life should be given credit for maturity and experience gained outside the church. It is recommended that credit be given for one year's experience for every two years beyond chronological age 30. If he spent his early years as a DCE or teacher, this credit should be given after chronological age 26.

Multiply this year's Base Rate by the correct multiplier found in the table below.

<i>Experience</i>	<i>Multiplier</i>	<i>Experience</i>	<i>Multiplier</i>
0	1.400	21	1.990
1	1.438	22	2.000
2	1.477	23	2.011
3	1.515	24	2.021
4	1.553	25	2.029
5	1.592	26	2.037
6	1.625	27	2.045
7	1.658	28	2.053
8	1.691	29	2.062
9	1.724	30	2.070
10	1.757	31	2.076
11	1.784	32	2.083
12	1.811	33	2.091
13	1.838	34	2.098
14	1.865	35	2.104
15	1.892	36	2.110
16	1.909	37	2.117
17	1.927	38	2.123
18	1.945	39	2.130
19	1.962	40	2.136
20	1.980		

B. Adjustments according to Setting

After arriving at a Base Salary according to Experience in the previous section, adjust that Base Salary by multiplying any additional multipliers below as may apply according to the setting of the pastor's ministry and his role.

1. *Dual Parish Adjustment:* If a multiple parish (dual or more), apply an additional multiplier between 1.05 and 1.15 to increase the salary to account for extra responsibility on the part of the pastor.

2. *Regional Economic Adjustment:* To allow for cost of living variances around the state, apply an additional multiplier between 0.9 and 1.1 based on the difference of per capita income by county in the table that follows.

County	Multiplier	County	Multiplier
Anoka	1.03	Murray	0.97
Blue Earth	0.94	Nicollet	1.00
Brown	0.95	Nobles	0.90
Carver	1.10	Olmsted	1.05
Cottonwood	0.92	Pipestone	0.94
Dakota	1.05	Ramsey	1.08
Dodge	0.99	Redwood	0.92
Faribault	0.94	Renville	0.94
Fillmore	0.99	Rice	0.95
Freeborn	0.95	Rock	0.96
Goodhue	0.98	Scott	1.07
Hennepin	1.10	Sherburne	1.03
Houston	0.99	Sibley	0.96
Jackson	0.97	Steele	0.98
LeSueur	0.99	Wabasha	0.99
Lincoln	0.95	Waseca	0.95
Lyon	0.95	Washington	1.10
Martin	0.95	Watonwan	0.93
McLeod	0.98	Winona	0.95
Meeker	0.95	Wright	1.03
Mower	0.94		

3. *Congregation Size and Pastoral Role Adjustment:* This adjustment is based on Sunday worship service attendance of the congregation. To your average Sunday attendance figure, add the number of shut-ins to get a more complete and accurate number (some congregations have a large number of shut-ins which add significantly to the pastor's work load).

Apply an additional multiplier between .90 and 1.20 according to the table that follows, which also accounts for the additional responsibilities of the administrative/sole pastor serving larger congregations.

Congregation Size	Sole or Administrative Pastor	Assistant or Associate Pastor
0-75	0.90	0.900
76-125	0.95	0.950
126-250	1.00	1.000
251-375	1.05	1.000
376-500	1.10	1.025
501-750	1.15	1.050
751-	1.20	1.100

C. Adjustments according to Effectiveness and Education

After arriving at a Base Salary according to Experience and adjusting it according to Setting, adjust the salary further by multiplying any additional multipliers below as may apply for an assessment of the Effectiveness of a pastor and any additional Education he may have.

1. Performance and effectiveness should play a significant role in the compensation decision process. A performance appraisal should form the basis for such decisions. The appraisal should preferably be accomplished six months prior to making compensation decisions. Sample forms for congregational use can be obtained by contacting the district office.

Keep in mind that no single individual possesses gifts in all areas of concern to the ministry. A pastor's overall effectiveness can be good even if certain weaknesses exist; especially if the pastor recognizes these weaknesses and works out some way to compensate for them. Consider applying an additional multiplier between 1.00 and 1.10 to account for the effectiveness of the pastor.

2. Pastors who have secured an advanced degree such as an STM, D. Min., Th. D., Ph. D., or any other degree regarded as helpful to his parish ministry, should be considered worthy of extra compensation. Here, congregations should consider applying an additional multiplier of 1.05 to 1.08.

D. Housing

The Base Salary according to Experience adjusted according to Setting and Effectiveness and Education in the previous sections includes a housing allowance.

If a parsonage is provided by the congregation, make a valuation of the parsonage by adding a fair market rental value (FMRV) of the parsonage property to the cost of utilities provided by the congregation. Help in determining a fair market rental value may be obtained from a realtor or at <https://rentdata.org>.

Subtract then that total valuation of the parsonage (rental value plus utilities provided) from the Base Salary according to Experience adjusted according to Setting and Effectiveness and Education.

Supplemental Income

A. Tax Sheltered Annuity or IRA

A TSA or IRA should be an option available to the pastor. It should be his election to determine what portion, if any, of his before-tax compensation should so be utilized. If the congregation has called a candidate from the seminary they may wish to provide a match for a certain number of years to encourage him to be a good steward of his retirement.

B. FICA (Social Security)

Ministers of Religion (ordained and commissioned) are classified by Social Security as “self-employed” and are accountable for the entire cost. Employers normally do not contribute to Social Security for them.

All such workers enrolled in the retirement program as a “new worker” on January 1, 1982, or after participate on the Regular Basis. Workers who are eligible to participate on the Full Basis, may choose to participate on either the Regular or Full Basis.

Employers are encouraged to consider amounts they are providing for Social Security for each person and discern what they believe to be an equitable approach to providing compensation and retirement benefits between called workers and lay workers.

C. Home Equity Support

In prior years the MNS District encouraged congregations to provide a Home Equity Plan (HEP) when a home was provided for the worker. This provided a way to have the worker save for a house on a tax-deferred basis. However, significant changes in the federal law now make this illegal and all congregations had to stop this practice as of December 31, 2004. Previously deferred HEP funds (on or before December 31, 2004) and earnings on these funds are unaffected.

The congregation can still provide to the worker additional annual compensation which the worker can deposit in a tax-sheltered annuity, a traditional IRA, or a Roth IRA.

Another option would be for the congregation to increase the salary of the worker by an amount equal to the former home equity contribution.

Supplemental Benefits

A. Concordia Plans Services

The LCMS Concordia Plans consist of:

1. Concordia Health Plan (Medical/Dental/Vision), CHP
2. Concordia Disability and Survivor Plan (CDSP)
3. Concordia Retirement Plan (CRP)
4. Concordia Retirement Savings Plan (CRSP)

The congregation is responsible for all payments to the Retirement and Disability Survivor Plans.

Ministers of Religion (ordained pastors and commissioned workers such as teachers, directors of Christian education, directors of Christian outreach, directors of family life ministry, directors of parish music, parish assistants) and eligible Deaconesses are classified by Social Security as “self-employed.” Therefore, employers normally do not contribute to Social Security for them. All such workers enrolled in the retirement program as a “new worker” on or after January 1, 1982, participate on the Regular Basis. Workers who are eligible for the Full Basis may choose to participate on either the Regular or Full Basis. Employers are encouraged to consider amounts they are providing for Social Security for each person and discern what they believe to be an equitable approach to providing compensation and retirement benefits between called workers and lay workers.

It is recommended that the congregation pay for health care coverage for the entire family.

Detailed information on the Concordia Plans can be obtained by calling the Concordia Plans office in St. Louis: 1-888-927-7526.

B. Days Off and Vacation

The congregation should have a documented policy regarding days off and vacation which covers all workers. The pastor should be given at least one day off per week (not including Saturday). His day off should be publicized within the congregation, and the members should be asked to respect it.

The district recommends the following regarding vacation time coupled with years of experience:

Total Years of Church Service	Days of Vacation	Number of Sundays Included
1-10	21	3
11-25	28	4
Over 25	35	5

In addition to the Sundays included in vacation time above, it is also recommended that the pastor be given 2–3 additional Sundays off per year for personal growth to attend special occasions in other congregations, to visit other churches, etc.

Finally, the congregation should develop a sabbatical plan as part of the pastor’s regular compensation. It is recommended that after five years of service in the congregation the pastor should receive a 2–3 months sabbatical leave with regular base pay and housing allowance. For help with developing a sabbatical plan for both pastor and congregation please visit <https://ministrysabbaticalresources.com/>

C. Sick Leave (Short Term)

While it is not the purpose of the Salary Compensation Guidelines to set the congregation’s Personnel Policies, it should be acknowledged that providing for time-off due to illness is in the best interest of the congregation by protecting the health of your workers. Without such days, there is a risk of having your worker attempting to carry out duties while seriously ill. It is suggested that sick leave be granted in accordance with the Concordia Disability and Survivor Plan, that is, fourteen calendar days per year. After fourteen days of illness, the Concordia Disability Plan provides wage replacement.

Professional Expenses

A. Tax Laws

Recent tax laws require a closer accounting of expenses. Congregations should consider changing to a reimbursement system for professional expenses rather than provide an allowance.

B. Automobile

The pastor is required to account to the IRS for auto allowance income. Increasing auto allowance in lieu of increasing his base salary does not improve his tax liability. **A preferred method is to operate on a reimbursement plan** whereby the pastor records his mileage and submits a periodic request for reimbursement at the current mileage rate established by the IRS. This IRS rate is provided earlier in this document. Should you not have the current number, you may obtain it by calling the IRS at 1-800-829-1040 or the District office at 952-223-2160. This “cents per mile” number is the rate which the IRS allows to be deducted from income. It covers all cost to replace, repair, insure and operate an automobile.

C. Books, Periodicals, and Continuing Education

An amount should be included in the congregation’s budget for these purposes. A recommended amount is \$700. This is not added to the pastor’s compensation but held in account until needed. The pastor should be encouraged to have an annual plan for continuing education for his benefit and the benefit of those he serves. Travel costs should be covered, as well as tuition and related costs. The pastor should not be expected to use his vacation time for this purpose.

D. Conventions, Conferences, and Retreats

These are part of church business and the costs should be covered by the congregation. This should include travel, lodging, meals, and registration. This should be an allowance, the amount of which should be determined in consultation with the pastor. It is a supportive gesture to also cover the cost of the pastor’s wife attending these events with him.

E. Pastor’s Discretionary Fund

It is recommended that a small sum be budgeted in order to provide the pastor with the ability to make a timely response to certain pressing situations of which he becomes aware (food or immediate traveling expenses for indigents, special needs of congregants requiring confidentiality, etc.)

Miscellaneous Compensation Items

A. Pulpit Supply/Guest Speaker Fee

It is recommended the fee be \$200–\$250 plus expenses (travel, lodging, and meals). The amount will be lower in this range if one service is involved, higher if additional services and duties, such as Bible classes, are included.

Congregations may also at one time or another invite a district staff person to preach, for example, the District President or the Mission Executive. When district staff are asked to preach for occasions that relate to their area of responsibility in the district, an honorarium is left to the discretion of the congregation. However, reimbursement for travel is expected. If members of the district staff are asked to preach, in order to give the pastor a Sunday off or to fill in while he is on vacation, then an honorarium is expected plus payment for expenses.

B. Vacancy Pastors

The duties of a vacancy pastor typically could include preaching, the administration of the sacraments, teaching, counseling, visitation, and upon request, input to boards and committees.

The congregation should establish its pastoral needs. A job description (or statement of ministry) should be developed that is as specific as possible. This helps the congregation clarify what it expects and will help the vacancy pastor understand what he is being asked to do, especially as it relates to scheduling and administration expectations. A corresponding contract should be created and signed by the required parties. (Sample contracts are available upon request.)

If the vacancy is filled by a pastor simultaneously serving a neighboring congregation, the duties he will be able to perform will be quite limited. Whatever these would be, they should be agreed upon, and depending upon the compensation plan (see options below) an assessment be made as to how these duties compare with the complete ministry of the vacant congregation. Compensation should include additional expenses such as auto mileage, postage, and telephone.

If the congregation uses a Certified Intentional Interim Pastor, salary and other compensation payments should be coordinated through the District President's office since a Certified Intentional Interim Pastor is "called" and not contracted.

Suggested Guidelines of Service Scales for Renumeration of Vacancy Pastors:

Payment by percentage of salary (this is the preferred option)

One approach to part-time service is percentage of pastoral salary. Vacancies are sometimes compensated in this way.

e.g. 25 hours a week would be 50% of a pastor's base salary (exclusive of housing) plus expenses such as auto mileage, telephone and postage. (In this method mileage is based on the current IRS scale).

Payment by Function

Leading Worship/Preaching	\$150-\$200 for one service minimum, \$25-\$50 for each additional service.
Bible Class	\$50-\$75 per session
Teaching Confirmation	\$30-\$50 per session (class size should be a factor)
Hospital Call	\$25 per visit
Home Visit	\$25 per visit
Attending meetings	\$30-\$50 per meeting (depending on responsibilities)

These are only minimums. It is not unusual to receive \$200-\$300 for preaching three services in a weekend, for example. Figures do not include mileage. Travel expenses should be added at current IRS rates, as well as remuneration for phone and postage if applicable.

Payment by Hourly Rate

Hourly rate pastors--\$35 per hour as a beginning point. Depending upon job duties and/or job description, as well as the season of the church year, the rate could increase.

C. Military Duty

Reserve Chaplaincy Agreement and Contingency Planning Document: This document needs to be created by the pastor (Reserve Chaplain) and the leaders of the congregation and reviewed annually. A copy should be sent to the District President and the Executive Director of the LCMS Armed Forces Commission.

If your pastor is a chaplain in an Armed Forces Reserve Unit, he will need to be granted a leave of absence during the time he is required to serve on active duty. This is usually a two-week period. He should not be expected to use his allotted vacation time for this purpose. The pastor should receive full salary during this training period,

The pastor/chaplain should arrange for pulpit supply with remuneration according to the District/Congregation's guidelines. Unless it is an unusual situation, the congregation should pay for one Sunday's coverage; thereafter the cost should be agreed upon between the congregation and the pastor/chaplain.

D. Retired Pastors

If a pastor has retired but is willing to work on a part-time basis, congregations may consider the following benefits. If he is receiving his full Social Security payment and is only eligible to receive certain income without jeopardizing his benefits, pay the maximum amount allowed, as well as covering all expenses (mileage, meals, continuing education, etc.) and medical coverage (Concordia Health Plan). It would also be wise to have a written job description detailing the tasks the congregation expects this veteran of the ministry to perform and how many average weekly hours might be expected.