

# THE MINISTER'S SALARY

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*“I encourage church leaders and members to do everything they can to help the pastor in his many challenges. And one of the greatest ways to help is to make certain your pastor has an adequate salary.”*

# THE MINISTER'S SALARY: IS IT ENOUGH?

As you will see, I use the word “minister” rather generically in this paper. Though I’m usually referring to the pastor, I also realize that a number of other people who serve on church staffs have an interest in this topic. Indeed most of the information here and on my blog is applicable to them as well. And because there are so many different titles for church staff, I’ll keep it simple by talking about ministers.

So what is the primary financial issue ministers want to hear about? If previous writings are any indication, the issue of ministers’ salaries is one of the hottest topics in the genre. Curiosity abounds, frustration multiplies, and communication breaks down.

Though no one can answer all of the questions on ministers’ salaries with precision, I hope the guidelines and data in this resource will be helpful. We’ll look at a dozen or so of the more critical issues.

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## ***SALARY DOES NOT EQUAL “PACKAGE”***

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The minister's financial package is one of the most misunderstood concepts in ministry finance. A package generally refers to all costs that a church pays for its minister. Those amounts would include salary, housing, health insurance, retirement benefits, travel and automobile expense reimbursements, and other expense reimbursements.

Let me share with you a real conversation. I have changed the names and rounded the numbers for simplicity. It took place on a church consultation of which I was a part.

Dan was a deacon in the church where Frank served as pastor. In our consultation interview with Dan, he expressed concern that Frank, the pastor, was overpaid. I asked him why.

“It's real clear to me. We are the same age. We have the same level of education. We have similar oversight responsibility if you look at the budgets we manage. But the pastor makes \$10,000 more than I do,” Dan exclaimed. “He makes \$70,000 and I make \$60,000. Something's wrong here.

“Okay,” I said, “Let's look at the numbers. Your salary is \$60,000, right?” Dan nodded affirmatively. “What does the company pay for your medical insurance? We need to add that to your salary,” I said.

“You can't do that,” Dan insisted. “That's not my salary.”

“How much does your company pay toward your retirement?” I asked again.

Dan responded quickly, “What does that matter? That's not part of my salary.”

“Okay,” I continued. “Don't you have to travel every now and then for your job? That needs to be added, doesn't it?”

“Of course not,” he began to say indignantly.

“You told me you just got back from a conference,” I pressed. “Let's add that cost to your salary.”

Dan looked at me with frustration. “What are you trying to prove?”

he asked.

I began to write these numbers on paper.

- Pastor Frank's package: \$70,000
- Retirement benefits: \$5,000
- Conferences and convention reimbursements: \$3,800
- Estimated automobile reimbursement: \$5,200
- Health insurance: \$6,000

"You've just said that retirement, conferences, travel, and health insurance should not be a part of your salary," I stated bluntly. "Okay, if you deduct those amounts from the total package the church is paying, Pastor Frank makes only \$50,000. That's \$10,000 below your pay."

"It looks like your pastor needs a raise," I concluded.

Some church members equate the dollars the church pays towards the cost of having a pastor to be the equivalent of the pastor's salary. That's not how it's done in the secular world. That's not how it should be calculated in the church world either.

Salary is not the same as package.

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## ***MOST MINISTERS ARE UNDERPAID***

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Anytime a discussion ensues about ministers' pay, someone wants to bring up the rare exception of a pastor being exorbitantly paid, or of the televangelist who made millions bilking people from his television studio perch.

Okay, I'm willing to admit there are occasional abuses of ministry pay. But let's not let the rare exceptions dominate the discussion when there is a greater need at stake. Most ministers are underpaid. Let's do the simple math.

For argument's sake, let's say there are 500 cases per year of overpaid ministers. I'm not convinced it's even close to that number, but let's use that as our number. There are approximately 1.2 million paid staff in Protestant churches in the United States. That means there are four cases

of abuse for every 10,000 ministers. To look at it positively, there are 9,996 underpaid or adequately paid ministers for every 10,000.

I understand that the number of exceptions should be zero. But it seems like a lot more effort is being put into the rare cases of indulgent ministers rather than the near epidemic of underpaid ministers.

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## ***MOST MINISTERS NEED A RAISE AND WOULD LIKE ONE***

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**W**e did an informal survey of over 100 pastors. We simply asked them anonymously questions about their personal financial condition. Over 80 percent of them said they felt financial burdens. Many of them were using their credit cards to pay regular bills because they had no cash. Very few of them had any savings at all – not just contingency savings, but any savings.

The survey asked if they needed a raise; most of them said yes. We then asked if they had broached the subject of a raise with anyone in the church. All of them, that's 100 percent, said no.

Ministers fear asking for raises for a number of reasons. First, they are aware that a few bad examples in ministry have poisoned perceptions for many. The abuses have gotten widespread publicity. A minister thinks that he will be associated with the bad guys if he even mentions the need.

Second, most ministers view money as an earthly issue. Their role is to focus on spiritual matters. They are to keep quiet, many presume, when any discussion of their pay takes place.

Third, there are always critics in the church looking for any issue to go after the pastor or other staff ministers. If a minister broaches the subject of a pay increase, he gives that critic ammunition to fire a barrage of verbal bullets. The pastor is keenly aware of such a risk; he, therefore, avoids any discussion of his pay.

Fourth, a pastor knows the hurts and needs of his members and those in the community. He knows that many are suffering worse than he is financially. He is therefore very sensitive to speak about his own needs. When he has ministered to three families in the past year that declared bankruptcy, he

feels terrible even hinting that he and his family are struggling.

Fifth, we found that a number of church members think that any mention of financial needs by their pastor is a lack of faith. They freely quote out-of-context Bible verses to demonstrate the weak faith of the pastor who is courageous enough to mention his need.

Of course, most of the critics of a pastor's pay would gladly accept a raise in their own jobs. It's just different for their pastor, they surmise. And that is a very sad perception.

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## ***MOST MINISTERS' FINANCIAL BURDENS EXACERBATE THE PRESSURE THEY ARE ALREADY FEELING***

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Though I could give examples for any church ministry position, take a moment to consider the life of a pastor. In the course of a week, he ministers to a dying person. He does the funeral of a good friend. He counsels numerous people who have marriage problems, financial problems, health problems, emotional problems, and family problems. He is expected to be omnipresent, whether it's the local high school basketball game or the latest Sunday school class social.

He must deal with the business affairs of the church. He often supervises other ministers, many of whom look to him for guidance. He has to tell the couple in the church that their son was just killed in an auto accident. He takes the call of a 35-year-old man who has just learned he has widespread cancer. He visits the cell of 44-year-old businessman sentenced to seven years for embezzlement.

I could go on and on. Such is the life of a pastor. The pressure is enormous. The highs and lows are never-ending and yet unpredictable.

Why should this man come home to a wife who has been crying because they don't have the money to pay the bills? Why should the church let financial needs pile on to the enormous pressures he already has? Where does it say in the Bible that a pastor should never have enough income to send his kids to the state university?

Don't get me wrong. I fully understand that a pastor accepts the reality

of the pressure and highs and lows when he obediently answers the call to ministry. My purpose is not to make you feel sorry for him. Rather, I encourage church leaders and members to do everything they can to help the pastor in his many challenges. And one of the greatest ways to help is to make certain your pastor has an adequate salary.

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## ***SOME PASTORS LEAVE CHURCHES FOR FINANCIAL REASONS***

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I love Florida. I lived in St. Petersburg, Florida, and I visited the beaches as often as possible. I love the tropical environment, the year-round sunshine, and the easy access to either the Atlantic Ocean or the Gulf of Mexico.

I was a pastor in St. Petersburg. I recall those years there as some of the best years of my life and ministry. And I really thought I would have a lifetime ministry there.

But I didn't. Instead I left after only three years.

I was hurt when we left St. Petersburg, but I did not let anyone know for a season that I thought I made a mistake in leaving the church there. You see, I left because I could not support our family of five on my salary of \$18,000. I did have medical insurance benefits and an automobile reimbursement up to \$3,000. But I had no retirement benefits.

The church had an attendance of 110 when I arrived, but it grew rapidly, consistently going over 300 or more. The budget tripled, but I never got a raise. And guess what? I never mentioned my struggles to anyone but my wife.

Though my three boys were unaware at the time, times really got tough for my wife and me. The financial pressure was enormous. At times I would have to swallow my pride and check food out of the church's food pantry.

I finally left the church I loved. I have regrets to this day. I loved the staff, the location, and the life I lived—except for my financial plight. I left to go to a church where I could support my family financially.

A few members who were in the know later questioned me about leaving. I admitted that I left for financial reasons, and they were hurt that I didn't come to them with my need. I really think I should have done that. But I wonder why the members didn't do something without my asking. My salary was printed each month on the church budget that all members received. They knew my income and they knew my family size. A few members knew I was a recipient of the food ministry.

It is my prayer that this resource gets in the hands of many church members who can help their pastors and other ministers with their financial needs. I know that too many ministers leave their churches for the sole reason of financial needs. And most of those ministers are simply too reticent to say anything to anyone about their needs.

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## ***MINISTERS TYPICALLY LACK FINANCIAL ACUMEN***

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**M**y sons and I are fortunate. We all have finance degrees and we all worked in the business world before we answered the call to vocational ministry. But most ministers have little or no training in business and financial matters. Many of them have Bible degrees from Christian and Bible colleges. Others may go to seminary to get graduate degrees, but rare is the seminary that offers any training in personal finance.

I have talked with countless ministers who not only lack the knowledge about ministry finance, budgets, mortgages, credit scores, and consumer loans, but they typically don't know where to turn to get the best advice and counsel.

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## ***THE ISSUE OF OTHER MINISTRY INCOME***

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**T**here is no prescribed manual for all ministers on the right protocol for receiving other ministry income such as weddings, funerals, revivals, and conferences. Some denominations or judicatories



have very specific guidelines. A few churches have their own guidelines as well. But most do not. That is why ministers frequently ask questions related to other ministry income.

First, let me say clearly there is not just one way to deal with ministry income. In most cases, there is no right or wrong. What I have done is talked with dozens of ministers and devised “best practices.” You certainly have much flexibility with these practices.

Second, all ministry income is taxable and should be reported, typically on a Schedule C form. Some ministers argue that it is gift income and is therefore exempt from taxation. The IRS is clear, however, that this income is earned in the course of your work and is thus subject to taxation.

**BEST PRACTICE #1: IT IS OKAY TO ACCEPT OTHER MINISTRY INCOME**

You have earned this income by conducting a funeral, officiating a wedding, or speaking somewhere beyond your church. You had to prepare extra work. You sometimes had to give up your weekends, particularly with weddings. It is one extra assignment to a schedule that is already busy.

**BEST PRACTICE #2: IT IS GENERALLY ADVISABLE NOT TO SET FEES**

Leave the amount that you will receive to those you are serving. Sure, that means you will sometimes receive very little and other times receive nothing. But you are already receiving a salary from your church. Fee setting typically sends the wrong message.

**BEST PRACTICE #3: BE WILLING TO DO THESE SERVICES FOR NOTHING**

There will be some situations where the family or organization has very little financial means. Accept the reality that a certain number of your weddings, funerals, and speaking engagements will result in no outside income. For example, civic organizations and schools rarely will pay someone to speak. And there will be times that it is obvious the family or person cannot pay. Graciously decline any offers they make, and be grateful for the opportunity to minister to them.

**BEST PRACTICE #4: ALWAYS EXPRESS GRATITUDE FOR ANYTHING YOU RECEIVE**

I know a few pastors who take a few minutes to write a brief handwritten note every time they receive an honorarium or stipend. That is a class act that should be emulated by others.

**BEST PRACTICE #5: DO NOT ANTICIPATE OTHER MINISTRY INCOME IN YOUR BUDGET**

Other ministry income is unpredictable, uneven, and usually modest in amount. Do not build your financial lifestyle predicting these funds. Decide ahead of time how that money will be used and stick to it. Some ministers put it toward retirement. Some put it toward special savings accounts for items like automobiles. Some put it aside for their children's college fund. Some use it to pay down extra principal on debt. And some give the funds to their spouse for extra spending money.

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## ***A WORD TO CHURCH LAY LEADERS ABOUT MINISTRY FINANCE***

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I anticipate that some of you who downloaded this are not pastors or ministers, but laypersons (for lack of a better word) who desire to learn more about ministry finance. Perhaps you have a great love for your pastor, and you were curious to find out how you might help him in this area. Please allow me to make a suggestion.

Find out the person in your church who has the greatest influence over financial matters dealing with your ministry staff. Many times that person is a good leader who seeks to balance the financial realities of the church with the needs of the minister. He or she is always on the watch to discern how the minister can best be helped.

But, sadly, there are times when that person sought the position because he wants to be in control. He may have little or no desire to look after the financial interests of the minister. He rarely recommends raises. He offers stingy benefits to the staff. He is testy about any expense submitted for reimbursement.

That type of person in the church will make life miserable for the minister. He certainly will not help him in any way financially. If you discover

such a situation, you may, at some point, have the opportunity to recommend a new person for the job. If not, you can become the advocate for the minister until someone else can take the position.

Most church members are not aware of how the person who controls the personnel purse strings can impact the emotional and financial well-being of your minister. It's worth taking a look.

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## ***TO KEEP OR NOT TO KEEP THE MINISTER'S SALARY PUBLIC?***

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There are certainly divided opinions about this issue. Stated simply, should the minister's salary be kept public before all church members on a regular basis? For example, some churches distribute the monthly budget receipts and expenses of the church. In that monthly report you often see, to the dollar, exactly how much each minister makes.

Other churches provide only a total of all personnel costs or salaries. An individual minister's salary is not visible in the total.

Some churches have policies or denominational guidelines about how this matter should be handled. But most don't. So, for the vast majority of churches that have no guidelines or guiding principles on this issue, what is the best direction to take?

First, it is not a moral issue of right or wrong as long as there are no deceptive practices taking place. Second, most people, not just ministers, are uncomfortable having their salaries displayed before the public on a regular basis. Some positions in the secular world require such disclosure as with politicians and executives in publicly traded companies. But most people do not have to deal with the prying eyes on their personal finances.

Is there a way then to provide the best of both worlds? Allow the minister a modicum of privacy while maintaining a culture of openness in the church? In many churches, the minister's individual salary is not made available for general public consumption. Any member, however, has the right to come to the church office to see the salaries if he or she

desires. Most members really don't worry or think about such matters. But, for those who do, the information is readily available.

Every church will have its own personality and thus have its own way of approaching this tension between transparency and privacy. Some ministers have no problem with their salaries being visible to all; others will struggle. For the latter group, the suggestion above may have merit.

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## ***DON'T FORGET THE BIVOCATIONAL HEROES!***

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As many as one-half of the churches in the United States have a pastor who is bivocational. They have to keep a job beyond the church because the church cannot afford to pay him a full time salary. These ministers are my heroes. There really is no such thing as a part-time church. The demands of ministry in the smallest of churches typically require a full time commitment. In essence, these ministers are working two fulltime jobs though the churches do not offer a full time salary.

It is difficult to have specific guidelines for every bivocational church, because they all differ in size, demographics, and financial capability. I do offer, however, these general guidelines for paying ministers of these churches.

### **BE AS GENEROUS AS POSSIBLE**

Some churches seem to want to pay as little as they can. With these heroes, why not take an opposite approach? Pay as much as you can without hurting the financial health of the church. If you expect the minister to give you 20 hours a week, calculate what one-half of a fair salary would be. Counting sermon preparation time and basic ministerial duties, that is usually the minimum the minister will be working. If you can't pay him one-half of fulltime salary, pay him as generously as the church is able.

### **REVIEW THE ARRANGEMENT AT LEAST ANNUALLY**

Many times a bivocational pastor gets an initial salary and then it's all but forgotten by the church. It is possible that, after a year or so, the

church has adequate funds to increase the pay. At the very least a small increase may be in order as a token of thanks for his service. Don't forget him just because he has another job.

#### GET CREATIVE

Find out the needs of your minister and see if there are members who could meet those needs. Does he need work on his home? Could he use help with his yard? Does a member have a place on the lake he and his family could use for a week a year? Perhaps the church does not have the financial strength to pay him full time. There are still ways you can "pay" your minister with something other than money.

#### MAXIMIZE HIS TAX BENEFITS

Most of his salary might be rightly classified as a housing allowance as allowed by the Internal Revenue Service. If so, the pay from the church would not be federally taxable and, usually, not state taxable as well. In other words, the partial income the church pays him could go a lot further.

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## ***IN CONCLUSION: WHAT IS A FAIR SALARY FOR A MINISTER?***

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**A**fter all, that is the title of this article! As you might anticipate, there is no single answer. But many churches do overlook ways to evaluate the fairness of the minister's salary. Here are some guidelines and resources. I am not advocating you follow all of these guidelines (though you may). I do hope one or more are helpful to you and your church.

#### DENOMINATIONAL RESOURCES

Many denominations have conducted extensive studies of ministers' salaries based upon a myriad of factors; age, experience, education, size of church, position, and others. Though such a guideline may not be precise for your church, it certainly can be helpful.

## INDEPENDENT RESOURCES

There are numbers of studies and guidelines on ministers' salaries beyond denominational works. Rather than mentioning any one or more by name, I recommend you do a quick Internet search of "ministers salaries guidelines." You will receive a plethora of choices.

## LOOK FOR THE MEDIAN

Imagine half of your congregation on one side of the worship center. They would represent the 50 percent that have the lower household incomes. Now put the second half on the other side of the worship center. They are the families in the upper 50 percent. Stand in the middle. Where do you guess the middle to be? What is that salary? Some advocate that such a place is a good salary for the pastor: half of the families make more than he does; half the families make less.

## EDUCATION

I am a firm believer that education should be a factor in ministers' salaries. It is expensive and hard work to get a bachelor's degree, a master's degree, and a doctoral degree. A bachelor's degree takes at least four years. The basic seminary master's degree, the master of divinity, is a three- to four-year degree. The Ph.D. from a seminary rarely gets done in less than four years. That adds up to about 12 years of college and graduate education. A medical doctor, by comparison, needs eight to nine years to get his undergraduate degree and medical degree, three to four years less than a minister with a doctoral degree.

## COMPARISON WITH SIMILAR CHURCHES

The salary of a minister should reflect the years, expense, and hard work that went into the educational process. Many ministers carry student loans for years after they finish their formal education.

## ABOVE ALL: BE PRAYERFULLY FAIR

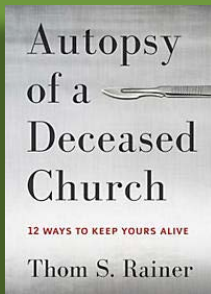
My guess is that every church member and every minister knows about a church similar to their own church. It may be a church in the same denomination. It may be a church of similar size. It may be a church in similar demographics. Find a trusted source in one or several of those churches. You are likely to get a good idea what the range should be for your minister.

I have seen too many churches try to pay their ministers as little as they can. They know the minister is in a difficult position to negotiate lest he appear to be money-driven. I strongly encourage churches to take a different approach. Ask how we can honor our ministers by paying them a fair wage. Ask how we can take financial pressure off them since they deal day by day with so many other pressures. Ask the ministers themselves if they have financial needs. I bet many of them will speak freely if only asked.

And as you are working toward a prayerful and fair salary for your pastor and other ministers, help him in his financial affairs in both the present and the future. Most ministers are woefully prepared for the day when they desire to retire or, for some other reason, are forced to retire.

Above all, be fair. Be generous. And be Christ-like.

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12 WAYS TO KEEP YOURS ALIVE**



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DISCOVERING THE ATTITUDE THAT  
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