

Clergy and Finances, Part 2

Jim Sutherland

Pastors Teaching Giving

A. According to a *Christianity Today* random survey of 277 churches, almost 75% of pastors taught tithing¹. While 32% of born again adults claimed to tithe in 2000, only 12 % actually did².

B. How much is a Christian obligated to give? 2%, 10%, more?

1. A tithe was given by Abram to the priest Melchizedek *before* the Mosaic Law (Genesis 14:18-20). Is this a command to *us*?

2. Tithes were commanded in the *Mosaic Law* (Leviticus 27:30).

Beyond the tithe, were voluntary offerings (burnt, fellowship and grain), special gifts and “freewill offerings,” (Deuteronomy 12:6).

a. Should a Christian tithe because it was commanded in the Old Covenant? See Galatians 3:10 (under a curse), 13, 25; James 2:10 (break one=all); Hebrews 8:8-13 (obsolete).

3. Tithing is not *commanded* in the New Covenant (Testament), although *generosity* is, for the “rich” (1 Timothy 6:18)³

4. *We Americans*, globally considered, are the rich. If you make \$10,000 per year, you are in the upper 9% of the world’s income population⁴.

We are the rich.

5. As Larry Burkett notes, God never asks for less than a tithe in the Bible, so this is a good place at which to begin giving.

C. George Barna tells us that 23% of born again adults gave nothing to church in 2000, and we could rightly become indignant if some of these folks came to our church. They receive teaching and fellowship and blessing, yet give nothing in return. Yet according to a *Christianity Today* random survey of American churches, 12% gave nothing at all to missions. The churches that did gave an average of 16% (only 8% of this was for global missions). I think God could rightly become indignant over these churches that receive the Scriptures, God’s fellowship and blessing, and yet give nothing or little in return to His larger Kingdom in the world.

Pastors and Prosperity

A. As I visit area evangelical churches, what I’m hearing in some of them is deeply distressing and ominous. I hear in those churches what God will do for us, rather than about our responsibilities in His Kingdom. I hear about personal prosperity, not advancing the Kingdom of God. I hear about Me and my wholeness and my blessings and wellbeing and inner healing, not about blessing God. Even praise is used to manipulate God to bless us more. I heard a song leader say “When praise goes up, Blessings come down.” Do we promote even missions in order to receive more blessings from God?

Yes, God blesses His people. “Delight yourself in the Lord, and He will give you the desires of your heart.” (Ps. 37:4). If God is our delight, fine. If self is really our delight, God can spot manipulation when He sees it. Another pastor said that when we say “Jehovah Jirah” we sort of put God under pressure to provide, because that is His name. These manipulations indicate that this particular manipulatable god is too small. God can’t be manipulated by praise, giving and naming.

B. Is. 56:10-11 “Israel’s watchmen are blind, they all lack knowledge; they are all mute dogs, they cannot bark; they lie around and dream, they love to sleep. They are dogs with mighty appetites; they never have enough. They are shepherds who lack understanding; they all turn to their own way, each seeks his own gain.” (NIV). They are scratching the ears of their congregations and personally gaining through it. I recently heard a pastor tell his congregation to be sure to get their own miracle for pledging to their building program.

Pastors and Bi-vocational Ministry

A. My understanding is that you must, as a Christian, provide for your family (1 Tim. 5:8). You are being faithful to God by doing this, and unfaithful to Him if you don't. If your church does not support you to the degree that you can devote fulltime to the church, then you are not responsible for not devoting fulltime to the church. They can have little legitimate complaint.

B. As I've probably shared either in teachings or in your hearing, Paul provides a biblical example of the validity of a "tent-making" ministry. That is, he worked as a tent maker to support himself while he planted churches. Sometimes he was relieved from having to do this by gifts, but he worked "night and day" (1 Thess. 2:9; 2 Thess. 3:8) with his hands. You can use the ability with which God has blessed you to earn a salary or wages. This is a gift of God to use, just as Paul used his gifts with his hands. If you teach during the week, this is not being unfaithful to God. This is an imperfect world. Structures do not all work as they should, nor do people do as they ought. We must, therefore, in faithfulness to our clear obligations and in obedience to Scripture, care for our family and then devote what energy we may to our "ministry." It's better to serve fulltime, but if not possible, "tent-making" is honorable.

Saving Money in Ministry

1. **Housing Allowance:** If you are ordained and qualify through two of the following: perform sacraments, lead in worship, are considered a church leader by your church, or are an administrator, you are entitled to a Parsonage Allowance. The *Christianity Today* survey showed that only 59% of pastors use this vehicle, which shelters income from FIT, but not from FICA⁵.

a. You can also have pension funds designated as "housing allowance" and not have to pay either income tax or Social Security tax on it when received, a tremendous retirement benefit⁶

b. Keep a file for Parsonage Allowance receipts ready for tax time.

c. Estimate high. You can always re-add unused reimbursement as income at the end of the year. You can adjust the Parsonage Allowance in advance at any time, but cannot recover expenses in the past that exceeded the limit.

2. **Reimbursement account:** Use one for professional expenses. Less than half of pastors surveyed used this benefit. Provide receipts, ministry purpose and contemporary record of mileage and dates.

You will not pay either FIT or Social Security taxes on any duly reimbursed expenses. If you don't and then declare un-reimbursed business expenses on Schedule A, you will pay extra tax.

I recommend using Quicken for tracking your expenses, with separate accounts for your checking, any credit cards, and another file for honoraria. As you categorize all expenses, all Housing Allowance expenses can easily be totaled for tax time, as well as ministry expenses, medical expenses, educational expenses, utilities, etc.

3. Deduct for your **home office**, if that is your *only* office⁷.
4. Putting money into your **church 401 (k) or 403 (b) pension plan** will save more in taxes than investing in an IRA. The plan limit is \$11,000 in 2002, going up to \$15,000 by 2006. A traditional IRA shelters from income tax, but not social security, while a pension plan shelters current income from both. A Roth IRA does not shelter current income at all, but distributions are tax-free. For the Roth, you must have money in for five years and be at least 59½ to withdraw it, and it makes more sense than getting a traditional IRA.
5. **Educational IRAs** (or Coverdell Educational Savings Accounts) shelter current income, and any income accrues tax free. As of 2002, you can save up to \$2,000 in these savings vehicles for your child's education. If the beneficiary, who must be under 18, does not use it for educational costs (which can also be for elementary and high school costs) by the age of 30, that person can roll it over to a relative to use. If used entirely for educational expenses, even the earnings are not taxed⁸.
6. **Qualified State Tuition Programs** do not shelter current income, but allow earnings to accumulate tax free. There is no annual limit to contributions. Contributions can be made both to Educational IRAs and the Qualified State Tuition Program in the same year. . See "The Motley Fool" at <http://www.fool.com>⁹.
4. Try using **Priceline.com** for motels when traveling. You can arrange for a room in about 20 minutes. Example—Hampton Inn in Knoxville for just under \$50.00, and LaQuinta for \$46.00, all taxes included¹⁰.
5. Try using **OneSuite** (2.9¢ minute) for long distance calls¹¹.
6. For a tight budget, a **Dell** refurbished¹² computer is a good deal, or you can try buying one at their auction site¹³.
7. **Samaritan Ministries** is a Christian health cooperative newsletter, NOT an insurance company. Currently a couple can have coverage up to \$100,000, after a \$200. deductible, with usually no co-pay, for \$140/month¹⁴. Mutual of Omaha sells an insurance policy with a \$100,000 deductible, that goes up to \$1,000,000. in coverage. The church can also pay insurance premiums, if formally approved in church minutes in advance. Preexistent medical conditions may make dropping insurance unwise.
8. The **Lifetime Learning Credit** is 20% of qualified expenses to either acquire or improve job skills. In 2002 the maximum is \$1,000, but in 2003 it moves to \$2,000. This can be taken every year in which such educational expenses are incurred, but is computed on a per family, not per person, basis¹⁵.

Church Management Software

Power Church Software is relatively inexpensive (\$300), yet has provisions for membership management, payroll, contribution tracking, fund accounting, budgeting and even making a church directory¹⁶. (800-486-1800)

Church Debt

1. The already cited CT survey indicated that 43% of churches were debt-free, with smaller churches more likely than larger ones to be free. As with individuals, the larger the

income, the greater the debt. This doesn't make sense. Churches with budgets over \$500,000 are more likely to have a mortgage. Debtor churches are also more likely to ask for pledges and to use "special stewardship programs" than are non-debt churches. Debt-free churches seem to put less pressure upon their people to give than do debtor churches. Debt-free churches are also less likely to have important programs squeezed by debt and interest payments.

Disclaimer:

This information is freely available and is not meant to substitute for professional tax or legal help.

¹ Eric Reed, "Where the Money Goes," *Christianity Today*, Summer 2000, 21:3, p. 88

² George Barna, "Churches Lose Financial Ground in 2000," June 5, 2001.

³ Pharisees still under the Law were addressed at Matthew 23:23.

⁴ From the *World Christian Encyclopedia*, David Barrett, George Kurian, Todd Johnson, Eds. 2001, ISBN:0195079639, p. 1:6

⁵ Eric Reed, "Where the Money Goes."

⁶ J. David Epstein, *Clergy Tax*, 2001 Ed., ISBN: 0830725709, pp. 98-99.

⁷ *Clergy Tax*, 2001 Ed., p. 88.

⁸ Roy Lewis, "All About IRAs: The Education IRA"

<http://www.fool.com/Server/FoolPrint.asp...e=/money/allaboutiras/allaboutiras10.htm>

⁹ Roy Lewis, "Qualified State Tuition Programs"

<http://fool.com/Server/FoolPrint.asp?File=/school/taxes/1999/taxes991008.htm>

¹⁰ <http://www.priceline.com/hotels/Lang/en-us/itinerary.asp>

¹¹ <http://www.onesuite.com/>

¹² http://www.dell.com/us/en/dfo/misc/segmenter_dfo.htm

¹³ <http://www.dellauction.com/>

¹⁴ Samaritan Ministries is a division of Samaritan Purse. <http://www.samaritanministries.org/> 1-888-268-4377

¹⁵ Roy Lewis, "The Lifetime Learning Credit"

<http://www.fool.com/Server/FoolPrint.asp?File=?school/taxes/1998/taxes981023.htm>

¹⁶ <http://www.powerchurch.com/>