

BUDGET ITEMS UNIQUE TO PASTORS

Income:

- **Mileage Reimbursements:** The IRS imposes the rate at which mileage may be reimbursed for business travel. This reimbursement is pay on a tax-free basis. The rate changes each year and is \$0.535 for 2017. See <https://www.irs.gov/uac/newsroom/2017-standard-mileage-rates-for-business-medical-and-moving-announced>, last visited on January 31, 2017.
- **Honoraria:** Pastors are often paid for providing weddings, funerals or other private ceremonies. These are extremely difficult to predict and, therefore, make budgeting difficult. The best practice might be to simply consider them as bonuses or gifts. Most critically, pastors should at least anticipate them and give them the proper tax treatment. Unless something is truly a gift, the service offered with no expectation of compensation, these honoraria are taxable income. A pastor earning more than nominal amounts probably should consider their impact on budgeting for taxes.
- **Returns on Retirement Accounts:** Because returns in retirement accounts like IRAs, Jack's 401(k) and Sally's pension plan won't be received until after they retire, they might include those resources in their list but opt not to include them in the budget.

Expenses:

- **Pledged Gift:** As I state in Vile Practices, pastors are going to have to make financial commitments to the local churches they serve. The easiest form of this will be a tithe. It's best just to budget for a monthly or weekly gift of 10% of the pastor's income. I offer more thought on tithing in Vile Practices, but there's nothing magical about 10%. The key is to make a complete commitment, and 10% is usually the baseline against which such commitments are made. Pastors must budget generosity and hold themselves accountable to ensure they are constantly growing towards greater generosity.
- **Extra Gifts to the Local Church:** Pastors are going to have to be generous beyond their tithe, especially if they expect and request church members to do the same. This can actually be estimated and budgeted for thoughtful pastors.
- **Additional Gifts in the Community:** Pastors must also be prepared to give beyond the local church they serve. The amounts don't have to be exceptional, but pastors should lead the way in and budget for giving to other charitable causes, especially those in which the local church has a role.

Expenses (cont.)

- **Unreimbursed Costs of Ministry:** Many expenses associated with a pastor's ministry will be reimbursed by the local church. Mileage (see above), meals for meeting with leaders, travel continuing education (if related to ministry) are all reimbursable (or if not reimbursed, potential tax deductions). That said, some costs won't be reimbursed. Others, when reimbursed, will mean that items the pastor may assume belongs to him/her actually belong to the local church. For example, if the pastor purchases a new tablet or laptop and is reimbursed for the expense by the local church, the reimbursement (assuming it complies with IRS requirements) will not be taxed, but the laptop or tablet purchased actually belongs to the local church. If a pastor wants to retain ownership of certain items used for ministry, then he or she will need to budget for those items out of his/her own funds.