2027

Pastoral Leaders

Minimum Compensation Guidelines Handbook

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Quick Start Guide

1. Find church membership size
2. Find education level
3. Find years of ministry experience
4. Locate minimum Compensation Base Salary on the grid (pp. 6-7)
5. Add:
    a. Pension
    b. Insurance
    c. Professional expenses
    d. Leave benefits
6. Complete the Total Compensation Worksheet (pg. 11)

2027 Updates

- The suggested compensation increase comes from the 2027 Cost of Living Allowance of 3.6% rounded to the nearest dollar.
- Guidance on sabbatical leave models.
- Improved user-friendly design.

Why Does Fair Compensation Matter?

Pastoral Leaders help to lead worship, visit people when they are sick, teach about faith, counsel families, and serve their communities. Just like teachers, doctors, and other workers, pastors need enough income to take care of themselves and their families.

Pastoral Leaders help guide congregations, and the local church must make sure the pastor has the support needed to do the job well.

That support includes:

- Fair compensation for their work and expertise
- A place to live or money for housing
- Health insurance
- Retirement savings
- Money for work-related expenses

- Time off to rest and learn new things

A church and its Pastoral Leader are partners in ministry. Just as pastors care for the church, churches should care for their pastors. Fair pay, good benefits, professional support, and time for rest help Pastoral Leaders stay healthy, serve well, and build strong congregations.

When churches provide this support, everyone benefits. The Pastoral Leader can focus on ministry, and the congregation can focus on living out its faith.

Compensation Philosophy

Churches should provide compensation that allows Pastoral Leaders to live with reasonable financial security and reflects the education, experience, and responsibilities of their profession. These guidelines establish minimum expectations. They should not be interpreted as average, recommended, or maximum compensation levels.

Key Terms at a Glance

- **Cash Compensation:** The portion of pay provided in cash (or monetized cash equivalent for non-cash items such as housekeeping and in-kind gifts).
- **Monetized Cash Equivalent:** The market value of non-cash compensation converted to dollars (housekeeping / in-kind gifts valued at local rates).
- **Compensation Base Salary:** Cash Compensation + Furnishings/Housing Allowance + Social Security Offset.
- **Housing Allowance:** Allowance paid when a Pastoral Leader rents or owns their home; should reflect local fair rental value (furnished) plus utilities / maintenance; minimum recommended is not less than 30% of cash salary.
- **Parsonage:** Church-provided housing; value, maintenance, and utilities should be treated as monetized cash equivalents when understanding total compensation.
- **Furnishings Allowance:** For Pastoral Leaders living in a parsonage, a designated portion of salary (typically up to 10%) for parsonage-related expenses; not subject to income tax when used for eligible costs.

- **Parsonage Equity Plan:** Annual contribution ($3,500–$5,500 recommended) to help pastors build home equity when living in a parsonage or renting; paid upon departure.
- **Social Security Offset:** Pastoral Leaders are considered self-employed for Social Security (12.4% SE tax up to the wage base). Congregations are urged to provide an allowance of 6.2% to share this burden; pastors report it as income.
- **Salary Base (Pension):** Used for calculating UCC annuity contributions; see Pension section for formulas.

Total Pastoral Package

The total pastoral package consists of components: Compensation Base Salary, Insurance Benefits, Professional Expenses, and adequate Paid Leave.

It is important to distinguish between the Compensation Base Salary and the Total Pastoral Package. The Compensation Base Salary represents direct compensation to the minister. The Total Pastoral Package includes compensation, benefits, professional expenses, and paid leave.

Compensation Base Salary

The Compensation Base Salary consists of three elements:

- Cash Compensation
- Housing/Furnishings Allowance
- Social Security Offset

Each of these components is explained below.

Cash Compensation

Cash compensation includes salary and any monetized cash equivalents. For non-cash compensation (housekeeping and in-kind gifts), use local market rates multiplied by frequency to compute a dollar value. Example: In Honolulu, if housekeeping for a two-bedroom home averages $200 per cleaning and occurs monthly, annual monetized cash equivalent = $200 × 12 = $2,400.

Housing

- **Option A: Church-Provided Parsonage**
  The Church Provides:
  - Housing

Parsonages should be well maintained, adequately sized, and include modern appliances.

- Utilities

  Heating/cooling, light, water, garbage collection, yard maintenance, basic telephone

- Regular Maintenance

  The parsonage is regarded as the pastor's private home while the pastor is the active minister serving the church. Regular upkeep is the duty of the church.

Additional Recommendations:

- Furnishings Allowance:

  Pastoral Leaders in parsonages may designate a furnishings allowance (typically up to 10% of salary) for parsonage-related expenses, which can be excluded from income taxes when used for eligible costs.

- Parsonage Equity Plan

  To offset the inability to build home equity while living in a parsonage or renting, churches should establish a home equity fund. Recommended contribution: $3,500–$5,500 per year, held in trust and provided to the Pastoral Leader upon departure from the congregation.

- **Option B: Housing Allowance**
  - For Pastoral Leaders who own or rent, provide a housing allowance reflecting local market conditions.

    Minimum recommended allowance: fair rental value (furnished) of suitable properties in the local market plus utilities and maintenance, and not less than 30% of cash salary.
  - For tax purposes, the usable housing allowance equals the smallest of:
    1. the amount designated in advance
    2. actual housing expenditures
    3. fair rental value of the furnished home.

- **Hawai'i Housing Considerations**
  Housing is a problematic in Hawai'i. **The Conference strongly encourages congregations to explore church-leased housing when a parsonage is unavailable.** The lease remains in the church's name which continues to pay rent while the pastor utilizes the property as they would a parsonage. In this scenario the rental funds would appear in the base salary as housing.

Social Security Offset

Pastoral Leaders are classified as self-employed for Social Security. The 2026 SE tax rate for Social Security is 12.4% up to the wage base. Congregations are urged to provide an allowance of approximately one-half (about 6.2%) of the pastor's Social Security tax. Pastors must report this allowance as taxable income.

Using the Compensation Grid

Identify your church membership size. 2) Select the Pastoral Leader's education level. 3) Choose the appropriate years of experience. The table shows the **minimum full-time Compensation Base Salary**. For part-time roles, apply the percentage reduction (see Part-Time Compensation).

Example: A church with 175 members calling a full-time pastor with a master's degree and ten years of experience would begin with a minimum Compensation Base Salary of $72,517.

2027 Pastoral Leaders' Minimum Compensation Grid

No. of Church Members	Level of Education	Entry in Ministry	5 Yrs. Experience	10 Yrs. Experience	15 Yrs. Experience	20 + Yrs. Experience
<75	Undergraduate or less	$51,835	$54,268	$56,701	$59,535	Add
	Master	$57,918	$60,351	$62,784	$65,217	1%
	Doctorate	$64,001	$66,434	$68,867	$71,300	for
75-149	Undergraduate or less	$55,484	$57,981	$60,352	$62,784	
	Master	$61,568	$64,001	$66,434	$68,867	
	Doctorate	$67,650	$70,084	$72,517	$74,950	each
150-249	Undergraduate or less	$59,735	$61,568	$64,001	$66,434	
	Master	$67,650	$70,084	$72,517	$74,950	
	Doctorate	$73,733	$76,166	$78,599	$81,032	additional

250-349	Undergraduate or less	$62,784	$65,217	$67,650	$70,084	
	Master	$73,733	$71,666	$78,599	$81,032	
	Doctorate	$79,816	$82,249	$84,682	$87,155	year
350-449	Undergraduate or less	$66,434	$68,867	$71,300	$73,733	
	Master	$79,816	$82,249	$84,682	$87,115	
	Doctorate	$85,899	$88,332	$90,765	$93,198	of
450-549	Undergraduate or less	$70,084	$72,517	$74,950	$77,383	
	Master	$85,899	$88,332	$90,765	$93,198	
	Doctorate	$91,981	$94,414	$96,848	$99,281	experience
>550	Undergraduate or less	$75,733	$76,166	$78,599	$81,032	
	Master	$97,981	$94,414	$96,848	$99,281	
	Doctorate	$98,064	$100,497	$102,930	$105,363	

Part-Time Compensation

- If your congregation cannot fund a full-time role, reduce the full-time minimum by the compensated fraction of time.
  - ¾-time: reduce by 25%
  - ½-time: reduce by 50%
  - ¼-time: reduce by 75%

- **Scope of work:**
  - ¾-time typically includes worship, pastoral care, and one missional item
  - ½-time includes worship and pastoral care
  - ¼-time includes worship only OR pastoral care only

Associate, Interim, and Supply Pastors

- *Associate Pastor*: recommended salary is 75% of the senior pastor's compensation for comparable education and experience.
- *Interim Pastor*: full-time interim ministers are paid on the same scale as full-time pastors; part-time compensation is proportional to time served, with benefits and expenses consistent with UCC guidelines.
- *Supply Pastor*: recommended occasional pulpit supply is a minimum of $270 plus mileage per worship service.

Benefits

Pension (UCC Annuity Fund)

Recommended participation level: 14% of the compensation salary base.

1. Compensation Salary Base
2. Pension salary base = salary base × 130%
3. Annual pension = pension salary base × 14%

Example (compensation salary base = $65,000):

- Compensation Salary Base: $65,000
- Pension salary base: $65,000 × 1.3 = $84,500
- Annual pension: $84,500 × .14 = $11,830

Insurance

- **Health Insurance:** churches are recommended to pay 100% of premiums for the most comprehensive medical and dental plans offered.
- **Life & Disability (Family Protection Plan):** recommended premium is 1.5% of Cash Compensation and Housing Allowance; continue salary for three months in case of disability or death until plan coverage begins.
- **Professional Malpractice (Liability) Insurance:** recommended for all churches to protect pastors in counseling-related claims.
- **Tenant's Insurance:** recommended for pastors living in a parsonage.

Time Away and Renewal

- **Vacation:** At least 4 paid weeks annually. Plus, two sabbatical days per week (8 days per month) for rest and renewal
- **Sick Leave:** Paid coverage during temporary illness. Short/Long-term disability begins after 1 and 6 months according to the Pension Boards plan.
- **Family Medical Leave:** Pay varies as per the Family Medical Leave Act (1993). Comply with FMLA for childbirth, adoption, elder care, etc.
- **Bereavement Leave:** Paid 7 days. Additional is by arrangement or use of vacation.
- **Sabbatical Leave:** The Conference Office encourages one of the following for the rest and rejuvenation of Pastoral Leaders.
    - The standard practice of the United Church of Christ of a three-month paid sabbatical following a minister's fifth year of service, with

the expectation of at least one additional year of ministry with the congregation upon return.
    - Recognizing the financial realities of some smaller congregations, an alternative model allows for three paid one-month sabbatical leaves, in addition to vacation time, to be taken during years three through five of ministry. Any unused sabbatical leave is forfeited if the minister's service concludes before it is utilized.
    - Whether taken as a single leave or in segments, the structure and timing of sabbatical leave needs to appear in the call agreement to indicate formal agreement.

Continuing Education

Provide at least two weeks of annual leave and an allowance of $1,450 for continuing education. Report learning outcomes to appropriate leadership. Allowances should accrue year-to-year.

Professional Expenses

Professional expenses are operating costs of the church and should be reimbursed or paid directly. They are not additional tax-free compensation. To prevent adverse tax outcomes, churches should reimburse all ministry-related costs. **Rember professional expenses are church operating expenses and should not be treated as clergy compensation.**

- Automobile: consider leasing or reimburse mileage at least equal to the IRS per-mile rate; submit detailed records.
- Books & Periodicals: provide a minimum allowance of $360 annually; submit detailed records.
- Conference/Association Expenses: pay non-reimbursed costs for required attendance and service on committees; participation is not vacation or personal leave.
- Background Check: reimburse required criminal background check upon call.
- Other Professional Expenses: stationery, telephone, computer maintenance, postage, professional dues, and official hospitality.

Since professional expenses are not additional tax-free compensation. To prevent adverse tax outcomes, churches should reimburse all ministry-related costs.

Reimbursement Plans

Written reimbursement plans or Flexible Spending Accounts can cover additional expenses not paid by health/dental plans. Plan rules: (1) set a specific amount at the beginning of the year, (2) pay according to submitted expenses, (3) unused money remains in the church account. If salary set-asides are used, estimate conservatively to avoid unused funds.

A Note on Moving Expenses and the Hawai‘i Context

- The church is responsible for covering the cost of moving their minister between islands or from outside Hawai‘i.
- From outside Hawai‘i the church should consider a moving range from $36,000 to $46,500 for a five-year commitment.
- If the minister should depart the church before the fulfillment of the commitment, then the minister should reimburse on a prorated scale for the number of years not fulfilled. For example, if the move costs $45,000, prorated over five years = $9,000 per year. If the minister makes the choice to depart at year three, then the church is entitled for a refund of $18,000 for the outstanding two years of the call agreement.
- However, should the church terminate the relationship then the minister would not be obligated as the decision was made by the church.
- If a church seeks to engage this plan, then the plan needs to appear in the call agreement in order to form a contractual obligation

Total Pastoral Leader
Compensation Package Worksheet

Compensation Base Salary		
Cash Compensation		
Housing Provided		
Parsonage Equity Plan (for those in parsonage or renting)		
Housing Allowance (if no parsonage)		
Social Security Offset		
Total Compensation Base Salary *(at or above Minimum Compensation Grid)*		
Pension and Insurance Benefits		
Pension (i.e., UCC Annuity Fund)		
Medical & Dental		
Family Protection Plan		
Disability + Life Insurance (1.5%)		
Professional Malpractice (Liability) Insurance		
Tenant's Insurance		
Total Benefits		
Professional Expenses		
Continuing Education & Sabbatical		
Mileage Reimbursement/Automobile		
Books and Periodicals		
Association/Conference/National Meetings		
Background Check Reimbursement		
Other Professional Expenses		
Total Professional Expenses		
TOTAL PASTOR COMPENSATION PACKAGE		