

Guidelines for Setting a Pastor's Remuneration. (Feb 2018)



The question of what remuneration a pastor should receive is not always straight forward or easy to determine. We have prepared this paper firstly to bring to attention principles that should provide guidance when setting remuneration, and secondly to provide guidance as to what may be an appropriate level of remuneration.

Guiding Principles

Generosity

The remuneration paid to a pastor should not be paid begrudgingly but with a spirit of generosity, wanting to bless and encourage the pastor, sewing into their lives as they sew into the lives of those they minister to.

Elders who provide effective leadership must be counted worthy of double honor, especially those who work hard in speaking and teaching. 1 Timothy 5:17 (NET)

Affordability

The remuneration given to a pastor should be within the scope of a church's affordability. Tent making is a viable and important option so that the pastor and their family may be provided with a reasonable income that may be in excess of what the church can afford.

For you recall, brothers and sisters, our toil and drudgery: By working night and day so as not to impose a burden on any of you, we preached to you the gospel of God. 1 Thessalonians 2:9

Transparency

The pastor should be seen to be above reproach in relation to the remuneration level that they receive. An important step of transparency is that neither a pastor nor their family members should set their own remuneration.

For we are concerned about what is right not only before the Lord but also before men. 2 Corinthians 8:21 (NET)

Responsibility

Those who benefit from the ministry of a pastor have the responsibility of adequately providing financially for them.

Don't you know that those who serve in the temple eat food from the temple, and those who serve at the altar receive a part of the offerings? In the same way the Lord commanded those who proclaim the gospel to receive their living by the gospel. 1 Corinthians 9:13,14 (NET)

Do we not have the right to financial support? 1 Corinthians 9:4 (NET)

For further reading, we highly recommend "The Pastors Salary Guide" which can be downloaded using the following link:

<http://wealthwithpurpose.com/pastors-salary-guide-ebook/>

Legality

Irrespective of the variables in determining the starting salary for a Pastor, the salary adopted for Pastors should comply with employment requirements and should exceed the minimum national wage set out in the National Employment Standards. Currently this is set at \$694.90 per week (38 hours per week) = \$36,134 +superannuation.

How Much Is Normal For A Pastor To Be Paid?

There are many considerations that will likely influence the level of remuneration that will be appropriate for a particular church and pastor. These considerations may include:

- ability of the church to pay
- size of the church
- level of responsibility
- physical location of church
- length of experience of pastor
- length of service of pastor
- qualifications of pastor
- provision of housing
- expected ministry travelling
- philosophy of ministry
- taxation concessions
- whether the church or pastor is expected to pay for their professional development
- related ministry expenses
- other benefits

Recommendations for A2A Churches to Consider

These recommendations are proposed as the basis for establishing a salary guideline for A2A churches in their employment of A2A Pastors.

A benchmark can be helpful in setting remuneration packages for pastors. The right of local churches to determine remuneration packages is clearly recognised and supported, but at the same time, many church boards are looking for some guidance and assistance in this matter.

In identifying an appropriate benchmark, the objective is to identify an award that reflects local conditions, is easily available, regularly updated, is comparable in responsibilities to that of a pastor, has sufficient range to accommodate a wide variety of churches and would be considered “fair” by the community.

Base Salary:

Based on the key assumption of 70% exempt fringe benefits, 30% cash taxable portion, the following salary guidelines are recommended:

\$75,000 - \$80,000 p.a Full time A2A Credentialed Pastor with Bachelor level ministry qualification and greater than 5 years' experience. (This may be a solo Minister, Associate Minister or Lead Pastor depending on size of the church).

This base salary level of \$75,000 means tax would only \$817 tax would be payable on this salary (take home pay would be \$74,183). This is equivalent to a fully taxed salary comparison of approx. \$98,000 + super.

- minus 15% -20% of base salary for Full time Senior Associate Pastors (ie \$60,000 - \$68,000)
- minus 30-40% of base salary for full time Youth Pastors, Pastors in training (ie \$45,000 - \$56,000)
- + plus 10% of base salary for Lead Pastor of team with larger of Pastors and ministry staff. (ie \$82,500 - \$88,000)

It is important to note that these recommendations are guides only, and that each individual church and their pastor(s) have the right to negotiate outside of these ranges. We do however urge that the principles of affordability, transparency, responsibility and generosity be reflected in setting remuneration levels.

Please also note that the above illustration has used the 70/30 split for illustration purposes only. Saward Dawson state that there is no limit as to the portion of remuneration that can be taken as an exempt, non reportable fringe benefit:

“Exempt benefits provided to religious practitioners by religious institutions in respect of pastoral or religious duties are not subject to the capping threshold applicable to other benefits and organisations and are not required to be disclosed in the recipient’s income tax return.”

<http://www.sawarddawson.com.au/sites/default/files/uploads/pdf/FocusOn/SalaryPackagingReligiousInstitutions.pdf>