



2026 Compensation Guidelines for Rostered Ministers of the Southwestern Texas Synod of the Evangelical Lutheran Church in America

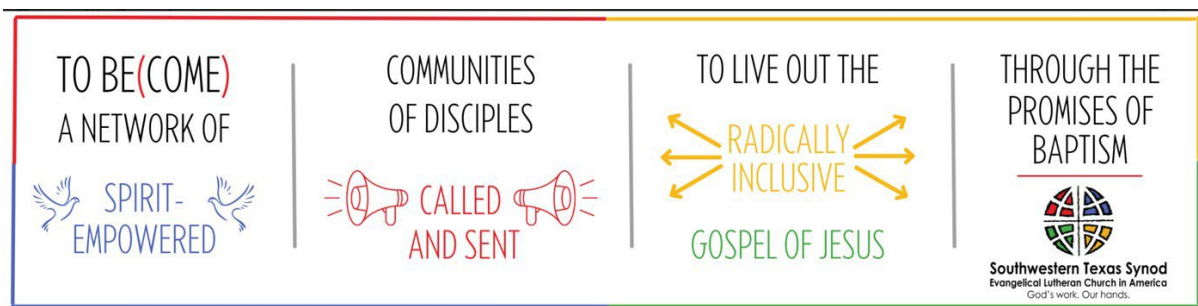
These 2026 compensation guidelines are intended to provide congregations/ministries within the Southwestern Texas Synod with a consistent framework when evaluating total compensation packages for rostered ministers. This enables consistency and equity among congregations/ministries. Each congregation/ministry is different; therefore, it is vital to have clearly defined policies communicated within your congregation/ministry.

Our Purpose:

God's grace transforms and connects us to learn, to love, to lead. This guides our priorities and work together as a synod:

Our Vision:

The Southwestern Texas Synod embraces biblical values about the relationship between rostered ministry and congregational life and mission:



“Within the Evangelical Lutheran Church in America, rostered ministers may serve as pastors or deacons. The process of calling rostered ministers within the church's life is, therefore, primarily about discerning God's will for and God's call upon the congregation or ministry in which they will serve. *Prayerfully, the church calls forth those it believes God can best use to help it accomplish their mission together.*

Rostered leadership is not a self-called vocation but a unique calling from God through the church to serve and equip the whole people of God. This is so that the church can live together faithfully as the body of Christ, equip the baptized for their work, and fulfill its purpose to proclaim and embody the redemptive intentions of God in the world.”

“A Theology of Call” - ELCA Website

A “calling” implies a *mutuality* between those rostered people being called and the agency or congregation issuing the call. This mutuality means that congregations and other ministry sites are to live for the well-being of the rostered ministers that they call, and rostered ministers are to live for the well-being of the communities into which they are called so that together, with the whole church, they might live in Christ for the life of the world. **“We do not live to ourselves...” (Romans 14:7)**

Compensation for Rostered Ministers should involve...

Years of Rostered Experience

There are acquired skills, wisdom, and experiences that can only come from actual rostered service.

Years of Non-Rostered Experience

Second-career people bring to rostered service life experiences and skills from other fields that are helpful to mutual ministry.

Staffing and Programming

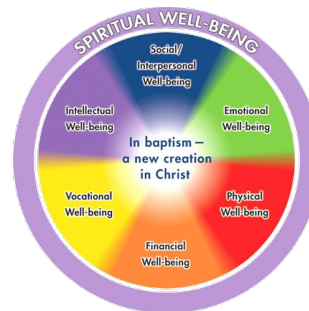
How complex is the system you're asking the rostered minister to enter? Consider additional compensation for multiple worship services, staff and/or volunteer supervision, varied programming, specialized calls, pre/school administration, solo leadership in thriving communities, and churches in growth patterns.

Advanced Training and Education

Leaders that actively equip themselves for ministry are better able and more likely to create a spirit of life-long learning in a congregation.

Local Salaries and Cost of Living

Fair compensation should reflect the realities of the congregation and community to which a leader is called. A leader should be able to provide for their own



economic needs as well as for their spouse and/or their children.

All people - rostered ministers included - are complex creatures. We are all, in the words of the psalmist, "fearfully and wonderfully made." Our well-being and our being made well include:

- Intellectual Well-being
- Social/Interpersonal Well-Being
- Emotional Well-being
- Physical Well-being
- Financial Well-being
- Vocational Well-being

All of these are tied to our spiritual well-being. None of them can be separated from the others. Compensation, goals, evaluations, work climate, continuing education, rest, and the like are vital to the well-being of leaders. For better or worse, the well-being of our leaders has a direct impact on the ministry sites they serve. It can affect the leader's health, their families and ministries' effectiveness. An open, honest and gracious conversation should lead to realistic expectations and adequate compensation.

Mutual Ministry

The mutual ministry inherent in a call requires both *mutual* responsibility and accountability. People often call synod offices and ask, "Do you have anything we can use to evaluate our pastor?" There are usually some questions in response to this query: "Have you set any mutually defined goals or objectives?" "Are you evaluating the ministry or just the minister?"

A couple of great resources:

- [Mutual Ministry: Welcoming and Honoring the Gifts of All](#)—Episcopal Resource
- [Embracing Mutual Ministry](#)—Methodist Resource

The compensation recommendations aim to address the following key areas:

Distinction between housing allowance: Pastors are eligible for a housing allowance. Deacons are encouraged to consult with a tax professional to determine their eligibility for their housing allowance.

Clarification of terminology: Standardize and clarify language related to the salaries of rostered ministers.

Congregational consistency: Promote consistency in compensation practices across all congregations.

Comprehensive and balanced approach: Ensure all components of compensation are considered in a fair and balanced manner.

Alignment with community standards: Use school district compensation models as a benchmark to reflect the values and expectations of the broader community.

Compensation Approval and Considerations

A reminder that these are just guidelines, and a conversation is helpful with the necessary people (including the rostered minister).

All compensation packages must be approved by both the Congregation Council and the Office of the Bishop prior to extending a call to a pastor or deacon.

Additional Compensation Guidelines

- **Experience-Based Compensation:** *Rostered ministers with more than 30 years of experience should receive a minimum of \$450 for each additional year of service beyond 30 years.*
- **Social Security Obligation for Pastors in Parsonages:** Pastors living in a church-owned parsonage are responsible for paying Social Security tax based on the combined value of the housing and base salary.

Clarification of Compensation Terminology

For consistency and clarity in compensation planning and reporting, the following definitions apply:

“Defined Compensation,” as recognized by Portico Benefit Services, includes base salary, housing allowance (pastors only), and Social Security offset, which serves as the basis for calculating the cost of retirement and health benefits, as well as the amount on which the rostered minister is taxed.

The term “salary” does *not include*:

- Retirement and health benefits contributions
- Continuing education allowances
- Travel or automobile reimbursements

These excluded items are categorized as organizational administrative costs and are not part of the minister’s taxable or defined compensation.

Compensation Guidelines Using School District Compensation Models

The Southwestern Texas Synod has adopted a compensation framework modeled after public school middle school



principal salary structures to ensure equity, transparency, and alignment with local community values.

Key Components:

Baseline Salary

- A minimum base salary of \$65,000 for pastors and deacons has been established as the starting point for compensation recommendations. Be mindful of second-career pastors and deacons when determining their base salary. The suggested rate would be \$450 per year of experience.

Parsonage Adjustment

- When a parsonage (church-provided housing) is offered, the fair rental value is considered part of the pastor's total salary.
- For benefit and tax purposes, Portico Benefit Services considers the value of housing to be 30% of the cash salary.
- Therefore, cash compensation is reduced by 30% when a parsonage is provided. *(See far-right columns of the salary grids for adjusted figures.)*

Housing Allowance Inclusion

- Salaries listed in the compensation grids typically include a housing allowance.
- Since it is important for pastors to reside within the communities they serve, congregations in areas with higher housing costs should adjust the housing portion upward to ensure adequate support.

Coastal/Cities Adjustments

- Congregations located in coastal regions and big cities should increase compensation to reflect higher-than-average home insurance premiums and elevated living costs in these areas.

Social Security Considerations

For Social Security and Medicare purposes, the Internal Revenue Service treats ordained ministers as self-employed, even though they are considered employees for federal income tax reporting. Because of this special status, congregations generally do not pay the employer share of FICA (7.65%) or withhold Social Security and Medicare taxes for their pastor. Instead, the pastor pays the full Self-Employment Contributions Act (SECA) tax of 15.3% when filing their taxes. To help offset this additional responsibility, many congregations provide a Social Security offset allowance, often calculated at about 8.284% of salary. This percentage is slightly higher than 7.65% because the allowance itself is considered taxable income. When calculating SECA taxes, the pastor's salary, housing allowance (or the fair rental value of a parsonage), and any Social Security offset allowance are all included in determining the amount subject to the 15.3% self-employment tax.

Sample Grid Layout

Years of Experience	Base Salary	<u>(City)</u>	<u>(Rural)</u>	Yearly Recommended Increase
0 – 5 years		\$68,000	\$54,400	3%
6-10 years		\$72,000	\$57,600	3%
11-15 years		\$76,000	\$60,800	3%
16-20 years		\$80,000	\$64,000	3%
21-25 years		\$85,000	\$63,000	3%

*Rostered Ministers with more than 25-years' experience should be compensated at a rate of \$450 for each additional year of experience.

*Rostered Ministers in parsonages take 30% less defined compensation

*Pastors living in a parsonage must pay Social Security based on value of housing plus base salary.

Housing Allowance Guidelines

The housing component of a minister's compensation is complex, involving IRS regulations, local housing realities, and variability in congregational housing arrangements.

Tax Benefit Overview

- **Pastors** may receive a **housing allowance** that is **exempt from federal income tax**, according to IRS rules.
- **Deacons and lay employees** are **not eligible** for this tax benefit.
- Housing arrangements affect how compensation is handled for tax and benefits purposes.

Pastors Living in Parsonage

When a pastor resides in **church-owned housing (a parsonage)**:

The **value of the housing** is considered part of compensation but is **not taxed as income**.

The congregation is responsible for:

- *Utilities*
- *Repairs and maintenance*
- *Insurance*
- *Lawn care and upkeep*
- *Timely remodeling and significant improvements*

The congregation pays these parsonage-related costs, **and they are not taxable** to the pastor.

Optional Additions:

- **Furnishings Allowance:** Congregations may designate a non-taxable **furnishings allowance** to help cover additional household expenses.

Equity Allowance: Since pastors in parsonages cannot build equity, congregations may provide an "**equity allowance**" to support long-term housing stability.

- Suggested amount: **5% of the pastor's cash salary per year**.

Pastors Owning or Renting a Home

For pastors who **own or rent** their residence:

- The IRS allows **actual housing expenses** (e.g., mortgage/rent, utilities, taxes, insurance) to be **excluded from taxable income**, up to the **designated housing allowance** set by the congregation.

The pastor must:

- Keep **detailed records** of eligible housing expenses each year.
- Pay income tax on any **unused portion** of the designated housing allowance.

Annual Designation Process

To comply with IRS regulations:

- Each **December**, the pastor must **request that a portion of their compensation** be designated as a **housing allowance** for the coming year.

The **Congregation Council** should:

- Acknowledge the request by formal **motion and vote**.
- Record the action in the **meeting minutes**.

Sample Motion Language:

A motion was duly made, seconded, and approved that the ministry compensation paid to Rev. [Name] during the year 20[XX] includes a designated housing allowance in the amount of \$[Amount]. This amount shall remain in effect annually until amended or rescinded.

(Source: Clergy Financial Services, Inc.)

HEALTH AND RETIREMENT BENEFITS FOR ROSTERED MINISTERS

Retirement and Medical Program

Pastors, deacons, and their families are expected to fully participate in the ELCA retirement and health benefit plan, whose cost is the responsibility of the congregation (or calling body). The retirement contribution is at least 10-12% of Defined Compensation. The premium for the medical plan (which includes medical and dental insurance, disability insurance, and death benefits) varies according to a schedule. Contact [Portico](#) directly for questions and costs at 800-352-2876. Click here for [Portico Benefits Calculator](#).

Given the exponential increase in healthcare costs over the last decade, it is understandable that your congregation may struggle to provide healthcare and benefits beyond those for employees. Consider what can be offered and talk with your minister about what is negotiable. After conducting research and comparing open-market options, it has been determined that Portico's coverage is competitive and often less expensive than that of other providers. Congregations are free to search the market for different insurance plans for their ministers, seeking a more affordable option. However, the coverage offered must be the same or better as what Portico offers, and these efforts should be made in conversation and partnership with the rostered ministers.

Sick Leave

The congregation should have a sick leave policy for all its rostered ministers and other personnel. The policy should include:

- The number of paid sick leave days available each year. This annual number should be at least 7. (Most school districts allow for the accrual of sick days, at the rate of one per month of employment, resulting in 12 annually.)
- Policies laying out procedures if an individual needs more sick days.
- Policies as to whether sick days may be accrued.

(Note: Sick leave days are essential for modeling physical stewardship. For the sake of individuals and the community, people should be able to take the necessary time to heal. Conversely, "sick days" are for illness, healing, and recuperation, or may be used for the care of family members who are ill. They are not "personal leave days." Congregations and personnel should model gracious and compassionate mutual trust and respect in creating, implementing, and using such policies.)

Mental Health Leave

The congregation should have a policy for personal, paid time off for rostered ministers seeking leave for mental health. Providing time and space for your leaders to seek therapy, prescribed medications, and/or manage burnout will benefit them and their ministry sites. Our calling as the church is to restore our leaders to health, helping them live abundantly.

Disability Leave

Disability leave provisions are coordinated with Portico Benefit Services and with Social Security.

- Congregations are to provide up to two months of continued salary, housing, and contributions to the pension program in 12 months. (ELCA disability benefits begin with the third month of disability.)

- Provision may be made for further unpaid time for recovery as agreed by the congregation, but with the stipulation that unused accumulated sick leave will not be compensated at the end of the call.

Parental Leave

The church values families. Whether parental leave is maternal, paternal, or adoptive, the synod recommends at least 12 weeks of paid leave at full salary, including housing and benefits. Bonding as a new family, supporting one another, creating a balance in schedules, and nurturing physical and mental health are just some of the many benefits of parental leave. Additional time may be negotiated by the rostered minister and the council, whether for specific concerns or needs, or to comply with the Family and Medical Leave Act (1993) standards of **twelve weeks** of parental leave.

Family Medical Leave

Paid leave of up to twelve weeks is recommended to care for a family member with serious health condition.

Vacation and Days Off

Due to the intense, ongoing, and emotional nature of the work performed by a minister, it is essential and recommended that the leader be granted four full weeks of vacation (including Sundays) per year, starting immediately upon call, to ensure emotional and spiritual refreshment. Vacation is not a reward, but rather a recognition that a person needs time for renewal to be most effective in ministry. It is not necessary to take all vacation time at once. Congregations should consider increasing vacation time for longer tenures (2 additional days per year of tenure is recommended).

The congregation should also understand that taking two days off each week for family time and renewal is essential. It is recognized, of necessity, that the minister is still “on call” during these days. The congregation needs to be trained not to encroach on days off except in an emergency. Create a policy stating whether vacation can be accrued or rolled over.

Pulpit Supply

Contact the synod office for a list of pastors and seminarians available for supply. Supply rates are **\$250** for one service and **\$350** for two or more services. Education or presentations should be counted as a “service.” Unless another agreement exists between the guest minister and the congregation, round-trip mileage should be paid to the minister in accordance with IRS business rates.

Transitional Ministers

Every effort should be made to compensate transitional ministers based on their years of experience. If this doesn’t happen, it puts the congregation too far off its adopted budget. In that case, the transitional pastor should be able to reduce their hours and responsibilities in alignment with the compensation offered in consultation with the Office of the Bishop.

Continuing Education

Continuing education is essential for rostered ministers and other staff to bring fresh insights and resources to the congregation, as well as for their own professional growth. Continuing education is a means by which the rostered ministers build upon and extend knowledge, acquire new skills, and grow into more effective ministers. Indeed, failure to maintain a regular discipline of continuing education should be regarded negatively in the annual performance and compensation review.

Congregations are asked to make at least two weeks (including Sundays) per year available to their minister(s) for continuing education. This allotted time may be used to attend conferences, classes, or workshops, and/or to do theological or ministry-based reading. In consultation with the mutual ministry committee and the congregation council, the rostered minister should determine the schedule for continuing education. Upon completing a continuing education course or reading, the minister may offer a report of their learning to the mutual ministry committee and the congregational council. They could then brainstorm how continuing education might be integrated with the

congregation's ministry. The minimum recommended level for continuing education allowance from the congregation is **\$1,500** per year.

If a special focus is in mind, rostered ministers may accrue unused continuing education time and money, but only for a period of three years. This should be done only in consultation with the congregational council.

Ministers seeking advanced degrees or certifications will not be the sole beneficiaries of continuing formal education. Because congregations will, by default, learn with their minister, it is highly recommended that the congregation make some payment toward tuition for the duration of the minister's educational program. Transparency and trust are essential, and congregations are invited to request tuition bills before making payments.

Other professional expenses, such as books, magazines, and journal subscriptions, vestments, and media resources, can be managed by allocating a set amount in the budget and paying the expenses as they arise. According to the constitution, all rostered ministers are required to attend the synod assembly and are expected by the bishop to participate in theological conferences. *Neither rostered ministers nor congregations are to consider these times as "continuing education" for time or funding.*

Sabbatical Study Leave

A sabbatical leave is recommended for rostered persons after the first seven years of service in a congregation/agency and every five years after that, in conjunction with congregational/agency mission planning. The recommended length of time for sabbatical leave is three months. For further information, see the synod's [Policy and Guidelines for Sabbatical Leave for Rostered Ministers](#).

Pay Raises

On an annual basis, congregation councils should return to the grid on page 4 to adjust pay based on years of service. In preparation for the congregation's annual meeting and budget decisions, a yearly review of the rostered minister and the congregation's ministry should be conducted. The synod offers this [Rostered Minister Review](#) (credit: TXLA Gulf Coast Synod) as a starting place for these conversations about mutual ministry. If, in lean years, the congregation is unable to give pay raises based on the grid, an increase consistent with the cost of living should be considered. Additionally, the council should discuss with the minister what non-monetary compensation might look like. Some examples include increased vacation time, additional opportunities for guest preachers (and Sundays off), an increased budget for continuing education and/or study leave, and enhanced retirement benefits. Every year, a rostered minister goes without a pay increase, causing the congregation to fall behind in meeting synod guidelines. This can result in "sticker shock" when it comes time to call a new pastor or deacon, as the expectation will be that they are paid according to guidelines. The synod will evaluate the compensation guidelines annually.

Professional Expenses

Rostered ministers receive reimbursement for professional expenses (including automobile use), but this is considered reimbursement, not compensation. Professional expenses, therefore, belong under "administrative" or "operating" costs in the budget and not under "staff salaries." The recommended amount would be at least **\$800**.

The IRS recommends that ministers be placed on an expense reimbursement plan in which business-related expenses are paid to the rostered minister upon submission of an invoice or a signed and itemized business expense form. This contrasts with a system in which the minister is given a flat monthly allowance for expenses (which is reported as income) and then deducts business-related expenses.

Automobile Expenses

As indicated, using the rostered minister's automobile for business is a congregational expense. It should be adequately listed under congregational administrative expenses in the budget rather than compensation. Reimbursement to the rostered minister per mile using an expense reimbursement plan is recommended. The **IRS rate for business use** of an automobile is the standard rate for reimbursement. Alternatively, the congregation could consider providing the rostered minister with a church-owned or leased vehicle.

Cell Phone Expenses

Ministry today is not confined to the church office. Congregants expect their pastors and deacons to be reachable for emergencies, pastoral care, and routine communication. The recommended amount is a minimum of \$75-\$100 per month.

Cell phones are often the primary means by which rostered ministers:

- Respond to crises and pastoral emergencies.
- Coordinate with staff, council members, and volunteers.
- Provide spiritual support and prayer through calls, texts, and video conferencing.
- Stay accessible to their community, especially in rural or multi-point parishes.

Other

Congregations often adopt policies or procedures to benefit the rostered minister as they grow and “stay fresh” amid their duties and tasks. Such items might include:

- A policy to reimburse certain dues and memberships deemed essential to that ministry context
- Membership in a health or fitness club
- Additional life insurance coverage
- Supplemental retirement or tax-sheltered annuity contributions in consultation with a Financial Advisor (ex., Portico)

SEPARATION OF PAY FOR ROSTERED MINISTERS

There are times when personnel are released from an organization for various reasons; unfortunately, the same happens sometimes in congregations and other ministry sites. Since rostered ministers are under call from the congregation, decisions about termination and severance should be made according to the congregation’s constitution and in consultation with the bishop. The goal must always be to steward the congregation’s ministry while also being caring and compassionate. In either case, if people are released from service to a congregation, there should be as gracious and generous a severance as possible and warranted, typically three to six months, depending on the years of service and other circumstances. Ministry leaders often function in highly specialized ways, and finding another ministry site to serve may take some time. The Office of the Bishop can be helpful to congregations and rostered ministers in these instances.