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5 Ways to Cut Back and Not Feel It

Save money without sacrificing ministry opportunities

BY PAMELA M. SCHAVEY, J.D., CPA

In this economy, making the church's budget stretch as far as it can go is of the utmost importance. As giving goes down, churches must carefully watch their finances to avoid wasting money that could go to important ministries.

Have you ever had your accountant run a "mandatory vs. discretionary" report? This report lists all expenses that appear to be non-negotiable versus those that are optional. Usually, man-



agement then goes line by line, focusing on the discretionary expenses. Most ignore the mandatory column, inadvertently assuming that nothing can be done and skip over it. Not so!

We have successfully helped clients give that mandatory column a more detailed glance, and many are pleasantly surprised to find that some expenses aren't as "mandatory" as they thought. Be sure to look closely at these five expenses because you may find ways to cut back and not feel it.

1. Bank fees: Clients can spend upward of five figures per month on bank fees, overdraft charges, etc. It is surprising how much banks charge for all sorts of non-obvious items. Churches have significant, regular deposits on a weekly basis (which banks love) and are reliable clients, even more so than many for-profit businesses. Knowing such leverage, a church can try to negotiate lowered fees—or even no fees—on a plethora of items. It does not hurt to at least ask. Although it is a pain to switch banks, if you can eliminate fees, it may be worth it. Ask if keeping a certain minimum balance or keeping some in

savings would help motivate them to reconsider your fees. If the first teller you speak with says no, be sure to go up the chain.

2. Payroll fees: If you use a large payroll provider, fees are almost always automatically deducted. We have seen clients be erroneously charged for cafeteria plans, retirement funds or human resource management, although the church did not need or have them. Analyze your statements, and make sure your accounting department is on top of it. Be sure your payroll provider is familiar with ministerial payroll matters and is processing all nuances correctly to avoid costly mistakes.

3. Utilities: Lights, gas, water, phone—sounds standard, right? Nope, not so. Look again. There could be charges the church is being assessed and does not even realize. Implement changes by switching to energy-efficient bulbs, installing insulation, checking windows and educating staff about water usage. Running toilets and faucets can cost tens of thousands of dollars, whereas a simple \$500 fix would cure the problem. There are also companies that specialize in lowering basic energy bills. Check out energyeducation.com for more information.

4. Health, dental and life insurance premiums: Have you reviewed the cost of your insurance premiums recently? You do not necessarily need to accept whatever increases come your way. Be sure to review all policies, riders and deductibles. Some churches feel they are being forced to eliminate staff benefits due to cost. However, switching to an HSA (health savings account) program or increasing deductibles slightly may be just the creative solution needed to save the benefit.

5. Credit card fees: Accept online donations or credit cards? What used to be considered standard is now negotiable. Credit card charges, finance fees, interest expenses and the like can be expensive and go unnoticed. What seems like a monthly computer lease may actually be a purchase with vendor credit, sometimes as high as 21 percent. Paying off these higher interest rate leases and/or reassessing discount fees on credit card deposits can save significant amounts of money. ■

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In *Ministry and Money*, Janet and Philip Jamieson help pastors seek better understanding of how to be good stewards of money in the church. They provide practical guides from church budgeting to financial reports.

