

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 Benefits for Life.

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 WORKSHEET

Minister's compensation

	This Year	Next Year
Cash salary	_____	_____
Housing (either a or b)	_____	_____
a. Parsonage rental value	a) _____	_____
Parsonage allowance		
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 expenses	\$ _____	\$ _____

* 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.