

## **Pastor Compensation for 2026 (current)**

The following is an example of a pastor's compensation with expenses related to benefits (e.g. retirement contributions and insurance premiums) plus self-employment tax using calculations for 2026.

For these purposes we have created a HYPOTHETICAL Licensed Local Pastor without Course of Study, who is “single” with no dependents, who has five full-time-equivalent years of service as of 2026 and is living in a parsonage.

This pastor receives the Base Minimum Compensation **cash compensation of \$44,368.**

To calculate the total compensation base used for the Self Employment Contribution Act (SECA) calculations, the IRS stipulates using cash salary plus fair market value of renting the parsonage. For this example we assumed a fair market value of \$1744 per month or \$20,928 annually. So for this example:  $\$44,368 + \$20,928 = \$65,296$ . SECA contributions are 15.3% of this combined income or \$9990.

It is important to note that the pastor still pays State and Federal Income Tax on the cash portion of their compensation and that they pay 100% of their SECA contributions, unlike lay church employees where 50% of their FICA contributions are paid by the church.

To calculate the total compensation base used for retirement contributions (COMPASS) Wespath estimates parsonage value as 35% of the cash salary or \$15,529, or a total of \$59,897. This total is used to calculate retirement contributions to UMC's new retirement plan (COMPASS). It's important to note that in order to maximize the contributions to their retirement account over the life of their career, a pastor should put in 4% of this total compensation base in order to get a full 4% match from the church. This is especially important to pastors at the bottom of the pay scale, and those starting out without our previous pension plans. For this example, 4% of 59,897 equals \$2,396.

Based on these calculations, the following will be deducted from the pastor's cash compensation:

COMPASS Retirement account contribution: \$2,396

Health Insurance Premium = \$1,908 (C2000 Plan for a single person)\*  
Dental = \$516\*  
Vision = \$ 108 \*  
Total. \$4,928

\*There are other plans both higher and lower in cost with different benefits for the pastor. We have selected the default plans for all three types of insurance.

In addition to these deductions pastors would pay the SECA contributions (\$9990) directly to the IRS from their cash salary.

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These amounts are subtracted from the cash compensation of the pastor \$44,368, for an ending cash balance of:

**\$29,450/annually**

**\$2,454/monthly**

With the exception of housing, pastors have to manage the same household expenses as anyone else, These expenses include federal and state income tax, personal transportation (auto, gas, maintenance), medical expenses (**up to \$4,000 which is the out of pocket maximum minus the HRA contribution of \$1000 in 2026 which is part of the C2000 Plan**), food, and personal expenses, like clothing and entertainment, as well as being encouraged to tithe to the church out of this monthly amount of \$2,454.

### **Pastor Compensation for 2027 (proposed)**

The following is an example of a pastor's compensation with expenses related to benefits and self-employment tax, using calculations for 2027 **IF** the recommendations from CEC for a 3% increase to the BMC and \$750 for each full-time equivalent year of service for pastors are passed by the AC.

For these purposes we have created another HYPOTHETICAL Licensed Local Pastor without Course of Study, who is "single" with no dependents, who has five full-time-equivalent years of service as of 2027 and is living in a parsonage.

This pastor would receive the Base Minimum Compensation **cash compensation of \$46,261.**

**As noted above, to calculate the base for SECA payments, one adds the projected fair market rental (FMR) value of the parsonage to the pastor's cash compensation.** For this example we assumed a fair market value of \$1,860 per month or \$22,320 annually. So for this example:

**\$46,261 + \$22,320 = \$68,581.**

**The SECA contribution of 15.3% of this total is \$10,493 and is paid by the pastor from his cash salary.**

As noted in the previous example it is important to note that the pastor still pays State and Federal Income Tax on the cash portion of their compensation and that they pay 100% of their SECA contributions, unlike lay church employees where 50% of their FICA contributions are paid by the church.

**To calculate the total compensation base used to compute retirement contributions for this pastor who lives in a parsonage, cash salary again gets added to 35% of that cash salary for a total of \$62,452** It's important to note that unless they change their elections, in order to maximize their retirement contributions pastors will begin automatically contributing 5% of this income and will receive a 4% match from the church.

Based on these calculations, the following will be deducted from the pastor's cash compensation:

COMPASS 5% = \$3,123

Health Insurance Premium = \$2,169 (C2000 Plan for a single person)\*

Dental = \$528\*

Vision = \$ 108\*

Total. \$5,928

\*There are other plans both higher and lower in cost with different benefits for the pastor. We have selected the default plans for all three types of insurance.

In addition to these deductions the pastor pays his SECA contribution of \$10,493 to the IRS.

These amounts are subtracted from the cash compensation of the pastor \$46,261, leaving:

**\$29,840/annually**

**\$2,486/monthly**

With the exception of housing, pastors have to manage the same household expenses as anyone else, These expenses include federal and state income tax, personal transportation (auto, gas, maintenance), medical expenses (**up to \$4,500 which is the out of pocket maximum minus the HRA contribution of \$500 in 2027 which is part of the C2000 Plan**), food, federal and state income tax, and personal expenses, like clothing and entertainment, as well as being encouraged to tithe to the church out of this monthly amount of \$2,454.

**Supporting Documentation for Commission on Equitable Compensation Recommendations to the 2026 Annual Conference**

CEC's first recommendation is related to the Base Minimum Compensation with NO years of service included. The base minimum reflects the starting point for our pastors' salary compensation. Prior to 2022, when the conference passed a 2.5% increase in the base minimum compensation, there had been no increase in the Minimum Base Compensation, since 2017. CEC utilized the 2017 numbers as a baseline (last time minimum was raised before 2022) to determine the level of salary compensation that would be necessary for a pastor who begins service in 2026 at base minimum to have the same buying power as the pastors who began service in 2017 when they were at the base minimum. As shown in the chart below, UNYAC minimum salaries have not kept pace with inflation.

Salary Inflation Calculator				
Credentials	January 2017	January 2022	January 2026	April 2026
Elder in Full Connection	\$39,984	\$46,293	\$53,553	\$54,832
Provisional Elder	\$38,556	\$44,640	\$51,640	\$52,874
Associate Member	\$37,842	\$43,813	\$50,684	\$51,895
LLP with COS	\$37,128	\$42,987	\$49,728	\$50,915
LLP.	\$35,700	\$41,333	\$47,815	\$48,957
Rate of Inflation	Baseline	15.78%	33.94%	37.14%

This table shows how much the minimum base compensation rate would increase based on the proposed 3% versus the amount it would need to increase to provide the same buying power as similarly credentialed entry-level pastors had in 2017.

Credentials	(Current) 2026	(Proposed) 2027	Increase based on proposed 3%	Increase if based on inflation rate
Elder in Full Connection	\$45,818	\$47,193	\$1,375	\$9,014
Provisional Elder	\$44,303	\$45,632	\$1,329	\$8,571
Associate Member	\$43,345	\$44,645	\$1,300	\$8,550
LLP with COS	\$42,787	\$44,070	\$1,283	\$8,128
LLP.	\$41,273	\$42,511	\$1,238	\$7,684

While the proposed increase to the Minimum Base Compensation this year (3%) isn't sufficient to entirely fix this issue, CEC recognizes that local churches cannot adjust to huge increases in compensation all at once. So this is the incremental change recommended for this year.

CEC's second recommendation is related to the increase provided to pastors in recognition of each full-time equivalent years of service (up to 25 years). This amount is added to the Base Minimum Compensation to establish that pastor's minimum rate of compensation. The amount of the increase for each year was equal to 1% of the Minimum Base Compensation until 2024, when it was changed to 1.5%. CEC is proposing a flat \$750 for full-time equivalent years of service to make calculating and increases going forward more consistent. This also recognizes that all pastors are doing the same basic service with the same expectations once they step into the church. This year's proposal creates a larger increase for the LLP and the LLPCS this year, but our intent is to create a system that is equitable for all pastors and the churches as they move forward.

To illustrate the difference in costs related to calculating the increase for years of service based on the current method vs a flat \$750 per full-time equivalent year of service, the following shows this increase for pastors who in 2027 will have completed 5, 10, and 25 years of service. The 2026 numbers are provided as a comparison to what clergy who have completed 5, 10 or 25 years of service as of this year are currently paid.

Credentials	Flat Rate	1.5% of 2027 proposed MBC	5 Years		
			2026	2027 with \$750/year	2027 with 1.5% per year
Elder in Full Connection	\$750	\$708	\$49,254	\$50,943	\$50,733
Provisional Elder	\$750	\$684	\$47,626	\$49,382	\$49,052
Associate Member <sup>1</sup>	\$750	\$670	\$46,596	\$48,395	\$47,995
LLP with COS	\$750	\$661	\$45,996	\$47,820	\$47,375
LLP.	\$750	\$638	\$44,368	\$46,261	\$45,701

Credentials	Flat Rate	1.5% of 2027 proposed MBC	10 Years		
			2026	2027 with \$750/year	2027 with 1.5% per year
Elder in Full Connection	\$750	\$708	\$52,691	\$54,693	\$54,273
Provisional Elder	\$750	\$684	\$50,948	\$53,132	\$52,472
Associate Member <sup>1</sup>	\$750	\$670	\$49,847	\$52,145	\$51,345
LLP with COS	\$750	\$661	\$49,205	\$51,570	\$50,680
LLP.	\$750	\$638	\$47,464	\$50,011	\$48,891
Credentials	Flat Rate	1.5% of 2027 proposed MBC	25 Years		
			2026	2027 with \$750/year	2027 with 1.5% per year
Elder in Full Connection	\$750	\$708	\$63,000	\$65,943	\$64,893
Provisional Elder	\$750	\$684	\$60,917	\$64,382	\$62,732
Associate Member <sup>1</sup>	\$750	\$670	\$59,599	\$63,395	\$61,395
LLP with COS	\$750	\$661	\$58,832	\$62,820	\$60,595
LLP.	\$750	\$638	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>

<sup>1</sup> The number of Associate Members in UNYAC is minimal and currently all are retired.

<sup>2</sup> Licensed Local Pastors must complete the Course of Study by year 12.

As shown above the difference in the full-time equivalent years of service at 5 years, 10 years, and 25 years is not that large. While standardized increases do create a larger increase for the LLP and the LLPCS this year, it creates a system that is equitable for all pastors and the churches they serve moving forward. Additionally, calculating 1.5% of the MBC changes the amount for full-time equivalent years of service each year if the minimum base compensation increases; a standard increase eliminates this need and creates a more stable salary scale. This also moves towards a recognition that we need to attract more individuals to ministry, including those for whom this is a second career and who therefore opt to be LLPs rather than incur the high cost of seminary. To do this, we need to provide a salary that reflects inflation and the cost of living, with a fair method of calculating merit increases based on years of experience.