

Iowa District West – LCMS

Compensation and Benefit Recommendations for
Professional Church Workers

Ordained Salary Schedule 2026

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THE LUTHERAN CHURCH-MISSOURI SYNOD

ON A MISSION TO SUPPORT CHRIST'S MISSION!

Introduction

Iowa District West is on a mission to support Christ's mission! This document is intended to help congregations as they develop an objective salary and benefit package for their workers.

Scripture

Scripture addresses church worker compensation. Paul writes in 1 Timothy 5:18, "You shall not muzzle an ox when it treads out the grain," and, "The laborer deserves his wages." And in 1 Corinthians 9:7-12, Paul teaches that the worker is worthy of his wages.

Prayer

God's will stands revealed. The church worker should be compensated. Pray, then, for wisdom to make prudent decisions regarding your pastor's compensation.

Guideline Intent

The information and worksheets included are guides for congregations as they establish equitable pay practices based on prevailing wages paid in congregations and in secular jobs in Iowa. **These guidelines are minimum suggested compensation levels. Congregations are highly encouraged to consider exceeding these minimum standards as an expression of their appreciation for the value of the work being done.**

Worker compensation must also take into account special circumstances, exceptional or extra effort or skills, special ministry needs, and other unique factors in your congregation and/or community. Using the guidelines will require effort, but that effort can lead to enhanced working relationships for congregations and workers in the Lord's Kingdom.

The responsible board or committee from your congregation should prepare and submit the compensation recommendations to the church council, governing board or assembly per your congregation's constitution and bylaws. The responsible board or committee should also be the primary supporter of the recommendations at the church council, governing board or assembly meeting.

A proper compensation package should take into account the following items:

1. Base Salary;
2. Housing and Utilities;
3. Benefits – Health, Retirement, Disability & Survivor Plans;
4. Professional experiences and resources: continuing education, books, periodicals, etc.;
5. Travel Expenses; and,
6. Social Security Adjustment.

These compensation recommendations are designed to encourage fair and equitable compensation within the pastoral ministry of our District on the basis of: Years of experience; Professional growth and/or formal education; and, Levels of Responsibility. Care and concern for ministry leaders is a congregation and District priority.

Care Beyond Compensation

As each congregation calls its pastor(s) to serve in ministry, **there is an opportunity and a responsibility for mutual care and concern.** Each congregation is unique and each worker has unique needs which will determine specific ways to care and show concern.

We encourage each congregation 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, and financial support for continuing education and retreats. Each congregation is encouraged to be creative in their caring. Congregations are encouraged to utilize the District's Committee for Ministerial Growth and Wellness to develop ideas or strategies for providing care for their workers.

General Compensation Guidelines

Introduction

This section includes specific guidelines for pastors as congregations seek to offer an **objective salary** and benefit package. The first part of this guideline deals with what is considered a basic salary and benefit package (salary, housing & utilities, benefits, vacation) followed by additional compensation considerations. For convenience, a worksheet for calculating compensation and expenses is provided at the end of this guideline.

Treasurer's Manual

The Lutheran Church—Missouri Synod releases annually a *Congregational Treasurer's Manual*. It is a helpful tool for understanding the complexities of housing, benefits, and other payroll issues. It also covers congregational accounting and financial reporting. The manual is available on the LCMS website at www.lcms.org/ctm.

Salary

The base salary can be determined by reviewing the 2026 Ordained Ministers Salary Guidelines found at the end of the document. Entry level salary (year 0) assumes an ordained minister with a Seminary Degree and no related work experience. Housing and utilities are not included in the scheduled full-year salaries. It is recommended at least ½ of prior years' life experience in another career be added to the salary scale.

General Compensation Guidelines *continued*

In addition, the following adjustments to the base salary are designed to reflect such factors as congregational size, serving aged or infirmed members of a congregation who are unable to attend church services and activities, as well as serving needs of parishioners and others outside the traditional church services. Those adjustments are as follows:

Baptized Members	Sole/Senior Pastor % Factor of Base	Associate/Assistant Pastor % Factor of Base
0-250	100%	100%
251-500	110%	100%
501-750	115%	105%
751-1000	120%	110%
+1000	125%	115%

When formulating a worker's salary, congregations are also encouraged to consider unique ministry arrangements and partnerships. For multiple parish arrangements, a 20% increase to the base salary is recommended. If congregations have developed partnerships that require additional work from their worker or an additional skill set, congregations should recognize this in an appropriate increase to the worker's base salary.

Ongoing education should be encouraged and rewarded by congregations as it allows workers to gain deeper knowledge and/or additional skills that will directly benefit congregations and communities. As such, a 15% increase to the worker's base salary is recommended for each earned post-graduate (post M. Div.), ministry-related degree. In addition, congregations should consider partnering in the cost of the ongoing education classwork. Financial aid may be available from the District.

General Compensation Guidelines *continued*

Housing & Utilities

If church-owned housing is not provided for the pastor, a housing allowance which reflects the value of homes in that community; 30% of salary should be offered. Local costs may dictate adjustments to these figures. An adequate utility allowance (approximately \$3,500 annually) should also be included.

The following is a recommended resolution for establishing a housing allowance:

“RESOLVED, that (name of congregation or entity), 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 Minister of the Gospel at any time serving it, in an amount each year equal to _____% of that person’s gross annual compensation.”

The gross income received by a Minister of the Gospel for performing functions of the ministry does not include:

The rental value of a home furnished as part of compensation; or,
The housing allowance paid as part of compensation (to the actual amount or extent used to provide a home). However, the designation of a housing allowance must be consistent with the official and documented action taken by the governing body of the congregation, or other entity in advance of such payments.

The IRS does not limit the amount of the housing allowance established by a congregation or claimed by a worker. The worker has the responsibility of justifying housing allowance (amount actually spent). Any other income left over would have to be reported as taxable income. The housing total can be adjusted during the year but new amounts/percentages are not retroactive. Congregations are urged not to set the housing allowance too low as there is no cost to the congregation by setting a higher percentage.

A housing allowance should be designated also for workers who live in church-owned housing because it provides tax free money for the purchase of furniture, appliances, lawn care, etc. For more information regarding housing allowance, refer to the Congregational Treasurer’s Manual, Chapter 2.

General Compensation Guidelines *continued*

Benefits

Concordia Plans is the LCMS benefits provider of choice for all LCMS entities.

Concordia Plans offers an employer the opportunity to select a comprehensive package of benefits. The Plans include: 1) the Concordia Health Plan-CHP; 2) the Concordia Retirement Plan-CRP; the Concordia Disability and Survivor Plan-CDSP; 4) the Concordia Retirement Savings Plan-CRSP. Information can be obtained on their website: www.ConcordiaPlans.org. Concordia Plans offers a wide variety of choices that will meet a ministry's ongoing needs. Employers who do not elect to offer Concordia Plans will have greatly reduced benefits for their workers and may experience difficulty securing new called workers.

Concordia Plans offers an Account Manager assigned to every LCMS Ministry to assist employers with these decisions. Whatever benefit package is offered it must be applied consistently to all workers within the Concordia Plans guidelines.

Personal Spending Accounts: If a plan option with a deductible or significant out-of-pocket expenses to workers is offered, the congregation is encouraged to set up appropriate Personal Spending Accounts so those expenses can be paid using pre-tax dollars. Personal Spending Accounts could include a Flexible Spending Account (FSA), a Health Reimbursement Arrangement (HRA), or, if offering a qualified high deductible plan, a Health Savings Account (HSA). Depending on the type of account, it may be funded by the worker, the employer, or both.

Full Basis and Regular Basis: As of July 1, 2014, the additional payment of 3% of compensation for workers is no longer required but still is encouraged for workers who were receiving the payment.

Plan Contributions: The employer is responsible for the full cost of the CDSP and the CRP (if working more than 20 hours per week and more than five consecutive months). If the employer participates in the CRSP, it is optional for the employer to provide additional contributions.

The employer must pay at least 50% of the cost for the worker-only coverage in the CHP. If the employer makes the decision to pay for all of the worker's cost or all or a part of the cost for dependent coverage in the CHP, the procedure used should be uniform and nondiscriminatory for all workers. It is recommended by the District that the entire cost of Concordia Plans (health, retirement, disability, and survivor plan) be paid by the employer.

Rates: Rates may change annually so it is best to check with Concordia Plans on specific rates. The current retirement program contribution rate on the Regular Basis is 10.7% of total compensation.

The current Disability & Survivor Plan rate is 1.75% of compensation for worker with dependents and 1.2% of compensation for worker without dependents.

The health plan rates vary according to location of the employer and plan option selected. To view the latest rates, call Concordia Plans at 888.927.7526 and ask for the Account Manager assigned to your ministry, or contact the District Office.

General Compensation Guidelines *continued*

403(b) Retirement Plans

A tax-deferred savings plan should be an option available to the worker. All employers can offer the 403(b) Concordia Retirement Savings Plan at no additional cost. To view information about the 403(b) plans, go to www.ConcordiaPlans.org (and click on “Our Solutions” and “Retirement Solutions”) or call (314) 885-6865 to speak with a Financial Educator or email MoneyMatters@concordiaplans.org.

Vacation & Days Off

Congregations are encouraged to establish a definite policy regarding vacation and days off. Please note that “years of service” (from ordination) is to be determined by the fiscal year of the congregation/school and not by anniversary date of when the church worker began ministry. The following serves as a guide:

Service Years	Vacation Weeks (minimum)
0 to 9	3
10 to 19	4
20+	5

It is recommended that full-time pastors receive 1½ days off per week and that they be strongly encouraged to take this time.

Social Security Tax

Pastors are considered self-employed by the IRS for Social Security purposes. As such, they are required to pay a 15.3% self-employment tax. Congregations are encouraged to provide 50% (or 7.65% of the 15.3%) of this payment of the federal Social Security tax applicable to the self-employment program.

Please note, additional information on taxes can be found on the District website: www.idwlcms.com (direct link www.idwlcms.org/compensation-recommendations.php and click on Tax Resources.

Additional Compensation Considerations

Annual Review

Congregations of the District are urged to appoint or otherwise select a salary review committee to discuss, at least annually, compensation issues with all workers. Members of the salary review committee should include some of the elected leaders of the congregation. Open and honest lines of communication are vital the area of worker compensation.

Professional Expenses

Expenses for business use of a personal car, travel for the church, meetings, conferences, conventions, library, etc., are cost of doing business for the congregation. These expenses are not a part of salary administration and may not be considered as a salary or a benefit. They should be budgeted separately as a business expense of the congregation. The congregation should adopt an accountable plan for expense reimbursement to meet the requirements of the Internal Revenue Code. For more detailed information, consult the Congregational Treasurer's Manual, chapter 6, section 6.110.

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 is currently .70 cents per mile. Watch for the release of 2026 rates in late 2025. 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.

Sabbatical

If a worker has been at congregation for six or more years, a sabbatical for renewal and growth purposes may be considered. A congregation should develop a policy regarding sabbatical leaves for their pastors to study or serve in mission opportunities.

Church Worker Gifts

The congregation may provide gifts to its workers such as a Christmas bonus. Such gifts are taxable to the worker if paid from the church treasury, even if paid only from designated receipts. Direct gifts from the parishioner to the worker are not taxable to the worker but are not deductible for the donor.

Additional Compensation Considerations *continued*

Miscellaneous Compensation Items

1. Moving Expenses

When a congregation calls a pastor, it should pay all necessary and reasonable moving expenses for the worker and family.

Beginning in 2018, qualified moving expenses are no longer excludible from an employee's gross taxable income; neither can he or she claim a tax deduction for them. Consequently, the pastor will incur a liability to pay federal, state and self-employment taxes for all employer-paid or reimbursed moving expenses. If the congregation decides to help relieve him of this additional tax liability by subsidizing his pay with additional compensation, this subsidy also is taxable. Please consult your professional tax advisor in making decisions related to the tax planning for and reporting of payments for job-related moves.

2. Pastoral Service to Vacant Congregations

Vacant congregations should adequately compensate a vacancy pastor for services to them. A suggested level of compensation during a vacancy is one-half to two-thirds of the vacancy pastor's base salary (according to District guidelines and excluding housing and other allowances). This would cover preaching, confirmation instruction, sick and shut-in calling, and basic congregational meetings. Travel expenses, telephone calls and other costs should be assumed by the vacant congregation.

Consultation with the Circuit Visitor will be helpful in determining an appropriate and adequate amount.

3. Pastoral Service to Lutheran Schools

If, as a part of his Call, a pastor is expected to provide administrative supervision to school staff, the congregation is encouraged to consider up to a 20% addition to the pastor's base salary based on the size of the school and staff and the position description related to the pastor with a school.

4. Pulpit Supply Compensation

It is recommended that the basic remuneration for conducting one service with sermon be **\$200**. For each additional service or Bible class taught add **\$75**. All expenses (round trip travel, lodging, meals) are also to be paid.

5. Additional Financial Resources

Pastors are encouraged to apply for student debt assistance from the Iowa District West Ministry Excellence Fund. Go to www.idwlcms.org/forms-and-links.php. In addition, financial aid may be available for ongoing education, leadership, or other coursework; contact the district office.

6. Renewal Time

Congregations should encourage their pastors to take off two weekends a year (in addition to vacation time) with the intent of sharing quality time with family or seeking personal or professional growth.

To Provide a Financial Foundation (Worker Compensation) RESOLUTION 3-03A

OVERTURE 3-03A (CW, p. 106 replacement)

WHEREAS, Scripture provides stewardship principles regarding those who serve in ministry (1 Timothy 5:17-18, 1 Corinthians 9:14; 1 Thessalonians 5:12-13); and

WHEREAS, The Iowa District West convention provides a compensation recommendation, and the most recent statistics indicate that Iowa District West is seventh from the bottom (35 districts) in average compensation to pastors and fifth from the bottom in average compensation to teachers; and regional (eleven Midwest districts) comparisons indicate that Iowa District West is third from the bottom in salary base; and

WHEREAS, It typically takes over 100 active worshippers to support a full-time pastor, and congregation and community demographics make financial support of workers more difficult; and

WHEREAS, Workers not receiving adequate benefits subsidize the ministry of the congregation and face personal and family financial challenges; therefore be it

Resolved, That District congregations see the District recommendations as a minimum goal for worker compensation and take action steps to meet District recommendations; and be it further,

Resolved, That District congregations consider ways to compensate their professional church workers for extra time they invest for their congregation, the community, and Christ's church; and be it finally

Resolved, That District staff and appropriate committees and task forces develop intentional strategies of congregation transition and transformation and work directly with circuits and congregations to be wise stewards of the workers and congregational resources in expanding the Gospel within our communities and throughout the District.

Action: Adopted 2009

The Partnership Project

Congregations considering ministry partnerships are encouraged to explore IDW's Partnership Project (available www.idwlcms.org/the-partnership-project.php). This resource provides Bible studies, checklists, models, assessment tools, and sample documents, designed to help congregations work through the process.

A Final Word

As you begin work on salary planning for next year, we encourage you to reflect on 1 Timothy 5 and 1 Corinthians 9 for instruction regarding caring for those who serve us in the Lord. You will note that in Timothy, the elders/pastors of the church are "worthy of double honor" and in Corinthians "the Lord commands that those who preach the Gospel should receive their living from the Gospel." May our Lord guide you as you plan!

Service Year	2024	2025	2026
Base 0	52,400	54,400	55,488
1	53,972	56,032	57,153
2	55,544	57,664	58,817
3	57,116	59,296	60,482
4	58,688	60,928	62,147
5	60,260	62,560	63,811
6	61,832	64,192	65,476
7	63,404	65,824	67,140
8	64,976	67,456	68,805
9	66,548	69,088	70,470
10	68,120	70,720	72,134
11	68,644	71,264	73,244
12	69,168	71,808	73,799
13	69,692	72,352	74,354
14	70,216	72,896	74,909
15	70,740	73,440	75,464
16	71,264	73,984	76,019
17	71,788	74,528	76,573
18	72,312	75,072	77,128
19	72,836	75,616	77,683
20	73,360	76,160	78,238
21	73,884	76,704	78,793
22	74,408	77,248	79,348
23	74,932	77,792	79,903
24	75,456	78,336	80,458
25	75,980	78,880	81,012
26	76,504	79,424	81,567
27	77,028	79,968	82,122
28	77,552	80,512	82,677
29	78,076	81,056	83,232
30	78,600	81,600	83,787
31	79,124	82,144	84,342
32	79,648	82,688	84,897
33	80,172	83,232	85,452
34	80,696	83,776	86,006
35	81,220	84,320	86,561
36	81,744	84,864	87,116
37	82,268	85,408	87,671
38	82,792	85,952	88,226
39	83,316	86,496	88,781
40	83,840	87,040	89,336

Compensation Worksheet for **Ordained** Ministers

Worker's Name _____

Base Salary from Chart _____

Number of Degrees Beyond Post-Grad _____

Parsonage Provided? (yes or no)

Applicable Factor from Chart (page 2) _____

(sole/senior/associate/assistant/size of congregation)

Multiple Parish? (yes or no)

Additional for Other Responsibilities

Compensation

Base Salary	\$	
Housing Allowance	\$	
Utilities	\$	
Senior/Assistant - Size of Parish Factor	\$	
Post-Graduate Degrees	\$	
Multiple Parish	\$	
Additional Responsibilities	\$	

Subtotal \$

1/2 Social Security & Medicare \$

Retirement Plan Adjustment (optional) \$

Total Worker Compensation \$

Benefits

Concordia Plan Services	Health (plan selected by congregation), retirement, disability, life
Utilities for Parsonage	Paid directly to utility company for the worker
Housing Allowance Designation	Designation for tax purposes (no cost to congregation)

Professional Expenses

Reimbursed by accountable plan