



**Evangelical Missionary
Church of Canada**
Following Jesus Together

PASTORAL COMPENSATION STANDARDS

2019

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**EVANGELICAL MISSIONARY CHURCH OF CANADA
PASTORAL COMPENSATION STANDARDS
2019**

1. WELCOME

Welcome to the EMCC Pastoral Compensation Standards for 2019. The following information is based on a thorough review of EMCC Compensation Standards, including a comparison with five other Canadian denominations and information from The Canadian Council of Christian Charities (CCCC). In order for EMCC churches to provide compensation that is comparable to other denominations, the salary formula and figures have been adjusted. The expectation is for churches to meet these Standards. We understand that it may take some time for some churches to meet these Standards. In such cases, churches are asked to achieve the compensation standards within a two to three year period. As in all matters relating to compensation, employed pastors ought to be involved in discussion relating to the achievement of the Compensation Standards.

2. WHY COMPENSATION STANDARDS

Compensation Standards are necessary in times of employee and employer-changing needs, increasing options and employer-employee expectations. Here are three reasons why EMCC needs Compensation Standards for its churches:

2.1 Biblical Principles

The Biblical principles of serving vocational ministers well by providing them with a living wage, honouring them with a deserving wage and paying them generously are reflected in these passages:

- 1 Corinthians 9:14 - "In the same way, the Lord has commanded that those who preach the gospel [ministers] should receive their living from the gospel" (that is, from the place where they administer the gospel).
- 1 Timothy 5:17-18 - "The elders [ministers] who direct the affairs of the church well are worthy of double honour, especially those whose work is preaching and teaching. For Scripture says, 'Do not muzzle an ox while it is treading out the grain,' and 'The worker deserves his wages.'"

2.2 Recruitment and Retention of Pastors and Ministers

Credentialed ministers have more ministry and vocational options today than ever before. These options at times are found within EMCC in terms of varying roles and responsibilities offered by churches, and therefore movement of pastors from church to church is normal. When options arise based on varying compensation packages from church to church, retention and/or recruitment of pastors becomes a problem. Further, we now know there are other denominations whose compensation packages are more attractive than that of EMCC. In order for EMCC to be competitive it is essential for us to have Compensation Standards and to adhere to them.

2.3 Good Communication

The confidence and predictability that come from Compensation Standards eliminates the discomfort for both employer and employee around talking about a compensation package including salary.

A word also needs to be said about affordability. The Pastoral Compensation Standards are presented using the language of "expectation". This is not meant to be interpreted as the language of command but rather as the language of invitation and challenge. The reasons for this are stated above. Furthermore, it is expected that due to economic realities in the life of any given church, the Standards may be difficult to achieve. Each church and potential employee will need to make decisions based on both church and individual realities.

The two decisions are:

- a) For the church to consider: “What compensation package will be offered to a potential employee?” and “If the church is unable to achieve the EMCC Compensation Standards, then is it viable to offer employment as a bi-vocational or part-time position?”
- b) For a potential employee to consider: “What kind of compensation do I need?” and “If the compensation package does not meet my needs and expectations, then, am I prepared to serve as part-time or bi-vocational pastor?”

3. SALARY FORMULA

EMCC uses four major categories to assist churches in calculating wages for your pastoral staff:

3.1 Base Salary

The Base Salary for EMCC ministers is the starting point for calculating all pastoral salaries. The Base Salary is adjusted on an annual basis by the EMCC and the local church.

The EMCC is responsible for providing:

- (1) Denominational comparisons and information gathered from The Canadian Council of Christian Charities regarding pastoral salaries.
- (2) The national Cost of Living average based on the Canadian Consumer Price Index.
- (3) Should you require more detailed information on Cost of Living, consult the Canadian Consumer Price Index at <http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/cpis01a-eng.htm>.

The local churches are responsible for providing:

- (1) Cost of housing. Adjustment is calculated on the fair rental value of a home in the community suited to the needs of the employed pastor.
- (2) Should you wish to find specific Canadian housing market information for your community, you can obtain this from a local realtor in your community or region. You may also choose to visit the Canada Mortgage and Housing Corporation (CMHC) at <https://www03.cmhc-schl.gc.ca/hmip-pimh/en/TableMapChart/>.

Base Salary 2019

- (1) Base Salary - provided by EMCC \$36,000
- (2) Local Cost of Housing - provided by local church + \$ xx, xxx
- (3) Total Base Salary \$ xx, xxx

3.2 Responsibility Allowance

The Responsibility Allowance compensates pastors for their varying levels of responsibility, including: supervision of paid staff, oversight of volunteer leaders, management of the ministry and business affairs of the church, size of congregation and size of church budget. Please use the following Responsibility Allowance figures in your calculations:

Average Church Attendance	Up to 100	101-150	151-200	201-300	301-400	401-500	501 +
Solo Pastor	\$1,000	\$1,500	\$2,000	\$3,000			
Lead Pastor with Staff	\$2,000	\$3,000	\$4,000	\$5,000	\$6,000	\$7,000	\$8,000
Ministry Staff	\$500.00	\$750.00	\$1,000	\$2,000	\$3,000	\$4,000	\$5,000

NOTE: Solo Pastor refers to only one person on the pastoral staff.

Lead Pastor refers to a pastor who is supervising at least one other pastoral staff member.

Ministry Staff refers to pastors who report to a supervisor and who are responsible for a specialized ministry such as children, young adult, and others in accordance with the average ministry attendance as above. For example: If the average church attendance is 300 but the ministry attendance is 100 then, the ministry staff will receive \$500 as the responsibility allowance.

3.3 Education Allowance

The Education Allowance endeavours to elevate the importance of education, to honour the person earning a degree and to recognize the increase in effectiveness that results from further education. Please use the following Education Allowance figures in your calculations:

- Bachelor of Theology Degree or equivalent \$ 4,000
- Master of Arts or equivalent \$ 6,000
- Master of Divinity \$ 8,000
- Doctor of Ministry, PhD or ThD \$10,000

3.4 Experience Allowance

The Experience Allowance recognizes pastoral vocational ministry and life experience. Please use these Experience Allowance figures in your calculations:

- A \$1,000 increment given for each year of service to a maximum of ten (10) years.

3.5 Discretionary Allowance

The Church Board may extend additional salary and/or bonuses to pastoral staff, with the understanding that:

- (1) these would be considered taxable income; and
- (2) these may be extended as a one-time allowance.

4. SALARY TABLE

The following table provides a way of determining your pastor's compensation.

Base Salary	\$
Plus Responsibility Allowance	\$
Plus Education Allowance	\$
Plus Experience Allowance	\$
Plus Discretionary Allowance	\$
Total Salary	\$

NOTE: Part-time Salary Calculations

These Standards can be used for part-time pastoral positions by calculating the percentage of time against the salary allowances above. For example, if the pastor is half-time, apply 50% of the appropriate figures to determine the recommended salary.

FURTHER INFORMATION

The following is provided for your assistance and reference as helpful information supplementary to the Compensation Standards.

1. CLERGY RESIDENCE DEDUCTION – T4

The Clergy Residence Deduction is a benefit the Government of Canada extends to clergy through CRA as a personal benefit. It is the employee's responsibility to initiate and submit application for this deduction, in addition to the T4 Statement of Remuneration Paid form.

Upon request of your pastor(s), you as an employer are required to:

- (1) Provide a letter verifying the employee is employed by your church and is receiving a specified annual salary.
- (2) Complete and sign Part B of the Clergy Residence Deduction form. This form is required in order for the eligible employee to claim clergy residence deduction.

2. CLERGY RESIDENCE DEDUCTION AT SOURCE (MONTHLY)

The "at source" deduction, from each pay cheque, means you as an employer have legal authorization from CRA to deduct a specified amount from the employee's pay cheque as non-taxable income. Your pastor(s) must annually provide you with an authorization letter from CRA before deduction at source can be implemented. This letter will state the amount of money you are allowed to deduct as non-taxable income on your employee's monthly compensation calculations.

NOTE:

- (1) CRA requires ministry employees who own or rent their residences and wish to have their income tax deductions reduced at source in connection with the Clergy Residence Deduction, to annually file a form T1213 - Request to Reduce Tax Deductions at Source.
- (2) Your pastor is responsible to secure the T1213 form at <http://www.cra-arc.gc.ca/E/pbg/tf/t1213/> and to file it no later than November 1. This will allow sufficient time, typically 4 to 8 weeks, for CRA to provide an authorization letter to the pastor by January 1 of the following year.
- (3) As previously stated, your pastor must provide a copy of the CRA Clergy Residence Deduction at Source authorization letter to the church. This is each employee's responsibility. It is the employee's responsibility to file the T1213 form.

Should you require more detailed information about Clergy Residence Deduction, visit:

- Canada Revenue Agency (CRA) at www.cra-arc.gc.ca
- The Canadian Council of Christian Charities at www.cccc.org.
- Provincial Tax Rates: <http://www.cra-arc.gc.ca/tx/ndvdl/fq/txrts-eng.html>.

3. BENEFITS

EMCC provides a strongly competitive Group Benefits Plan which is reviewed annually by experts in the field. If your church is not part of this Plan for your qualifying employees, please take the necessary steps toward enrolment in the Plan. Most EMCC churches have joined, and the more that participate the greater value we are able to offer our qualifying pastors, and at a lower cost per member.

3.1 Employee Benefits

To be eligible for the EMCC Group Benefits Plan, the employee must:

- be employed by an EMCC full-member church on a permanent basis.
- be working the required minimum 30 hours per week on a regular basis.
- have completed the required waiting period.
- be insured under a provincial government health plan.
- be domiciled (a permanent resident) in Canada.

Contract employees are considered self-employed and are therefore not eligible for coverage in the Group Insurance Plan. A replacement employee for a Maternity Leave, for example, is regarded as a “contract” employee.

Eligible employees working 30 hours or more per week enrol in full benefits of Life and Long-Term Disability Insurance, Extended Health Care and Dental Care. Extended Health and Dental benefits may be waived by the employee provided he or she has comparable coverage through his or her spouse. Otherwise, the employee is expected to be enrolled.

Extended Health Care and Dental Benefits are available to permanent, part-time employees working at least 24 hours and fewer than 30 hours per week.

Employer-paid premiums for Group Life, Dependent Life and Accident insurance are taxable benefits, and the amounts paid on the employee’s behalf will be added to their taxable income.

Employer-paid premiums for Extended Health, Out-of-Country and Dental benefits are non-taxable, with the exception of Quebec, where the premiums are also considered a taxable benefit.

Employer-paid premium for Long-Term Disability (LTD) is not a taxable benefit. However, when the employer pays any amount towards the LTD coverage, any benefit the employee receives will be taxable. The EMCC LTD benefit is non-taxable; therefore, the premium must be paid by the employee.

Given the tax implications on employee benefits, the employer should pay the premium for the non-taxable benefits of Extended Health, Out-of-Country and Dental, and the taxable benefits of Life, Dependent Life, and Accident insurance. The employee pays the premium for LTD.

Short Term Disability benefits are not included in the EMCC Group Benefits Plan. This benefit is available through EI Sickness Benefits. For further information, visit:

<http://www.esdc.gc.ca/en/reports/ei/sickness.page>.

<http://www.esdc.gc.ca/en/ei/sickness/index.page>.

For churches interested in providing supplemental payments to the Employment Insurance (EI) benefit, a written policy must be established and submitted along with the Supplemental Unemployment Benefit (SUB) registration form to Service Canada for approval. Further information is available at:

http://www.esdc.gc.ca/en/reports/ei/supplemental_unemployment_benefit/index.page.

Proposals for sabbaticals must be reviewed by the EMCC Pension & Benefits Administrator to determine eligibility for continued benefits and insurance coverage. The insurer will assess life and disability benefits during a sabbatical period on an individual basis.

Questions related to the provision or claiming of employee benefits may be directed to the EMCC Employment Benefits Administrator.

4. DEFINED CONTRIBUTION PENSION PLAN & RRSP

The EMCC Defined Contribution Pension Plan (DCPP) is reserved for EMCC Licensed and Ordained Ministers. The church contributes an amount equivalent to 6% of the pastor's salary, including housing allowance, if applicable. Through payroll deduction the pastor contributes a minimum of 3% of gross salary to the EMCC Group RRSP. Both DCPP and RRSP are money purchase plans, the funds of which are administered by the employee through Sun Life Financial. Contributions must be remitted to the EMCC Calgary office on a monthly basis. The EMCC Pension Plan is registered with the Government of Canada and requires each church to comply with the above contribution rates. This is a contractual obligation that needs to be observed.

5. REGISTERED RETIREMENT SAVINGS PLAN (RRSP)

The RRSP is available to Ministers:

- who are employed by an EMCC church.
- who are employed at a level of at least $\frac{3}{4}$ full-time permanent (30 hours).
- with a minimum employee contribution of 3%.

6. GOVERNMENT PENSION (CPP/QPP) & EI

The church is required to pay its share of the Canada Pension Plan (CPP) and Employment Insurance (EI) premiums. These payments, together with the source deductions from payroll, are required to be remitted to the proper authorities in a timely manner. For further information, please visit: <http://www.cra-arc.gc.ca/E/pub/tg/t4001/>.

7. SICK LEAVE

EMCC expects churches to have a sick leave policy in place for their staff. Employees may accrue sick leave at the rate of one day per month of service, up to 10 working days annually, with no carry forward to a subsequent year. Benefits are provided by and in accordance with the EMCC Group Benefits Plan.

8. VACATION

All full-time pastoral leaders and staff are expected to take vacation. Subject to each province's labour Standards, EMCC has the following vacation schedule:

<u>Number of Years in Ministry</u>	<u>Vacation Weeks</u>
0 to 5 years	3 weeks
6 to 10 years	4 weeks
11 to 20 years	5 weeks
20 years +	6 weeks

In calculating the number of years of service, full time pastoral experience in any EMCC church should be included, as well as full time pastoral experience in another denomination. Part time pastoral experience may be prorated, and other experience may be considered at the discretion of the church as part of the offer of employment at the point of hire. In calculating vacation time earned, the date of hire should be established as the "anniversary date". When the pastor moves, the church he or she is leaving will calculate the vacation time owing from the most recent anniversary date.

NOTE: EMCC expects all credentialed pastors to participate in General Assembly, Regional Gathering, Pastor Development Days, Annual Pastor-Spouse Retreat and a week of Family Camp at one of the EMCC partner camps. This camp participation is not to be considered vacation, but a week of EMCC service.

9. MATERNITY AND PARENTAL LEAVE

Maternity and parental leave information is available at:

http://www.esdc.gc.ca/en/reports/labour_Standards/maternity_leave.page

10. COMPASSIONATE CARE LEAVE

Compassionate care benefits are Employment Insurance (EI) benefits paid to people who need to be away from work temporarily to provide care or support to a family member who is gravely ill and has a significant risk of death. A maximum of 26 weeks of compassionate care benefits may be paid to eligible people. Further information can be found at: <https://www.canada.ca/en/employment-social-development/programs/ei/ei-list/reports/compassionate-care.html>

11. SABBATICAL LEAVE

EMCC expects that each church put in place policy for study and/or sabbatical leave for pastors.

Please read “*Sabbatical Perspectives*” at emcc.ca.

12. STATUTORY HOLIDAYS & DAYS OFF

Churches should encourage pastors to take two days off per week for rest and personal affairs, with allowances for statutory holidays. Each province has employment legislation requiring that all employees be granted time off or be paid time-and-a-half for specified “general holidays”. These usually include a minimum of nine of the following days: New Year’s Day, Family Day, Good Friday, Easter Monday, Victoria Day, Canada Day, Labour Day, Thanksgiving Day, Christmas Day and Boxing Day (and any other day designated by the employer). Some of these days are special days in the church calendar, requiring pastors to perform services on them. Churches should grant their pastor(s) other time off to compensate for these days.

13. HONORARIA, GIFTS OR BONUSES

Honoraria are gifts of appreciation given to pastors and should be viewed as love gifts to the pastor. All portions of honoraria above and beyond incurred expenses are viewed by CRA as taxable income, and are the responsibility of the employee to declare when filing annual income tax. Regarding gifts and bonuses, visit: <http://www.cra-arc.gc.ca/E/pub/tg/t4130/>.

14. MINISTRY-RELATED EXPENSES

The following expenses are to be covered by the church. They are included because of their importance as part of the employer/employee relationship.

14.1 Denominational Networking

EMCC expects churches to make financial provision for their pastors to attend EMCC’s Regional Pastor’s Retreats, Regional Gatherings, Assemblies and Annual Pastor and Spousal Retreats. Costs should be included in the church’s annual budget, and these are non-vacation times away from ministry related duties. Please understand this expectation is designed to build into the life and health of your pastor(s) and to build strength into the life of our denomination.

14.2 Professional Development

Churches should set aside funds for the professional development of their pastors. A good range is \$300-\$500 annually for study materials and \$1,000-\$2,000 for participation in conferences or seminars, including travel. These would be provided on actual reimbursement basis.

14.3 Automobile Allowance

In 2018 CRA allows employers to reimburse employees an automobile allowance up to \$0.55 for the first 5,000 km per year, and \$0.49 after that. This allowance relates only to travel done carrying out church duties, and does not include travel between the pastor's home and the office. Automobile allowance is designed to assist in the total costs incurred for using a personal vehicle in the carrying out of ministerial duties. You as employer, along with the employee, are required by CRA law to retain a Mileage Log. This is vital for Income Tax purposes.

14.4 Hospitality Expense

A hospitality allowance is necessary for the ongoing personal ministry of your pastor(s) to the people of your church and community, and therefore should be included in the annual budget. The allowance will vary from church to church and pastor to pastor. A good starting point is \$50-\$100 per month for coffee-type appointments. The allowance needs to be higher if eating meals is anticipated.

14.5 Other Costs

EMCC expects churches will provide pastors with the necessary tools required to do the work of pastoring, including but not limited to: administrative support, a mobile phone with adequate plan, a laptop computer, internet access for work and home, and technology support as needed.

15. CONTACTS

In order to continue improving the compensation to our pastoral leaders and staff, EMCC invites churches to make inquiries and to offer feedback. Please contact the following:

- Nathanael Ong (Chief Finance and Operations Officer) – nong@emcc.ca
- Pauline Zondervan (Pension and Benefits Administrator) – pzondervan@emcc.ca
- Randall Rehkopf (Finance and Operations Administrator) – rrehkopf@emcc.ca

For questions regarding the Group Benefits Plan contact:

RWAM Insurance Administrators

www.rwam.com

1-877-888-7926

For general questions regarding the Group Pension Plan, contact:

Sun Life Financial

www.sunlife.ca/member

1-866-733-8613