



Pathways   to Vitality

# “The Birds and The Bees” OF CLERGY COMPENSATION

A Guide to Help Clergy Discuss Compensation  
and Church Finances

By **The Rev. Allen D. Rutherford**, Chair, Congregational and Community Life  
Committee of the Episcopal Diocese of Indianapolis

***Research has documented that Episcopalians would much rather talk about sex than have a transparent and informed conversation about clergy compensation within their congregations!***

The following series of questions is designed to facilitate and demystify how clergy are compensated. Many of these questions and much of this information were born out of a conversation Allen had with his vestry following the 2016 Spring Clergy Conference and the launch of the Pathways to Vitality Initiative. It was his effort to create a healthy dialogue — **and it worked!**

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## **THE DIOCESAN BUDGET’S IMPACT ON CLERGY COMPENSATION**

- ◇ What is an apportionment and how is it calculated?
- ◇ Where is the apportionment listed in the parish budget?
- ◇ How is clergy medical insurance handled in our diocese?
- ◇ How does the apportionment factor into medical insurance in our diocese?
- ◇ Who pays what portions of clergy medical insurance?
- ◇ What life insurance benefits are available to clergy? How are they paid?

## **THE “NUTS AND BOLTS” OF A COMPENSATION PACKAGE**

- ◇ What is a Letter of Agreement?
- ◇ What is a base salary/stipend?
- ◇ Where is the base salary/stipend located in the parish budget?
- ◇ What is a housing allowance?
- ◇ Where is the housing allowance found in the parish budget?
- ◇ What is SECA?
- ◇ Where is SECA found in the parish budget?
- ◇ Why is a priest considered a hybrid between a church employee (Form W-2) and self-employed?
- ◇ What is the pension?
- ◇ Where is the pension located in the parish budget?

## TAXES

- ◇ What portion of clergy compensation is considered tax-exempt?
- ◇ What taxes do clergy pay beyond SECA? (FICA, State, Local)
- ◇ Is church-provided life insurance taxable? (Yes)
- ◇ What are honorariums and are they taxable? (Yes)

## OTHER CLERGY EXPENSES MAY BE INCLUDED IN COMPENSATION PACKAGE

- ◇ One-half of SECA
- ◇ Medical insurance portion
- ◇ Tithing/pledging of clergy income
- ◇ Outreach giving beyond pledge
- ◇ Landline phone
- ◇ Cell phone

## OTHER MISCELLANEOUS COMPENSATION CONSIDERATIONS

- ◇ Mileage reimbursement and where is it found in the parish budget?
- ◇ Clergy obligations for continuing education and where is it found in the parish budget?
- ◇ What are the funding sources for clergy sabbaticals?
- ◇ Does the parish offer any assistance with repayment of seminary student loan debt?

## EPISCOPATE ANNUAL EXPECTATIONS

- ◇ What does the Bishop typically expect of clergy on an annual basis?
- ◇ How do these expectations impact the time, ministry and finances of a priest?

## GEOGRAPHIC COST OF LIVING CONSIDERATIONS

- ◇ How does the cost of living that varies from parish to parish impact the compensation package?
- ◇ What resources are available to help clergy understand what an “average comparable package” would be for other clergy in similar geographical locations?
- ◇ How does clergy compensation compare to similar professions in the area?

## RESOURCES

- ◇ **Community Compensation – Public Sector Salaries**  
<http://interactives.indystar.com/news/standing/salarydatabase/>
- ◇ **Region, County, Community Household Income Data**  
<http://www.deptofnumbers.com/income/indiana/>  
<http://www.stats.indiana.edu/index.asp>
- ◇ [www.indydio.org](http://www.indydio.org)
- ◇ [www.cpg.org](http://www.cpg.org)
- ◇ [www.episcopalfoundation.org](http://www.episcopalfoundation.org)
- ◇ [www.irs.gov](http://www.irs.gov)
- ◇ [www.in.gov](http://www.in.gov)

For more information and insights, you can reach Allen Rutherford at [rutherford317@sbcglobal.net](mailto:rutherford317@sbcglobal.net)