

2021 Information for use with the CPS Compensation Tool Minnesota North District, The Lutheran Church—Missouri Synod

Scripture has clear words of instruction for us in matters pertaining to the compensation of church workers (I Thessalonians 5:12-13; I Timothy 5:17; Galatians 6:6). The leaders and congregation members should know and understand this counsel. It is important that congregation leaders and professional workers collaborate to establish ministry goals and evaluate outcomes. It is equally important that congregations provide appropriate care and compensation for those who serve in their midst.

The Minnesota North District Board of Directors recommends a tool from Concordia Plan Services (CPS) to assist with compensation decisions. In a District that extends from the northern suburbs of the twin cities all the way to the Canadian border, factors such as average compensation and cost of living can vary widely. The CPS tool factors in variables for a congregation's geographical area by using a large database of information. It also offers a salary range of other Lutheran Church—Missouri Synod ordained and commissioned ministers, as well as an indication of the salaries of other Christian church workers in the area. The tool provides a range rather than a set number, allowing the congregation to consider other local factors when arriving at a final figure.

Updating information in the Compensation Decision Support Tool happens over time as data sets become available. For instance, the Bureau of Labor Statistics Employment Cost Index traditionally comes out in late August, while the social security Cost of Living Adjustment is typically announced in October. If the information has not changed from the previous year, you may need to wait a while longer to see updated data.

CPS Compensation Tool *for Churches*

Use this tool to generate compensation suggestions for pastors and other parish professional positions. These include Director of Christian Education, Director of Christian Outreach, Deaconess, Director of Family Life Ministry, Director of Parish Music and Lay Minister. Simply choose "Parish Professional" after you select "Compensation Estimate" on the next page. <https://tc.cbiz.com/CompToolCPS/Login.aspx>

CPS Compensation Tool *for Schools*

Use this tool to generate compensation suggestions for positions in LCMS schools including elementary, middle, and high school teacher, preschool teacher and assistant teacher, childcare teacher and assistant teacher, head administrator/principal, assistant administrator/principal and early childhood director. <https://tc.cbiz.com/CompToolCPSEd/Login.aspx>

Suggestions for Implementation & General Information

- ✓ Pray often for God's direction and blessing on your task.
- ✓ Appoint a special committee to study salaries and benefits for all workers in your midst. You may want to include members of your boards and/or committees. Your pastor(s) and principal might also be advisory members of this committee.
- ✓ Use the CPS Tool to assist in determining the salary of your called worker(s).
- ✓ Share the specifics of their personal salary and benefit packages with each of your worker(s): salary, Concordia Plans, other benefits.
- ✓ Continue to pray for God's blessings on the pastoral, educational and outreach ministries to your congregation and community.

Consider the following

- ✓ The purpose and mission of your congregation and its ministries, including the Christian day school where one exists.
- ✓ A careful and honest evaluation of present salaries and benefits offered to your workers.
- ✓ A comprehensive study of job descriptions, responsibilities, expectations and division of tasks among staff persons.
- ✓ A review of your congregation's financial resources, funding patterns and capabilities.
- ✓ A study of alternative funding sources including tuition, third source funding, establishing a foundation to benefit the educational program, fraternal agencies and other opportunities which may be unique to your congregation and community.
- ✓ A study of the salary and benefit suggestions as outlined by the Compensation Decision Support Tool. **Congregations are encouraged to use the LCMS range in most cases.**

Steps to consider when current compensation falls short of lower or average LCMS range figures

- ✓ Establish a plan for implementing the salary and benefit suggestions.
- ✓ Install a plan that seeks to meet the guidelines over a period of time (for example 85% of goal in the first year, 92% in the second year and 100% in the third year).

In our testing process we encountered a few scenarios where the previous guidelines exceed what is listed as an "average pay" figure in this tool. It is important to remember that "average" is not always the appropriate figure. Experience, expectations, and other local factors often justify a salary beyond the average.

Home Equity Support: When a parsonage is provided, congregations should consider an additional annual compensation to enable the worker to build a housing equity as these individuals often find it difficult to obtain affordable housing at the time of retirement. A starting point for consideration is 20% of housing value. For example, if the parsonage were valued at \$15,000 per year (rental or income value) 20% would be \$3,000. The congregation could provide the worker additional annual compensation which the worker can deposit in a tax-sheltered annuity, a traditional IRA, or a Roth IRA. Utilize legal advice to be certain all regulations are followed.

Non-Salary Benefits

While it is not the purpose of the Salary Guidelines to set the congregation's Personnel Policies, the following items, are recommended for consideration and should be addressed by congregational policy.

Concordia Plan Services: The LCMS Concordia Plan Services consist of

- Concordia Health Plan (Medical/Dental) (CHP)
- Concordia Disability and Survivors Plan (CDSP)
- Concordia Retirement Plan (CRP) or
- The Church's Plan

The congregation is responsible for all payments to the Retirement and Disability Survivors Plans. It is recommended that the congregation pay for health care coverage for the entire family. Obtain detailed information on the Concordia Plan Services at www.concordiaplans.org or by calling Concordia Plan Services at 888-927-7526.

Tax Sheltered Annuity (TSA) or Individual Retirement Account (IRA): A TSA or IRA should be an option available to the worker. It should be the worker's election to determine what portion, if any, of the before-tax compensation should be so utilized.

Military Duty: Reservists need to be granted a leave of absence during active duty or weekend duty at 100% of normal salary less any military compensation.

Vacation: Congregations are encouraged to establish a vacation policy for their workers. It is recommended that vacation time not be carried over from one year to the next, except by mutual consent and in writing, between the worker and the responsible authority of the Congregation. A suggested policy is as follows:

Total Years of Church Service	Days of Vacation	Number of Sundays Included
0 – 2	14	2
3 – 9	21	3
10-19	28	4
20+	35	5

Sick Leave (Short Term): It should be acknowledged that providing for time-off due to illness is in the best interest of the congregation by protecting the health of your workers. Without such days, there is a risk of having your worker attempting to carry out responsibilities while seriously ill. It is suggested that sick leave be granted in accordance with the Concordia Disability and Survivor Plan, that is, fourteen (14) days per year. After fourteen days of illness, the Concordia Disability Plan provides wage replacement.

Professional Expenses

Automobile: The worker is required to account to the IRS for auto allowance income. Increasing auto allowance in lieu of increasing base salary does not improve the worker's tax liability. The preferred method is to operate on a reimbursement plan whereby the worker records mileage and submits a periodic request for reimbursement at the current mileage rate established by the IRS. The current rate is available on the IRS website, by calling the IRS at 800-829-1040, or by calling the District Office at 218-829-1781.

Books, Periodicals, Continuing Education: An amount should be included in the congregation's budget for these purposes. This is not added to the worker's compensation but held in an account until needed. The worker should be encouraged to have an annual plan for continuing education and professional development. Travel costs, tuition, and related costs should be covered. The worker should not be expected to use vacation time for this purpose.

Conventions, Conferences, and Retreats: These are part of church business and the costs should be covered by the congregation. This should include travel, lodging, meals, and registration. This should be a budget line item, the amount of which should be determined in consultation with the worker.

Guidelines for Moving

The following is designed to be helpful in considering a move. Self-moves are frequently used, however, an estimate from a moving company should be obtained. The Minnesota North District does not insure personal property or personal injury to workers while moving or thereafter. Review all insurance coverage, especially in self-moving and in the use of volunteers.

In general, moving of heavy or bulky items should be discouraged. Personal items belonging to someone other than the immediate family should not be included. Normally, transit mileage will be covered for personal vehicles but not for recreational vehicles.

Actual cost of rental units in self-moves should be paid in full and a 20% increment should be paid for the cost of obtaining extra padding, incidentals and in appreciation for labor.


IRS rate per mile should be paid for personal automobiles. Hotel and food costs should be covered on a move calculated at 400 miles of driving per day.

In most cases where the individual to be moved owns a home, normally no allowance is made for sale of their home or to guarantee a base price for their home.

Moving costs from the primary living site, plus one other area, may be acceptable. This would assume to be seminarians with stored items following vicarage, missionaries returning from service abroad, etc.

Steps for using the Compensation Decision Support Tool

- Go to the site <https://tc.cbiz.com/CompToolCPS/Login.aspx> or <https://tc.cbiz.com/CompToolCPSEd/Login.aspx> for schools.
- Enter the username and password and then “Log In”

CONCORDIA PLAN SERVICES  Compensation Decision Support Tool
LCMS Churches

User ID

Password

Log In

The following login credentials will give you access to this site:
User ID: CPS
Password: CPS
You will be logged out automatically after 20 minutes of inactivity.
If you have any questions, send an email to info@concordiaplans.org

- Select “Compensation Estimate”.
- Select “Pastors” or “Parish Professionals”.
- Select position type, enter the zip code of the congregation/school and click “submit”.
- In most cases your congregation name will appear, but if there is more than one LCMS congregation with the same zip code, select your congregation and then click “submit”.
- Enter appropriate responses on the next screen:

Pastors

Hover over any item that is underlined to read additional information about that item. This guidance may help you determine what to enter into the corresponding field.

Position:

Zip Code:

Select Church Name:

Congregation Size:

Years of Experience (whole number):

Education Level:

Additional Factor Adjustment Percentage (-15 to +15):

Parsonage Amount (whole number): **More Information**

Note: Congregation location will automatically be factored into the calculation using LCMS data.

Position Function **Generate Estimate** **Start Over**

If your congregation provides a parsonage, click on the “More Information” button and see sections 2.323 and 2.500 of the Synod’s Treasurer’s Manual for additional information on determining the appropriate value.

- Click on “Generate Estimate” and you will receive a PDF document with several pages of information.

Calculation Results for [REDACTED] LUTHERAN CHURCH

Church Results	Lower Pay	Average Pay	Higher Pay
Market Range (definition below)	\$65,681	\$77,272	\$88,863
LCMS Range (definition below)	\$53,189	\$62,575	\$71,961
Church Additional Factor 0%	\$53,189	\$62,575	\$71,961

Market Range: The market average pay is calculated using salaries for this pastoral role from other denominations. Where available, local data is used and adjusted for education and experience. If not, national data is used as a baseline and the factors (e.g., size, geography, education, experience and additional factors) are applied. The lower pay is 15 percent lower than the average, and the higher pay is 15 percent higher than the average.

LCMS Range: The LCMS national average pay for this position is used as a baseline and then the factors (e.g., size, geography, education, experience and additional factors) are applied. The lower pay is 15 percent lower than the average, and the higher pay is 15 percent higher than the average.

LCMS midpoint:		\$64,221.50
Congregation size factor (111):	x	.98
Geographic factor:	x	.97
Education factor:	x	1.00
Experience factor:	x	1.025
LCMS range average pay:		\$62,575.18

LCMS range average pay:	\$62,575.18
Parsonage amount:	(\$15,000.00)
LCMS range after adjustment:	\$47,575.18

Calculation Results for Minnesota North District

District Results	Lower Pay	Average Pay	Higher Pay
Market Range (definition below)	\$61,044	\$71,817	\$82,590
District Range (definition below)	\$48,599	\$57,175	\$65,751

- ✓ The LCMS Range in the first section gives you an idea of the of the range of salaries for workers in a congregation of similar size and location across our Synod. **Congregations are encouraged to use the LCMS range in most cases.**
- ✓ The middle section shows the calculation based on the LCMS midpoint and considering congregation size and location as well as any parsonage allowance that you entered.
- ✓ The final section provides information limited to the Minnesota North District data.
- ✓ If your congregation provides a parsonage, remember to make the adjustment as indicated in the middle section once you determine the pay range you are using. Information on establishing the parsonage value can be found by clicking the blue “more information” button on the second screen of the compensation tool.