

Help Bivocational Pastors

Get the Most Out of Every Dollar.

Bivocational pastors have an important job. The balancing act is demanding and never stops. This is why GuideStone® wants to work with you to support your pastor(s) and equip your church in the area of financial wellness. As you begin next year's planning process, you will want to make the most of every dollar your church invests into every facet of your ministry. Your bivocational pastor's salary is no different.

As a church, you have the difficult challenge of taking care of those who serve on your staff, while also seeking to be good stewards of limited financial resources. GuideStone wants to help provide guidance in your bivocational pastor's compensation planning. Unfortunately, many bivocational pastors are losing out on cash earnings because of the way their benefits are bundled. Most churches choose to compensate their bivocational pastors in one of two ways:



Lump Sum Package Approach

Not Recommended

The church sets aside money to pay their pastor but then tasks him with the responsibility of allocating salary dollars toward insurance payments or retirement contributions on his own. This can lead to financial hardship for the church if a bivocational minister does not set aside a portion for his insurance coverage. Plus, it can distort the amount of actual income available for his family, leading to potentially higher taxes but less cash salary.



Salary & Benefits Approach

Recommended

The church assumes the responsibility of paying for the entire benefits package — still providing the same amount of compensation — but the bivocational pastor takes home more at the end of the day since some line items — including his benefits — are excluded from taxes or are designated for other purposes such as his housing allowance.



Lump Sum Package Approach ¹

Cash salary, net of housing allowance	\$10,400
Housing allowance	\$10,000
Medical insurance premiums paid by minister	\$10,750
Pastor contributions to Church Retirement Plan	\$3,600
Car expenses (nonaccountable plan)	\$600
Business & travel expenses (nonaccountable plan)	\$400
Ministry expenses (nonaccountable plan)	\$250

Church Spends **\$36,000**

Tax Impact of Lump Sum Package Approach

- **\$22,400 subject to tax** ⬆️
(all items except housing allowance and church retirement plan contributions)
- Assuming 14% tax rate², **\$2,639 tax liability** ⬆️
(without taking into account SECA or deductions)

Take-Home Cash: **\$7,761**



Salary & Benefits Approach¹

Cash salary, net of housing allowance	\$10,400
Housing allowance	\$10,000
Medical insurance premiums paid by church	\$10,750
Church contributions to Church Retirement Plan	\$3,600
Car expenses (accountable plan)	\$600
Business & travel expenses (accountable plan)	\$400
Ministry expenses (accountable plan)	\$250

Church Spends **\$36,000**

Tax Impact of Salary & Benefits Approach

- **\$10,400 subject to tax** ⬇️
(only cash salary)
- Assuming 13% tax rate², **\$1,054 tax liability** ⬇️
(without taking into account SECA or deductions)

Take-Home Cash: **\$9,346**

Knowing what tax strategies to use is pivotal to develop a comprehensive financial plan for the benefit of your ministry. Visit [GuideStone.org/CompensationPlanning](https://www.guidestone.org/CompensationPlanning), call GuideStone Customer Solutions at **1-888-98-GUIDE** (1-888-984-8433) or email Info@GuideStone.org to request a copy of the *Compensation Planning Guide*.

¹These hypothetical examples are provided for illustrative purposes only and are intended to demonstrate potential tax implications of different compensation approaches for ministers. Tax treatment and results may vary based on individual facts, assumptions, and applicable law.

²Federal income tax rates are based on 2026 tables for a single taxpayer earning an additional \$64,000 in W-2 income from their secular employment.

³This educational information is not intended as legal or tax advice. Ministers or churches with specific legal or tax questions should consult a legal or tax advisor who understands ministerial tax issues.