
Five Signs of Financial Health

What does a financially healthy church look like? While all churches are different and serving in unique contexts, here are some best practices.

Like with all numbers, they are a guide based on general best practices and may need to be adapted for your church.

A common fitness metric would be an inadequate metric for a professional athlete. Denomination, church size, and a host of other factors need to be considered.

Still, these measurements are general benchmarks and are a useful measuring stick for your church financial health.

#1 – At least 6 months of operating expenses in cash reserves.

Whether or not you think the phrase originated with Jack Welch, Dave Ramsey, or Ben Franklin, “cash is king” embodies the belief that cash flow is one of the most important measurements of fiscal health.

Nobody could have predicted COVID, but the churches who had cash reserves were able to make less-reactionary decisions. Not only will money in the bank insulate you from changing conditions, but it could also position you to jump on God-given opportunities when they arise.

#2 – 60% or more of giving is recurring and automated.

There's a reason your cell phone, mortgage, and utility company work so hard to get you to set up automatic payments. And while your church isn't a business, selling ordinary goods and services, best practices in this area are a sign of financial health.

Automated giving helps your church smooth out cash flow and helps members normalize their commitment to generosity through your church.

#3 – 25% of attendees regularly giving.

This number will fluctuate based on the type of church, but it's similar to the Pareto Principle (commonly called the 80/20 rule). Financially healthy churches have a good percentage of their attenders consistently giving.

The number might seem low to you, which is why you'll need to figure it out for your setting. Churches who are reaching a significant amount of unchurched people would be happy seeing 25% while churches serving long-time Christian members would struggle if the percentage dropped that low. I'd argue if the percentage is much higher, you could be financially healthy but not missionally healthy.

With a healthy percentage of attenders sharing in generosity, your reliance on any one donor decreases. Even a handful of people making up a large percentage of giving could be detrimental when those people move on.

#4 – Payroll does not exceed 50% of overall budget.

Again, this is a number that will fluctuate and vary based on circumstances (we hear you, church planters), but the best practice is to keep your staff expenses to 45-55 percent of the total budget.

If you spend more than this, you might be limited in how you serve your community and do ministry. If you're under, it might be a sign that you're not paying your team appropriately.

#5 – A healthy communication plan about money and finances.

Financially healthy churches are usually made up financially healthy members, and this has less to do with bank balance and more to do with being wise with money.

This is why it's critical you have a healthy approach to talking about money, from weekly giving talks to email updates to donors to biblical preaching on money (which is a broader topic than giving).

We've got resources to help you here:

- [Make Space](#) is a free 4-week sermon series you can use in your church. The download contains message notes, graphic, and promo materials.
- [More Than Money](#) is a workshop you can use to teach your church (and community) about money. Think of it as a one-shot alternative to Financial Peace University. The download comes with presenter information, participant notes, graphics, and all promo materials.
- [The Giving Course](#) is a premium online course to help you implement financial best practices throughout your church. It includes practical training and done-for-you resources.

If you want your church to take steps toward financial health, start with communication. This is one of the leading factors that will have positive trickle-down effects.