

Guidelines for Compensation Review

Compensation is a major component in providing well qualified and consistent leadership for the local assembly. This should be reviewed annually when budgets are developed for the coming fiscal period. You may have the church board, or a compensation committee responsible for this task. All individuals who are privy to detailed information should be reminded to adhere to strict confidentiality. Anyone receiving compensation, or related to such a person, should avoid a potential conflict of interest and remove themselves from these discussions and resulting decisions.

Salary:

There are many factors to consider, such as education, experience, demonstrated ability and talent. Generally, the more education, experience and demonstrated ability, the higher the salary. Location is also important as some areas have a higher cost of living due to higher housing and transportation costs when compared to other areas. The size of congregation and scope of responsibility must also be considered. If the financial ability of the local assembly to adequately pay a salary comes into question, then full and open discussion should be engaged between the employer, district office and the individual.

Benefits:

This should always be considered an integral part of compensation. More than just a salary is required to adequately compensate an employee. Financial security for the mishaps that occur in life and retirement security must be considered as well.

1: Group Insurance and Health – This typically includes basic life insurance, Accidental Death and Dismemberment, Long-Term Disability, Health and Dental coverage. Please contact your district office for further information about enrolling your employees.

2: Pension Plan, RRSP, TFSA - Everyone will need to have funds set aside for later in life. This should include participation in a pension plan, and/or a Registered Retirement Savings Plan (RRSP), and/or a Tax Free Savings Account (TFSA). Please call toll-free 1(866)877-8481 for details regarding The Pension Fund (1969) of The Pentecostal Assemblies of Canada.

Employment Standards:

Every Province and Territory across Canada has Employment Standards legislation in place, you should be aware of this information, where to find it, and how to reference it. Keep in mind this legislation represents the minimum requirements of the employer.

1: Days Off and Vacation - Everyone needs time to be refreshed. This includes time off every week, as well as annually. The following practice is typical for vacation allowance:

- First four years of ministry – 2 weeks
- Fifth year to completion of ninth year of ministry – 3 weeks
- Tenth year to completion of fourteenth year of ministry – 4 weeks
- Fifteen or more years of ministry – 5 weeks

2: Sick Time – This would typically include time off when medically necessary for personal health or that of a dependent. The amount of days allowed to be taken over a twelve month period may range from 6 to 12, or higher. The important note here is to have a policy in writing to provide fair and equitable treatment of all employees and to avoid potential misunderstandings. This is especially important when pay needs to be adjusted, should too many days be taken as sick leave. In most jurisdictions, this is not an employment standard requirement, but it is a good policy to have in place for all employees.

3: Other – Employment standards effect virtually every part of the employer/employee relationship, including hours worked every week, lunch and rest periods, overtime, compassionate leave, jury duty, working beyond age 65, etc. Maternity and Parental leave information is available on the Service Canada web-site. Depending on your Province or Territory, there may be other legislation you should be aware of, such as Health & Safety, Accessibility Standards, and Privacy issues.

Canada Revenue Agency (CRA):

As the employer you are required to deduct from pay the correct amount of tax, employment insurance (EI), Canada pension plan (CPP) and to remit these amounts, along with the employer required amounts, to CRA in a timely manner. To ensure your payroll is managed correctly please consult the following publications on the CRA web-site:

A: Employers' Guide – Payroll Deductions and Remittances (T4001)

B: Employers' Guide – Taxable Benefits and Allowances (T4130)

C: Employers' Guide – Filing the T4 Slip and Summary (RC4120)

More information is available on the CRA web-site in the payroll section.

Clergy Residence Deduction:

If the employee provides for, and pays for their own housing then they must obtain a “letter of authority” from CRA before the employer can adjust tax and CPP deductions when pay is calculated.

If the employer provides for, and pays for the employee's housing in addition to salary, then tax and CPP deductions can be adjusted when pay is calculated without the “letter of authority”.

For more information, and to ensure compliance, please refer to the guides as noted above.

Related Expenses:

The most common expense is the use of personal vehicles for ministry purposes. A per Km rate should be established and reviewed annually. All claims for reimbursement should be based on actual Km's driven for ministry purposes. Other expenses to consider are professional development, PAOC national & district conferences, travel expenses when away from home, ministry involvement outside the local assembly at camps and other preaching opportunities.

Written Policy:

There is much to consider when setting and reviewing compensation for your employees. Having a staff booklet or other written documentation will help ensure all your staff is fairly and adequately compensated.