



2010 Rostered Church Worker's Suggested COMPENSATION GUIDELINES

For Congregations of
Lutheran Church
Canada
Alberta British
Columbia District

These guidelines are the result of recommendations of the ABC District Salary Review Committee, which were presented to and approved by the ABC District Board of Directors on May 22, 2009.

TABLE OF CONTENTS

INTRODUCTION	2
THE "PARTNERSHIP" APPROACH IN THESE GUIDELINES	2
HOUSING	2
Parsonage Provided	2
Housing Allowances	3
Example of Suggested Housing Allowance Calculation.....	3
2010 SUGGESTED SALARY GUIDELINES	4
Base Salary	4
Variable Salary	4
Associate/Assistant Pastors.....	4
2010 Salary guidelines	4
2010 Variable Salary guidelines	5
Responsibility Factors – Pastors - Principals	5
Education Factors – Pastors - Deacons	6
VACATION TIME	6
VICAR & DPS INTERN SALARIES	7
NON-ROSTERED WORKERS	7
HONORARIA & SUPPLY PASTORS	7
VACANCY PASTORS	7
OTHER FORMS OF DIRECT COMPENSATION FOR PASTORS	8
BENEFIT PROGRAMS	8
TRAVEL	8
CONTINUING EDUCATION	9
Attachments	9
• CRA Agency Clergy Residence Deduction Form & Employer Certification	
• Clergy Residence Deduction Guide to Completing CRA Form T1223	
• Worker’s Salary Calculation	

• INTRODUCTION

These guidelines are not to be construed as the "Official Salary Scale" of Lutheran Church – Canada, Alberta British Columbia District (LCC-ABC District). Recognizing the autonomous nature of each congregation, it is stressed that these are GUIDELINES and are not binding upon any congregation, but are offered as recommendations. Thus, each congregation is encouraged to appoint a "Compensation Review Committee" to make salary recommendations to its voters in advance of establishing the annual congregational budget. Where a worker serves more than one congregation, a single committee including representation from each congregation could accept this function.

• THE "PARTNERSHIP" APPROACH IN THESE GUIDELINES

When a churchworker accepts a call to serve in a full-time position, he or she accepts the responsibility to perform faithfully the obligations which are stated in the call documents. Similarly, the congregation accepts the obligation to care for and support the churchworker in the performance of his or her duties. St. Paul reminds us, "The labourer deserves his wages" (1 Tim. 5:18). This mutual care and support is the basis for the partnership approach of these guidelines. Thus, they should be interpreted in a positive and co-operative spirit.

With regard to the housing component, this is also an essential part of churchworker remuneration. When a congregation does not provide a parsonage but expects the churchworker to purchase a home, the congregation must recognize the uncertainties of the housing market. Recent volatility of the real estate market in some parts of the District may impose a significant financial burden on newly-called workers and / or congregations. In this case, the partnership approach may suggest that a congregation should consider assisting its worker(s) to bear this extra burden. Congregations can both rejoice when their workers are blessed and stand ready to offer special assistance in challenging times.

• HOUSING

Housing Allowance is considered to be part of a churchworker's salary so a congregation is expected to provide adequate housing for its worker(s) and family (ies), including payment for utilities.

Parsonage Provided - When a parsonage is provided for a worker, it is recommended that the congregation consider calculating an appropriate housing allowance, *as if* the worker were actually making his or her own arrangements to live in the community. The congregation should then pay this allowance to the worker in addition to his or her salary, again *as if* the worker were making his or her own housing arrangements. At the same time, the congregation should also set a monthly rental fee for the parsonage, and charge it to the worker. The worker would then pay the congregation rent on a monthly basis.

There are two reasons for suggesting this procedure when a worker is provided a parsonage:

1. It allows the churchworker to participate in the Canada Revenue Agency Clergy Residence Deduction, which creates a significant tax benefit to the worker that may otherwise be unavailable or available only in part.

2. Failing to pay churchworkers an adequate housing allowance where a parsonage is provided could have a negative effect on their pensions, which are based on salary plus housing allowance.

In addition: When a parsonage is provided, a churchworker has no way of building equity should he (or she) need to purchase a home later in life. For this reason, it is suggested that where a parsonage is provided, an **equity allowance** should also be arranged. It is recommended that this allowance should be no less than **\$3000.00** annually.

The allowance should be placed in a Church Extension Fund account at the District Office to accumulate for the Worker’s future needs.

Housing Allowance - Where there is no parsonage, congregations should pay their churchworkers a housing allowance in addition to their base salary.

In an effort to create a fair means of calculating this housing allowance, taking into account the needs and position of both the congregation and the worker, as well as reflecting the diversity of housing costs throughout the ABC District, the Committee proposes the following change to previous years’ recommendations. The committee sincerely hopes that this calculation can be standardized throughout the District in order to bring some consistency to this part of the compensation review process.

It is recommended that the housing allowance be calculated with the help of a local real estate broker, who can provide data on the cost of rental housing within the community.

The housing allowance should equal the average rental cost of a 1400 sq. ft., three-bedroom bungalow in the congregation’s community, plus utilities. The following is an example of this calculation:

Suggested Housing Allowance Calculation		
accommodation used in example = 3 bedroom bungalow, approximately 1400 sq ft		
	NW Edmonton AB	Calculation Space
Avg. Rental	\$1450.00	
Utilities Monthly	\$300	
Monthly Housing Allowance	\$1750.00	
Annual Housing Allowance	\$21,000	

*It should be noted that the Edmonton figures are only an example! **You must contact a local real estate broker to obtain an “average” rental cost for this size and type of house in your own community.**

ADDITIONAL NOTE : According to the *Canadian Council of Christian Charities*, the preceding method of calculating a churchworker’s “housing allowance” is perfectly appropriate for a congregation’s internal budgeting process (that is, as a means of determining a fair compensation package for a churchworker). However, congregations and workers alike should note that this type of calculation has nothing to do with the determination of an eligible churchworker’s “clergy residence deduction amount,” which is a parallel but entirely separate calculation that takes place when that worker files his or her income-tax return with the Canada Revenue Agency. The Income Tax Act (ITA), in section 8(1)(c)(iv), places the right of determining this amount *in the hands of the employee taxpayer*, as does CRA in the formula provided in sub-part (B) of Part C of its T1223 form (entitled “Calculation of deduction - *to be determined by employee*”).

Therefore, a "housing allowance" figure should *not* be put in Box 30 of an employee's T4 slip, unless housing is provided directly to the employee (for example, in the case of a parsonage). Making an entry in Box 30 removes the employee's right under the ITA to correctly determine the deduction amount in sub-part (B) in Part C of the T1223 form. If an entry is made in Box 30, the form's wording would oblige the employee to erroneously follow the instructions in sub-part (A) rather than sub-part (B). This forced mismatch would nearly always lead to an inaccurate deduction figure. Employees forced into this situation are likely to find that their deduction amount is *below* what the Income Tax Act (ITA) would otherwise allow, had they been able to complete the proper portion of the T1223 Form. This inappropriate entry in Box 30 also, arguably, forces the taxpayer into non-compliance with the ITA, because an inappropriate entry on a T4 slip *will* lead to an incorrect T1223 claim amount, in the sense that it was made under the wrong section of the ITA. *Thus, congregations should ensure that no amount is entered in Box 30 of their churchworkers' T4 slips, unless a parsonage is provided.*

- **2010 SUGGESTED SALARY GUIDELINES**

BASE SALARY

In the interest of simplicity, and in an effort to take some of the confusion out of the compensation process, we have suggested a uniform salary, not a range, for each year of service completed. The salary guidelines start with a "Base Salary" (in initial year of a worker's ordained or commissioned service) of **\$36,000** for pastors and **\$30,000** for deacons.

VARIABLE SALARY

By carefully considering a churchworker's possible extra responsibilities and education, this guide aims to make the determination of his or her appropriate compensation a simple task.

The salaries listed below include cash compensation only. Payments for housing, utilities, car allowance, and various responsibilities need to be added to these salaries. Congregations must also contribute the employer's share of Canada Pension Plan (CPP) and Employment Insurance (EI).

All multipliers and % add-ons are calculated on the "Base Salary" (payable in "year zero" of a worker's service), with the exception of the housing allowance, which should be calculated according to the discussion that begins on page 2 above, under "**Housing.**"

ASSOCIATE/ASSISTANT PASTORS

These guidelines may be applied in the following way when a congregation is served by multiple pastors. The compensation level of the Senior Pastor should be established first, according to the factors below. The guidelines may then be applied to Associate/Assistant Pastors, bearing in mind the need to establish and maintain a differential that reflects each person's particular responsibilities.

2010 SALARY GUIDELINES

These guidelines are not to be construed as the "Official Salary Scale" of the LCC-ABC District. Recognizing the autonomous character of each congregation, it is stressed that these are GUIDELINES and are not binding upon any congregation. Rather, they are offered as recommendations.

This year's recommended increase to churchworkers' salaries is based on the previous year's increase of the consumer Price Index (CPI) as well as a review of the changes made to the

salary guidelines last year. In 2009 the committee dropped a salary range in favor of a single suggested salary for each year on the grid. This was done in conjunction with an adjusted housing allowance calculation, which has changed again this year to simplify calculations.

These guidelines are intended to apply to rostered churchworkers (see LCC Constitution, Article V, "Membership"). In the case of non-rostered teachers, congregations are encouraged to adjust this compensation package in order to create a significant financial incentive for non-rostered workers to become rostered. For example, incremental increases could be granted for each colloquy course completed, up to the point at which the teacher completes the colloquy program, becomes rostered, and earns the full amount stated in these guidelines.

PASTOR		DEACON	
Years of Service Completed	Suggested Salary	Years of Service Completed	Suggested Salary
Base Salary	\$36,000	Base Salary	\$30,000
1	\$36,600	1	\$31,500
2	\$37,200	2	\$33,000
3	\$37,800	3	\$34,500
4	\$38,400	4	\$36,000
5	\$39,000	5	\$37,500
6	\$39,600	6	\$38,100
7	\$40,200	7	\$38,700
8	\$40,800	8	\$39,300
9	\$41,400	9	\$39,900
10	\$42,000	10	\$40,500
11	\$42,600	11	\$41,100
12	\$43,200	12	\$41,700
13	\$43,800	13	\$42,300
14	\$44,400	14	\$42,900
15	\$45,000	15	\$43,500
16	\$45,500	16	\$44,000
17	\$46,000	17	\$44,500
18	\$46,500	18	\$45,000
19	\$47,000	19	\$45,500
20	\$47,500	20	\$46,000

NOTE: It is recommended that pastors should receive a salary increase of \$400.00 for each year after 20 years in the ministry.

- **2010 VARIABLE SALARY GUIDELINES**

RESPONSIBILITY FACTORS

Pastors: The salary of a pastor should be adjusted to reflect additional responsibilities, as defined below:

Lutheran School:

- Add 5% of base salary (\$36,000) when a congregation operates a Lutheran school that includes an elementary or high school education program with a student body of 100 or less.
- Add 10% of the base salary when the school’s enrollment is over 100.

Multiple Staff:

- Add 2% of the base salary (\$36,000) when a Senior Pastor has one or more other rostered churchworkers on the ministry team.

Multiple Parish:

- Add 5% of the base salary (\$36,000) for each additional congregation a pastor serves.

Size of Congregation:

- Add 5% of base salary (\$36,000) when a pastor serves a congregation with more than 300 communicants.

Principals: Principals of a Lutheran school should receive additional salary depending on the number of classrooms and students.

- Add 10% of base salary (\$30,000) when a school’s enrollment is under 100 students.
- Add 15% of base salary (\$30,000) when a school’s enrollment is over 100 students.
- Other factors, such as the amount of classroom time required of the principal, may affect the above percentages by a further 10% to 15%.

EDUCATION FACTORS

Pastors: The salary for a pastor should be adjusted to reflect his educational qualifications, as defined below:

- Add 2% of base salary (\$36,000) when a pastor receives an additional master’s degree beyond the Master of Divinity.
- Add 5% of base salary (\$36,000) when a pastor earns a doctoral degree.

Deacons: The salary of deacons should be adjusted to reflect their educational qualifications, as defined below:

- Add 2% of base salary (\$30,000) for teachers who hold a post-baccalaureate education degree (i.e., an education “after-degree”).
- Add 5% of base salary (\$30,000) for a master’s degree appropriate to his or her specific vocation.

• **VACATION TIME**

Pastors/Deacons (other than teachers):

Years in Ministry	Weeks of Vacation
0 – 5	3 Weeks
6 – 15	4 Weeks
16 and over	5 Weeks

A week is considered to be seven (7) consecutive days.

Teachers

Vacation time and days off will be determined in each teacher's contract.

Statutory Holidays

This is a matter to be decided between the worker and the congregation. It is recommended that congregations could consider giving workers time off after Christmas and Easter, as well as extra time off in lieu of statutory holidays that are "missed" due to ministry responsibilities.

• VICAR & DEACON-INTERN SALARIES

VICAR

\$21,500 annually, as determined by the LCC Council of Presidents for 2010. In addition, housing & utilities must be provided by the congregation. This salary is intended to cover the student's vicarage fee of \$1200, which he is in turn responsible for paying to his seminary.

DEACON-INTERN

\$18,500 annually, as determined by the Council of Presidents for 2010. In addition, housing & utilities must be provided by the congregation. Congregations are responsible for paying the student's intern fee of \$1000 directly to Concordia University College of Alberta.

For additional information on Deacon-internship costs please contact CUCA's Director of Church Work Programs: (780) 479-9348.

• NON-ROSTERED WORKERS

Salaries for non-rostered workers are to be negotiated by the congregation and worker, bearing in mind the type of ministry, education, experience and qualifications of the worker.

• HONORARIA & SUPPLY PASTORS

Occasionally congregations require the services of a guest preacher (who may be a pastor or a seminary student) for supply preaching. The following guidelines apply:

- One Service \$125 + mileage
- Two Services \$150 + mileage
- One Service & Bible Study \$150 + mileage
- Two Services & Bible Study \$175 + mileage

• VACANCY PASTORS

Payments to vacancy pastors should be based on these Salary Guidelines, multiplied by the appropriate percentage of a full-time, called pastor's function that the vacancy pastor is providing. For example, if he is assuming 50% of the congregation's regular pastoral duties, he should receive 50% of the salary suggested by these guidelines. Ordinarily, however, no housing allowance needs to be provided for vacancy pastors.

- **OTHER FORMS OF DIRECT COMPENSATION FOR PASTORS**

Payments to pastors by members of their congregations on occasions such as baptisms, weddings, and funerals, are not encouraged. These services should be considered part of his normal pastoral responsibility, for which extra pay is neither necessary nor appropriate. It should be noted, however, that all gifts, honoraria, etc., are taxable and must be recorded and reported to Canada Revenue Agency (CRA) by the worker.

- **BENEFIT PROGRAMS**

Congregations should pay the full cost of the LCC Worker Benefits Program for their workers, as well as the employer portion of their Canada Pension Plan contribution and Employment Insurance premiums. Particulars regarding the LCC Worker Benefits Program can be found at <http://www.lccbenefts.ca> . Congregations should be aware of the taxability of all such employer-funded benefits (i.e. disability and/or life insurance coverage).

We encourage congregations to enroll in the federal government's "Supplementary Unemployment Benefits" (SUB) plan. For information about this plan, visit Service Canada's web site: www1.servicecanada.gc.ca/en/cs/sub/010.shtml.

In addition, the ABC District offers its own special assistance program that will compensate a congregation for its share of a worker's wages, above and beyond what is provided by Employment Insurance in the federal government's SUB Plan, when a worker is temporarily unable to work due to disability or illness. The cost is modest, and the potential benefit great. For more information about this program, contact Lynn Giese at the District Office (lgiese@lccabc.ca).

- **TRAVEL**

To carry out the duties of their office, churchworkers incur expenses of various kinds, not least of which is the operation of a motor vehicle. Vehicle-related expenses should be borne by the congregation, but should not be viewed as an addition to a worker's compensation package. It is recommended that reimbursement for vehicular expenses should be based on the number of kilometres driven, at the rate suggested below. **If distances over 200 km need to be travelled within a short period of time, it may be advantageous to rent a car and pay for its fuel, rather than paying standard "mileage."**

The District's suggested reimbursement rate is 85% of the Federal Government's posted rate for the current year for the first 5000 km driven (\$0.52/km X 85% = \$0.44/km). The rate for each given year is usually available in February.

<p>Canada Revenue Agency automobile allowance rates for 2008 are 52¢ per kilometre for the first 5,000 kilometres, and 46¢ per kilometre thereafter. In the Northwest Territories, Yukon, and Nunavut, the rate is 4¢ per kilometre higher in each case. This "official" mileage rate can be found at: http://www.fin.gc.ca/n08/08-114-eng.asp</p>
--

NOTE: Travel reimbursement must be based on business travel logs, submitted by workers to their employers, in order to be considered a non-taxable benefit. A careful **Travel Log** must be maintained **by the churchworker** for income tax purposes.

- **CONTINUING EDUCATION**

Workers are encouraged to enroll in Continuing Education programs, and congregations should provide an annual allowance to their workers for books as well as continuing education. For details on the synodical program administered by Lutheran Church-Canada, see the LCC website (www.lutheranchurch.ca), under the tabs "Education" and then "Pastors' Continuing Education."

Attachments Include:

1. Canada Revenue Agency Clergy Residence Deduction Form & Employer Certification
2. Clergy Residence Deduction Guide to Completing FORM T1223
3. Churchworker's Salary Calculation Worksheet

Pastor's and Deacon's Salary Calculations

Congregation: _____

Date Prepared: _____

Prepared by: _____

Workers Name: _____

Pastor

Deacon

Base Rate As Determined By Years of Service Completed

A.

Responsibility Factors for Pastor

<u>Lutheran School</u>	<u># of Students</u>	<u>Base Rate</u>				
	99 or Less	\$36,000.00	X	0.05%		<input style="width: 60px; height: 15px;" type="text"/> B.
	100 or More	\$36,000.00	X	0.10%		<input style="width: 60px; height: 15px;" type="text"/> C.
<u>Multiple Staff</u>	<u># of Staff</u>	<u>Base Rate</u>				
	1 or More	\$36,000.00	X	0.02%		<input style="width: 60px; height: 15px;" type="text"/> D.
<u>Multiple Parish</u>	<u># or Parishes</u>	<u>Base Rate</u>				
	2 or More	\$36,000.00	X	0.05%		<input style="width: 60px; height: 15px;" type="text"/> E.
<u>Congregation Size</u>	<u># of Members</u>	<u>Base Rate</u>				
	Communicant Members	\$36,000.00	X	0.05%		<input style="width: 60px; height: 15px;" type="text"/> F.
<u>Education</u>	<u>Degrees</u>	<u>Base Rate</u>				
	Additional Masters	\$36,000.00	X	0.05%		<input style="width: 60px; height: 15px;" type="text"/> G.
	Doctoral Degree	\$36,000.00	X	0.02%		<input style="width: 60px; height: 15px;" type="text"/> H.

Responsibility Factors For Teachers

<u>Principles</u>	<u># of Students</u>	<u>Base Rate</u>				
	99 or Less	\$30,000.00	X	0.10%		<input style="width: 60px; height: 15px;" type="text"/> I.
	100 or More	\$30,000.00	X	0.15%		<input style="width: 60px; height: 15px;" type="text"/> J.
	Classroom Time	\$30,000.00	X			<input style="width: 60px; height: 15px;" type="text"/> K.

Deacons: Teachers, DPS and DCE

- # of Colloquy Courses completed	<input style="width: 150px; height: 15px;" type="text"/>				
(Maximum of \$2000)			X	\$250	<input style="width: 60px; height: 15px;" type="text"/> L.
	<u>Base Rate</u>				
Post BA Education Degree	\$30,000.00		X	0.02%	<input style="width: 60px; height: 15px;" type="text"/> N.
- Master Degree Appropriate to Vocation	\$30,000.00		X	0.05%	<input style="width: 60px; height: 15px;" type="text"/> O.

TOTAL P.



CLERGY RESIDENCE DEDUCTION

- You have to complete this form to claim the clergy residence deduction. You complete Part **A** and Part **C**, and your employer completes Part **B**. If you have more than one employer in the year, each employer has to complete a separate Part **B**. In this situation, you must complete only one Part **C** calculation by combining the income from all eligible employers.
- You do not have to file this form with your return. However, you have to keep it in case we ask to see it.
- For more information, see Interpretation Bulletin IT-141, *Clergy Residence Deduction*.

Part A – Employee information (to be completed by the employee)

Last name		First name		Tax year	Social insurance number			
Home address		Address of residence being claimed (if different)						

Part B – Conditions of qualifying employment (to be completed by the employer)

1. Was this employee (tick whichever of the following applies):

a) a member of the clergy? If so, specify his or her title. _____

b) a regular minister? If so, specify the spiritual duties the employee was authorized to perform. _____

If you ticked **a)** or **b)**, go to question 3.

c) a member of a religious order? If so, provide the name of the order. _____

2. If this employee was a member of a religious order, please answer the following:

a) Was he or she employed by the order on a full-time basis? Yes No

b) Does the order place restrictions on this employee's outside employment activities? Yes No

If yes, specify the restrictions. _____

c) Describe how this employee was admitted to the order. _____

d) Are there written standards of conduct to which this employee must adhere? Yes No

If yes, are these standards exclusive to members of the order? Yes No

3. Was this employee (tick whichever of the following applies):

a) in charge of a diocese, parish, or congregation?

b) ministering to a diocese, parish, or congregation?

c) engaged exclusively in full-time administrative service? If so, provide the name of the organization, if different from the employer, that appointed this employee to his or her position. _____

4. Provide this employee's job title and a list of his or her duties (or attach a copy of his or her job description).

5. Did you provide free accommodation to this employee? Yes No

Employer Certification

I certify that the information provided in Part B for this employee is, to the best of my knowledge, correct and complete.

Name of employer (print)		Name and title of authorized person (print)	
Date	Telephone	Signature of employer or authorized person	

Part C – Calculation of deduction (to be completed by employee)

- (A)** If you received free accommodation for your residence, the value of which was shown in Box 30 of your T4 slip as a taxable benefit, claim this amount on line 231 of your return.
- (B)** If you owned or rented the residence being claimed, complete the following:

How many months did you ordinarily occupy this residence during the year? _____

Calculation:

Income from qualifying employment (from all eligible employers)	\$ _____	1
1/3 of Line 1	\$ _____	2
Number of months in qualifying employment	_____	3
Line 3 x \$1,000 (to a maximum of \$10,000)	\$ _____	4
Enter the greater of Line 2 and Line 4	\$ _____	5
Actual rent and utilities paid or, if residence owned, fair rental value including utilities for the total period in the year that the residence was owned or rented and you were in qualifying employment	\$ _____	6
Deduct: All amounts claimed by you or by any person in respect of the accommodation *	\$ _____	7
Line 6 minus Line 7	\$ _____	8
Enter the lesser of:		
Line 5 and Line 8	\$ _____	9
Line 6 and Line 9	\$ _____	10
Line 1 and Line 10	\$ _____	11

Enter the amount from Line 11 on Line 231 of your return.

* **Note:** The actual rent and utilities paid, or if the residence is owned, the fair rental value including utilities, must be reduced by all other amounts deducted in calculating income from a business or from an office or employment in connection with the same accommodation if the other amounts deducted are in respect of the same months or period. This could arise, for example, when your spouse or common-law partner claims work-space-in-the-home expenses for the same accommodation.

- (C)** If you received free accommodation for your residence (A) for part of the year and owned or rented the residence being claimed (B) for a **different** part of the year, add amounts (A) and (B) and claim the total amount on line 231 of your return. The amount claimed for the clergy residence deduction **can never exceed** income from qualifying employment on Line 1 of the above calculation.