

Clergy Remuneration Information

Date: November 2019
To: Churchwardens, Treasurers, and Active Clergy
From: The Human Resources Department

A. Changes for 2020

Summary of Changes:

There are a number of changes for 2020 which are summarized in the chart below and with further information below and in Appendix B.

	2019	2020
COLA	2.2%	1.9%
Unit Rate	\$106.43	\$108.45
General Synod Pension Plan – Parish rate	19.8%	19.5%
<i>Parish contribution</i>	<i>17.85%</i>	<i>18.75%</i>
<i>Expense Fund (parish paid)</i>	<i>1.95%</i>	<i>0.75%</i>
General Synod Pension Plan – Clergy rate	7.95%	7.5%
Professional Development (CEP)	\$600/ year	\$750 / year
Pregnancy and Parental Leave Fund	0.36%	0.23%
Short-Term Disability Fund	\$96/ year	\$216/ year

CPP and EI rates, medical benefit and group life insurance premiums, and the minimum stipend grid have been updated for 2020.

1. The Cost of Living Adjustment (COLA)

The Cost of Living Adjustment for 2020 is 1.9%. The minimum stipend scale (see point # 4 below) and the unit rate (see point #2 below) have been updated for 2020.

This recommendation takes into account ability to pay in balance with general employment market conditions and not for profit sector data and is in addition to the step increase for those on minimum stipend for each year.

Annual Clergy Stipend Adjustments

The stipend of clergy paid at the minimum level will be automatically adjusted on January 1 to reflect the annual increase for years of service.

For clergy paid above the minimum stipend scale, the Diocese requires the attached Appendix E form to be completed. No changes will be made unless this form is signed and received from the Churchwardens. Churchwardens who wish to give an increase above the minimum stipend scale are urged to do so, by completing section A of Appendix E and submitting the form to the Diocesan Payroll Office by January 3, 2020 in order to ensure that any adjustment becomes effective as of January 2020.

2. Unit Rate

For retired clergy and Sunday supply who are paid on a unit basis, the minimum remuneration in 2020 is \$108.45 per unit. For more detail please refer to the [Parish Human Resources Manual](#). Appropriate statutory deductions must be made and remitted to the government, however, no other benefits are provided to clergy who are paid on a unit basis.

3. Summary of Costs

The following chart summarizes the various components of clergy remuneration costs/benefits. Please note that all information provided in this table is based on stipend and is in annual amounts unless otherwise stated. Further detail on these benefits is provided in Appendix B.

The rates listed below are subject to change. If there are any discrepancies between the information provided and the official plans, the official plans will rule in all cases.

Type of Cost	Clergy Portion	Parish Portion
Long-Term Disability Plan	not applicable	3.3% + tax
General Synod Pension Plan	7.5%	19.5%
Pregnancy and Parental Leave	not applicable	0.23%
Post-Retirement Benefits	not applicable	3.75%
Short-Term Disability	not applicable	\$216
Professional Development (CEP)	not applicable	\$750
Canada Pension Plan Premium	5.25% to max. of \$2,898	5.25% to max. of \$2,898
Employment Insurance Premium	1.58% to max of \$856.36	2.21% to max of \$1,198.90

Medical Benefit and Group Life Insurance Premiums		
Medical Benefit Premium 2020		
Single	\$1,121.34	\$1,121.34
Married	\$2,686.92	\$2,686.92
Family	\$3,224.64	\$3,224.64
Group Life Insurance Premium 2020		
Single	\$147.96	\$147.96
Married (Family)	\$155.40	\$155.40

4. The Minimum Stipend Scale

<i>Years of service</i>	<i>2019</i>	<i>2020</i>
0 At Ordination as Deacon	35,953	36,636
1 January 1, following year	37,353	38,063
2 January 1, next year	40,737	41,511
3 January 1, next year	41,306	42,091
4 January 1, next year	41,871	42,667
5 January 1, next year	42,453	43,260
6 January 1, next year	43,024	43,841
7 January 1, next year	43,627	44,456
8 January 1, next year	44,226	45,066
9 January 1, next year	44,842	45,694
10 January 1, next year	45,465	46,329
11 January 1, next year	46,103	46,979
12 January 1, next year	46,736	47,624
13 January 1, next year	47,371	48,271
14 January 1, next year	48,040	48,953
15 January 1, next year	48,711	49,637
16 January 1, next year	49,401	50,340
17 January 1, next year	50,091	51,043
18 January 1, next year	50,791	51,756
19 January 1, next year	51,497	52,475
20 January 1, next year	52,217	53,209

B. Other Finance and Budget Information

1. Travel

The cost of operating a car is subject to fluctuations in operating costs, primarily fuel. The Diocese regularly reviews the travel reimbursement rate for Diocesan volunteers and staff by considering the policies of other dioceses, comparable not-for-profit organizations, and the Canada Revenue Agency guidelines.

It is the responsibility of the Churchwardens and clergy to set an appropriate travel reimbursement rate for ministry-related travel for parish travel. Parish circumstances differ significantly throughout the Diocese, whether it is rural, multi-point or urban. These circumstances can mean a difference in reimbursement amounts. The rate should never be lower than the rate set by Diocesan Council which is 52 cents per kilometer for the first 5,000 km and 46 cents per km thereafter. (Effective January 1, 2012). The rates are not adjusted annually, however at the time of the increase in 2012 the average gasoline price was 127.5 cents per litre.

Travel between home and church is not eligible for reimbursement. A log must be kept for all church related travel and include addresses at the beginning and end of the trip, the total kilometers, and the reason for travel. Expense claim forms must include the same information or have attached a photocopy of the relevant pages of the travel log.

There are tax implications if the reimbursement rate exceeds what is deemed reasonable by the Canada Revenue Agency (CRA). If the amount exceeds that rate, the entire allowance will be deemed a taxable benefit, and must be included in one's report of taxable income. In turn the individual may then be able to claim automobile expenses by filing Form T2200, which may be obtained from the Diocesan payroll office (call 416-363-6021 / toll-free, 1-800-668-8932, ext. 239). In 2019, the maximum rates set by CRA were 58 cents per kilometer for the first 5,000 km and 52 cents per km thereafter. The rates can be found on CRA's website at:

www.canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll/benefits-allowances/automobile/automobile-motor-vehicle-allowances/automobile-allowance-rates.html.

2. Utility Costs

In order to comply with the Income Tax Act, the Diocesan payroll office must receive by January 31, 2020, the 2019 amount (January to December) of utilities paid by your parish on behalf of the cleric. These costs will be reported on each cleric's annual T4 slip.

These costs should include the following: basic phone service, light, heat, and water, but not property taxes.

APPENDIX A

How to determine Clergy Remuneration

The clergy remuneration package consists of:

1. a stipend,
2. a living accommodation or a reasonable housing allowance, together with the reasonable costs of fuel, telephone and public utilities (taxable benefit),
3. the diocesan benefits plan including group insurance, dental and vision care, and extended health care,
4. the diocesan pregnancy and parental leave benefits,
5. post-retirement benefits,
6. short-term disability and long-term disability benefits,
7. the national continuing education plan,
8. the General Synod Pension Plan,
9. statutory benefits such as Canada Pension Plan and Employment Insurance,
10. one month of vacation, plus a one-week winter break per year,
11. two weeks of Professional Development Leave per year,
12. eligibility for sabbatical and education leaves after 6 years of continuous full-time service in the Diocese of Toronto.

Determining Remuneration

When a cleric is appointed, the Area Bishop, after consultation with the Churchwardens, sets a stipend amount and housing arrangement. From that point forward, it is expected that the Churchwardens will meet annually with the cleric to determine changes to their level of remuneration.

Here are a few suggestions that may be of help in preparing for this meeting:

Step 1. Adjust by Cost of Living

Adjust the present stipend level by the approved Cost of Living Adjustment.

Diocesan Council approves the cost of living adjustment each year. If the cleric is paid according to the minimum stipend scale, the adjustment is made automatically through central payroll.

If the cleric is paid more than the minimum and the Churchwardens intend to make the cost of living adjustment, they must send in the attached remuneration notification form (Appendix E) to central payroll.

The cost of living adjustment should not be considered a raise as it only ensures the stipends are keeping pace with inflation.

As just and fair employers, it is advised that a cost of living adjustment be applied to lay staff compensation levels.

Step 2. Review the Housing Arrangement

Review the present housing arrangement. If the cleric is in a rectory, assess and plan for any repairs. Since the rectory is considered part of the remuneration package for clergy it is important to properly maintain the home.

If the cleric is receiving a housing allowance, check with a local realtor for a fair rental value. This figure should be reviewed every 2 to 3 years. Please remember that the housing allowance is to include basic phone service, heat, light, water, and other utilities.

a) Rectories

Churchwardens are responsible for inspecting the rectory on an annual basis. The inspection is to be carried

out at a time that is mutually convenient for the Incumbent and the Churchwardens. Every five years, the rectory is to be inspected by a professional home inspector who shall issue findings to the Churchwardens. The Churchwardens are to address, on a timely basis, all deficiencies identified by the inspections and all repairs are to be carried out by licensed and/or qualified individuals. The fair rental value of the rectory should be reviewed regularly with a local realtor and reported on Appendix E. This information is reported on the cleric's T4 and should be accurate.

b) Housing Allowance

A housing allowance is given to clergy who are not living in a church-provided home. It is determined by the fair rental value of a rectory-like building plus the cost of utilities and local telephone connection. The annual amount should be reviewed regularly with a local realtor to ensure it keeps up with the changes in the housing market and utility cost increases. Please note that as of January 1, 2010, CRA requires clergy to submit a T1213 for their approval before housing allowances are eligible for tax deductions at source. Without this pre-approval, the taxes will be deducted from the housing portion of the clergy remuneration. For more information, please see Appendix D "CRA Requirements for Clergy Residence Deductions".

Step 3. Other Factors to Consider

Compensation in the secular setting is traditionally meant to attract, reward, motivate and retain employees. Historically, clergy remuneration was in the form of a living, meant to free the cleric from worldly concerns. Today, in the Church, we find these two principles intertwined. As the Churchwardens and the cleric try to discuss clergy remuneration the following questions should be considered: What is the standard of living at the present remuneration level? What not-for-profit compensation level suitably reflects the skills, talents and responsibilities needed for ministry? Everyone needs to know they are appreciated and valued for what they contribute. Does the present remuneration level communicate this?

It is often very difficult for a lay person to assess the effectiveness of a cleric's ministry since ministry is often confidential and is conducted in a one-on-one setting. Also, the outward manifestations of effective ministry are difficult to consistently measure. For example, a decrease in church attendance may reflect demographic shifts rather than the abilities of the cleric. Along with this, clerical ministry must never be considered in isolation from the parish ministry. The clergy cannot accomplish what the parish is not willing to support. Keep these factors in mind and do not rely solely on intuitive feelings and subjective hearsay.

APPENDIX B

Explanation of Benefits Costs

Included in the benefits costs that a parish is billed each month are:

Canada Pension Plan Premiums: The 2020 rate is 5.25%. The maximum pensionable earnings for 2020 are \$58,700, and maximum contributory earnings are \$55,200. The maximum employer's contribution per employee will be \$2,898.00. CPP contributions are made on taxable income (stipend and taxable housing).

Employment Insurance Premiums: The 2020 rate is \$1.58 per \$100 of insurable earnings. The employer rate is 1.4 times the employee rate. The maximum insurable earnings for 2020 are \$54,200. Therefore, in 2020 the maximum employer amount will be \$1,198.90. EI contributions are applied to all income, both stipend and housing.

Group Life Insurance Premiums: In 2020 the annual amounts will be decreasing to \$155.40 for married (family) and remaining the same at \$147.96 for single. On a monthly basis this is: \$12.95 for married (family) and \$12.33 for single. Please note that the rates reduce when a cleric turns 65.

Medical Benefit Premiums: In 2020 the annual amounts will be increasing to \$3,224.64 for the family plan; \$2,686.92 for the married plan; and \$1,121.34 for the single plan. On a monthly basis this is: \$268.72 for the family plan; \$223.91 for the married plan; and \$93.45 for the single plan.

The Diocese regularly reviews the Benefit Plan, as well as its insurance carriers, and accordingly reserves the right to both amend the Benefit Plan and change its carriers, where appropriate, without further notice to the employee.

Long-Term Disability Plan: The parish contribution rate is 3.3% of stipend, and there is no contribution from the cleric. The LTD contribution is subject to applicable taxes. Currently this is an 8% retail sales tax. Please note that the LTD premium reduces 22 months before a cleric turns 65 and stops 4 months before a cleric turns 65.

Pension Plan: In 2020 parish pension contribution will be calculated at the rate of 19.5% of stipend. This rate is comprised of two components 1) 18.75% to the pension plan and 2) 0.75% to the pension expense fund. The clergy rate is 7.5% of stipend. *(Please note that the rates from the Pension Office differ from these rates to reflect the housing portion of the cleric's remuneration. In the Diocese of Toronto, the rate is 1.5 times the Pension Office rate and applied to stipend only.)*

Professional Development: The Diocese of Toronto participates in the National Church Continuing Education plan. The parish contributions are \$750 per year in 2020. The parish contributions will be increasing to \$900 per year in 2021.

Pregnancy and Parental Leave Benefits: This fund provides supplementary benefits to those on Pregnancy and Parental leave. The parish contribution rate is 0.23% of stipend.

Post-Retirement Benefits: These are fully funded during a cleric's active service, i.e. pre-retirement years. Parish contributions are 3.75% of stipend.

Short-Term Disability Fund: This fund provides for supply coverage to parishes while clergy are on short term disability leave. The program has been effective in assisting parishes pay for supply coverage of up to \$580 (approximately 5.3 units) per week during the short-term disability leave period. Parish contributions are \$216 a year (\$18 per month). This contribution will be made for every cleric who participates in the Diocesan pension and benefits plans.

APPENDIX D

CRA Requirements for Clergy Residence Deductions

In 2009, the Canada Revenue Agency (CRA) made technical changes to the requirement to file Form T1213 (Request to Reduce Tax Deductions at Source) for employees who qualify for the Clergy Residence Deduction (CRD.) Those employees who qualify for that deduction are now required to submit Form T1213 on an annual basis.

Clergy who are receiving a housing allowance must file Form T1213 and receive prior written approval from the CRA before being allowed a reduction of tax at source. If you are living in a rectory you do not need to file a T1213. **It is the employee's responsibility to file the Form T1213.**

Download your Form T1213 from: www.canada.ca/en/revenue-agency/services/forms-publications/forms/t1213.html, fill out and submit as soon as possible to allow sufficient time for CRA to issue the approval before the January 2020 pay.

The following steps are to be taken:

- Download Form T1213.
- Complete, sign and date the T1213.
 1. Fill in the identification section
 2. Under “Request to reduce tax on”, check salary
 3. At the top of page, next to Clergy Residence, write in the housing deduction amount **as** calculated on your T1223. The line “Net amount requested for tax waiver” should have the same amount, unless you are also seeking additional amounts on the T1213 form.
- Attach the EMPLOYER letter from the Diocese. This letter has already been mailed to all clergy receiving paid housing allowance. If you have yet to receive your letter, please call Sarah Fang at (416) 363-6021 x 239 or 1 (800) 668-8932 x 239 and a copy will be sent to you.
- Attach a copy of your T1223 (Clergy Residence Deduction) for the year 2020 (which was mailed to you with the employer letter), along with your Job Description which you have to fill out. CRA is also asking for proof of appointment (i.e. an ordination certificate) to be submitted.
- Some clergy were asked for a Fair Market Value (with utilities) assessment letter from a real estate agent in prior years. Please consider getting one and submitting it with your application package.
- **Submit to the London Tax Services Office, 451 Talbot Street, London ON N6A 5E5. This should have been done no later than September 30, 2019 to ensure approval is received by the January 2020 payroll cut-off, as we are being advised it takes up to 16 weeks to process by the CRA.**

Please note that the Diocesan Payroll office should receive your written approval from the CRA by January 18, 2020, otherwise, your housing allowance will be treated as a taxable benefit, until such time as we receive CRA approval, which will result in reduction of take-home (net) pay. No exceptions can be made.

Once you receive a copy of your CRA approval, please send a copy to the Finance Department by:

1. Mail: Anglican Diocese of Toronto
c/o Sarah Fang, General Accountant
135 Adelaide St. E.,
Toronto, ON M5C 1L8
2. Fax: (416) 363-7678
3. Email: sfang@toronto.anglican.ca

APPENDIX E

2020 Stipend, Housing, and Utilities

You do not need to complete **Part A** if your clergy are on the minimum stipend scale; their remuneration will automatically be adjusted in January. Please use a separate form for each cleric in your parish.

- A. Stipend** (do not include housing and ensure it is not less than the minimum stipend for 2020)

Clergy Name	Stipend
_____	\$ _____

- B. Housing**

Please indicate the fair rental value where a rectory is provided, **or** the amount of cash housing provided. The fair rental value is required by Canada Revenue Agency to be reported. **NOTE:** Clergy have either “fair rental value of rectory” **or** “cash housing paid”, never both.

The Diocese of Toronto requires that a fair rental value be determined for all clergy provided housing. The fair rental value is to be reviewed annually by the Churchwardens and formally evaluated by an independent assessor every five years.

Clergy Name	Fair Rental Value of Rectory	Cash Housing Paid
_____	\$ _____	\$ _____

- C. Utilities**

Utilities include basic phone service, light, heat and water, but not property taxes. Rectory utilities or housing utilities paid **by the parish** for the period January 1, 2019 to December 31, 2019.

Clergy Name	Amount
_____	\$ _____

- D. Churchwarden Authorization**

Name (please print):	Signature:	Phone number
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Name (please print):	Signature:	Phone number
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Parish Name: _____

Please email, mail or fax completed copies to the Payroll Office, Anglican Diocese of Toronto, sfang@toronto.anglican.ca, 135 Adelaide St. E., Toronto M5C 1L8. Fax **(416) 363-7678**