

Does Denomination Influence Pastors' Readiness for Retirement? Evidence From Southern California Pastors

Seongcheol Paeng
Shawnee State University

Daniel Park
Azusa Pacific University

This study explores retirement issues among pastors. Recent studies indicate that many pastors work past retirement age due to financial unpreparedness. We examine whether retirement preparedness and job satisfaction vary by denomination. We focus on three key retirement concerns: retirement comfort, overall job satisfaction, and financial satisfaction. Using survey data from Southern California pastors, we find that Methodist pastors are more prepared for retirement compared to others, while Presbyterian pastors are less content with their roles than other denominations. However, denomination does not significantly affect the financial satisfaction of pastors.

Keywords: denomination, pastors' retirement, financial preparation, job satisfaction

INTRODUCTION

A recent survey by the American Advisors Group (AAG) revealed that over half of seniors do not believe that their savings will be enough to support them during retirement (Colomer 2023).¹ Many Americans are not saving enough for retirement if saving at all (Rosen 2023). In addition to longer lifespans, uncertainty in financial markets, increased inflation, issues with social security, rapid rises in healthcare costs, and the discontinuation of defined benefit plans by employers contribute to retirement unpreparedness.

While numerous studies have examined retirement preparation within the general population, there is a lack of research on the retirement readiness of pastors. Alsemgeest (2019) found a positive relationship between adequate retirement savings and job satisfaction among South African Dutch Reformed pastors. In a study on retirement preparation among pastors of Korean churches in Southern California, Park and Bezjian (2009) found that 85% of them were unprepared for retirement. Park et al. (2022) concluded that financial satisfaction and workload satisfaction influence job satisfaction based on surveys conducted in Southern Californian churches.

According to McMillian and Price (2003), the relatively low salaries of pastors affect their lives after retirement. This not only makes it difficult for them to stay true to their calling but leads many talented graduates to pursue careers in other fields or forms of ministry.² Awasum (1999) suggested that Jesus "knew the time would come when certain churches would have swelling bank accounts while the pastor would be

struggling under a great load of pressures, needs, bills, and the decision to stay on or quit the ministry” (p. 59).

This study explores whether retirement readiness and job satisfaction among pastors vary by denomination. We specifically examine three key retirement factors: readiness for retirement, satisfaction with financial life, and overall job satisfaction. We hypothesize that there are significant differences in retirement readiness, financial satisfaction, and overall job satisfaction based on denominations.

For the study, we use information gathered from a comprehensive survey of pastors in Southern California representing various denominations and backgrounds. The dataset includes detailed questions on individual attitudes toward retirement and financial matters. We measure retirement-related attitudes based on responses to the following questions: (1) “I feel financially comfortable about my life after retirement;” (2) “I am satisfied with my current life financially;” (3) “I am satisfied with my overall life as being a pastor.” On average, approximately 63% of respondents (pastors) feel comfortable about retirement, 77% are satisfied with their financial lives, and 91% are content with their overall life as pastors.³ We find that Methodist pastors are more prepared for retirement than others, while Presbyterian pastors are less satisfied with their overall life as pastors relative to others.

There has been limited literature on the retirement and financial satisfaction of pastors, although these are critical issues in Christian communities. As we know, this is the first study to examine retirement readiness and job satisfaction of pastors by denomination. We contribute to the literature by evaluating the performance of each denomination on pastors’ retirement and financial satisfaction. Our study can inform different denominations on ways to enhance their pastors’ retirement and job satisfaction.

This study is organized as follows. In Section 2, we describe the data and variables. Section 3 presents the empirical model and findings. Finally, Section 4 concludes the study.

DATA

We employ data from a comprehensive survey of pastors regarding their attitudes and opinions on retirement and financial matters, as well as their demographic and socioeconomic information. In 2019, surveys were mailed to 1,372 churches in the 20 largest cities in Southern California (Park et al. 2022).⁴ From March to July 2019, 144 churches (10.5% of survey recipients) participated in the survey. Pastors are classified into five subgroups according to their denominations: Baptist, Methodist, Lutheran, Presbyterian, and Others (which encompass Assembly of God, Church of Christ, Church of God, Community, and non-denominational churches).⁵

Table 1 presents summary statistics of the selected variables. Among the 144 pastors who responded to the survey, the average age is 56.2 and the average household size is 3.2. The average salary is \$87,119, and the average retirement savings are \$334,182. When categorized by denomination, Baptists have the lowest average salary (at \$75,667), while Presbyterians have the highest (at \$96,778). Average retirement savings vary from \$231,908 (Others) to \$502,083 (Lutheran). Pastors have served their current churches for an average of 11.7 years, with service years ranging from 1 to 37 years. The average service years by denomination range from 6.9 years (Methodist and Presbyterian) to 17.6 years (Others) (not shown in Table 1). Notably, the average church attendance on Sundays is 213, with attendance levels ranging from 10 to 2,000. Attendance by denomination ranges from 104 (Methodist) to 287 (Presbyterian).

TABLE 1
SUMMARY STATISTICS

Variable	Obs.	Mean	Std. dev.	Min	Max
Financial satisfaction	144	6.569	1.842	1	9
Overall satisfaction	142	7.754	1.322	3	9
Retire comfort	144	5.757	2.083	1	9
Retire knowledge	144	6.618	1.947	1	9
Stock is gamble	143	2.965	2.033	1	9
Age	144	56.188	10.116	37	80
Household size	143	3.147	1.384	1	7
Salary	143	87,119	35,816	22,000	175,000
Retirement saving	119	334,182	442,029	0	2,200,000
Service years	144	11.7	9.4	1	37
Attendance	144	213	287	10	2000

Attitudes toward retirement and finances are measured using the following survey questions:

Question 1: *“I am satisfied with my current life financially.”*

Question 2: *“I am satisfied with my overall life as being a pastor.”*

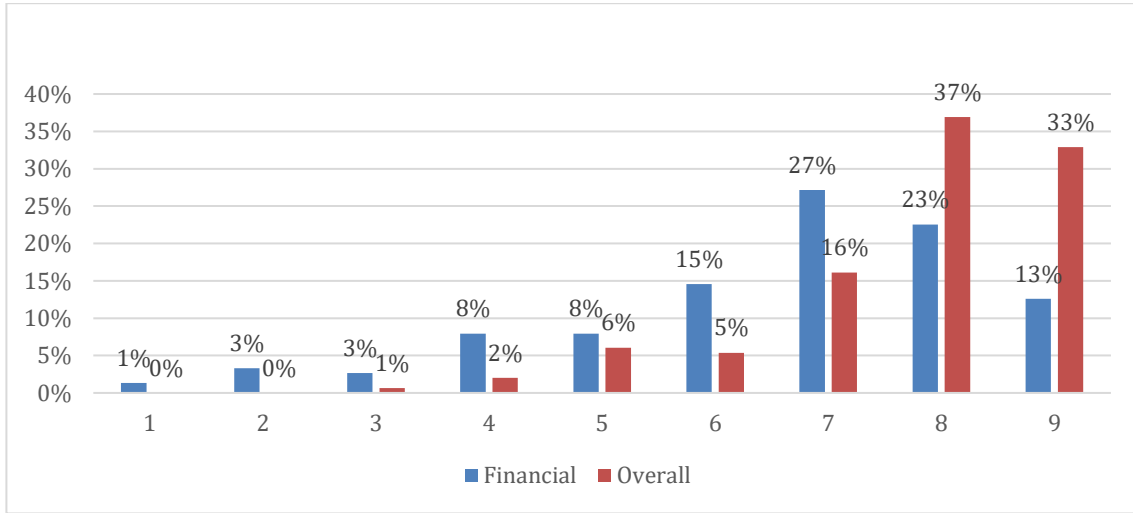
Question 3: *“I feel financially comfortable about my life after retirement.”*

The dependent variables have integer values on a 9-point Likert-type scale as follows: 1 to 2 = strongly disagree; 3 to 4 = disagree; 5 = neutral; 6 to 7 = agree; and 8 to 9 = strongly agree.

The financial satisfaction and overall job satisfaction measures have been commonly used in past studies (Clark and Oswald 1996; Gao and Smyth 2010; Levy-Garboua and Montmarquette 2004; Sloane and Williams 2000; Kifle 2014; Pare et al. 2022). The average financial satisfaction score is 6.57. Figure 1 shows that approximately 77% of the respondents were satisfied or very satisfied with their financial life, while 15% were not satisfied or very dissatisfied. Methodist pastors have the highest average financial satisfaction score (7.06), followed by Lutherans (6.91), Presbyterians (6.44), Others (6.43), and Baptists (6.23).

Figure 1 also indicates that approximately 91% of the respondents were satisfied or very satisfied with their overall life as pastors, while only 3 percent expressed dissatisfaction. The average score for overall life satisfaction is 7.75. Baptist pastors have the highest average satisfaction score (7.95), followed by Others (7.89), Methodists (7.88), Lutherans (7.81), and Presbyterian pastors (7.19).

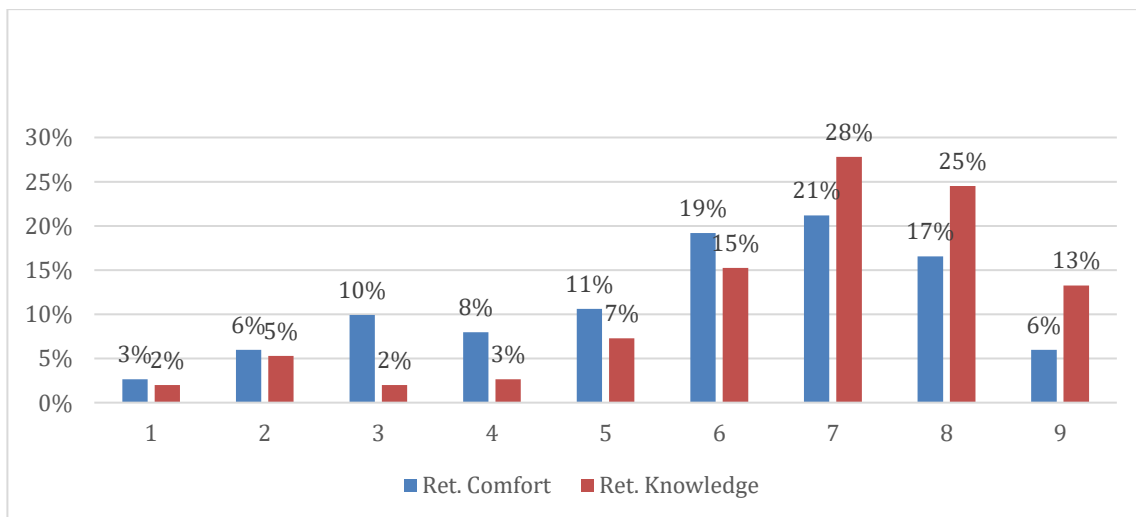
FIGURE 1
FINANCIAL SATISFACTION AND OVERALL LIFE SATISFACTION AS PASTOR



The average retirement comfort score is 5.76. Figure 2 shows that approximately 63% of pastors feel either comfortable or very comfortable about their life after retirement. This percentage is higher than expected, considering the earlier finding that most pastors are not prepared for retirement (e.g., Park and Bezjian 2009). Methodist pastors have the highest score by denomination (6.7), followed by Presbyterian (6.1), Lutheran (6.0), Baptist (5.3), and Others (5.1).

Additionally, we include the pastors' retirement knowledge using the question: "I am knowledgeable about my retirement" on a 9-point Likert-type scale. The average financial knowledge score is 6.62. Four out of five pastors claim to be knowledgeable about their retirement (See Figure 2). In terms of denomination, Lutheran pastors have the highest score (7.09), followed by Presbyterian (6.89), Methodist (6.88), Others (6.21), and Baptist (6.18).

FIGURE 2
RETIREMENT COMFORT AND FINANCIAL KNOWLEDGE ABOUT RETIREMENT



EMPIRICAL MODEL AND RESULTS

To examine the effect of denominations on retirement-related attitudes, we estimate a simple OLS model:

$$y_i = \beta_1 \text{Methodist}_i + \beta_2 \text{Lutheran}_i + \beta_3 \text{Presbyterian}_i + \beta_4 \text{Other}_i + \Phi X_i + u_{it} \quad (1)$$

where y_i is retirement attitudes including retirement comfort, overall job satisfaction as a pastor, and financial satisfaction. Our main interest is the estimates of β_1 through β_4 which capture the impact of each denomination on retirement attitudes relative to the base group of Baptist pastors. X_i is the vector of control variables, including pastors' demographic characteristics and church-related variables. Gao and Smyth (2010) controlled for age and average monthly income in their study on job satisfaction. Similarly, Clark and Oswald (1996) controlled for age, income, and firm size in their study on job satisfaction. In addition, we include the pastor's belief that stock investing is a form of gambling as a proxy for the pastor's philosophical beliefs that could affect attitudes toward retirement savings.

Table 3 presents the results of estimating Equation (1) for three measures of retirement attitudes: retirement comfort (column 1), overall job satisfaction (column 2), and financial satisfaction (column 3). In column 1, Methodist pastors are more comfortable (i.e. prepared) for retirement than Baptist pastors by approximately 11.8%. There are no statistically significant differences among other denominations.

Among the control variables, an increase in retirement savings and retirement knowledge leads to higher retirement comfort. However, other variables do not have a significant impact on retirement comfort.

In column 2, Presbyterian pastors are less satisfied with their overall life as pastors relative to Baptist pastors by approximately 10.6%. There are no significant differences among pastors of other denominations. Among control variables, both age and salary are positively associated with the level of overall job satisfaction. For example, a \$10,000 increase in annual salary would be associated with an 11% increase in overall satisfaction. Furthermore, pastors who view stock investment as gambling are more likely to be satisfied with their lives as pastors relative to those who do not hold this belief.

In column 3, denominations do not seem to have a significant effect on financial satisfaction. In contrast, both retirement knowledge and retirement savings are positively associated with financial satisfaction.

In summary, Methodist pastors generally have a higher level of retirement comfort relative to Baptist pastors, while Presbyterian pastors express less overall satisfaction in their pastoral roles relative to Baptist pastors. There is no significant difference in financial satisfaction among the different denominations.

TABLE 3
THE EFFECT OF DENOMINATION ON RETIREMENT ATTITUDES

Dep. Vat.	(1) Retirement comfort	(2) Overall satisfaction	(3) Financial satisfaction
2 Methodist	1.183** (0.519)	-0.587 (0.431)	0.516 (0.616)
3 Lutheran	-0.0509 (0.501)	-0.338 (0.384)	0.228 (0.513)
4 Presbyterian	0.508 (0.593)	-1.058** (0.479)	-0.101 (0.579)
5 Other denom.	-0.0491 (0.412)	-0.157 (0.360)	0.536 (0.421)
Household size	0.00720 (0.141)	0.126 (0.127)	0.161 (0.147)

Age	-0.000604 (0.0194)	0.0351** (0.0151)	0.0243 (0.0167)
Service yrs	0.00433 (0.0220)	-0.00666 (0.0154)	-0.0149 (0.0228)
Salary k	-0.000675 (0.00534)	0.0110** (0.00494)	0.00963* (0.00515)
Attendance	0.000446 (0.000570)	-0.000378 (0.000429)	0.000598 (0.000371)
Retire knwl	0.545*** (0.106)	0.0964 (0.0943)	0.293** (0.126)
Retire saving	1.61e-06*** (2.45e-07)	-2.44e-07 (2.83e-07)	9.56e-07*** (2.47e-07)
Stock gamble	0.0134 (0.0801)	0.164** (0.0690)	0.0223 (0.0866)
Constant	1.214 (1.403)	3.897*** (1.342)	1.365 (1.477)
Observations	116	114	116
R-squared	0.499	0.181	0.315

Note. Standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

CONCLUSION

This study examined whether the denomination of pastors influences their retirement-related attitudes, such as retirement readiness, overall satisfaction as pastors, and satisfaction with financial life. We found that Methodist pastors are better prepared for retirement relative to Baptist pastors. On the contrary, Presbyterian pastors express lower levels of overall satisfaction as pastors when compared to pastors from other denominations.

Considering the data used for the study, we need to interpret the findings with caution. The study used data from pastors in Southern California, which may not fully represent the entire pastors' community due to regional differences among churches, even within the same denomination. A more detailed questionnaire could provide more accurate insights, such as measuring how much each denomination supports their pastors at the denominational level and how individual churches assist with their pastors' retirement planning.

However, even without more refined data, the findings suggest that churches from different denominations can learn from each other to improve pastors' retirement preparation and job satisfaction. For example, Methodist churches can teach other denominations how to improve the retirement readiness of their pastors. On the contrary, Presbyterian churches may learn from other denominations to increase their pastors' job satisfaction. These efforts can ensure that pastors feel financially secure and thus serve their congregations more effectively. Awasum (1999) argues, "We are running away from our responsibilities. If we can seek these old ministers out and take care of them at our expense, I strongly believe that this will be not only pleasing to the Lord but it will be of the utmost benefit to the Church's mission here on earth." We hope this study will raise awareness of pastors' financial issues among church leaders and Christian communities.

ENDNOTES

1. They struggle to save for retirement and assess their retirement savings as inadequate (Colomer 2023).
2. Only a small percentage of pastors earn what most Americans would consider a professional-level salary (McMillian and Price 2003).
3. The measures refer to the percentage of respondents who either strongly agree (8 or 9 on a 9-point Likert-type scale) or agree (6 or 7) with the questions.
4. Those churches were selected from yellowpages.com and represent various denominations.
5. Our sample includes 39 Baptists, 16 Methodists, 33 Lutherans, 27 Presbyterians, and 28 pastors from others denominations.

REFERENCES

- Alsemgeest, L. (2019). The relationship between job satisfaction, financial stress and sufficient retirement savings of near-retirement pastors in Southern Africa. *Review of Religious Research*, 61, 119–133.
- Awasum, T. (1999). *Ministering to your pastor* (4th printing). Treasure House, Destiny Image Publishers, Inc.
- Clark, A.E., & Oswald, A.J. (1996). Satisfaction and comparison income. *Journal of Public Economics*, 61, 359–381.
- Colomer, N. (2023, March 14). Most seniors say the US is suffering a retirement crisis and many are struggling to save: Survey. *Fox Business*. Retrieved from <https://www.foxbusiness.com/personal-finance/seniors-say-us-suffering-retirement-crisis-inflation-struggling-to-save>
- Gao, W., & Smyth, R. (2010). Job satisfaction and relative income in economic transition: Status or signal? The case of urban China. *China Economic Review*, 21, 442–455.
- Kifle, T. (2013). Do comparison wages play a major role in determining overall job satisfaction? Evidence from Australia. *Journal of Happiness Studies*, 15(3), 613–638.
- Lévy-Garboua, L., & Montmarquette, C. (2004). Reported job satisfaction: What does it mean? *The Journal of Socio-Economics*, 33, 135–151.
- McMillian, B.R., & Price, M.J. (2003, Winter). How much should we pay the pastor? A fresh look at clergy salaries in the 21st century. *Pulpit & Pew Research Reports*, pp. 1–23. Retrieved from <https://silo.tips/download/how-much-should-we-pay>
- Park, D., & Bezjian, I. (2009). Pastor's retirement: Crisis beyond the shrinking of social security. *Journal of Religion, Spirituality, & Aging*, 21(3), 172–181.
- Park, D., Kim, C., & Paeng, S. (2022). The relationship between spiritual leaders' financial satisfaction and job satisfaction. *Pan-Pacific Journal of Business Research*, 13(2), 61–75. Retrieved from <https://iacademicresearch.org/index.php/volume-13-no-2-fall-2022/the-relationship-between-spiritual-leaders-financial-satisfaction-and-their-job-satisfaction>
- Rosen, A. (2023, March 2). How your retirement savings compare to the national average. *Forbes*. Retrieved from <https://www.forbes.com/sites/andrewrosen/2023/03/02/how-your-retirement-savings-compare-to-the-national-average/?sh=6c45abc46b2a>
- Sloane, P.J., & Williams, H. (2000). Job satisfaction, comparison earnings, and gender. *Labor*, 14, 473–502.