

Structuring a Minister's Financial Support in 4 Steps

Decide How MINISTRY RELATED EXPENSES WILL BE COVERED. Budget Adequate Amounts.

- Ministry Related Expenses generally include: Automobile, cell phone, conventions, conferences, continuing education, ministry related books/tapes/periodicals and hospitality.
- Should be paid by church as employer separate from compensation and benefits
- Should be paid using an Accountable Reimbursement Plan. (Any other approach is taxable.)
- Funding expenses by salary reduction does NOT qualify as Accountable Reimbursement.
- Church budget should have expenses in a category other than compensation and benefits.
- The current IRS mileage rate should be used for ministry related mileage.



Determine the Amount of COMPENSATION

- For Ministers, compensation includes Salary and Housing.
- Consider the Biblical basis for providing adequate financial support.
- Consider cost of living factors for the area.
- Compare compensation to jobs requiring similar skills and training
- Use the SBC Compensation Study to compare compensation to churches of similar size.
- Make sure the amounts will adequately provide for needs of the minister's family.



Determine Policy & Amounts for PROTECTION COVERAGES

Establish **church policy** on coverages to be provided. Will the church pay these or will the minister have to reduce actual compensation to provide necessary protection. These protection benefits protect the minister, their family and church and generally include:

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| RETIREMENT | Retirement contributions should be a set percentage of the employee's compensation. An employer contribution equal to 10% of compensation is recommended to provide adequate income in retirement. |
| SOCIAL SECURITY | A social security equivalent equal to 7.65% of compensation is recommended. This equals the Social Security percentage paid for non-ministerial employees. |
| INSURANCE | Adequate life, medical and disability coverage should be provided to protect the minister, the minister's family and the church. |



TOTAL and Re-Examine the entire Financial Support Plan

- Review the entire plan. Is it appropriate for the minister? Is it appropriate for the church?
- Use the Evaluation Checklist
- Check for areas needing additional discussion or adjustment.

