Get the most out of every dollar.



COMPENSATION PLANNING FOR PASTORS

Pastors have an important job. The balancing act is demanding and never stops. This is why GuideStone® wants to work with you to support your pastor(s) and equip your church in the area of financial resilience. As you begin next year's planning process, you will want to make the most of every dollar your church invests into every facet of your ministry. Your pastor's salary is no different.

As a church, you have the difficult challenge of taking care of those who serve on your staff, while also seeking to be good stewards of limited financial resources. GuideStone wants to help provide guidance in your pas-

tor's compensation planning. Unfortunately, many pastors are losing out on cash earnings because of the way their benefits are bundled. Most churches choose to compensate their pastors in one of two ways:

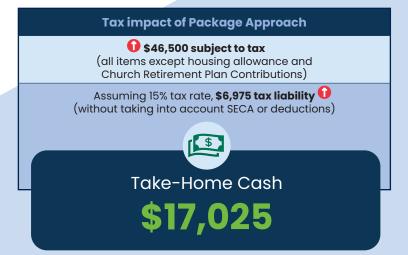
Package Approach \$



Not recommended

The church sets aside money to pay their pastor but then tasks him with the responsibility of allocating salary dollars toward insurance payments or retirement contributions on his own. This can lead to financial hardship for the church if a minister does not set aside a portion for his insurance coverage. Plus, it can distort the amount of actual income available for his family, leading to potentially higher taxes but less cash salary.

| PACKAGE APPROACH | |
|---|---------------------|
| Cash salary, net of housing allowance | \$24,000 |
| Housing allowance | \$12,000 |
| Medical insurance premiums paid by minister | 9 \$19,000 |
| Church Retirement Plan Contributions | 9 \$6,500 |
| Car expenses (nonaccountable plan) | > \$1,250 |
| Business & travel expenses (nonaccountable plan) | 9 \$1,500 |
| Ministry expenses (nonaccountable plan) | 9 \$250 |
| Continuing education expenses (nonaccountable plan) | 9 \$500 |
| Church Spends \$65,000 🗸 | |





Salary & Benefits Approach 🚳

Recommended

The church assumes the responsibility of paying for the entire benefits package - still providing the same amount of compensation — but the pastor takes home more at the end of the day since some line items - including his benefits are excluded from taxes or are designated for other purposes such as his housing allowance.



SALARY & BENEFITS APPROACH

| Cash salary, net of housing allowance | 3 \$24,000 |
|--|-------------------|
| Housing allowance | \$12,000 |
| Medical insurance premiums paid by church | 9 \$19,000 |
| Retirement plan paid by church contributions | 9 \$6,500 |
| Car expenses (accountable plan) | \$1,250 |
| Business & travel expenses (accountable plan) | 91,500 |
| Ministry expenses (accountable plan) | 9 \$250 |
| Continuing education expenses (accountable plan) | 9 \$500 |

Church Spends \$65,000 🗸

Tax impact of Salary & Benefits Approach

\$24,000 subject to tax (only cash salary)

Assuming 15% tax rate, \$3,600 tax liability U (without taking into account SECA or deductions)



Take-Home Cash

\$20,400



Knowing what tax strategies to use is pivotal

to develop a comprehensive financial plan for the benefit of your ministry. Visit GuideStone.org/CompensationPlanning, call GuideStone Customer Solutions at 1-888-98-GUIDE (1-888-984-8433) or email Info@GuideStone.org to request a copy of the Compensation Planning Guide.

