2027 SUGGESTED COMPENSATION & BENEFIT GUIDELINES

Suggested Salaries, Reimbursements, and Benefits for Professional Church Workers

Nebraska District of
The Lutheran Church—Missouri Synod
PO Box 407
Seward, NE 68434-0407

402-643-2961
www.ndlcms.org

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Introduction

The Mission Statement of the Nebraska District reads, "***Serving God's Family—Living His Good News.***". As a "resource to assist congregations/schools," the District Office develops "Suggested Compensation and Benefit Guidelines" for congregations and schools offering an objective salary and benefit planning process for use in planning their workers' compensation and benefits.

Scripture
The first step in salary administration in congregations/schools must be to focus on God's Word where we read: *"Do not muzzle the ox while it is treading out the grain,"* and *"The worker deserves his wages"* (1 Timothy 5:18). The Apostle Paul also describes the worker as worthy of wages in 1 Corinthians 9:7-12.

Prayer
The second step is prayer. Ask the Lord's guidance that His will be done as you begin planning salaries… *"asking God to fill you with the knowledge of His will through all spiritual wisdom and understanding"* (Colossians 1:9). Seek clarity of God's will to ensure optimal stewardship of the financial resources that the Lord has provided to us (see Matthew 25:14-30).

Guideline Intent
These guidelines are published with the understanding that the Nebraska District of The Lutheran Church— Missouri Synod is not engaged in rendering legal, tax, accounting, or other professional services. If professional advice or assistance is required, the services of a competent professional should be sought.

The information and worksheets which follow are only a guide for congregations/schools as they seek to establish equitable pay practices based on prevailing wages paid in congregations/schools and in secular jobs in Nebraska. **These guidelines are minimum suggested compensation levels. You are encouraged to go above the suggested amounts when it is appropriate. Properly paying your workers must take into account special circumstances, exceptional or extra effort or skills, special ministry needs, benefits provided, and other unique factors in your congregation, school, and/or community**. Using the guidelines will require effort, but that effort can lead to enhanced working relationships for congregations/schools and workers in the Lord's Kingdom.

The guidelines also recommend utilization of the Concordia Plan Services Compensation Decision Support Tool as a second source for establishment of approximate compensation and benefits.

The responsible board or committee from your congregation/school should prepare and submit the compensation recommendations to the governing board or assembly. The responsible board or committee should also be the primary supporter for their recommendations at the governing board or assembly meeting.

Care Beyond Compensation

As each congregation/school calls professional church workers to serve in ministry, there is an opportunity and a responsibility for mutual care and concern. Each congregation/school is unique, and each worker has unique needs which will determine specific ways to care and show concern. We encourage each congregation/school to establish a Professional Church Worker Support Committee to focus on the wellness of church workers and their families. It would be the responsibility of this committee to identify, develop, promote, and encourage opportunities for wellness. Suggestions include prayer for specific needs of workers and their families, providing family time, personal days, financial support for continuing education and retreats, financial support for education debt, and for support and encouragement of the Concordia Plan Services programs including Vitality, Financial Planning and Retirement, Webinars, and other Health and Wellness initiatives. Each congregation/school is encouraged to be creative in caring.

Congregational Treasurer's Manual

Congregations/schools are encouraged to review the Congregational Treasurer's Manual. The manual is designed to provide accurate and authoritative information in regard to many topics including several related to compensation and benefit administration. Review of several chapters may assist with the design and administration of congregational/school compensation and benefit administration. The manual can be accessed on the www.LCMS.org website.

Salary Planning Worksheet – Ordained Minister

	"Up to" Percent Used	Amount
Base Salary		$ 49,690
Years of Service (see page 6)		
___ Years (maximum of 15) at $400 per year		-
___ Years (in excess of 15) at $300 per year		-
Total Base Salary Before Suggested Additions = (A)		
Suggested Additions to Base (see page 6)		
Senior Pastor - add *up to* 20% of (A)		-
Congregation size:		
300 - 500 baptized - add *up to* 5% of (A)		-
501 - 1000 baptized - add *up to* 10% of (A)		-
1001 or more baptized - add *up to* 15% of (A)		-
Multiple parish - add *up to* 15% of (A) for each additional parish		-
Pastor providing administrative supervison of professional school staff		
No Principal / Principal on Staff		
1 - 3 professional school staff: Add *up to* 15% of (A) / Add up to 5% of (A)		-
4 or more professional school staff : Add *up to* 25% of (A) / Add up to 10% of (A)		-
Unique Ministry or gifts - add *up to* 15% of (A)		-
Additional duties - add *up to* 10% of (A) for each activity		-
Advanced degrees - add *up to* $300 for every 9 hours		
___ Advanced degree hours post-graduate/post seminary		-
Meritorious service - consider additions as appropriate:		
Other addition: _____		
Other addition: _____		
Other addition: _____		
Total Base Salary (A) plus Suggested Additions = (B)		
Housing, Furnishing, and/or Utility Compensation (see page 8)		
Parsonage provided:		
add *up to* 20% of (B) for furnishings and/or utilities		-
Cash payments for housing, furnishing, and/or utilities		
Fixed Cash Amount (estimated cost to provide home)		
Percentage calculation - add *up to* 70% of (B)		-
Total Housing, Furnishing, and/or Utilitiy Compensation = (C)		-
Concordia Retirement Plan Special Equalization (Offset) Payment (see page 8)		
Enter actual full-year amount provided in 2014 = **(D)**		
Total Compensation (B + C + D) = (E)		
Designation of Housing, Furnishing, and/or Utility Allowance for Tax Purposes:		
Fixed amount or percentage of Total Compensation (E) which has been designated in advance		
by the governing body as housing, furnishing, and/or utility allowance = **(F)**		-
Balance of total compensation reported as salary (E - F) = **(G)**		

Salary Planning Worksheet – Commission Minister

	"Up to" Percent Used	Amount
Base Salary		$ 42,235
Years of Service (see page 6)		
___ Years (maximum of 15) at $340 per year		-
___ Years (in excess of 15) at $255 per year		-
Total Base Salary Before Suggested Additions = (A)		
Suggested Additions to Base (see page 7)		
Teacher serving as principal:		
1 - 3 school rooms - add up to 15% of (A)		-
4 or more school rooms - add up to 25% of (A)		-
Unique Ministry or gifts - add up to 15% of (A)		-
Additional duties - add up to 10% of (A) for each activity		-
Advanced degrees - add up to $300 for every 9 hours		
___ advanced degree hours post-graduate/post seminary		-
Meritorious service - consider additions as appropriate:		
Other addition: _____		
Other addition: _____		
Other addition: _____		
Total Base Salary (A) plus Suggested Additions = (B)		
Housing, Furnishing, and/or Utility Compensation (see page 8)		
Parsonage provided:		
add up to 20% of (B) for furnishings and/or utilities		-
Cash payments for housing, furnishing, and/or utilities		
Fixed Cash Amount (estimated cost to provide home)		
Percentage calculation - add up to 70% of (B)		-
Total Housing, Furnishing, and/or Utility Compensation = (C)		-
Concordia Retirement Plan Special Equalization (Offset) Payment (see page 8)		
Enter actual full-year amount provided in 2014 = **(D)**		
Total Compensation (B + C + D) = (E)		$
Designation of Housing, Furnishing, and/or Utility Allowance for Tax Purposes:		
Fixed amount or percentage of Total Compensation (E) which has been designated in advance		
by the governing body as housing, furnishing, and/or utility allowance = **(F)**		-
Balance of total compensation treated as salary (E - F) = **(G)**		

Benefits Planning Worksheet
Ordained or Commissioned Minister

Computation of Concordia Plan Services "Compensation" for plan purposes:	Parsonage Provided	Worker Provides Own Home
Total Salary from Ordained or Commissioned Worksheet total (G)		
Total Housing Allowance from Ordained or Commissioned Worksheet total (F)		
If Parsonage is provided - add 25% of Salary total (G)	-	N/A
Total Compensation for Concordia Plan Services purposes = (H)	-	-
Concordia Plan Services:		
Concordia Health Plan (Option Provided = _____)		
Annual Premium Amount		
Concordia Retirement Plan		
Traditional Option @ 11.7% of (H) OR		
Account Option adopted prior to January 1, 2025 @ 3.5% / 6.5% of (H) OR		
Account Option adopted after January 1, 2025 @ 4.0% / 7.0% of (H)		
Concordia Disability and Survivor Plan		
Worker with Dependents - 1.75% of (H) OR		
Worker without dependents - 1.2% of (H)		
Concordia Retirement Savings Plan - Optional Employer Match		
Fixed contribution amount OR		
Percentage of Salary OR		
Match part/all of worker contribution		
Other Benefits Provided:		
_____		
_____		
_____		
_____		
_____		
_____		
Accountable Plan Information - substantiated expense reimbursements:		
Continuing Education Reimbursement		
Auto Expense Reimbursement		
Actual cost method - expenses incurred and substantiated OR		
Standard mileage rate method - reimbursement rate per mile used		
Maximum standard mileage rate reimbursement		
Professional business expenses reported and substantiated		
Books and subscriptions		
Vestments		
Professional dues		
Supplies and materials		
Other: _____		
Other: _____		
Other: _____		
Other: _____		

Compensation Guidelines

Suggested Minimum Base Salary Scale

The suggested minimum base salary has been modified from the prior year to reflect a more comparable starting wage to similar positions in adjacent/similar districts. The base salary represented here reflects our recommendation for the minimum compensation of your worker.

We recognize that some schools have determined that teachers are part time (10 month) workers and therefore adjust the guidelines accordingly. Employers must understand that workers paid on a ten-month basis should be fully released during the two "off months," with no obligations to the school or church.

Completed Years in Ministry

Completed years in ministry include total years serving in the ministry and should not be limited to years served at the worker's current location. Include years of service in other areas of church ministry. For example, a pastor who has years of service as a called teacher, DCE, or another position should be credited in part or in full as years of congregational/school experience. Years of experience in other occupations may also be considered when determining credit for completed years in ministry.

Suggested Additions to Base Salary—Ordained Minister

Senior Pastor

A senior pastor is a pastor who supervises professional staff member(s). Because of the nature and added responsibilities of a senior pastor, consider adding *up to* 20% to the base salary.

Congregation Size

Consider an addition to the base salary of each pastor for large congregations based upon baptized membership as shown below. In a dual parish (two or more), calculate the percentage on the sum of baptized membership at all parishes served. In multiple staff situations, consider the duties of the various staff members when determining the congregational size adjustment.

300-500 baptized	*up to* 5%
501-1000 baptized	*up to* 10%
1001 and more baptized	*up to* 15%

Multiple Parish

In a multiple parish consider adding *up to* 15% to the base salary for each additional parish.

Pastor Providing Administrative Supervision to School Staff
Consider an addition to the base salary for supervision of school staff as shown below:

	No Principal	Principal on Staff
1-3 school staff	*up to* 15%	*up to* 5%
4 or more school staff	*up to* 25%	*up to* 10%

Suggested Additions to Base Salary—Commissioned Minister

Principals—Administrative Time
Because of the growing demands placed on principals to effectively administer a school, time off during the day from teaching duties for administration is strongly recommended. Schools with 100-150 students should work toward allowing 50% of their principal's time for administrative responsibilities. Schools with over 150 students should work toward allowing 90-100% of their principal's time for administration, thereby relieving him/her from most regular teaching assignments.

Teacher Serving as a Principal
Because of the nature and added responsibilities of a teacher serving as principal, consider an addition to the base salary as shown below:

1-3 school rooms	*up to* 15%
4 or more school rooms	*up to* 25%

Suggested Additions to Base Salary—All Ministers

Unique Ministry or Gifts
For unique or specialized ministry needs, especially those requiring specialized skills, experience, language, cultural awareness, etc., consider adding *up to* 15% to the base salary.

Additional Duties
For those workers who have additional responsibilities, (i.e., educational ministry, youth ministry, music, athletic director, coach) consider an addition to the base salary of *up to* 10% for each activity.

Advanced Degrees
For workers having an advanced degree, additional compensation should be considered. Congregations/schools should consider paying annually *up to* $300 for every nine credit hours of post-graduate (post-seminary) degree education that is related to the ministry of the individual **and** that has prior approval and support of the board.

Meritorious Service
An addition to compensation should be considered as appreciation for exceptional service. The addition may be considered an ongoing base salary adjustment or may be provided through a bonus process on an annual basis.

Other Additions
Congregations/schools may identify other areas of worker service which have reached a significant level of service that should be supported through additional compensation.

Housing, Furnishing, and/or Utility Compensation

Please do not overlook housing costs in the evaluation of appropriate compensation for your workers. Housing compensation is part of the overall compensation and benefits for your workers.

All workers furnishing their own housing should be compensated **above and beyond** the suggested base salary guidelines. This additional compensation is to provide a fair reimbursement of housing costs incurred by the worker. Carefully consider the total costs of your worker in providing his/her own home. Rent or mortgage payments, real estate taxes, utilities, furnishings, repairs, and other associated costs all impact your worker.

All workers provided a parsonage/teacherage should be supported **above and beyond** the suggested base salary guidelines to provide a fair reimbursement for utilities, furnishings, and other associated costs incurred by the worker.

All workers who are provided a parsonage/teacherage are losing out on the opportunity to build home equity. Consider adding annual compensation (e.g., 20% of the parsonage's rental value, $5,000 if valued at $25,000/year) for investment in a tax-sheltered annuity (TSA), IRA, or Roth IRA. Alternately, the home equity allowance could be paid to the worker through a tax deferred plan such as a 403(b) plan. Seek expert tax advice to comply with current laws.

Ministers of the Gospel (ordained or commissioned) have received special tax treatment under the Internal Revenue Code. Action is required by the congregation/school to enable the worker to take advantage of tax benefits associated with the housing, furnishing, and/or utility compensation. Consider the tax implications as you work within this portion of worker compensation. See Taxation of Housing Allowance on page 13 for more information.

Special Equalization (Offset) Payment

Concordia Plan Services made changes to the CRP effective July 1, 2014. One of those changes was to eliminate the requirement that employers pay the special equalization (offset) payment to eligible workers.

Ministers of the Gospel who were Concordia Retirement Plan (CRP) members on December 31, 1981, and who have continued to be members since that date are allowed to participate in the CRP either on the "Full" basis or on the "Regular" basis. The cost of the CRP "Full" basis is higher that the "Regular" basis. The special equalization (offset) payment was the difference in premiums paid for the "Full" basis and the "Regular" basis of participation in the CRP and was required by Concordia Plan Services to be provided to most LCMS rostered church workers enrolled on the "Regular" basis in order to meet IRS requirements. Employers were not required to provide the special equalization (offset) payment to workers on the "Full" basis, workers on the "Regular" basis who received reimbursement for Social Security Tax, or lay workers.

The elimination of the requirement to pay the special equalization (offset) payment should not be used to reduce the overall compensation to workers who have received the payment in the past. We recommend that employers consider continuing the payment in an amount equal to the 2014 full year of special equalization (offset) payment provided on a worker by worker basis. The amount will not change year after year but, will be maintained so that the worker is not penalized by the change in policy. New workers would not receive the payment. Since the special equalization (offset) payment was excluded from the housing compensation calculation under the original formula, the revised worksheet maintains that format. Please note that the payment will now be considered a part of salary for Concordia Plan Services compensation purposes and will therefore increase the amount subject to the CRP and CDSP premium calculations.

Tax-Sheltered Annuity

One option to assist your worker with tax deferred savings is the Tax-Sheltered Annuity (TSA). TSAs are available to employees of tax-exempt organizations under section 403(b) of the Internal Revenue Code. Qualified employees can make an election to defer a portion of their taxable salary and request the employer to contribute the deferral to the TSA plan.

Concordia Plan Services provides the Concordia Retirement Savings Plan (CRSP). CRSP is a tax-sheltered annuity program established under Section 403(b) of the Internal Revenue Code and includes the opportunity for eligible workers to save for their retirement. Employers may also elect to provide a direct contribution or match worker contributions as part of the plan. The CRSP partnership between Concordia Plans and Fidelity Investments provides participating workers with the opportunity to utilize the traditional option with pre-tax contributions, the Roth option with after-tax contributions, or both options. Workers should consult with their tax professional regarding their option choice

The Internal Revenue Service has established specific requirements on employers providing section 403(b) plans. The requirements shift certain Administration and Compliance Requirements to the employer. Review the information provided by Concordia Plan Services and obtain appropriate professional advice to ensure you are in compliance with the new requirements.

Worker Savings Plans

In addition to tax-deferred savings plans, congregations/schools are encouraged to offer their workers the opportunity to have funds withheld from their paychecks and deposited by the congregation/school directly into the worker's savings or investment accounts. Financial planners will suggest that funds withheld from a paycheck and "never seen by the worker" provide one of the biggest opportunities for a worker to develop and maintain a personal savings plan.

Compensation Decision Support Tool

Concordia Plan Services has developed a Compensation Decision Support Tool (Tool) to assist LCMS Congregations and Schools in the process of determining salaries for certain staff positions. The Tool is refreshed annually and incorporates both LCMS and external market data to provide salary suggestions. As total employee compensation consists of more than salary, be sure to consider all the other compensation and benefit items as you review the Tool report. A number of those additional items can be viewed at the end of the Tool report. There is no charge to use the Compensation Decision Support Tool.

You can access the Compensation Decision Support Tool for ordained pastors and parish professionals at the following link:

https://tc.cbiz.com/CompToolCPS/Login.aspx

You can access the Compensation Decision Support Tool for school workers at the following link:

https://tc.cbiz.com/CompToolCPSEd/Login.aspx

We would encourage you to consider using both the District Compensation and Benefit Guidelines and the Concordia Plan Services Compensation Decision Support Tool as you evaluate and establish your compensation and benefits for this year and subsequent years.

Reimbursement Guidelines

Congregations/schools are encouraged to review the Congregational Treasurer's Manual, especially as it relates to business expenses and accountable plans.

Mileage

Reimbursement of business miles driven for **all** church workers is recommended. The daily commute between home and office is a personal expense and should not be reimbursed.

We recommend reimbursing each worker based on the actual miles driven. A standard rate per mile can be set. (The Internal Revenue Service standard mileage rate for business miles was adjusted on January 1, 2026, to $.725 per mile. Watch for the release of 2027 rates in late 2026.) A mileage log should be maintained to substantiate all business miles. If the accountable plan reimbursement method is used, no tax reporting is required.

Another method often used is simply allowing a flat amount to be paid monthly to the worker. **This method is not recommended and results in tax consequences to the worker. It may also result in tax consequences to the congregation/school in certain circumstances.** This method **requires** the payment to be included as additional compensation on a worker's W-2 form, and is taxable for federal and state income taxes, as well as Social Security/Medicare or self-employment taxes.

Auto Leasing

Some congregations/schools find it advantageous to purchase their own vehicle for worker business miles. Be aware of Internal Revenue Service requirements regarding personal use of these congregation/school-owned vehicles.

Conventions and Conferences

Attendance at approved conventions, retreats, conferences, or workshops is congregational business and should not be treated as a part of the worker's vacation or expected to be attended at his/her personal expense. Congregations/schools are encouraged to provide funding to pay or reimburse for expenses such as travel, meals, lodging, registration, etc. Attendance at approved conventions and conferences is beneficial to the worker and the ministry of the congregation/school.

Continuing Education

Continuing education is increasingly important in every occupation and is necessitated by the complexities and changes characteristic to modern life. Continuing education for the worker benefits the congregation's and/or school's ministry. Congregations should budget to provide opportunities and financial assistance for their workers to take advantage of approved professional growth opportunities. This should not be vacation time.

Other Expenses

Congregations/schools should provide financial assistance for their professional church workers through partial or full reimbursement of professional business expenses such as dues, subscriptions, resource materials, etc.

Taxes

Congregations/schools are encouraged to review the Congregational Treasurer's Manual and the Taxes and Ministers booklet as they consider the issue of taxes.

Social Security Taxes

Ministers of the Gospel

The following individuals who are listed on Synod's roster and in the exercise of ministry are considered Ministers of the Gospel under the Internal Revenue Code:

- Ministers of Religion — Ordained
- Ministers of Religion — Commissioned
  - Certified Teachers
  - Directors of Christian Education
  - Deaconesses
  - Directors of Christian Outreach
  - Certified Lay Ministers
  - Parish Assistants
  - Directors of Parish Music
  - Directors of Family Life Ministry
  - Directors of Church Ministries

Ministers of the Gospel have received unique tax treatment under the Internal Revenue Code. Ministers of the Gospel are employees; however, the special treatment requires that Ministers of the Gospel be "self-employed" for income tax withholding and subject to "self-employment" tax, not Social Security/Medicare tax. **Therefore, Ministers of the Gospel must compute and pay quarterly estimated tax payments or request their congregation/school to voluntarily withhold and deposit federal and state taxes.** A request for voluntary withholding does **not** change their self-employment status. **As a Minister of the Gospel, Social Security and Medicare tax must not be withheld. However, the self-employment tax can and should be withheld as Federal Income Tax if voluntary withholding has been requested.** A request for voluntary withholding should be in the form of an amount to be withheld per paycheck, with any self-employment tax included with the federal income tax withholding amount. Congregations/schools should deposit voluntary withholding as if it were normal payroll tax withholding, using the same deposit requirements and reporting on the required quarterly and annual payroll tax returns.

Congregations/schools wishing to reimburse the worker for all or part of his/her self-employment taxes may do so. Please note that this reimbursement is considered additional salary for tax purposes.

Opposition to Social Security

The Synod encourages participation in Social Security. An ordained or commissioned minister who claims a conscientious opposition on religious grounds to the acceptance of Social Security benefits may be called upon by the Internal Revenue Service or Social Security Administration to justify his/her opposition. It may be necessary for him/her to provide explanations to them. The worker should be aware that in view of Synod's position, its officials **cannot** act to aid any ministers claiming exemption from Social Security. The worker should also be aware that the exemption from self-employment tax by ministers is a conscientious objection to public insurance and cannot be elected for financial reasons.

Vicars

Vicars are treated as lay employees for tax purposes. Therefore, the employer is required to withhold the worker's share of Social Security and Medicare taxes from compensation and any applicable income taxes. The employer's share of Social Security and Medicare taxes must be paid by the congregation/school.

Specific Ministry Pastor (SMP) vicars are to be treated as lay employees for years one and two of their training. They will be treated as Ministers of the Gospel upon ordination for the duration of their training in the third and fourth years and following completion of their training.

Taxation of Housing Allowance

Ministers of the Gospel

Ministers of the Gospel (Ordained or Commissioned as outlined under "Social Security Taxes") have been granted favorable tax treatment by the Internal Revenue Service for designated housing allowances received pursuant to official action (resolution) evidenced in the minutes of the governing body of the employer (voters' assembly, board of directors, etc.) This designation and official action **cannot** be made retroactively.

Sample Housing Allowance Resolutions

All Employed Ministers—Stated Dollar Amount

RESOLVED, that (name of congregation/school), authorizes and establishes the following individual(s) housing allowance for the year 20xx:

Name _____ Amount _____
Name _____ Amount _____
Name _____ Amount _____
Name _____ Amount _____

The housing allowance will be paid from _____, 20xx to December 31, 20xx

All Employed Ministers—Stated Percentage
RESOLVED, that (name of congregation/school), as a standing resolution to remain in force and effect until such time as amended or revoked, hereby authorizes, and establishes a housing allowance for each ordained, commissioned, or certified lay minister of religion at any time serving it in an amount each year equal to ____ percent of that person's gross annual compensation. (Congregation/school should designate what is included in "gross annual compensation.")

Individual Minister—Stated Dollar Amount
RESOLVED, that (name of congregation/school), as a standing resolution to remain in force and effect until such time as amended or revoked, hereby authorizes, and establishes a housing allowance for (individual's name) at any time serving it in the amount of $_____ per year.

Individual Minister—Stated Percentage
RESOLVED, that (name of congregation/school), as a standing resolution to remain in force and effect until such time as amended or revoked, hereby authorizes, and establishes a housing allowance for (individual's name) for the duration of service in an amount each year equal to ____ percent of that person's annual compensation.

In addition to standing resolutions, the sample resolutions could be adopted annually to reflect revised annual requests for housing allowance amounts by the minister.

Certain Tax Advantages
The housing allowance approved pursuant to official action by the employer is **excluded** from income taxable compensation of the worker to the extent that: (1) the funds are actually used to provide a home (rent, mortgage payments, utilities, furnishings, real estate taxes, repairs, etc.), and (2) the funds do not exceed the fair rental value for the residence occupied plus utilities and furnishings. The "Clergy Housing Allowance Clarification Act of 2002," signed into law May 20, 2002, reinstated the fair market rental value limitation. The limitation must be considered by ministers as they prepare their tax projections. The worker is responsible for supporting actual use of the funds for housing, and for determination of the fair rental value of the home. If the actual expense is less than the housing allowance provided, the worker should report the excess as other income on their personal income tax return.

Although excludable from income taxes, the housing allowance is fully taxable for self-employment tax purposes.

Vicars
Currently, vicars do not enjoy a tax exclusion for a housing allowance. They must consider any housing allowance received as additional salary. No exclusion for amounts spent on housing exists. Any "housing allowance" paid to vicars should be included as part of the regular salary on his W-2 form. Employee and employer Social Security and Medicare taxes are to be withheld/paid on this allowance.

Specific Ministry Pastor (SMP) Vicars are to be treated as lay employees for years one and two of their training and therefore do not enjoy a tax exclusion for a housing allowance during those years. Upon ordination for the duration of their training in the third and fourth years, and following completion of their training, they will be treated as Ministers of the Gospel; therefore, they will qualify for the housing allowance.

Fringe Benefit Guidelines

Vacation

The following vacation schedule is a recommended minimum:

Years of Service*	Recommended Minimum Vacation
From 0 to 5 years	2 Weeks
Over 5 to 10 years	3 Weeks
Over 10 to 25 years	4 Weeks
Over 25 years	5 Weeks

*This would include total years the worker has been in ministry.

Congregations/schools are encouraged to provide new workers vacation after six months of service and not wait until the following year for their first vacation.

Please note that a use it or lose it policy is not legal in the state of Nebraska. Consider using an accrual basis for vacation time with a limit to the amount accrued. Upon separation, workers are due a pay out of their earned vacation time.

Sick Leave

Congregations/schools are encouraged to develop a policy for sick leave appropriate to the needs of the worker, congregation/school, and community.

For Nebraska employers with 11 or more employees, state law requires that eligible employees—including part-time, temporary, and seasonal workers who perform at least 80 hours of work in Nebraska in a calendar year—accrue paid sick time at a minimum rate of one hour for every 30 hours worked. Employers may limit accrual and use to 40 hours per year for small employers (11–19 employees) and 56 hours per year for larger employers (20 or more employees) or, provide more generous sick leave if desired. Congregations/schools should ensure their sick leave or PTO policy meets or exceeds these minimum requirements for all covered workers.

Concordia Plan Services

Each congregation is encouraged to use Concordia Plan Services as the fringe benefit package

provided for its workers. Concordia Plan Services offers retirement, disability, and a variety of health plan options to assist congregations/schools, including qualifying High Deductible Plans, Flexible Spending Accounts, Health Reimbursement Arrangements, and Health Savings Accounts.

Concordia Plan Services offers an employer the opportunity to participate in benefit packages including: 1) the Concordia Health Plan, 2) the Concordia Retirement Plan, 3) the Concordia Retirement Savings Plan, and 4) the Concordia Disability and Survivor Plan. There are also numerous support and wellness programs provided by Concordia Plan Services. You can find additional information on the Concordia Plan Services benefit offerings at www.ConcordiaPlans.org or you may call them at (888) 927-7526. Concordia Plan Services also provides access for employers and workers to access employer and individual specific information through The CPS Portal. Concordia Plan Services continues to provide LCMS employers the opportunity to choose from multiple plan options enabling congregations and schools the opportunity to provide the best fit of benefits to their particular ministry. Congregations and schools should carefully consider the plan options as part of their overall review of worker benefits.

The benefit package elected by the congregation/school **must** be applied consistently to **all workers** of the congregation/school. The congregation/school cannot provide "full family" premiums for some workers and require others to pick up a portion of their premium.
If a congregation/school has chosen "worker only" health coverage and some workers are purchasing dependent coverage themselves, **significant tax savings** can be achieved by establishing Personal Spending Accounts which are available through Concordia Plan Services. Personal Spending Accounts allow the worker to pay health premiums and expenses with pre-tax dollars rather than after-tax dollars. Contact your local tax professional for guidance.

Congregations/schools electing to reduce their health coverage to "worker only" status or who require their workers to participate in premium costs are strongly urged to carefully evaluate salaries to make sure adequate resources are available for the out-of-pocket health premiums, deductibles, and other health expenses that the worker would incur.

Other

Unusual or Unique Employment Situations

We understand that there are times when an unusual or unique employment situation may occur. Specific Ministry Pastor (SMP) situations, part-time employment of workers, and similar arrangements may require special compensation and benefit considerations.

Student Loan Support

Many workers today are graduating from universities and seminaries with significant educational debt. The debt service may be significant to workers and potentially impact their ministry. We recommend that the facts and circumstances for each worker be considered as part of the compensation and benefit package. Lutheran Church Extension Fund (LCEF) has initiated Education Loan Repayment Programs for LCMS Rostered Church Workers. For more information on the program, please contact the LCEF staff at the District Office or go to lcef.org.

The Nebraska District LCMS established a Church Worker Debt Retirement Award program. The award is open to full-time rostered Nebraska District LCMS church workers who are in good standing of the Nebraska LCMS congregation. The application period opens February 1 of each year and applications are due by June 1. The application and additional details about the policy can be found on the District website at ndlcms.org.

Vacancy Pastor Compensation

We recommend that a vacancy pastor's compensation be approximately 50% of the former pastor's base salary. Adjustments to the 50% rate of pay should be made based upon the facts and circumstances (duties assigned, time commitments, meetings, visitation, other expectations, etc.) of the specific situation. **In addition, if other regular staff are asked to assume additional duties during a vacancy, their compensation should be adjusted accordingly.** Appropriate mileage reimbursement should also be paid for actual miles driven to serve the vacancy. Any other business expenses associated with serving a vacancy should also be reimbursed.

Guest Pastor Fees

We recommend that the honorarium for guest or substitute pastors be at least $200.00 for the first service and $100.00 for each subsequent service. A reimbursement for travel should also be provided. The Internal Revenue Service standard mileage rate for business miles driven after July 1, 2026 is $.76 per mile. Watch for the release of 2027 rates in late 2026.

Sample Applications of the Compensation and Benefit Guidelines

Ordained Minister
Reverend B. Good graduated from the seminary and was ordained in 2001. He has been serving the Lord as pastor of Our Redeemer Lutheran Church since 2002. Pastor Good is married and has two children. He enjoys serving the Lord at Our Redeemer Lutheran Church, spending time with his family, and fishing. His parish continues to grow and currently has 350 baptized members. During 2026, Reverend B. Good worked exceptionally hard to develop a lay leader outreach program to the growing Hispanic population in his community. His skills with the Spanish language were instrumental in beginning this new outreach ministry. The budget planning group (Elders, Stewardship Board, Personnel Committee, etc.) is in the process of determining compensation levels for 2027 and plans to follow the recommendations of the *2027 Suggested Compensation and Benefit Guidelines.* Our Redeemer has elected to provide family coverage insurance Healthy Me Copay-D, Dental Plus, and Vision Basic in the Concordia Health Plan. The congregation has evaluated the housing costs in the community and has established a policy where they provide housing compensation and designate a housing allowance in the amount of 53% of base salary, including any suggested additions to base salary. Our Redeemer provided the Special Equalization "Offset" payment to Rev. Good in the amount of $2,101 in 2014. Determine appropriate compensation and benefit amounts. See the completed sample salary and benefits planning worksheets beginning on page 19.

Commissioned Minister
Miss T. Acher has been teaching at St. Paul Lutheran School since she graduated from Concordia University, Seward, and was commissioned in 1997. Miss T. Acher is single and enjoys any outdoor activity when not teaching at St. Paul. In addition to her teaching duties, Miss T. Acher coaches the basketball team. Her school is in the process of establishing budget numbers for 2027 and would like assistance in order to maintain compensation levels at the recommended levels found in the *2027 Suggested Compensation and Benefit Guidelines.* St. Paul has elected to participate in The Church's Plan and has elected to provide family coverage insurance Healthy Me Copay-C, Dental Plus, and Vision Basic in the Concordia Health Plan. In addition, her school has determined that necessary housing compensation for the community is $8,400 per year, and that all Ministers of the Gospel serving at St. Paul Lutheran School should have 40% of base salary, including any suggested additions to base salary, the housing compensation amount, and the Concordia Plan offset amount, designated as housing allowance. St. Paul Lutheran School is a strong supporter of worker participation in their own retirement savings. Therefore, St. Paul has elected to participate in the CRSP by providing an optional match for its workers equal to 50% of the first 4% of compensation contributed by the worker. Miss T. Acher has decided to contribute 14% of her base compensation into CRSP. St. Paul provided the Special Equalization "Offset" payment to Miss T. Acher in the amount of $1,390 in 2014. Determine appropriate compensation and benefit amounts. See the completed sample salary and benefits planning worksheets beginning on page 21.

Salary Planning Worksheet - Reverend B. Good		
		Amount
Base Salary		$ 49,690
Years of Service (see page 6)		
15 Years (maximum of 15) at $400 per year		6,000
10 Years (in excess of 15) at $300 per year		3,000
Total Base Salary Before Suggested Additions = (A)		58,690
	"Up to" Percent Used	
Suggested Additions to Base (see page 6)		
Senior Pastor - add *up to* 20% of (A)		-
Congregation size:		
300 - 500 baptized - add *up to* 5% of (A)	5.0000%	2,935
501 - 1000 baptized - add *up to* 10% of (A)		-
1001 or more baptized - add *up to* 15% of (A)		-
Multiple parish - add *up to* 15% of (A) for each additional parish		-
Pastor providing administrative supervison of professional school staff		
No Principal / Principal on Staff		
1 - 3 professional school staff: Add *up to* 15% of (A) / Add up to 5% of (A)		-
4 or more professional school staff : Add *up to* 25% of (A) / Add up to 10% of (A)		-
Unique Ministry or gifts - add *up to* 15% of (A)	7.0000%	4,108
Additional duties - add *up to* 10% of (A) for each activity		-
Advanced degrees - add *up to* $300 for every 9 hours		
___ Advanced degree hours post-graduate/post seminary		-
Meritorious service - consider additions as appropriate:		1,200
Other addition: _____		
Other addition: _____		
Other addition: _____		
Total Base Salary (A) plus Suggested Additions = (B)		66,933
Housing, Furnishing, and/or Utility Compensation (see page 8)		
Parsonage provided:		
add *up to* 20% of (B) for furnishings and/or utilities		-
Cash payments for housing, furnishing, and/or utilities		
Fixed Cash Amount (estimated cost to provide home)		
Percentage calculation - add *up to* 70% of (B)	53.0000%	35,474
Total Housing, Furnishing, and/or Utilitiy Compensation = (C)		35,474
Concordia Retirement Plan Special Equalization (Offset) Payment (see page 8)		
Enter actual full-year amount provided in 2014 = **(D)**		2,101
Total Compensation (B + C + D) = (E)		104,508
Designation of Housing, Furnishing, and/or Utility Allowance for Tax Purposes:		
Fixed amount or percentage of Total Compensation (E) which has been designated in advance		
by the governing body as housing, furnishing, and/or utility allowance = **(F)**		35,474
Balance of total compensation reported as salary (E - F) = **(G)**		69,034

Benefits Planning Worksheet - Reverend B. Good		
Computation of Concordia Plan Services "Compensation" for plan purposes:		
	Parsonage Provided	Worker Provides Own Home
Total Salary from Ordained or Commissioned Worksheet total (G)		69,034
Total Housing Allowance from Ordained or Commissioned Worksheet total (F)		35,474
If Parsonage is provided - add 25% of Salary total (G)		N/A
Total Compensation for Concordia Plan Services purposes = (H)	-	104,508
Concordia Plan Services:		
Concordia Health Plan (Option Provided = Healthy Me Copay-D, Dental Plus, and Vision Basic)		
Annual Premium Amount*		30,233
Concordia Retirement Plan		
Traditional Option @11.7% of (H) OR		12,227
Account Option adopted prior to January 1, 2025 @ 3.5% / 6.5% of (H) OR		
Account Option adopted after January 1, 2025 @ 4.0% / 7.0% of (H)		
Concordia Disability and Survivor Plan		
Worker with Dependents - 1.75% of (H) OR		1,829
Worker without dependents - 1.2% of (H)		
Concordia Retirement Savings Plan - Optional Employer Match		
Fixed contribution amount OR		
Percentage of Salary OR		
Match part/all of worker contribution		
Other Benefits Provided:		
Accountable Plan Information - substantiated expense reimbursements:		
Continuing Education Reimbursement		1,350
Auto Expense Reimbursement		
Actual cost method - expenses incurred and substantiated OR		
Standard mileage rate method - reimbursement rate per mile used		0.725
Maximum standard mileage rate reimbursement		3,500
Professional business expenses reported and substantiated		
Books and subscriptions		150
Vestments		100
Professional dues		75
Supplies and materials		225
Other: _____		50
Other: _____		
Other: _____		
Other: _____		
**Estimated for example, talk to your Concordia Plans account manager for exact numbers*		

Salary Planning Worksheet - Miss T. Archer		
		Amount
Base Salary		$ 42,235
Years of Service (see page 6)		
15 Years (maximum of 15) at $340 per year		5,100
15 Years (in excess of 15) at $255 per year		3,825
Total Base Salary Before Suggested Additions = (A)		51,160
	"Up to" Percent Used	
Suggested Additions to Base (see page 7)		
Teacher serving as principal:		
1 - 3 school rooms - add up to 15% of (A)		-
4 or more school rooms - add up to 25% of (A)		-
Unique Ministry or gifts - add up to 15% of (A)		-
Additional duties - add up to 10% of (A) for each activity	8.0000%	4,093
Advanced degrees - add up to $300 for every 9 hours		
___ advanced degree hours post-graduate/post seminary		-
Meritorious service - consider additions as appropriate:		
Other addition: _____		
Other addition: _____		
Other addition: _____		
Total Base Salary (A) plus Suggested Additions = (B)		55,253
Housing, Furnishing, and/or Utility Compensation (see page 8)		
Parsonage provided:		
add up to 20% of (B) for furnishings and/or utilities		-
Cash payments for housing, furnishing, and/or utilities		
Fixed Cash Amount (estimated cost to provide home)		8,400
Percentage calculation - add up to 70% of (B)		-
Total Housing, Furnishing, and/or Utility Compensation = (C)		8,400
Concordia Retirement Plan Special Equalization (Offset) Payment (see page 8)		
Enter actual full-year amount provided in 2014 = **(D)**		1,390
Total Compensation (B + C + D) = (E)		$ 65,043
Designation of Housing, Furnishing, and/or Utility Allowance for Tax Purposes:		
Fixed amount or percentage of Total Compensation (E) which has been designated in advance		
by the governing body as housing, furnishing, and/or utility allowance = **(F)**		8,400
Balance of total compensation treated as salary (E - F) = **(G)**		56,643

Benefits Planning Worksheet - Miss T. Archer		
Computation of Concordia Plan Services "Compensation" for plan purposes:		
	Parsonage Provided	Worker Provides Own Home
Total Salary from Ordained or Commissioned Worksheet total (G)		56,643
Total Housing Allowance from Ordained or Commissioned Worksheet total (F)		8,400
If Parsonage is provided - add 25% of Salary total (G)		N/A
Total Compensation for Concordia Plan Services purposes = (H)	-	65,043
Concordia Plan Services:		
Concordia Health Plan (Option Provided = Healthy Me Copay C, Dental Plus, and Vision Basic)		
Annual Premium Amount*		11,628
Concordia Retirement Plan		
Traditional Option @ 11.7% of (H) OR		7,610
Account Option adopted prior to January 1, 2025 @ 3.5% / 6.5% of (H) OR		
Account Option adopted after January 1, 2025 @ 4.0% / 7.0% of (H)		
Concordia Disability and Survivor Plan		
Worker with Dependents - 1.75% of (E) OR		
Worker without dependents - 1.2% of (E)		781
Concordia Retirement Savings Plan - Optional Employer Match		
Fixed contribution amount OR		
Percentage of Salary OR		
Match part/all of worker contribution		1,301
Other Benefits Provided:		
Accountable Plan Information - substantiated expense reimbursements:		
Continuing Education Reimbursement		1,350
Auto Expense Reimbursement		
Actual cost method - expenses incurred and substantiated OR		
Standard mileage rate method - reimbursement rate per mile used		0.725
Maximum standard mileage rate reimbursement		2,250
Professional business expenses reported and substantiated		
Books and subscriptions		200
Vestments		
Professional dues		100
Supplies and materials		400
Other:		100
Other:		
Other:		
Other:		
**Estimated for example, talk to your Concordia Plans account manager for exact numbers*		