



Guidelines for Preparing for Pastoral Retirement

Prepared by the Ministerial Relations Committee - 2015

Introduction

This booklet has been prepared to assist the board of elders and especially the Pastoral Relations Committee to work together with the pastor as he prepares for retirement from his ministry.

The Faith & Order requires the pastor to notify the Ministerial Credentials Committee at least 90 days before he retires. (501-5) But there are many other steps that need to be taken if this decision is to be made wisely. The goal of this booklet is to help elders and pastors work on these issues together. It is assumed that pastors serve for various lengths of time in a variety of churches through the course of a career, but the issues discussed in this booklet can be applied in appropriate ways through various circumstances.

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First Steps

It seems strange to think about the end of a ministerial career at its outset. But a pastor should take a long view of his life and ministry, and should pray and hope that he will be able to give the Lord a full lifetime of service. On the other hand, he should also acknowledge that his times are in God's hand and be prepared for any eventuality.

At the time that a pastor receives his BFC ministerial license, he is enrolled in the Beneficiary Society. By paying his annual dues, he is providing substantially for funeral expenses for himself, his wife, or his children. The Society provides a sort of term life insurance, though it is a mutual aid society and not an insurance company. The Society establishes the amount of the aid grants at its annual meeting, and does not guarantee any particular amount. The board of elders should work with young pastors to discuss this and other considerations for life insurance and disability insurance. It may be possible for part of the pastor's salary package to be designated for this insurance in a way that will be to his tax advantage.

In any case, decisions of this nature can better prepare a pastor for his eventual retirement and final expenses.

Long Range Planning

For most of us in America, a period of our lives will be spent in retirement after our ability to earn an income has ended. Pastors need to prepare for this too.

One of the most important decisions concerning retirement income regards the federal government's Social Security system. A pastor has a one-time opportunity to opt out of this system. Those who choose to do so should make serious plans to save substantial resources to replace that income. For those who choose to participate in the Social Security system, the IRS considers pastors as self-employed. Accordingly, the church should structure his salary package to provide for this self-employment tax. For most pastors, more money will be available at retirement by participating in the Social Security system than by opting out. As with all other participants, the amount of the pastor's monthly income will vary based on how much has been paid in and at what age he begins to receive it. Those factors may affect his decision as to the timing of his retirement.

In addition to any Social Security income, a pastor may draw on the interest and principal of any savings he has accumulated during his working career. The terms of the pastor's call to a particular church may include a percentage of the pastor's salary to be paid and/or matched by the church into the pastors' retirement account. This 403(B) account is the pastor's money and should be managed carefully, preferably with professional advice. The board of elders should work with the pastor to take maximum advantage of this tax-deferred means of preparing for retirement.

A final consideration in long range planning for retirement is for housing. Ideally, the church should work with the pastor to enable him to own his own home. For most Americans, home ownership is the best investment and most secure preparation for retirement. If this is not possible for the church, any other way to provide savings toward the provision of housing in retirement for the pastor is a good thing. In all of these matters, we seek to do our best and then put our trust in the Lord.

Reaching a Decision Together

In the context of the local church, a pastor's retirement might not be a personal decision on the part of the pastor alone. The board of elders may have other considerations to take into account. For this reason, open and honest discussion is encouraged between pastors and boards of elders.

As a pastor approaches retirement age (perhaps at age 60), the pastor or the Pastoral Relations Committee should initiate discussions of the topic. Factors influencing the pastor's decision may include his health and energy level, his family situation, his financial position, and his perception of the effectiveness of his ministry. Factors for the board of elders to consider are the general health of the church, the direction the church is headed, and their evaluation of the effectiveness of the pastor's ministry as well as the pastor's needs and desires.

The goal of such discussions is a growing sense on the part of both the pastor and the board of elders of the Lord's will concerning the impending retirement. The desire is to come to a decision that is best for the pastor and for the ongoing health and strength of the church.

The decision to retire may include factors such as a gradual reduction of responsibilities, the identification and preparation of a successor to the pastor, and the establishment of a final date for the pastor's retirement. All of these and any other aspects of the decision are permissible if entered into with mutual agreement.

When mutual agreement is not forthcoming, the assistance of the Ministerial Relations Committee and/or the Conference Pastor may be helpful in bringing about a satisfactory solution to problem areas. All should pray for the Lord's will and the welfare of both the Lord's servant and the Lord's church.

Finishing Well

When the decision has been made concerning the pastor's retirement, there are several more subjects to be considered:

- The announcement of the pastor's retirement is very important. The pastor and elders should carefully weigh the impact of that announcement upon the congregation as it considers the appropriate timing.
- The pastor's future relationship to the church should be discussed and agreed upon by the pastor and elders. If the pastor intends to continue to worship at the church after his retirement, he should plan to attend another church for at least one year after his replacement begins his ministry in order for the church to adjust to the change in leadership. Any further ministry the retired pastor conducts in the church must be with the approval of the new pastor and the board of elders. In every way, the retired pastor should be circumspect in his conduct in his former church.
- After a planned absence, the retired pastor may continue in service in his former church in any way agreeable to the new pastor, the board of elders, the retired pastor, and the congregation. This may include part-time employment.
- The final days of the pastor's ministry should be times of gratitude and joy. Appropriate activities may be planned by the board of elders to express appreciation for the pastor's ministry and praise to the Lord. This time of transition is an important opportunity for the church to learn of the faithfulness of the Chief Shepherd, to show love to the retiring undershepherd, and to trust the Lord for His provision of a new undershepherd.