Church Planter Compensation Package Formation Guidelines:

Who sets the church planter's compensation? The Presbytery MNA Committee or the commission designated to oversee the mission church sets the compensation terms for the church planter. The presbytery MNA Committee or the commission should be actively involved in the process prior to the pastor reaching the point where he is counting on a compensation level that may or may not be approved. The church planter does not set his own compensation. General Assembly MNA does not set his compensation. *Any review or consultation by General Assembly MNA staff should never be construed as approval;* ***the presbytery is solely responsible for setting the church planter's compensation and should be fully satisfied that the compensation falls within limits acceptable to the presbytery.*** Determining the compensation of the church planter requires a process of taking several guidelines into account in order to come to a conclusion.

What is included in a church planter's compensation package? At a minimum, total compensation to the church planter includes salary, housing allowance, health insurance, retirement contributions (10% of salary and housing is the most common guide), disability insurance and vacation time. ***The housing allowance must be approved, by motion of the presbytery, prior to the time it takes effect,; it cannot take effect retroactively.***

If the church planter can successfully raise the funds, can he set his compensation at whatever level he wants, or at least set generous compensation that will be covered by the funds raised? For church planters who serve in middle to affluent income communities, the current tendency is toward believing that they should live in the heart of an affluent community and that one income should compensate them sufficiently to live a lifestyle similar to the other families in the affluent community. There are biblical themes by which such a perspective should be evaluated; in addition to biblical themes, certain pragmatic realities must be faced:

1. The reality that even wealthy, large and well *established churches cannot afford to pay pastors in the range of the typical household income* in the more affluent communities of North America, especially if the spouse is not employed. For many such PCA churches, the pastor is not compensated at a level comparable to the higher incomes or even typical incomes of the families he serves.
2. The reality that the *typical family income does not increase at nearly the rate of the cost of housing in the high housing cost areas*. See the median income chart below at the end of this section. For example, Boston's median income is lower than Raleigh's, yet housing costs in Boston are several times higher than the cost of Raleigh housing. People live far more simply and downsize their housing in the larger metro areas where housing costs are sharply higher.

3. The reality that many church planters have no *home equity*, and often have *educational debts*. Thus, if they expect to have housing and disposable income comparable to affluent people in their community, once again they will drive their compensation to a level the congregation cannot afford.
4. The reality that *a congregation may not be able to support its own budget* if the church planter/pastor's compensation is too high. Consideration must be given to the ability of the congregation to include benevolent support as a part of its budget, in addition to covering the minimum local congregational costs. In the early days of the PCA, many church planters talked of attempting to give away 50% of the church's income. Today, giving away 10% is often discussed as presenting a major challenge.
5. The reality that *beginning with multiple staff* adds substantially to the mission church budget but does not necessarily produce faster growth. Team leadership is increasingly sought after as the ideal way to begin a church. In fact, especially if one or more of the additional staff members are full time, team leadership cannot be adequately supported by a new church that grows at an average rate (100 attending after 4 years is the current average).
6. The reality that there is no compelling need to *live in the target area*. Once again, for established churches, the pastor often cannot afford to live in the target area. Even when the church planter lives in a neighboring community, he can effectively lead the church plant.

The following criteria are recommended as guiding factors in setting church planter compensation.

Criteria 1: Typical compensation of a public school teacher with a masters degree and 10 years of experience (regardless of the church planter's years of experience). In most middle income to affluent communities, compensation that the congregation can afford to pay often lands in this range.

Criteria 2: Median housing cost in the target community. For the purpose of determining median housing cost, the target community should be defined as the total maximum parish and not limited to the most affluent neighborhoods. The entire zip code is most often the best definition of the parish for this purpose.

Criteria 3: Median household income in target community. Again, the target community should be defined as the total maximum parish and not limited to the most affluent neighborhoods; use the entire zip code as the starting point. Determine what role working spouses will play in determining compensation. If the typical household has two incomes and the church planter's wife will not be employed, that may be reason to increase the compensation; however, all of the cautions of the preceding discussion regarding affordability must be taken into account. Church planting families may need to be prepared for a less affluent life style if the wife is not employed. This is not necessarily different from other families in the community; many families have husbands whose work is as challenging as that of a church planter and still does not pay very well; many such families live on one income only.
May an individual, core group or a volunteer consortium provide funds for a down payment for a house for the church planting family? Yes. However, several guidelines must be followed. Funds provided must be a loan that is paid back, or else such funds must be reported as taxable income to the church planter; that is, a loan may not be made and then

forgiven with no tax consequences to the church planter. Another alternative is for a consortium to share in the equity of the house over time in equal proportion to the money contributed. In this case, none of the funds can be channeled through the church budget – it must remain a separate transaction or agreement between the consortium and the church planter. An advantage of this approach is that it offers the opportunity to extend the same financial assistance to the next pastor. A sum of money used for a down payment on a house should not be included in the church planter's compensation package. ***It also must be reported to IRS as taxable income to the church planter. If donations are sought for a down payment, they must be solicited as separate funds from the main project support, and they must be designated by the donor as a gift for housing down payment.*** *See Richard Hammar's Church and Clergy Tax Guide for restrictions on amount given to the church planter and the tax deductibility of such donations.*