Why Pastors May Not Be Financially Prepared to Retire: Part 2

For part one of this article, visit .

Previously, we discussed some actions every pastor facing retirement must take.

As I mentioned in this first article, the responsibility of planning for a pastor’s retirement rests with the church board or elders, congregation and the pastor. The Word of God tells us to care for our leadership in the church. Far too many congregations are unaware of the financial condition of their pastor. In addition, many church board members or elders do not seem to understand that their pastor is totally dependent upon them for his salary and retirement needs.

Let’s look at several areas that should be evaluated to prepare our pastors to retire financially comfortable. Please seek professional help with an attorney or CPA in the areas I list below.

First is the area of Social Security. A large number of pastors opt out of Social Security in the early years of their ministry. This is primarily due to the low salaries that they receive from their church. These pastors need as much money coming into their household as possible in order to meet their basic financial needs. I strongly suggest that those who establish the salary for their pastor consider the need for them to receive Social Security and Medicare upon their retirement.

For many years the church would provide a home, or parsonage, for the pastor and their family. It sounded like a good idea, but in reality, it was a detriment to the pastor. Upon retirement, the church would maintain ownership of the parsonage, and the pastor had to buy a home at a price far greater than they could afford. Every pastor should purchase his own home. Every board or elder should provide sufficient income for the pastor to purchase that home.

Since we are on the subject of pastoral housing, I'd like to make a suggestion. As you near retirement, there is a wonderful program called a reverse mortgage. I have used it and have helped others obtain this type of financing. You still control ownership of the property, but the principle and interest payment no longer has to be paid by you. Seek professional help with this.

In my first article on preparing a pastor for retirement, I brought up the subject of purchasing a rental home. Rental homes are the poor man's way of obtaining financial independency. There is a learning curve to this. It is possible to purchase a home with little or no down payment. It is also possible to obtain 100% financing for such a property. However, I strongly recommend meeting with a qualified professional to assist you in this endeavor.

Most pastors get a housing allowance approved by their board of directors or elders. Sadly, I have discovered that some pastors do not take advantage of this tax benefit. I suggest you speak to a CPA or even the IRS to determine how to set up your housing allowance. If you have a housing allowance, be sure you are taking advantage of all the benefits available.

Many pastors will speak to their congregation on the subject of stewardship. We all know that stewardship is defined as managing the assets of another or to protect and expand the resources of another. When the Lord provides us with the finances to meet our needs, we must be good stewards of his provision. Just like the church preparing a budget to manage the blessings of the Lord, every pastor must have a personal budget. In addition, they must make educated decisions on savings, investing, home purchasing, retirement investments and other sources of income made available to them.

Hundreds of suggestions and guidance on our finances are included in my recent book titled *Experience the Joy of Debt-Free Living*. This book may be purchased through my web page or through Amazon Books. Several churches have used it in training their congregations in proper financial stewardship.

My podcast on the Charisma Podcast Network titled *Quality Christian Living* has an entire series about our finances. This may be of benefit to some of you.

I pray your finances will be blessed; you will prosper in all things; and you will be in good health even as your soul prospers.

Make sure to download my *Quality Christian Living* podcasts on the Charisma Podcast Network. {eoa}

David C. Friend *was the founder and Pastor of North Scottsdale Christian Church in Scottsdale, Arizona. He has served as the president of the Paradise Valley Chamber of Commerce and was chairman of the Grand Canyon University Foundation Board. Before answering God's call and accepting the full-time position as pastor of North Scottsdale Christian, David spent 14 years in banking and owned a real estate development company for 20 years. He taught banking operations at Arizona community colleges. David is an award-winning author, veteran, entrepreneur, pastor, banker and teacher. Visit David's website at .*