
13 Tips for Creating a Financial Plan in Your Church

As you look to make a new financial plan or church budget for next year, here are thirteen practical tips.

1. Now is a great time to evaluate your ministries and programs for effectiveness and trim things that no longer work.

Don't keep programs and ministries you like but are no longer effective. Go through a season of evaluation right before you go into budget planning and then fund what is working. These [evaluation forms](#) can help.

2. Underestimate your church's income and overestimate your spending.

"A budget is really a forecast, which at best is an educated guess," says Joe Sangl of [INJOY Stewardship Solutions](#). If you're making guesses, it's probably smarter to guess on the conservative side.

3. Build a budget based on a percentage of last year's income.

Budgeting by faith sounds spiritual but it might not be the best financial strategy. Eric Owens, Pastor at Rincon First Christian Church says, "We base our budget on 85% of income for the current year and strive to have a reserve of 3-6 months operating expenses."

4. Consider a shorter budget cycle if needed.

If your church is growing or if you're seeing an attendance decline, a shorter timeline will give you a built-in mechanism to make adjustments. Maybe your budget is for six months instead of twelve. "Trying to plan out the entirety of

the year could be difficult with the fast, changing climate we are currently in. Build for the first quarter, and then make needed adjustments throughout the year,” says Philip Scowden, Community Engagement Leader for [Thrivent](#).

5. Make sure your budget accounts for cash flow, not just total giving.

When you receive and spend money matters. Connor Baxter, Campus Pastor at Watermark Frisco says, “Businesses are having to look at different numbers than years prior. Pastors should do the same. Don’t just look at top of line donations, but look at your overall cash flow weighed against the expenses you’ve been able to cut this year.”

6. Build a budget that reflects the priorities you laid out in your strategic ministry plan.

And if you don’t have a strategic ministry plan, create one immediately. Chuck Taylor, CFO of [Trinity Fellowship Church](#) says, “Make sure that everything you spend can be directly tied back to your church’s mission, vision, and strategy. Too often church leaders prioritize a cost but cannot explain why. From volunteer t-shirts to software, be intentional with everything you spend.” If you don’t have a written and clear ministry plan, [here’s some practical advice](#) (and a template).

7. A good financial plan should have two parts.

A spending plan, which most people call a budget. And a funding plan, which describes how you’re going to actually receive the money, which most churches don’t have.

8. Get your stewardship committee, finance team, and leaders thinking about funding, not just spending.

Most churches agonize over how they are going to spend it and give very little effort to strategically thinking through the funding side. This is a big shift for a lot of churches. [We talked about five of these shifts here](#).

9. Have a clear plan to talk about money.

Talk about it consistently. Talk about it with purpose. Talk about it with a sense of hope. Here's a [free money message series](#), complete with message notes, graphics, and take-home tools.

10. If you want your people to help fund the budget, make sure you have a strategy to help them win with their personal finances.

This means you need to help them manage the 90% not just ask for the 10%. If you don't talk about wise financial principles, who will?

11. Consider asking members for stocks as well as cash donations.

Stephen Kump, Co-founder and CEO of Charityvest, says: "Encouraging members to give stock rather than cash can increase donated amounts by a significant margin. When members give this way, they avoid paying capital gains tax on their stocks that have gone up in value, putting more money toward giving rather than the government. Having a simple way to receive donated stocks ensures you get the benefits without the operational headache of opening a brokerage account and coordinating the receipt of stock + paperwork yourself." [Charityvest](#) is a great tool for this and it's dead simple for churches.

12. Don't be afraid to ask people to give.

Jeff Henderson of The FOR Company says, "My responsibility is to ask. Their responsibility is to answer. Don't shy away from asking big."

13. Say thanks. A lot.

Sometimes, with a hand-written note. Everyone who is currently giving to your church needs to know they matter. They need to hear you personally say thanks. People who work in non-profit fundraising know donor retention is more important than donor acquisition.

If you're a Church Fuel member, you'll find budget templates, cash flow worksheets, finance team training, and a lot more to help with the budgeting process in the Resource Library.