



DEVELOPING A COMPENSATION PHILOSOPHY

A one-page guide to help align ministry practice with biblical stewardship and sound governance

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A. Why it Matters

Compensation is often the largest expense in a church budget. A written compensation philosophy honors both God and ministry leaders by establishing a biblical, fair, and sustainable approach to pastoral pay. It serves not only as a guideline but also as a declaration of faith, expressing the church's desire to care well for its pastors – even when current funds are limited.

B. Scriptures to Consider

"The laborer is worthy of his wages." – Lk. 10:7

"The elders who direct the affairs of the church well are worthy of double honor." – 1 Ti. 5:17

C. What is a Compensation Philosophy?

A compensation philosophy is a formal statement documenting the church's position on ministerial pay. It explains why the pastor is compensated, how the amount is determined, and what principles ensure consistency, equity, and fiscal responsibility.

D. The Church's Philosophy Should be:

- **Biblical** – honoring God's Word and His servants.
- **Understandable** – transparent and clearly written.
- **Contextualized** – fair, relative to responsibilities and context.
- **Fiscally Responsible** – aligned with available resources.

E. The Development Process

Steps	Action	Purpose
1. Identify Peer Range	Research comparable churches (size, geography, ministry scope). Use tools like MinistryPay.com or PayScale.com .	Ensures fairness and realism.
2. Define Attitude Toward the Average	Decide if compensation will be below, at, or above the peer average – within fiscal means.	Sets philosophy in context of stewardship.
3. Put It in Writing	Draft a clear statement reflecting both faith and financial prudence. Include 'as funds are available.'	Provides clarity and accountability.

F. Sample Statement

It is the desire of this church to compensate our pastor in a manner that is pleasing to God and honoring of his/her labor. We affirm that "the worker deserves his wages" (Luke 10:7) and that "the elders who direct the affairs of the church well are worthy of double honor" (1 Timothy 5:17). Therefore, we will strive—when funds are available—to provide compensation that is comparable to that of ministers in our community with similar responsibilities, experience, and education.

G. Review and Application

- Annually review with your Finance & Stewardship Committee, Board of Directors, or equivalent body that establishes pastoral compensation.
- Retain the church's compensation philosophy and communicate that position with the congregation when appropriate as part of transparent stewardship.
- In the spirit of cooperation and accountability, it is also best practice to consult with your national/regional/state bishop periodically — particularly when significant adjustments to compensation are planning to be made.