

**New Hampshire Conference
United Church of Christ**

**Compensatio
n Guidelines
For
Authorized Ministers**

**Ordained, Commissioned, Lay Minister
in the NH Conference of the United Church of Christ**

2027

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“But we appeal to you, brothers and sisters, to respect those who labor among you, and have charge of you in the Lord and admonish you; esteem them very highly in love because of their work.”

--I Thessalonians 5: 12-13

I. Introduction

The New Hampshire Conference of the United Church of Christ, seeking to balance the growth, vitality, and financial sustainability of its churches with the fair and appropriate compensation of its authorized ministers, recommends that all congregations meet the goals as outlined in this document. These guidelines apply to all people serving in authorized ministries of the church.

When a person is called by a congregation to become their pastor and teacher, a unique relationship is formed with that person, with God, and with the congregation. A covenant is created to care for, to support, and to grow in love and faithfulness. Therefore, the pastor is not *hired* by a congregation to serve, but rather *called* to join and live in relationship with the congregation.

A congregation is called to provide fair and just support for those who lead it. The congregation should honor the experience, education, responsibilities, changing personal and economic conditions, and respond with adequate compensation. congregation is encouraged to be generous with its minister regardless of the race, gender, disability, sexual orientation, or social status of their pastors. Consideration for rest and relaxation are crucial. These are values that our faith affirms.

II. Components and Determination of Compensation

Defining Hours for Ministry

A pastor's week can be counted by hours. A full-time pastor will serve the church 35-45 hours a week. During a typical week, a pastor should receive two days off from all church work and should serve no more than three evenings. Occasions will arise when a pastor may exceed these hours or respond to an emergency on a day off. In those cases, the pastor should receive compensatory time within the next four weeks. The number of hours a part-time pastor will work will be a proportion of the full-time pastor.

The following elements comprise an adequate and fair compensation package for full-time employment:

A: Minimum Cash Salary

The cash salary is the basic amount paid to the minister, not including housing and

utilities, allowances, benefits, or reimbursable expenses.

In 2027, for New Hampshire Conference churches calling a full-time, newly-ordained clergy person with ministerial standing in the United Church of Christ, the recommended starting cash salary for one year is **\$49,981**.

We recommend that for each year of ordained ministry experience, \$800 should be added to the minimum, up to 15 years of experience. For every 100 members, \$2,500 should be added to the cash salary. Consideration should be given for earned degrees beyond the M.Div. in the practice of ministry or related fields. We suggest a minimum of \$1,000 in annual salary per earned degree.

A Salary Calculator for computing a clergy compensation package is available on the Conference website. (*See Appendix*). The Compensation Calculator is recommended for use by a congregation for the annual review, as it includes the COLA and new base salary, as well as any other adjustments.

Depending on the minister's individual tax and housing situation, some or all of the salary may be subject to federal income tax and self-employment tax. Clergy are considered employees for income tax purposes and self-employed for Social Security purposes.

B: Housing

A second, major portion of a pastor's compensation is housing, which is provided either in the form of a housing allowance, or the rent-free use of a church-owned house.

Housing Allowance Calculations

A housing allowance is offered to all pastors who do not have church-provided housing. We encourage a minimum of 40% of the base salary to be given as a housing allowance. For a full-time clergy, that is at least \$18,360. Given the dramatic rise of housing costs in New Hampshire in recent years, it is suggested that churches take into consideration actual housing costs in their area. We urge churches to consider raising the housing allowance to the fair rental value for 3 bedroom housing in your community or county, with the addition of utilities. For your convenience, 2026 figures by county are listed in the appendix.

Housing Allowance Particulars and Tax Considerations

When the total cash salary and housing allowance is determined, it is important to allow the minister the flexibility to determine what portion of the total compensation should be declared as housing allowance in the call agreement and in a compensation agreement to be renewed each year prior to January 1. The amount declared as housing allowance may vary from year to year depending on the minister's housing costs and tax situation.

The housing allowance is subject to self-employment tax but is exempt from federal income tax, provided it is not more than the lowest of: (a) the amount declared in the agreement ratified by vote of the church or official board; (b) the fair rental value of the housing, utilities, and furnishings; or (c) actual costs. If the housing allowance is lower

than those three amounts, the minister will not get full benefit from the exclusion. For this reason, the housing allowance should make room for unexpected expenses. Any housing allowance over the limits will simply be added back to taxable income on the minister's individual tax return.

If there is a change to the minister's housing expenses after the agreement is ratified, the allowance may be adjusted by a vote, in the same manner as the original agreement, to apply prospectively to future periods. The housing allowance cannot be changed retroactively. The call and annual compensation agreement should state that they are effective until changed or superseded. This will avoid having an agreement accidentally expire.

Parsonage

When a parsonage is provided, the dwelling should be comparable with the average housing in the community, conveniently arranged and well maintained. The church pays for all parsonage utilities (heat, light, water, refuse service, local phone calls, etc.) The clergy must pay self-employment tax on the fair rental value of the parsonage which must be determined in advance by comparisons with similar rental housing in the community.

Housing Equity Benefit

An equity benefit is not a housing allowance. The two are different and should not be confused. For a pastor living in a parsonage, an equity benefit is part of basic compensation, and is only fair and just. It gives parsonage dwellers the opportunity to accumulate some equity that can eventually be used to provide housing, either owned or rented.

Generally, a separate fund, owned by the church, is set aside until the end of the pastor's tenure at the church or other permissible event. The written agreement for funding the equity benefit should be as simple as possible, but the IRS regulations regarding deferred income are very specific and technical. Therefore, we strongly suggest that this be done in consultation with a qualified tax attorney or certified financial planner to assure that the agreement conforms to the IRS requirements.

It must be remembered that an equity benefit is additional compensation (deferred income), and eventually will be taxable.

More detailed information on the tax implications of the housing allowance and the equity benefit may be found at the Pension Boards website, www.pbucc.org

C: Annual Time Compensation

Vacation Leave

Vacation time should be a minimum of four weeks per year. The minimum of four weeks of vacation per year should be granted to all clergy regardless of whether they are employed full-time or part time. This time should be exclusive of denominational meetings or professional training. It is recommended that vacation time be extended one week at each fifth-year anniversary.

Other Leave

In addition to these vacation leaves, churches might also provide one weekend off per quarter to compensate for days-off that might otherwise be taken on holidays. Common times for these to occur are the Sundays following Christmas and Easter, and one weekend during Lent.

Churches are encouraged to provide one week of the summer as a “Camp Week” allowing the pastor to serve as a counselor or dean in the Conference Outdoor Ministries program.

Holidays

Paid holidays are to include New Year’s Day, Martin Luther King Day, Presidents’ Day, Memorial Day, Independence Day, Labor Day, Indigenous Peoples Day, Thanksgiving, and the Friday after Thanksgiving, Christmas and one floating holiday. When any of these occur on a Sunday, another day should be taken.

D: Benefits

Benefits are those items other than base salary and housing that are considered part of the compensation package. They are the congregation’s responsibility in providing adequate and just support of their minister. These include health and dental benefits, annuity, long-term disability, and group life insurance. The Pension Boards of the United Church of Christ offer the following benefits to pastors with standing and laypersons employed at least 20 hours per week.

Annuity Contribution

Quarterly contributions to the annuity fund are part of the standard benefit package for UCC clergy. The annuity contribution, paid by the local church to the UCC Pension Boards, is equal to 14% of the salary and the housing/parsonage allowance. When a parsonage is used, the value of that housing is calculated at 30% of the base salary. Thus, the annuity payment for a pastor living in a parsonage would equal 14% x 130% of the base salary.

Group Health and Dental Insurance

The church is to pay for the cost of insurance for the pastor and their family. Group health insurance is provided by the UCC Pension Boards. The UCC Medical Benefits Plan offers portability to pastors and their dependents if they remain in the plan when they change positions.

Please note: UCC Authorized Ministers and their dependents must enroll in the UCC Medical Benefits Plan within the first 90 days of initial eligibility. If they do not enroll in the plan during this period, or if they choose to leave the plan at a later date, evidence of good health must be provided to enroll. Plan participation may be denied on health status after the first 90 days of eligibility.

Flexible Spending Account Plan

Through the Pension Boards, local churches participating in the UCC Health Benefit Plan may establish a Flexible Spending Account for clergy. Aside from a modest initial set-up fee, making this Account available has no cost to the local church as it is funded by the clergy person's voluntary salary redirection into the Account. The Account provides participants with tax-savings related to medical deductibles, co-pays and dependent care expenses, and is an attractive complement to a minister's compensation arrangement.

Medicare

The Conference recommends that when a pastor reaches the age of 65 and becomes eligible for Medicare, the church cover the cost of the Medicare Advantage Plan and reimburse the pastor for Medicare Part B.

Disability Income and Term Life Insurance Plan

Congregations are to provide disability insurance through the UCC Pension Boards' Life Insurance and Disability Income Benefit Plan. This insurance relieves the church of liability in the event of their pastor's total or partial disability or death. The program provides for Short Term coverage beginning after 30 days and continuing for 5 months. Long Term disability benefits would begin after 6 months and would pay a percentage of base salary and housing, plus annuity, to age 65. The congregation is responsible for continuation of benefits during the first 6 months of disability. Decreasing term life insurance is included in the Plan. The annual premium is 1.5 % of the total amount of base salary and housing.

Social Security Offset

Clergy are treated as self-employed for social security purposes. Pastors must pay the current 15.3% on the cash salary plus housing allowance or fair market rental value of the parsonage. Churches should pay 7.65% of the pastor's salary and housing allowance for social security, as it must do for regular FICA employees. This should be paid directly to the pastor and listed in the budget as a Social Security Allowance or Offset.

E: Sabbatical Leave

A common sabbatical leave is three or four months, with pay, after every five or six years of service. Often, a pastor is required to commit to at least one more year of service following a sabbatical leave. Sabbatical leave encourages longer pastorates, and gives both pastor and congregation new appreciation and fresh energy for their covenant ministry. If a supply pastor is needed during the sabbatical period, congregations can prepare for that expense by adding annually to an escrow account for that purpose. A written sabbatical proposal should be submitted to the Pastor-Parish Relations Committee at least three months prior to the start of the sabbatical, and a written report should be made to the same committee within three months after the sabbatical.

Ministers Serving in Part-time Settings

When a congregation cannot pay for full-time ministry with the above guidelines, or chooses to,

it can enter an agreement with a pastor for a part-time ministry position. The percentage the congregation can pay for a pastor's compensation should reflect approximately the same percent as the budget amount as for a full-time compensation package. Generally, that is around 40% of the budget.

A part-time clergy compensation package should contain most of the components of a full-time package, including insurance for health and dental, for positions half-time or greater.

Recognition of the scope of work possible in a given position is essential, as a congregation may have unrealistic expectations of a part-time clergy person. This is particularly critical for churches transitioning from a full to a part-time pastor. Both the pastor and the congregation will need to adjust expectations. Part-time arrangements require open communication between the pastor and the PPR. Part-time agreements that are new may require more frequent review, and even renegotiation, as the agreement is lived out in the ministries of the church.

To calculate part time compensation, it is suggested that a congregation first determine what full-time compensation (salary, housing and benefits) would be using the Clergy Compensation Calculator, and then multiply that amount by the percentage of full-time allotted to the position.

We strongly encourage the local church leadership to create a Call Agreement by first consulting the *Call Agreement Workbook*. Contact the Conference Ministers for a copy, or a PDF is available for \$7 at <https://www.uccresources.com/products/call-agreement-workbook?variant=17676055492>. The *Call Agreement Workbook* includes a very helpful 'Scope of Work' template that can be used to determine the time commitment and ministry responsibilities you are seeking from your Pastor, enabling you to determine and describe the dimensions of ministry that are most important for the part-time ministry position.

Sunday Plus/Hourly Pastoral Services Compensation Option: When a congregation calls a pastor to work significantly less than half-time, the congregation and pastor can consider compensation based on preaching one service a week and/or an hourly rate for any pastoral services during the week, as needed, such as visitation or meetings. We recommend \$250-350 for preparing and leading worship, and \$32-40 as an hourly rate for additional ministry. Documentation, such as a time sheet, should be provided as a record for the church.

III. Reimbursable Expenses

Reimbursable expenses are those costs, reimbursable to the authorized minister, that are incurred in the performance of duties. **They are not part of the pastor's compensation.** They are "business" expenses for which the congregation is responsible. The IRS considers the following to be reimbursable expenses:

A: Travel

It is recommended that churches reimburse pastors for actual mileage logged in the performance of the ministry at the current IRS allowable rate. It is **not** recommended that a monthly flat rate travel allowance be paid unless that rate has been determined by averaging a significant period of months' auto usage and multiplied by the current IRS rate. The minister is responsible for submitting a mileage log to the church for reimbursement on a monthly basis. (*See Appendix for links*)

B: Continuing Education

Congregations should expect a pastor or leader to be committed to continued professional growth and development, since both truly benefit from it. Continuing education leave of minimally two weeks each year is recommended, with an amount budgeted to cover a major portion of the expenses for tuition, travel, housing and meals that might be involved. A written request for continuing education time and funding should be made to the appropriate church committee at least one month prior to the event with a written report to that same body within a month after the event.

C: Other Professional Expenses

The church should budget an amount for annual professional expenses including such items as:

- a. Professional journals, books or periodicals
- b. Hosting or entertaining church leaders, members or guests
- c. Dues to professional organizations
- d. Participation in a New Hampshire Conference Clergy Development Group

D: Conference and Association Meetings

Authorized Ministers are expected to attend Conference and Association meetings for the benefit of churches and clergy. An Authorized Minister is also to be encouraged to serve in wider ministry – in the Association, camping ministries, Conference, or national settings. Such service is considered part of the congregation's and Authorized Minister's ministry. It is neither time off nor vacation. Expenses not reimbursed by the wider ministry setting are covered by the congregation.

E: Criminal Background Check

All persons seeking to circulate a ministerial profile in the United Church of Christ are required to pay for a national criminal background check. The local church is to reimburse this fee to the pastor who is selected.

F: Moving Expenses: See the Call Agreement Workbook "Relocation Expenses"

IV. Other Expenses**A: Short-term Pulpit Supply Preachers**

During periods of scheduled absence of the pastor, such as the Sundays of scheduled vacation, Conference meetings, continuing education, sick leave or approved personal leave, the payment of pulpit supply preachers is the responsibility of the church. The recommended per-service compensation is a minimum of \$250, plus travel expenses at the current IRS rate.

B: Worker's Compensation Insurance

Churches are required by law to provide worker's compensation insurance to all employees, including clergy.

C: Malpractice Insurance

In today's litigious society, it is advisable for churches to carry malpractice insurance to protect both the pastor and church in the event of a lawsuit.

All authorized ministers serving in any capacity in churches of the New Hampshire Conference are required to participate in, and be certified in having completed periodic Boundary Awareness Training. While this does not insure against sexual and other forms of misconduct, the requirement does ensure that those serving our churches are cognizant of the issues.

V. Other Support

Congregations are wise to anticipate special situations or needs of their pastors, commissioned or licensed ministers, and other church employees. Such special situations include illness, personal emergencies, the birth of a child, etc. Written **personnel policies** regarding such needs can avoid confusion and avert tensions in the relationship.

A: Sick Leave: See the Call Agreement Workbook "Personal and Sick Leave."

B: Family Leave: See the Call Agreement Workbook "Parental Leave."

C: Emergency or Personal Leave Days: See the Call Agreement Workbook "Personal and Sick Leave."

D: Disability and Death of the Minister: See the Call Agreement Workbook "Disability and Death."

Working Conditions

The church should provide competent support, especially for office tasks and building maintenance. In providing office space at the church or parsonage, consideration should be given for the minister's need for technology, accessibility, privacy, and the ability to work without interruption. Safe church policies and practices should be a priority for both the minister and the church.

VI: Other Staff and Specialized Ministry

A: Associate Pastors

Associate pastors should receive a minimum of 80% of the senior pastor's salary, depending on position descriptions, scope or responsibility, length of service, experience and years in the ministry. Associate pastors should receive the same housing and benefit package as the senior pastor. At no time should an Associate Pastor's compensation fall below minimum guidelines.

B: Interim and Intentional Interim Pastors

The interim minister will serve a church during situations that demand specialized skills, training and responsibilities. A full-time interim minister should receive the same salary as the previous minister's salary along with all the housing and benefits that the previous minister received. It is recommended, however, that the interim pastor be compensated at a higher level to help stretch the congregation toward adequate compensation for the next settled pastor which in all likelihood is going to be higher than their previous pastor.

C: Short-term Pulpit Supply Pastors

Where a congregation needs only worship leadership, a pulpit supply pastor may be contracted for one or more consecutive Sundays. The recommended per-service compensation is a minimum of \$250.00, plus travel expenses at the current IRS rate.

D: Commissioned Ministers

Commissioned Ministers are lay persons authorized to serve in the United Church of Christ according to the guidelines of the "Manual on Ministry." They normally have a college degree plus specialized training in a specific area of ministry, not requiring ordination. Compensation should reflect experience, education and special training. Full-time service should include all the benefits recommended above, and pro-rated benefits for part time service of half time or more.

E: Lay Ministers

Lay Ministers are lay persons who have received special training to preach and lead worship in settings where an ordained pastor is not available. Compensation is to address fairly the minister's needs in relation to the amount of time and responsibilities required by the position.

VII. Working Together for Effective Ministry

The covenant that binds a pastor and congregation in mutual ministry and mission needs to be nurtured, strengthened, and sometimes renewed. Here are some specific ways this can be done:

A: Pastor-Parish Relations Committee

A committee of three to seven persons is given the specific job of nurturing the pastor, the relationship between the pastor and the congregation, and clarifying the role of the pastor. Such care can build the trust and communication necessary to deal effectively with the inevitable tensions and conflicts that arise. Guidelines for such a committee can be found in the Pastoral Relations Committee section of the "A Sure Foundation" booklet that can be found at: <https://www.uccfiles.com/pdf/ASF-PastoralRelationsCommittee.pdf>

B: Annual Review of Compensation

An important task for the church board or appropriate committee is an annual review of the pastor's compensation. The review is to be an open and caring conversation allowing

the pastor to express changing needs or expectations. An annual increase of salary, housing allowance, and mileage reimbursement should be considered. Increases in pastoral compensation are to be advocated by a member of the Pastor-Parish Relations Committee or Personnel Committee. Conference staff are readily available for consultation.

C: Ministry Evaluation

An annual review of the congregation's ministry goals, including the compensation of professional leadership, is an integral part of the covenantal relationship. Ministry evaluation is best undertaken when the purposes of the evaluation are clear. Such purposes might be to clarify congregational goals and objectives, to assess pastor's use of time in relation to those objectives, to assess the congregation's ability and progress to meet those goals and objectives, to identify unmet ministry needs, to identify skills that need further development by congregation or pastor or to assess whether a congregation should be taking a larger role in the ministry. Evaluation of the congregation's ministry is as important as evaluation of the pastor. For further guidance and resources see the Call Agreement Workbook p. 15, "Review of ministry."

VII: APPENDIX: Helpful Resources

Monthly Fair Rental Value of 3 Bedroom Housing by County (using 2026 data from landloadatlas.com)

We recommend churches use these monthly figures, adding in the cost of utilities, and multiplying by 12 for the housing allowance figure for full-time ministry. If this figure is less than 40% of base salary, use the larger figure. For part-time settings, multiply by the percentage of full-time allotted to the position.

Belknap: \$2219

Carroll: \$2353

Cheshire: \$2518

Coos: \$1702

Grafton: \$2590

Hillsborough: \$2036

Merrimack: \$2604

Rockingham: \$2827

Strafford: \$2693

Sullivan: \$2418

A Compensation Calculator for Cash Minimum Salary & Benefits:

<https://www.nhcucc.org/resourceslinks/clergy-compensations-calculator>

Housing Allowance Allocation: <http://nhcucc.org/resourceslinks/financial-forms>

Call Agreement Workbook: is available as a pdf for \$7. Alternately, contact a Conference Minister for a copy:

<https://www.uccresources.com/products/call-agreement-workbook?variant=17676055492>

Internal Revenue Service for the current standard mileage rate: <https://www.irs.gov/tax-professionals/standard-mileage-rates>

Travel Reimbursement for Ministers <http://nhcucc.org/resourceslinks/financial-forms>

A Sure Foundation – Pastoral Relations Committee: <https://www.uccfiles.com/pdf/ASF-PastoralRelationsCommittee.pdf>

New Hampshire Conference, United Church of Christ's website, www.nhcucc.org

Pension Boards United Church of Christ for information concerning Pension, Health & Dental Insurance, Life Insurance & Disability Insurance, and Qualified Housing Allowance Expenditures, www.pbucc.org