

“The Birds and The Bees*”
of Clergy Compensation
by the Rev. Allen D. Rutherford, Chair
Congregational and Community Life Committee of the Diocese of Indianapolis

*A guide to help clergy discuss church finances and compensation package
with the Vestry/Bishop’s Committee and congregation*

Purpose statement.

What I and my committee hope to achieve through this exercise and document is provide a type of *worksheet* with topics related to church finances, specifically, to its relevance to a priest’s compensation package, then (eventually) for each topic, provide the source location for a priest to find that information. Much of the information contained in this document was born out of a conversation I had with my own vestry after the 2016 Spring Clergy Conference and the launch of the Pathways to Vitality Initiative, and its call to create transparency and dialogue in congregations about clergy compensation.

The diocesan budget impact on clergy compensation.

What is an apportionment and how is it calculated? *Where is it listed in the parish budget?*
How is medical insurance handled in our diocese? Who pays what portions?
(How does the apportionment factor into the medical insurance in our diocese?)
What life insurance benefits are available to clergy? How are they paid for?

The “nuts and bolts” of a Compensation Package.

What is a “Letter of Agreement”?
What is a base salary/stipend? *Where is that number in the parish budget?*
What is a housing allowance? *Where is it found in the parish budget?*
What is SECA? *Where is that in the budget?*
Explain why priests are a hybrid between church employee (Form W-2) and self employed.
What is the pension? *Where is that in the parish budget?*
What medical insurance options/coverage are available to a clergy person?
(This was not a redundant conversation to the discussion of insurance above.)

What compensation figures are “tax-exempt”?

What taxes do clergy pay, beyond SECA?
FICA
STATE
LOCAL
Church provided Life Insurance is taxed

Other Clergy Expenses:

½ SECA
Medical Insurance portion
Tithing/Pledging of clergy income
Other possible outreach giving (beyond the pledge)
Landline Phone (which some parishes still require in a letter of agreement)
Cell Phone (which may be handled differently in each letter of agreement)

Other Financial Information

Mileage Reimbursement. *Where is that found in the parish budget?*

Clergy obligations for Continuing Education? *Where is that found in the budget?*

Honorariums. What are they? (taxable income)

Clergy Sabbaticals. What are their purpose? What funding sources are available?

Student loan [seminary] debt (This is an important issue in the Pathways Initiative discussions)

Episcopate annual expectations

It is also important to discuss with the vestry what the bishop typically expects of clergy on an annual basis. How do these expectations impact the time and ministry and finances of a clergy person?

Geographical cost of living considerations

How does “cost of living” variations from parish to parish (location) impact the compensation package of a clergy person? And, what resource tools are out there to help clergy understand what an “average comparable package” would be for other clergy in a similar geographical situation/location? How does a clergy’s compensation compare to similar professions within the geographical area they serve?

Community context compensation numbers to consider

Public sector salaries

<http://interactives.indystar.com/news/standing/salarydatabase/>

Community / county / region household income data

<http://www.deptofnumbers.com/income/indiana/>

<http://www.stats.indiana.edu/index.asp>

Most of what I have mentioned above is priestly information. Another list would need to be developed for Deacons and their expenses, reimbursements, and expectations, and obligations.

What I and my committee have provided above is a starting point of creating a comprehensive list of information for any clergy person to present to their Vestry/Bishop’s Committee or congregation.

Rev. Allen D. Rutherford

Your Congregation and Community Life Chairperson

Research sources to consider: www.indydio.org; www.cpg.org;
www.episcopalfoundation.org; www.irs.gov; www.in.gov

****Disclaimer:*** *The title of this document was written tongue-in-cheek but is intended to make a statement about the important of this topic in our parish setting. Inferred in the title is this one question asked of clergy: which would you rather do; have the “birds and the bees” conversation with a child, or discuss clergy compensation with your congregation?*