

# Thinking About Pastor Salaries?



## STEP 1: What's your context?



- How many people in your church? What size is your budget?
- Where are you located? What does it cost to live there?
- What level of experience and education is required?
- How many staff do you have?
- What are the responsibilities?

## STEP 2: What's your overall compensation plan?



- Do you provide health benefits?
- Is a pension plan included?
- Is housing provided (clergy residence deduction)?
- What ministry expenses are covered?
- Do you provide study leaves or Sabbaticals?

## STEP 3: Where do you fall in the ONMB salary grid?

- |                                   |            |
|-----------------------------------|------------|
| A. Experience units?              | = \$ _____ |
| B. Education units?               | = \$ _____ |
| C. Responsibility units?          | = \$ _____ |
| D. Extra responsibility units?    | = \$ _____ |
| E. Regional Cost of living units? | = \$ _____ |

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**TOTAL SALARY** = \$ \_\_\_\_\_

### **STEP 1: What's your context?**

Compensation of pastors and other church staff members may vary greatly depending on such factors as:

- Church size, congregational demographics and overall budget
- Church location and cost of living
- Employee experience and education
- Assigned responsibilities, etc.

Before jumping directly to the salary grid (STEP 3), it is important to think through your own church context. It is helpful to understand your history (where you have been) as well as your plans for the future (where do you want to go). Each church has its own challenges and opportunities that will be part of the serving in your community.

It is important to understand that there is no perfect formula that defines the compensation of a solo pastor in a smaller congregation as compared to a lead pastor with multiple staff in a larger congregation. Guidelines can help to set reference points in building a compensation plan.

This information is intended as one source for the local church to use in designing a reasonable remuneration package. It is recognized that it will not be an ideal scenario in all circumstances. There are unique items pertinent to each church. It is our desire that both the process and the result of determining a suitable remuneration package will be pleasing to God and fair to all parties concerned.

## STEP 2: What is your overall compensation plan?

### Employee Health & Pension Benefits

The Conference encourages each church to participate fully in the Employee Benefit Program sponsored by the Canadian Conference of Mennonite Brethren Churches. The church and employee should determine who is responsible for the payment of the costs. We would generally recommend that the distribution of costs be as follows:

<b>Benefit</b>	<b>Employee cost</b>	<b>Employer cost</b>	<b>Premium taxable (show on T4)</b>	<b>Benefit taxable (on payout)</b>
Life Insurance Employee, Dependents	50%	50%	YES	NO
Extended Health	50%	50%	NO	NO
Long Term Disability	50%	50%	NO	YES
Optional Life	100%	0	NO	NO
Pension	5% of gross	5% of gross	NO	YES

Note: Consult the Canada Revenue Agency (CRA) for the most recent rules regarding what is a taxable benefit.

### Clergy Residence Deduction

Individuals serving in church ministry, such as pastors, may be allowed a tax deduction for a housing allowance if the church does not provide a manse or other living accommodations. The church may issue a T1223 Clergy Residence Deduction form to staff who may apply for this deduction when filing their tax return, or their taxes may be reduced at the source. Note: This tax deduction is not guaranteed. CRA will ultimately determine if an individual qualifies for this deduction. You can consult the CRA website for more details.

### Additional Items

The following items should also be spelled out in a written employment agreement with the staff members. Each item should articulate the terms and limits of cost if applicable. Often these amounts are written into the church budget. Typically, these items are non-taxable and are not recorded on a T4. One exception would be if you paid a car allowance. Other exceptions may occur when the employers pay more than 50% of the total benefits cost.

All expenses submitted must be accompanied by a detailed record. Travel must include # of kilometers and purpose of the trip. Expenses must be accompanied by receipts.

### Travel Expenses

A per kilometer rate should be set as the agreed to reimbursement rate for mileage incurred in the course of employment. It is recommended that this should be a reasonable rate based on government guidelines. It should adequately reimburse the staff member for all vehicle costs including the change of insurance to business coverage on their vehicle, which would normally be required. Note that mileage to and from the place of employment is not a legitimate reimbursement travel expense. Some churches may choose to identify a maximum annual cost for this.

### **Meals & Other Expenses**

When the employee incurs costs related to carrying out their duties, it is expected that the church will reimburse them for the full value of the costs incurred. In the case of mobile devices, a range of options are available from paying the full cost of a cell plan to offering a stipend to cover a portion of the costs. Again, most churches will control and monitor this expense, usually through the budgeting process.

### **Conferences & Workshops**

It is expected that the agreement will identify the number of courses, conventions, etc. that the employee is expected to participate in and spell out a budget or reimbursement policy for professional development. Keep in mind that pastors' costs for attendance at ONMB Conference and Canadian Conference conventions should be covered by the church.

### **Books & Study Materials**

The agreement should generally provide for some provision, usually through a budget line, for materials purchased through the employee to assist them in carrying out their responsibilities. This could include books, magazines, computer hardware, software, etc.

### **Vacation Leave**

It is suggested that annual vacation of three weeks be the norm for new employees graduating to longer periods at preset years of service such as four weeks after five years and five weeks after ten years. Support staff usually start with two weeks vacation per year.

### **Academic Studies and Longer Study Leaves**

In many circumstances, it is also recommended that an agreement be reached with respect to who pays and how the time off is handled when the employee is involved in an ongoing educational program while employed. Educational grants may be available from the conferences for pastoral studies. Some provision may also be made to allow for a longer leave or Sabbatical after a certain term of service for personal enrichment, refocusing and/or specific study program.

### **Holidays, Emergency Leaves, Maternity/Parental Leaves, Terminations, etc.**

For these and other important employment issues, see the appropriate provincial and federal government websites for legislation regarding Employment Standards, Health and Safety Standards and Human Rights issues. A church, as an employer, must follow all appropriate federal and provincial employment legislation. As a religious order, some special provisions may also apply.

### **Support Staff Compensation**

Depending on its circumstances, each church must discern which positions are filled by volunteers and which are paid positions. For administrative support staff, bookkeepers, and custodial staff, there are many options in regard to whether the positions are paid a salary, an hourly wage, or on a contract basis. Each community has its own comparators to take into consideration in order to come up with a fair compensation package. The key concern should be that the church provides reasonable compensation for work done. These areas of service to the church are sometimes unfairly overlooked and people are not valued as much as they should be. Churches should strive to be model employers treating their staff with respect and worth in every way possible.

### STEP 3: Where do you fall in the ONMB salary grid?

#### **Preamble**

These Compensation Guidelines were originally devised in this format in 2008 after a review of several denominations' compensation statistics and a review of our MB Conference compensation practices in other Canadian provinces. Information from the BC M.B. Conference has been especially helpful. Further revisions were done in January 2010 and January 2013.

#### **Pastoral Staff Suggested Grid**

The following calculation sheet for determining a pastor's salary is meant as a guideline for churches to consider when making compensation decisions as part of the overall compensation plan. It can easily be adjusted for the unique circumstances of each church and each individual pastor. It attempts to recognize that various factors such as education, experience, church size, responsibilities and cost of living will have an impact on total compensation. However, ability to pay is often an issue. If churches know that they are underpaying their pastors or support staff, reasonable target dates for correcting the situation should be set and implemented.

When hiring additional pastoral staff, it may be beneficial to first evaluate your current pastoral staff salaries within the grid to determine if you are higher or lower. Your new salaries should consider the current salary levels of the existing staff.

Remember that the salary component is only part of your overall compensation plan. If your church has very limited financial resources, providing non-taxable benefits may be of greater financial assistance to staff. For example, a gross salary increase of \$1,000 will net a pastor a much smaller amount after CPP, EI, federal and provincial taxes are paid. By comparison, a \$50 monthly stipend towards a cell phone plan will cost the church \$600 a year and reduces the pastor's personal expenses by \$600 which might be more than received by a \$1000 salary increase after taxes. You should carefully review the CRA guidelines for details of taxable and non-taxable expenses/benefits.

Note: The grid has been composed with the understanding that a pastor may be able to reduce their income tax payments by claiming the clergy residence deduction on their annual tax returns.

#### **Part-time Pastoral Positions**

In many cases, a part-time Associate Pastor may be hired to assist the Lead Pastor. This part-time role might be limited to a specific area within the church. For example, the church may decide to hire a part-time Youth Pastor. The salary grid can be helpful in calculating part-time salaries simply by taking a percentage of salary calculated in the grid. For example, an Associate Pastor working half-time could use 50% of the calculated salary grid value.

**Ontario Conference of MB Churches**  
**2019 Pastoral Salary Grid**

**Pastoral Base Salary for 2019**

**\$ 47,448.00**

**Unit Value for Salary Adjustment - \$ 1067.00**

(2.6% increase based on 2018 CPI and Inflation Rates for Ontario)

A. Experience Units:

1. One unit for each year of experience to maximum of 15 years.
2. Plus: One unit for every three additional years.
3. OR: For related experience use one unit for every 2 years.

B. Education Units:

1. One unit for partial Bible School or college – diploma or no degree
2. OR: Four Units for Bible College or University BA degree
3. OR: Six Units for Graduate Studies – MA
4. OR: TEN Units for MDiv. DMin, MTh;
5. OR: TWELVE Units for PhD, ThD

C. Responsibility Units: Add one unit according to the following chart: The categories are suggestions and can be changed to meet your specific needs.

Average Attendance	Up to 150	151 – 299	300 - 499	500 - 699	700 and up
Solo Pastor	3	4	5	6	7
Lead Pastor of Team (multiple staff)	4	5	6	7	8
Associate Pastor (any ministry)	1	1	2	3	4

D. Extra Responsibility Units for things such as supervising more than 4 staff, overseeing more than two areas of ministry, merit or incentives is discretionary.

E. Regional Cost of Living:

1. Niagara Region - add 2 units
2. Waterloo Region - add 3 units
3. Ottawa Region - add 4 units
4. Greater Toronto Area - add 5 units

**Calculation:**

		<b>Base Salary</b>	<b>\$ 47,448.00</b>
A.	Experience Units	_____ x \$1067. =	_____
B.	Education Units	_____ x \$1067. =	_____
C.	Responsibility Units	_____ x \$1067. =	_____
D.	Extra Responsibility Units	_____ x \$1067. =	_____
E.	Cost of Living Units	_____ x \$1067. =	_____

**TOTAL Salary for 2019 \$ \_\_\_\_\_**

### GUIDELINES FOR USING THE SALARY GRID:

#### Foundational Ideas

1. The Salary Framework uses two basic ideas: (1) a base salary, and (2) salary adjustment units ("*Salary Units*") to build the appropriate salary.
2. The *Salary Units* are distributed across five dimensions under the premise that there is a bias towards experience, with a cap on *Educational Salary Units*.
3. There are two main considerations for a church in establishing pastoral salaries. The first is what the person/position is "worth," with experience/education, etc. The other is what the church can afford. A church can acknowledge that a person/position is worth more than they can pay, but then consider how they could work toward closing the gap.

#### Detailed Explanations

##### A. Experience Salary Units

1. Experience is deemed to be similar experience to the position being considered. For a Senior Pastor, it would be years in senior pastoral ministry, or a position with similar ministry responsibility. One *Salary Unit* is given for every year up to 15, and thereafter one for every three years of comparable ministry.
2. Related experience could be ministry experience, but not in the position being reviewed, related work experience outside the church, etc. One *Salary Unit* is given for every two years of related ministry experience.

##### B. Education Salary Units

1. Select one of five levels that best describes the level of education. The idea of 'equivalency' to a particular degree introduces some flexibility into the educational calculations. For example, a person may not have been awarded a degree, but has completed the same number of years of study in several institutions/programs.

##### C. Responsibility Units

1. When the term "Solo Pastor" is used, it means there is only one person on the pastoral staff.
2. When the term "Lead Pastor" is used, it means that an individual is supervising at least one other pastor on staff.
3. "Associate Pastor" applies to other roles under the lead pastor. The associate roles may not be full-time roles depending on the position.

##### D. Extra Responsibility Units

1. Extra Responsibility Salary Units are awarded when a board wants to recognize that a pastor is being asked to do more than would normally be the case. This may be because some staff positions are unfilled, or the church cannot hire additional staff for some time, but the work needs to be done by someone. It is important to think about the volunteer staff a person oversees in his/her ministry and not just paid subordinates.

##### E. Regional Cost of Living:

1. Adjustments are made to salaries for the higher cost of living in the four regions identified.