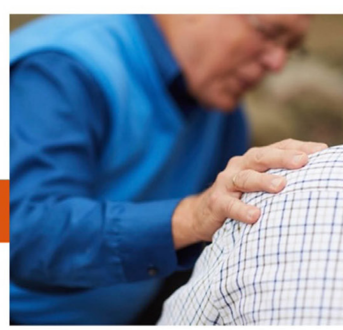
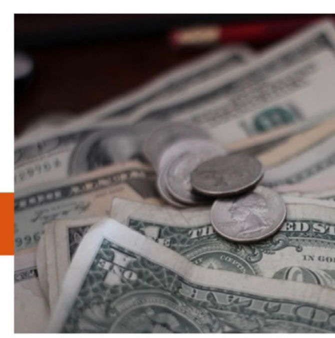
HOUSING ALLOWANCE

Maximizing Your Housing Allowance: Let's Talk!
In this Zoom session, you will learn valuable tips on maximizing your housing allowance benefits and gain access to resources that make the planning process easier. Hosted by Ellen Daniels and led by Dr. Jerry Fox, CFP® and Rev. David Boots. After their main discussion, they answer questions posed by viewers and discuss useful tools available through Servant Solutions found here.

Can your Church Afford It?

Annual Salary	1% Monthly = Annual $		3% Monthly = Annual $		6% Monthly = Annual $	
25,000	21	250	63	750	125	1500
50,000	42	500	125	1500	250	3000
75,000	63	750	188	2250	375	4500





COMPENSATION PLANNING

At Servant Solutions, we want to assist you in the important task of planning proper compensation and benefits for those who serve the Church. Visit this page on our website for helpful FREE resources as well as information and links to compensation worksheets. You can also download a copy of our 8-page planning booklet ***Compensation Planning.***

FREE RESOURCES

Servant Solutions and Church of God Ministries has partnered to offer access to the best resources available to assist your church regarding budgeting, compensation, current tax laws and regulations. This resource is CHURCHEXCEL, available through ECFA (Evangelical Council for Financial Accountability). The ECFA website includes many downloadable resources such as: Printable Manuals, Electronic Tax Guides, Podcasts, and Webinars.

ECFA does not offer pastoral compensation worksheets, but we recommend the following resources to be very helpful in discovering appropriate pastoral compensation suited to your individual church situation.

For actual compensation worksheets: (links are live from the Compensation Planning Page at Servantsolutions.org)

Church Salary A resource of Church Law & Tax. Cost is $24.95 to access the report or $99 to create report annually.

Leadership Network Large Church Salary $449 one table.

Megachurch Compensation Report $495

Southern Baptist Convention Compensation Study Cost is free, and includes information from 2022 salary survey.

X Pastor Compensation Survey Typically $49. Free for a limited time to those who participate in the survey.

QUESTION	ANSWER
Do most churches pay the pastor's health insurance premiums?	Of course it varies, but usually churches with a budget of over 500,000 offer some kind of health insurance assistance. We don't have access to payroll and numbers, but we would guess about one third at least supply an amount for the pastor to use in finding insurance in the marketplace. (David) I just spent some time talking with a church a day before yesterday, and they're in this very similar situation. In fact, their premiums went up so much this year, they're looking at maybe switching to encouraging their staff to get their own health insurance, and they're then going to set up a health savings account so that they can put an additional compensation amount in an HSA. And then, the pastor or the staff member gets their own insurance, and they can then draw from that to pay the premium, either pay it in full, or help offset that. We are finding finding at least a third of smaller churches are including insurance, or some kind of compensation or offset. It might be just for the pastor to start. Then as the church grows and they have the resources, they will cover the pastor's family.
I see that this session was recorded. Is it available to share with board?	Yes! You will receive a link to the educational videos page of our website and the recording will be on that page. If you need it as an mp4, just reach out to jhull@servantsolutions.org and Jodi will get a file to you.
Should the number of children a pastor has affect compensation?	No. The job is the basis for the salary and compensation. It should be based on the position, the size of the church, the church budget. And that should be the same for a pastor with zero children or a single pastor or a pastor with 5 or 6 children.
Can you talk a little bit more about the process of how churches can help offset SECA?	We've not found a "most common" rule when it comes to churches offering a SECA Tax offset; some do… some do not. When an employer offers this benefit, it varies between 7.65% of total ssalary/housing (what they provide for any other, non-ministreial employee) and 15.3% (the total SECA liability for ministers). When a church does provide a SECA offset, it is most often paid as taxable income on a separate line of the employee's pay stub. This is a "misc" type of payment, and most payroll software/services can/will list it clearly as "SECA offset." This amount shows up in Box 1 on Form W2.
How about parsonage and housing allowance? How does that work?	We have a memo on our site that may help you get started: https://www.servantsolutions.org/ministers-housing-parsonage-housing-allowance. We also have a section on our website that digs deeper into the Housing Allowance and includes several Frequently Asked Questions.
If I am a CHOG pastor but take a position with a non CHOG church can I continue with Servant Solutions and have Servant Solutions help guide this non CHOG church.	The church is the paymaster and controlling the payroll, that that's what matters in these situations. So, if you are at a different church, they, they control whether they have Servant Solutions or another retirement plan, just like a health plan or anything. If it's an independent church, yes, we would be happy to reach out and talk to you about that. Usually, if it's part of another denomination, we have a like a gentlemen's agreement that we do not, cannibalize each other, across denominations. We want to respect and take care of our brethren. But if it's a non denomination or independent church, we'd be happy to explore that.
Is it recomended along with utilizing church salary, looking a comparable secular positions in the nearby community?	It is definitely a good idea to consider comparable salaries in other positions in your particular area. We mentioned ChurchSalary.com in the webinar, and the reports available through them. When their reports are generated, they do include comparisons with other positions in the area (ie: teachers, administrators, clerical, etc.) Thre are many sources to find this data on the internet, for example, https://www.bls.gov/bls/blswage.htm is the U.S. Bureau of Labor Stastics site, where you can search by state, metro area, positon, etc.

What are the requirements in setting up Health Ins benefits?	You might want to visit our website. We have a couple memos for Employers in the Toolbox that may be of interest to get you started: https://www.servantsolutions.org/employers-toolbox-2/#church If you scroll down on that page, you'll see the following: Healthcare Resources and Considerations for Churches Options and considerations for churches regarding the ever-changing landscape of medical care and the Affordable Care Act. Health Reimbursement Arrangements - The New QSEHRA A brief discussion on the benefits of offering a qualified church HRA and the requirements that must be satisfied.
What is considered a "small" church now?	60% of Protestant churches have 100 or fewer adults in attendance on a typical weekend. Here's a link to an interesting report: https://www.churchtrac.com/articles/the-state-of-church-attendance-trends-and-statistics-2023
Say more about retirement matches and how we can implement this for the coming year. How do we offset SECA tax through retirement contributions through payroll deductions?	1- A Retirement Match can be implemented simply by coming to an agreement to include it in the coming budget, and noting Board Action in official minutes of a meeting. Just a simple motion to provide $X or X% toward the pastor's retirement plan on a monthly basis to make this a benefit policy is all that is needed. It should also be noted whether the pastor must also contribute (thus, "match"), and also that the church "will match up to X of the total salary+housing amount." 2- To actually offset SECA through retirement contributions, the church would (in addition to whatever base retirement benefit they will offer) add an additional amount as employer contirbution (ER) to the employee's (EE) retirement account. (This should not be done as a "match" requirement, since the intention is to provide a tax-free offset for SECA in the form of retirement savings.) Of course, this is not the same as the church simply adding a "SECA Offset" misc compensation to their regular pay which gives the employee cash-in-hand to pay their SECA tax when due, but it does in a sense provide more into their retirement account, as the church asknowledges their burden of 15.3% SECA tax each year... a net benefit!
Is it possible for the spouse to keep the housing allowance benefit in retirement once the pastor passes away?	Unfortunately, no. Current law states that the housing allowance passes away with the pastor, even if the the spouse is a pastor.
I was given a HSA through my church and because of that I was ineligible for the subsidy offered through the exchange. Have you heard of this?	As a retirement savings- and financial planning organization, we do not focus much on HSA's, health insurance, and related areas. However we can note here that ther are HSA-eligible plans to be found on the Marketplace (https://www.healthcare.gov/high-deductible-health-plan/hdhp-hsa-work-together/) use "Filter by Eligible for HSA" once at the site. We strongly encourage a phone conversation with a marketplace oficial representative, or consult with a professional who specializes in Health Insurance.
If we have a husband and wife serving as pastors, is there just one housing allowance for the family since there is one housing involved and is there any guidance on how to divvy it up?	If there are two Pastors in the same household, only one can claim those overall expenses as Housing Allowance. While it could be technically feasable to "divvy" the total costs so that both have some earned Ministerial Income to wihtdraw as Housing Allowance in retirement. One could claim house/insurance/tax costs, and the other all utilities, maintenance and misc expenses. The only upside we can think of in this case would be at the passing of spouse #1 (who claimed all as housing) would still leave the surviving spouse with some retirement savings that can be withdrawn in retirement. We do not believe that this approach is technically worth the effort. Another option to consider would be Spouse #1 claiming all housing costs as their housing, and spouse #2 saving for retirement through one of our ROTH 403b plans. They would of course pay taxes on the front-end (before depositing into the retirement account), but it then accumulates tax-free and is withdrawn tax free (just as Housing Allowance is for traditional scenarios).