2018
Compensation Guidelines
for Professional Church Workers
North Wisconsin District
The Lutheran Church—Missouri Synod

Introduction

Use this guide to help determine compensation and benefits for your congregation's workers. The new base rate reflects the recommendation by the North Wisconsin District Board of Directors.

Scripture has clear words of instruction for us in matters pertaining to the compensation of church workers (I Thessalonians 5:12-13; I Timothy 5:17; Galatians 6:6). The review committee and the congregation should know and understand this counsel. From these passages it is evident that we must treat those who labor in our midst with loving care and respect. Also it is evident that good work deserves good pay. Therefore the matter of merit should receive serious attention.

> **2018 Compensation Base Rate**
> **$36,476**
> **2.4% Increase from 2017**

Standard IRS automobile mileage rate effective 1/1/17 is 53.5¢ per mile. Please note these rates change yearly; please check the District website at www.nwdlcms.org for updates.

I. ORGANIZATION
  - ➢ Pray often for God's blessing on your task.
  - ➢ Appoint a special committee to study salaries and benefits for all workers in your midst. You will want to include members of your boards of: education, elders, stewardship and other appropriate boards and committees. Your pastor(s) and principal might also be advisory members of this committee.
  - ➢ Collect materials, resources and statistics that include the following information (but does not exclude additional information):
    - o North Wisconsin District Compensation Guidelines for Professional Church Workers.
    - o Your present salary and benefit schedules and policies.
    - o Local public school salary and benefit information.
    - o Other statistical information about your community (available at such locations as your local public or college libraries, city hall, county courthouse, chamber of commerce, public utilities). You may want to look for information, for example, on how your community or county compares to others in the area.

II. STUDY
Consider the following:
  - ➢ The purpose and mission of your congregation (association) and its ministries including the Christian day school where one exists.
  - ➢ A careful and honest evaluation of present salaries and benefits offered to your workers. (The guidelines provide a tool for comparison.)
  - ➢ A comprehensive study of job descriptions, responsibilities, expectations and division of tasks among staff persons.
  - ➢ A thorough comparison of community statistical information including salaries and benefits paid in your local public schools and other professional personnel. (Check your local library for sources.)
  - ➢ A review of your congregation's (association's) financial resources, funding patterns and capabilities.
  - ➢ A study of alternative funding sources including tuition, third source funding, establishing a foundation to benefit the educational program, fraternal agencies and other opportunities which may be unique to your congregation and community.
  - ➢ A study of the salary and benefit suggestions of the North Wisconsin District.

III. ACTION
  - ➢ Establish a plan for coordinating your findings with the salary and benefit suggestions of the North Wisconsin District.
  - ➢ Consider a plan for implementation which will effectively install your guidelines over a period of time (for example 85% of goal in the first year, 92% in the second year and 100% in the third year).
  - ➢ Share the specifics of their personal salary and benefit packages with each of your workers (salary, Concordia Plans, other benefits). A sample form is included at the end of this booklet.
  - ➢ Continue to pray for God's blessings on the pastoral, educational and outreach ministries to congregation (association) and community.

Step 1: Determine your congregation's base rate or use the North Wisconsin District recommended base compensation of $36,476 for 2018.

Position Columns: All positions are rostered unless specified. The following are recommendations for calculating compensation rates. The congregation needs to use the teacher designations to fit its local situation. Teacher non-rostered may be Synod-trained but has chosen not to be on the roster; Level I is a beginning teacher; Level II is 18 hours beyond the BA with state teaching license; and Level III is a Master's degree with state teaching license.

Multiply the base rate times the correct multiplier in the table below for position and years of service.

	Base Compensation Rate $36,476														
								Teacher							
							Level 1 BA		Level 2 BA + 18 hours		Level 3 MA			
	Pastor		DCE		Non-Rostered								Principal	
Years	%	$	%	$	%	$	%	$	%	$	%	$	%	$
0	1.400	51,066	1.100	40,124	0.900	32,828	1.000	36,476	1.059	38,628	1.089	39,722	1.220	44,501
1	1.438	52,452	1.136	41,437	0.929	33,886	1.032	37,643	1.093	39,868	1.123	40,963	1.255	45,777
2	1.476	53,839	1.172	42,750	0.958	34,944	1.064	38,810	1.127	41,108	1.158	42,239	1.290	47,054
3	1.514	55,225	1.208	44,063	0.987	36,002	1.096	39,978	1.161	42,349	1.193	43,516	1.325	48,331
4	1.552	56,611	1.244	45,376	1.016	37,060	1.128	41,145	1.195	43,589	1.228	44,793	1.359	49,571
5	1.590	57,997	1.280	46,689	1.045	38,117	1.160	42,312	1.229	44,829	1.263	46,069	1.394	50,848
6	1.623	59,201	1.315	47,966	1.074	39,175	1.192	43,479	1.262	46,033	1.298	47,346	1.429	52,124
7	1.656	60,404	1.350	49,243	1.103	40,233	1.224	44,647	1.296	47,273	1.332	48,586	1.464	53,401
8	1.689	61,608	1.385	50,519	1.132	41,291	1.256	45,814	1.330	48,513	1.367	49,863	1.499	54,678
9	1.722	62,812	1.420	51,796	1.161	42,349	1.288	46,981	1.364	49,753	1.402	51,139	1.534	55,954
10	1.755	64,015	1.455	53,073	1.190	43,406	1.320	48,148	1.398	50,993	1.437	52,416	1.569	57,231
11	1.782	65,000	1.480	53,984	1.214	44,282	1.344	49,024	1.423	51,905	1.463	53,364	1.604	58,508
12	1.809	65,985	1.505	54,896	1.238	45,157	1.368	49,899	1.449	52,854	1.489	54,313	1.635	59,638
13	1.836	66,970	1.530	55,808	1.258	45,887	1.392	50,775	1.474	53,766	1.515	55,261	1.666	60,769
14	1.863	67,955	1.555	56,720	1.278	46,616	1.416	51,650	1.500	54,714	1.541	56,210	1.696	61,863
15	1.890	68,940	1.580	57,632	1.298	47,346	1.440	52,525	1.525	55,626	1.568	57,194	1.728	63,031
16	1.910	69,669	1.590	57,997	1.305	47,601	1.448	52,817	1.534	55,954	1.576	57,486	1.756	64,052
17	1.930	70,399	1.600	58,362	1.312	47,857	1.456	53,109	1.542	56,246	1.585	57,814	1.772	64,635
18	1.950	71,128	1.610	58,726	1.319	48,112	1.464	53,401	1.550	56,538	1.594	58,143	1.784	65,073
19	1.970	71,858	1.620	59,091	1.326	48,367	1.472	53,693	1.559	56,866	1.602	58,435	1.795	65,474
20	1.990	72,587	1.630	59,456	1.333	48,623	1.480	53,984	1.567	57,158	1.611	58,763	1.804	65,803
21	2.000	72,952	1.634	59,602	1.337	48,768	1.486	54,203	1.574	57,413	1.618	59,018	1.812	66,095
22	2.010	73,317	1.640	59,821	1.343	48,987	1.492	54,422	1.580	57,632	1.624	59,237	1.819	66,350
23	2.020	73,682	1.647	60,076	1.348	49,170	1.498	54,641	1.586	57,851	1.631	59,492	1.827	66,642
24	2.030	74,046	1.653	60,295	1.354	49,389	1.504	54,860	1.593	58,106	1.637	59,711	1.833	66,861
25	2.040	74,411	1.660	60,550	1.359	49,571	1.510	55,079	1.599	58,325	1.644	59,967	1.841	67,152
26	2.050	74,776	1.667	60,805	1.364	49,753	1.516	55,298	1.606	58,580	1.650	60,185	1.848	67,408
27	2.060	75,141	1.674	61,061	1.370	49,972	1.522	55,516	1.612	58,799	1.657	60,441	1.856	67,699
28	2.070	75,505	1.680	61,280	1.375	50,155	1.528	55,735	1.618	59,018	1.663	60,660	1.863	67,955
29	2.080	75,870	1.687	61,535	1.381	50,373	1.534	55,954	1.625	59,274	1.670	60,915	1.870	68,210
30	2.090	76,235	1.693	61,754	1.386	50,556	1.540	56,173	1.631	59,492	1.676	61,134	1.877	68,465
31	2.100	76,600	1.700	62,009	1.391	50,738	1.546	56,392	1.637	59,711	1.683	61,389	1.885	68,757
32	2.110	76,964	1.706	62,228	1.397	50,957	1.552	56,611	1.644	59,967	1.689	61,608	1.892	69,013
33	2.120	77,329	1.713	62,483	1.402	51,139	1.558	56,830	1.650	60,185	1.696	61,863	1.900	69,304
34	2.130	77,694	1.720	62,739	1.408	51,358	1.564	57,048	1.656	60,404	1.703	62,119	1.907	69,560
35	2.140	78,059	1.726	62,958	1.413	51,541	1.570	57,267	1.663	60,660	1.709	62,337	1.914	69,815
36	2.150	78,423	1.733	63,213	1.418	51,723	1.576	57,486	1.669	60,878	1.716	62,593	1.922	70,107
37	2.160	78,788	1.739	63,432	1.424	51,942	1.582	57,705	1.675	61,097	1.722	62,812	1.929	70,362
38	2.170	79,153	1.746	63,687	1.429	52,124	1.588	57,924	1.682	61,353	1.729	63,067	1.936	70,618
39	2.180	79,518	1.752	63,906	1.435	52,343	1.594	58,143	1.688	61,571	1.735	63,286	1.943	70,873
40	2.190	79,882	1.759	64,161	1.440	52,525	1.600	58,362	1.694	61,790	1.742	63,541	1.951	71,165

Step 2: Adjustments to the Base Compensation Determine if any of the following apply. Add the applicable percentages to the multiplier as indicated by position column and years of service. Multiply the base compensation by this multiplier. Example: a pastor with 0 years' experience with a dual parish: 1.4 + .10 = 1.5; 1.5 x $36,476 = $54,714. This is the total compensation prior to deductions for a parsonage or teacherage.

Senior Pastor: Add a percent based on the degree of added responsibility (5%-20%). The congregation may choose a percent based on the membership size, worship size, or number of services.

Dual Parish: Add a percent based on the degree of added work (5%-20%).

Advanced Degrees: Apply a percent for each earned degree above the level required to hold the position (5%-20%). Pastor: M.DIV; DCE and teacher BA or BS.

10-Month Contract: Determine annual salary by multiplying a 12-month salary by the factor shown (10/12).

FICA – Social Security: Ordained and commissioned ministers are considered self-employed and pay self-employment tax. Reimbursing the worker for all or part of the cost is considered a taxable benefit. Congregations are encouraged to pay ½ of the amount of Social Security tax, either directly to the worker or to the IRS. This becomes taxable income to the worker.

Merit Consideration: A performance appraisal should form the basis for compensation decisions. The appraisal should preferably be accomplished six (6) months prior to making compensation decisions. Keep in mind that no single individual possesses gifts in all areas of concern to the ministry. A pastor's overall effectiveness can be good even if certain weaknesses exist; especially if the pastor recognizes these weaknesses and works out some way to compensate for them.

Related Life Experience: Prior service within the LCMS should be considered when granting seniority for pay, vacation, and personal time off. It is recommended that credit be given for one year of life experience for each year beyond the chronological age of 30.

Step 3: Housing Housing is part of the total compensation. The table *Salary Guidelines* includes the housing allowance. The congregation must designate the housing allowance for each called worker, to be declared before the next fiscal year begins. A percentage of the salary may be designated as housing allowance. For more information see ***The LCMS Congregational Treasurer's Manual***, Chapter 2. The manual is available online at www.nwdlcms.org. Click on *Financial Resources.*

If a parsonage is provided by the congregation, the housing figure should be determined by the fair market rental value of the property.

Step 4: Non-Salary Benefits Consider making policies for the following items:

Vacation: The congregation should have a policy to determine vacation for full-time workers.

Years of Service	Days of Vacation
1-3	14
4-10	21
11-25	28
25 +	35

Personal Days: The congregation should have a policy to determine personal days for full-time workers. A suggested benefit is: one year of LCMS service, one per year; two years' service, two days; three years, three days up to five days per calendar or school year.

Concordia Plan Services: There are specific guidelines Concordia Plan Services has for the enrollment of a congregation's employees. Contact Concordia Plan Services to make sure your congregation is in compliance. It is suggested that one individual in each congregation become familiar with all aspects of Concordia Plan Services, and is able to answer questions workers and leaders may have concerning Concordia Plan Services. Go to www.concordiaplans.org for additional information. Congregations pay the cost of participating in the Concordia Plan Services or other plans and are encouraged to pay the workers' and their families' share of health coverage.

Military Duty: Reservists need to be granted a leave of absence during active duty or weekend duty at 100% of normal salary less any military compensation.

Tax Sheltered Annuity or IRA: If a congregation provides a TSA for a worker separate from any amount withheld from income, it is a church expense and not direct compensation.

Home Equity Support: In prior years, the NWD encouraged congregations to provide a Home Equity Plan (HEP) when a home was provided for the worker. However, significant changes in the federal law now make this illegal and all congregations had to stop this practice as of December 31, 2004. Previously deferred HEP funds (on or before December 31, 2004) and earnings on these funds are unaffected. The congregation can still provide to the worker additional annual compensation which the worker can deposit in a tax-sheltered annuity, a traditional IRA, or a Roth IRA. Another option would be for the congregation to increase the salary of the worker by an amount equal to the former home equity contribution.

Step 5: Church Business Expenses Tax laws require a close accounting of expenses. Congregations should have a reimbursement system and policies for professional expenses.

Automobile: The congregation should operate on a reimbursement plan where the worker records mileage and submits a request for reimbursement at the current IRS cents per mile rate. (For the current rate contact the IRS at 800-829-1040 or the district website at www.nwdlcms.org.) Click on *Resources & Financial Resources.*

Books, Periodicals, Continuing Education: These are normally church budget items. Congregational policies should reflect how the worker submits a request for a check, an invoice for payment, or paid invoices for reimbursement for out-of-pocket expenses. Continuing education benefits are an important part of your workers' professional development. Congregations are strongly encouraged to make continuing education a high priority for church workers, and should support professional development opportunities. These policies need to be shared with new workers and written in an employee handbook.

Conventions and Conferences: These are part of church business and the congregation should cover all costs. This should include travel, lodging, meals, and registration. The amount should be determined in consultation with the worker as a church budget item. Attendance requirements: *Bylaws of The Lutheran Church—Missouri Synod, 4.8.2. (d),* page 194 reads as follows:

"(d) All ordained and commissioned ministers on the district rosters are expected to attend meetings of their official conference or present a valid excuse.
> *(1) Attendance at the official conferences shall be obligatory for ordained and commissioned ministers serving in congregations and parishes.*
> *(2) Those whose offices in the Synod, district, or other agency impose professional or service requirements on which full and regular conference attendance makes undue demands shall, nevertheless, in consultation with their supervisory boards, arrange for their own official conferences in accordance with policies established by their supervisory boards."*

Retreats and Sabbaticals: The 2007 Convention of the Lutheran Church—Missouri Synod resolved that the concept and use of sabbaticals be encouraged among the congregations and agencies of the Synod. In keeping with that resolve the North Wisconsin District has developed Sabbatical Guidelines, approved by the Board of Directors, to help congregations as they seek to care for the well-being of their church workers. You may access the Sabbatical Guidelines at the district website at www.nwdlcms.org.

Preschool Directors, Teachers, Aides, and Childcare Workers: The work of these individuals is significant in the congregations they serve. The following are suggestions for determining their equitable salary. Clear policies need to be in place for determining those salaries and benefits. Salary determination should not be perceived as subjective or arbitrary.

Steps:
1. Determine Base Salary
2. Determine multiplier from guidelines that reflects position and years of experience.

3. Determine percentage of the full-time week a worker is expected to provide. Example: five half days would result in a .5 factor.
4. Find the worker's salary by multiplying that factor times the salary determined in Step 2.
5. Teacher aides' salary can be determined in the same manner as in steps 2-4 and multiplying that by a factor that would reflect less responsibility. For example: .5 or .75 for an aide with teaching or additional duties.
6. For directors consider using the principal column to determine salary. If the director teaches half-time with administrative duties half-time, consider determining half of appropriate teacher salary and half appropriate administrator salary and combining them.

Step 6: Special Circumstances Budget Items

Vacancy Coverage: A position becomes vacant when the worker leaves, resigns, or becomes incapacitated. Please check with Concordia Plan Services as to when and under what circumstances an enrolled worker becomes eligible for disability payments and unable to assume their duties.

It is recommended that the salary of the person filling the vacancy be determined according to your current policies and guidelines. Simply, what would that individual's salary be if he or she would be called or contracted to the vacated position?

The vacancy workers assume agreed upon duties of the vacated position. When will the vacancy begin and when will it end? Having something in writing concerning duties, beginning and ending dates, and compensation is highly recommended. If the vacancy worker is assuming 100% of the vacant position's duties, he or she should be compensated 100%; if 50% then compensated 50%. Mileage should be paid according to your policies for the vacant position. Vacancy compensation excludes Concordia Plan Services benefits.

Guest Preacher Fee: Provide prompt payment for this service.

- One service = $141 plus IRS mileage
- Two services and a Bible class = $226 plus IRS mileage

Questions concerning these guidelines can be submitted to Rev. William Plautz, Chair, Administrative Services Committee at 715-723-7754 or email at wplautz@faithlutherancf.org.

WORKSHEET FOR COMPUTING COMPENSATION AND EXPENSES
FOR PROFESSIONAL CHURCH WORKERS

_____
WORKERS NAME

_____
YEARS OF EXPERIENCE

_____
HIGHEST DEGREE

A. BASE SALARY (Step 1)
Basic Cash Salary $_____

Housing/Parsonage Allowance $_____

Fair Market Rental Value of Parsonage $_____

B. ADJUSTMENTS (Step 2)
Senior Pastor $_____

Dual Parish $_____

Advanced Degree $_____

10-Month Contract (Teacher Only) $_____

FICA-Social Security $_____

Related Life Experience $_____

TOTAL $_____

C. NON-SALARY BENEFITS (Step 4)
Concordia Plan Services $_____

Tax Sheltered Annuity or IRA $_____

Home Equity Support $_____

TOTAL $_____

D. CHURCH BUSINESS EXPENSES (Step 5)
Automobile $_____

Books, Periodicals, Continuing Education $_____

Conventions & Conferences $_____

IRS Housing Declaration @ % of _____ as determined by congregation.