

THE RETIREMENT SOLUTION

A RESOURCE TO HELP YOU ADMINISTER YOUR SERVANT SOLUTIONS RETIREMENT PLAN

Welcome to the Retirement Solution Newsletter. Our goal with this annual employer newsletter is to bring you relevant information about issues that are important to you as a leader at your church or ministry organization. We will also highlight best practices from ministries who partner with Servant Solutions. It is an honor to work with you to help your ministry grow and thrive!

CHURCH SPOTLIGHT

MCDOWELL MOUNTAIN, SCOTTSDALE, AZ

McDowell Church is a growing and thriving community located in Scottsdale, Arizona. Don and Lori Doe (and their family) took a step of faith in 1995 as they left North Hills Church (Phoenix) to begin this new church. What began with 12 people in a living room has continued to grow in size, influence, and impact. After Don Doe stepped away in 2008 to lead Vancouver Church in Washington, Matt Anderson stepped in to lead this congregation. Today, McDowell gathers with over 1100 people every Sunday to connect in community, worship God, devote themselves to the teachings of Jesus, and grow in compassion for one another and their greater community.

McDowell's identity is simple: a community following Jesus, growing in compassion and love for others. This identity shapes their shared life and mission, both locally and globally. McDowell isn't just a Sunday gathering but thrives throughout the week. In 2019, Trailhead Coffee was opened to serve the community. Located next to two of Scottsdale's largest middle and high schools, it's common to see crowds of youth and kids at Trailhead and around the campus. And the Student Ministry has continued to grow, as they introduce students to Jesus — many of whom have been baptized in the past few years. It's also common to see groups of moms gathering after morning drop-off, community business meetings, knitting groups, Bible study groups, and individuals stopping in for a coffee and connection.

McDowell has grown in compassion for foster kids, youth, and foster families. Every summer, close to 100 volunteers plan and lead a camp in the mountains, just for foster kids. Monthly volunteers purchase and deliver necessities for group foster homes throughout the valley. McDowell also trains mentors who walk alongside foster youth

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- McDowell Church - Scottsdale, Arizona
- Average attendance: 1,132
- Staff: 15 full time, 5 part time
- History: Planted in 1995. The original building was completed in 2006. Next Gen addition completed in 2017. New sanctuary, lobby, and staff offices completed in 2019.
- Matt Anderson is the Lead Pastor and began leading at McDowell in 2008.
- McDowell Church has been partnering with Servant Solutions since its beginning. They currently match employee contributions, up to 5% of gross.
- McDowell has a full-time COO, a part-time Finance Assistant, and a volunteer Treasurer.

A REMINDER FOR YOUR EMPLOYEES:

If you intend to take an end of year distribution, please be sure to submit it by Thursday, December 18 to ensure 2025 processing.



NO SURPRISES, JUST CARE

THE CASE FOR A COMPENSATION COMMITTEE

Caring for the pastors who care for us is one of the church's most meaningful acts of stewardship. One of the best ways a congregation can do this is by establishing a **compensation committee**, a small group entrusted with reviewing the pastor's salary and benefits each year with clarity, fairness, and compassion.

A **compensation committee** helps create clarity that builds trust. Many churches unintentionally blur the difference between the Cost of Ministry, which includes expenses such as mileage, continuing education, and ministry supplies, and the Cost of a Minister, which includes salary, housing allowance, and benefits. When these categories are understood and evaluated separately, churches can budget more accurately and care for their pastor more effectively. Committees play a key role in keeping these distinctions clear.

A well-functioning committee also ensures that compensation reflects compassionate care. Key elements such as participation in a retirement plan, a SECA offset to ease the self-employment tax burden, and proper employee classification provide security for the pastor and reduce unnecessary financial stress. These decisions communicate to pastors and their families that they are seen and valued.

Most importantly, a **compensation committee** brings consistency and intentionality. Instead of reacting to concerns or waiting for problems to surface, the committee meets annually to review salary, benefits, and workload in a thoughtful and prayerful way. This proactive approach supports the health of both the minister and the ministry.

Servant Solutions offers tools and guidance to support this process, including a Compensation Planning booklet and access to CHURCHEXCEL through the Evangelical Council for Financial Accountability. Establishing a **compensation committee** is a simple step that can have a lasting impact on your pastor's well-being and on your church's long-term vitality.

IT'S THAT TIME...

YOUR END OF YEAR CHECKLIST FROM REV. DAVID BOOTS

As someone who has lived many years in the Executive Pastor world, I know how wild December can get. To make your year-end smoother, here is my quick and helpful list as you head toward 12/31:

Staff Compensation

Finalize salaries for the new budget year. Think through any COLA or merit raises, new positions, or added responsibilities that deserve recognition.

Housing Allowance

Approve all housing allowances before the first payroll of January. Pastors must designate their housing amount, and the board documents the approval in the minutes. Servant Solutions has a Housing Allowance Worksheet on our website if you need one.

Retirement Benefits

Review your church's retirement contribution for each staff member. Consider increasing it by at least 1 percent this year. Our recommended goal is to reach a total contribution of 11 percent of salary and housing. A simple way to start is to offer 1 percent of any planned COLA as "an increased retirement benefit."

New W-4 Forms

Remind staff to complete a new W-4 if anything has changed in their life: marriage, birth, a child aging out, or any adjustments to voluntary withholding for federal or SECA taxes.

Review Staff Classification

Double-check that everyone is properly classified. Misclassification can lead to costly penalties. FreeChurchAccounting.com has a great article that explains W-2 vs. 1099 for pastors and staff.

Reimbursements

Ask staff to turn in all outstanding reimbursements by 12/31, or the first open office day in the new year. This simple reminder prevents headaches once the books are closed.

Wishing you a smooth year-end and a joyful Advent and Christmas season!



Rev. David Boots

SERVANT SOLUTIONS RETIREMENT PLAN

2026 CONTRIBUTION LIMITS

The combined annual contribution limit for employer and employee retirement plan contributions for tax year 2026 is **THE LESSER OF**



\$72,000

OR

**100% of the employee's
"includible compensation"**

**{ housing allowance paid to a minister
is NOT included, per the IRS. }**

It is important to note that "includible compensation" is defined by the IRS as follows:

Taxable compensation reported in Box 1 of Form W-2

PLUS

Salary reduction contributions to a 403(b) or 401(k) plan

PLUS

Elective deferrals to a Section 125 cafeteria plan

PLUS

Elective deferrals to a 457(b) plan

PLUS

Contributions to a qualified transportation fringe benefit plan.

+ +

A pastor receives \$30,000 in wages per year and claims housing allowance of \$10,000. The W-2 shows \$20,000 in Box 1 as regular wages and \$10,000 in Box 14 as housing allowance. His or her combined annual contribution would be capped at \$20,000 since that is the amount of includible compensation received.

ANNUAL CONTRIBUTIONS CAN COME FROM FOUR SOURCES:

1

CHURCH/EMPLOYER CONTRIBUTIONS (PLAN CLASSIFICATION TYPE "D")

2

PARTICIPANT AFTER-TAX CONTRIBUTIONS (PLAN CLASSIFICATION TYPE "G")

3

PARTICIPANT BEFORE-TAX CONTRIBUTIONS (PLAN CLASSIFICATION TYPE "A")

4

PARTICIPANT ROTH CONTRIBUTIONS (PLAN CLASSIFICATION TYPE "H")

Each of these types is limited to \$24,500 for 2026 either individually or combined.

FOR ADDITIONAL INFORMATION ON THESE CLASSIFICATIONS, VISIT [SERVANTSOLUTIONS.ORG/2026-CONTRIBUTION-LIMITS/](https://servantsolutions.org/2026-contribution-limits/)

**SETTING UP
ONLINE
REMITTANCE
IS AS
EASY AS
1-2-3**

1.

Complete authorization agreement* and send it to us along with a check copy.

*found at contributions.servantsolutions.org
Use our Secure Document Upload option.

2.

Once approved, login and input the contribution amount in the appropriate contribution type column for each participant.

3.

Servant Solutions will review the online submission and process an Automated Clearing House (ACH) system debit to the authorized checking account.

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ADDRESS SERVICE REQUESTED

CHURCH SPOTLIGHT CONTINUED FROM PG 1

throughout the school year. As this ministry took root in the heart of McDowell, a few volunteers worked to build a plan for the state to better provide opportunities for those foster kids who were aging out of the system, which was overwhelmingly added to the state budget. The impact continues to ripple out.

Discipleship has also been a focus for McDowell in the last few years. From producing journals that help individuals create daily rhythms of prayer, Bible reading, and reflection, to providing a 24-7 Prayer Room with prayer prompts, the pastors at McDowell have been working to help the church 'be with Jesus and become more like Jesus.' The journals not only saw incredible response within the church, but over 20 Church of God congregations from around the country regularly participate in these journal seasons (most often Advent and Lent). To kick off Lent last year, over 250 people committed to at least an hour of prayer in the prayer room, leading to 10 days of unbroken prayer. McDowell Church is leading people to follow Jesus as they are transformed by the Spirit's work within.

McDowell Church has been, and continues to be, a light, a Kingdom outpost sharing the goodness of God with as many people as possible. It's not just about proclaiming the Good News, as important as that is; it's about living the Good News daily and sharing God's goodness with as many people as possible.

