



## **CHURCH ADMINISTRATION OVERVIEW**

### **INCLUDING**

**Year-End Checklist**

**District Confidential Counselling Program**

**Major Incident Response**

**Salaries & Benefits**

**Insurance**

**Other Important Information**

**(Updated December 2022)**

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## YEAR-END CHECKLIST

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It is the fiduciary duty of the church leadership to ensure that the financial and administrative matters of the church are in order and comply with Canada's charity and income tax laws. The following questions should be considered by the church board/council not only at year-end, but on a regular basis throughout the year:

- Are your bookkeeping and financial records in order?
- Do you establish a yearly budget for the upcoming year (in the fall)?
- Do you have a policy for receiving, counting, and depositing offerings and is it adhered to so that no one can be improperly accused of misappropriation of funds?
- Are financial statements being presented to the church board/pastor's council on a regular basis?
- Will your financial records and statements be reviewed prior to the annual congregation meeting by an appropriately qualified person appointed by the church leadership, as required by the Local Church Constitution?
- Are your remittances to Canada Revenue Agency for payroll source deductions up to date?
- Are your HST rebates up to date?
- Are the church's giving records accurate for issuing receipts?
- Will your year-end giving receipts be issued by the end of February?
- Will your T-4s be issued before the end of February?
- Will your T-3010 be filed with Canada Revenue Agency within six months of year end?
- If the pastor receives a clergy residence deduction, have you obtained approval from Canada Revenue Agency to reduce deductions at source? Approval must be obtained in advance, otherwise full income tax and CPP deductions must be taken from the pastor's salary.
- Is your insurance coverage for general liability, directors & officers, abuse, water escape, oil tanks, etc. adequate and up to date?
- Are proper accounting and liability processes in place for any short-term mission trips? Be sure to contact your insurer for direction on these matters. The Canadian Centre For Christian Charities can also provide excellent resources. Their contact information is on page 6.

- Is your Plan to Protect Policy reviewed and updated by the Board annually?
- Has your Local Church Constitution & By-Laws been updated to the most recent version as approved by the PAOC General Conference?
- Does your church follow the term limit requirement for Board/Pastor's Council Members as outlined in the Local Church Constitution & By-Laws?
- Are the minutes of your board and congregational meetings in order and kept secure and safe from potential loss (flood, fire, theft)? Minutes are legal documents that are to be kept as a permanent record of the church.

## **DISTRICT CONFIDENTIAL COUNSELLING PROGRAM**

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The District provides a confidential counselling program for its credential holders, spouses and children. **Appendix A** will provide further information on this program.

## **MAJOR INCIDENT RESPONSE POLICY**

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On rare occasions, major incidents occur of a critical nature within the life of a church. These may be situations that involve police, media, legal and human rights allegations, etc. Thankfully these are not common, but when they occur, they can be very serious and put a church, pastor and board in a difficult situation as they attempt to respond to the media and community enquiries.

The District Executive has created a Major Incident Response Policy (**Appendix B**) to assist pastors and boards when these difficult situations occur. We would like to encourage you to share this with your staff and board members.

We trust that this will assist you in navigating the increasingly challenging days we live in. If you would like to discuss this or if we can further assist you, please feel free to contact us at the district office.

## **SALARIES & BENEFITS**

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### **❖ Pastor(s) Salary**

It is the board/council's responsibility to ensure that the pastor(s) are provided for properly. Be sure to give a fair review of salaries and benefits yearly.

**Appendix C**, "Paying Our Pastors" and its accompanying worksheet, will assist you with setting salaries and provide information on payroll processes.

### ❖ Health Benefits Program

The Maritime District has an excellent health benefits program, which includes life insurance, critical illness, long term disability, short term disability, health & dental, etc. Further details can be found at: [www.maritimepaoc.org/healthinsurance](http://www.maritimepaoc.org/healthinsurance) Username: Maritimes – Password: benefits)

### ❖ PAOC Pension Plan

The PAOC Pension Plan is available to credential holders and eligible staff. Further information can be found at [www.paoc.org/services/pension](http://www.paoc.org/services/pension)

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## PLAN TO PROTECT

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It is imperative that all churches have an approved abuse policy in place. The Pentecostal Assemblies of Canada has a partnership with Plan to Protect. Services include the Plan to Protect® manual, memberships, consulting, customized policies, screening, professional development and training solutions for your volunteers. For more information go to: [www.plantoprotect.com](http://www.plantoprotect.com) or [www.plantoprotectschool.com](http://www.plantoprotectschool.com) You can purchase the Plan to Protect® manual at [Plan to Protect - Church Manual \(paoc.org\)](http://Plan%20to%20Protect%20-%20Church%20Manual%20(paoc.org))

**THE DISTRICT OFFICE IS HAPPY TO ASSIST YOU WITH PLAN TO PROTECT TRAINING.**

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## LIABILITY INSURANCE

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In addition to an approved abuse policy, churches must have abuse liability coverage through their insurer. The church's abuse policy MUST be approved by the insurance company and confirmation of abuse coverage received by the church.

It is important that you review your insurance coverage yearly at the time of renewal to ensure that all coverages are in place. Any forms that are requested by the insurers to be completed to continue coverage for abuse, water damage, oil tank coverage, etc. should be immediately completed and returned to the insurer to ensure continued coverage. Without these coverages, the leadership and membership, as well as the assets of the church, are at risk for substantial liability. Be sure to following their direction for any short-term mission trips, transportation of students, rental of facilities, etc.

Churches are free to purchase church insurance from providers they believe will serve them most effectively. However, boards and councils have a legal "fiduciary responsibility" and a "duty of care" which requires them to make decisions that will protect the church. Decision makers about church insurance must keep in mind, "what properly protects our directors, members, volunteers, and building?" If there is not proper protection, the board/council has a responsibility to ensure proper protections are in place. Be careful that you do not decide on price alone.

***Appendix D*** will provide information to help guide you in this important buying decision for the protection of your leaders, board members, congregation and building.

The PAOC has a partnership with Robertson Hall Insurance - <https://church.robertsonhall.com>

**From the PAOC Website:** “Robertson Hall Insurance has a reputation for outstanding service and prices in the areas of church property and liability insurance. Presently Robertson Hall provides insurance for 714 PAOC churches and para-church ministries. As well, for every policy written, Robertson Hall gives a donation to the missional purposes of the PAOC. Contact Robertson Hall Insurance for more information at [khall@robertsonhall.com](mailto:khall@robertsonhall.com) and indicate that you represent a PAOC ministry.”

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## OIL TANKS

The liability for escape of oil is extremely high and can run into hundreds of thousands of dollars. Be sure to have your oil tank inspected and ensure that the year of your tank is not expired. As mentioned previously, confirm that your oil tank is covered by your insurers and be sure to submit any requested documentation.

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## PAOC AFFINITY PARTNERSHIPS

Your church can see significant savings by using the various PAOC Affinity Partners. These partners include Emanant Inc., TD Merchant Solutions, Tithe.ly, D. L. Deeks Insurance, Robertson Hall Insurance, Staples, and Plan to Protect. Further details can be found on the PAOC website, [Ministry Toolbox \(paoc.org\)](https://www.paoc.org/MinistryToolbox). The new PAOC Purchasing Hub is an excellent resource for churches.

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## CANADA REVENUE AGENCY RESOURCES

- ❖ **Operating a Registered Charity:** [www.canada.ca/en/revenue-agency/services/charities-giving/charities/operating-a-registered-charity.html](http://www.canada.ca/en/revenue-agency/services/charities-giving/charities/operating-a-registered-charity.html)
- ❖ **Payroll:** [www.canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll.html](http://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll.html)
- ❖ **Charities Directorate:** You can call the Charities Directorate of Canada Revenue Agency regarding guidelines, policies, and other administrative matters. Their bilingual service is available from 9:00 a.m. to 5:30 p.m., Monday to Friday, 1-800-267-2384.

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## CANADIAN CENTRE FOR CHRISTIAN CHARITIES

The Canadian Centre for Christian Charities (CCCC) offers excellent resources for churches in many areas of church management, including finances, compliance, short term mission trips, sample policies and documents, human resources, governance, etc. They also publish an up-to-date Charity Handbook. Your church may want to consider becoming a member of CCCC. Further information can be found at [www.cccc.org](http://www.cccc.org)

## **FELLOWSHIP RESPONSIBILITIES**

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As part of a fellowship of churches, there are responsibilities to the District and PAOC nationally, including the financial support of the District Office by way of tithe of the church's general fund, support of the PAOC missions programs, and submitting yearly to the District Office a copy of your church's financial report as presented to the congregation at the Annual Business Meeting.

Please be sure to check that the church's tithe to the district is up to date, and that a copy of the year-end financial report has been submitted to the District Office.

**IF YOU HAVE QUESTIONS REGARDING ANY OF THESE ITEMS OR WOULD LIKE ASSISTANCE,  
PLEASE FEEL FREE TO CONTACT THE DISTRICT OFFICE (902-895-4212).  
WE WOULD BE GLAD TO HELP.**

# CONFIDENTIAL COUNSELING PROGRAM

MARITIME DISTRICT PAOC

APPENDIX A

The District's Confidential Counselling Program consists of three components and is available to all credential holders (active or inactive), their spouses and children.

## CLERGY CARE NETWORK

The District financially supports the Clergy Care Network (CCN), a ministry of Focus on the Family. CCN provides access to free confidential telephone counselling.

If you are at a place in your life where you would like to talk with a professional for confidential counselling or consultation, please call the Clergy line at 1.888.5.CLERGY to connect with one of their Master's level, registered Christian counsellors. This service is for pastors, ministry leaders and their immediate family members. For more information about the CCN, visit their website.

**1-888-5-CLERGY/1-888-525-3749**

[Counselling – Clergy Care](#)

[info@clergycare.ca](mailto:info@clergycare.ca)

**(Monday - Friday, 8am-4pm PT)**

## CHRISTIAN COUNSELLING – KECHNIE BENEFITS

Our District Health Plan's counselling coverage with Kechnie Benefits includes the Christian counsellors listed below. This is available to all plan members, their spouses and children up to age 22, or up to age 26, if the child is a full-time student. The maximum yearly amount is \$1,000 per individual. Please note that the coverage through Kechnie Benefits also includes other professionals not listed below (licensed and registered Psychologists and Psychotherapists) as part of the yearly \$1,000 benefit.

## DISTRICT CONFIDENTIAL COUNSELLING PROGRAM

If you're not enrolled in the Kechnie Benefits Health Plan or have used up your maximum yearly amount, the District will pay 80% of the cost for up to three confidential counselling sessions with any of the Christian counsellors listed below. The counsellor will bill the District using a code number rather than a name to ensure your confidentiality. This is available to credential holders, spouses and children. Children are covered up to age 22, or up to age 26, if the child is a full-time student.

It's expected that the Kechnie Benefits coverage would be exhausted prior to a credential holder, spouse or child accessing the three District subsidized sessions. The three subsidized counselling sessions are available immediately for those not enrolled in the Health Plan.



To access the confidential counselling, contact one of the approved counsellors listed below. Mention you are a credential holder with the PAOC Maritime District (or the spouse or child of a credential holder) and would like to make an appointment under the District's Confidential Counselling Program.

Since the credential holder and their spouse serve the local church or organization, appropriate responsibility for care should be borne by the church or organization. The local leadership should provide rest times, retreats, sabbaticals, pastoral care, etc.

## APPROVED CHRISTIAN COUNSELLORS

### ARCHWAY COUNSELLING ASSOCIATION

Located in New Glasgow, Truro, & Lower Sackville, NS

902-893-3991 | [www.archwaycounselling.ca](http://www.archwaycounselling.ca)

- Cynthia Hunt, MSW, RSW
- Vivien Marira, MA, RCT-
- Janice Michels, MA, MAdEd, RCT
- Rachel Quirt, MA, RCT-C
- Brian Schrock, MSW, RSW

### TOUCHSTONE COUNSELLING GROUP

23 High St., Moncton, NB, E1C 6B4

506-857-3007 | [www.tchstone.ca](http://www.tchstone.ca)

- Kimberly Alley, MA
- Erin Burke, MA
- Berys Richardson, MA
- Jeff Stubbart, MA

### COLLEEN ELLIS, BTH, MTS, RMFT, RP, RCT

Dartmouth, NS | 902-222-8871

[colleenellis26@gmail.com](mailto:colleenellis26@gmail.com)

Specializing in marriage and family therapy

### ANDREA STOODLEY, BA, MA, CCC

Quispamsis, NB | 506-639-8316

[Andrea.stoodley@kingschurch.cc](mailto:Andrea.stoodley@kingschurch.cc)

### ELAINE KALEY, RSW

Fredericton, NB | 506-443-7789

[Hungry For Hope Christian Counseling](http://HungryForHopeChristianCounseling.com)

**IMPORTANT INFORMATION REGARDING  
LOCAL CHURCH  
MAJOR INCIDENT RESPONSE**

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The following information is being provided to our local churches to assist in their immediate response should a major incident occur. A major incident would include the security of staff or congregants; serious injury on church property or during an off-premises sponsored activity or event; environmental accidents; and other emergency situations. Proficient legal advice and proper initial responses to the situation are critical during major incidents.

Please note that this does not apply to incidents arising from a failure to follow Public Health Guidelines or other legal directives. In such cases, the District Office should be notified and will provide assistance as possible, however it will be the responsibility of the local church to obtain a lawyer and cover all costs related to such.

This also does not apply to instances of suspected or actual physical and sexual abuse of minors, which as required by law (and in the Reporting and Response procedures contained in Plan to Protect) must be reported directly to a child protective agency and/or local police.

- 1) The first duty in any on-going major incident is to involve any and all appropriate public security officials.
- 2) Contact the District Office and the District Superintendent will provide non-professional counsel and resources. Contact information:  
  
Kevin Johnson: 902-483-8444 [kjohnson@maritimepaoc.org](mailto:kjohnson@maritimepaoc.org)  
Jim Molloy: 902-957-0122 [jmolloy@maritimepaoc.org](mailto:jmolloy@maritimepaoc.org)
- 3) The Superintendent will connect you with a District-recommended lawyer and the District will cover the cost of the initial consultation. The Superintendent, lawyer and church leader will communicate together.

The local church may use its own legal counsel at its own expense.

- 4) The Superintendent will provide counsel regarding notifying the church's insurance carrier.
- 5) Do not make any public statements until there has been a discussion with the lawyer, and the contents of a public statement have been approved by the lawyer. This includes communication from the pulpit, which is considered public.

- 6) No subsequent public statements should be made without legal advice, and the statement should be read exactly as written, without editorializing or expanding.
- 7) Great care and consideration should be given to the content of any private conversations regarding the incident. Avoid any unnecessary or detailed conversations, except within the confidential and privileged confines of your church board or executive meetings.
- 8) It is important that you record as accurately as possible all conversations and maintain a record of any documents provided to you. Keep this documentation on file in a secure place to ensure confidentiality and keep it indefinitely, or for as many years as may be required with respect to the applicable legal statute of limitations, to assist your current or future board members in defense of a future lawsuit.
- 9) The leader should record any witnesses (and contact details for those witnesses) to conversations or the described incidents. Signed witnessed reports should be completed as soon as possible following the major incident, as memory recall of important details is significantly reduced within days and weeks.
- 10) There should be no assurance given in terms of confidentiality or any other commitments made as to possible outcomes.
- 11) Ensure that the leadership team of the church is aware of and follows the above directives.



## **PAYING OUR PASTORS**

Guidelines and Best Practices for Church Boards and Councils in determining salaries for Lead Pastors

# FREQUENTLY ASKED QUESTIONS

## HOW MUCH SHOULD WE PAY OUR PASTORS?

Consult the "Salary Worksheet" available for download by selecting "Setting Pastors' Salary" at [www.maritimepaoc.org/church-board](http://www.maritimepaoc.org/church-board)

## HOW DID THE DISTRICT EXECUTIVE DETERMINE WHAT A MINIMUM BASE SALARY SHOULD BE?

It was difficult to establish the minimum as there are so many variables from town to town. The District Executive looked at clergy salary figures across Canada and in the Maritimes. They also considered the salary of pastors in other denominations in the Maritimes. Lastly, they looked at other professions in the Maritimes. For example, according to the NS teacher's union site, starting salaries for teachers today is at \$48,342 - \$69,836 in 2019. As we understand it, this does not include any benefits (the starting salary of a teacher in your area would be a good reference to use when considering your pastor's salary).

## WHAT DO OTHER PASTORS GET PAID?

This is a difficult question to answer because congregations, communities, and costs of living are so diverse. By way of information, in 2005 the average salary of a PAOC pastor of a congregation size of 200 to 499 was \$61,543. Similarly, in 2005, the average salary of a PAOC pastor of a community size of 10,000 to 24,000 was \$44,856.

## HOW DO WE SET SALARIES?

First, authority should be given to a committee of 3 or 4 to inquire into all the circumstances relating to church staff salaries and come up with a recommendation to the board/council. This group should consult the District office for advice and resources.

Secondly, the board/council should review the committee's report and discuss the recommendation with the committee.

Last, the board should determine the salary, housing, and benefits amount, taking into account the finances of the church and the appropriateness of the committee's recommendation.

This process should be done for the initial setting of salary and then repeated every few years.

Raises should be considered annually and the salary should be increased at least by the cost of living.

## IS THERE A PROCESS RECOMMENDED FOR REVIEWING SALARIES?

The board/council should perform an annual review of salary/benefits and workplace for all paid staff in October/November. The salary review process is intended to be an open and transparent dialogue between paid staff and the board/council.

1. The board/council will meet with the lead pastor to discuss the job performance of the lead pastor and staff.
2. The lead pastor will be present for all discussions regarding staff since they are hired by and accountable to the lead pastor. The lead pastor will leave the room when the board/council makes the salary/benefit decisions regarding the lead pastor.
3. Following the board/council's review, they will communicate their decisions to the lead pastor along with any comments in writing related to their decisions. The lead pastor will communicate the salary decisions to each staff.

4. The salary review process will remain open for two weeks in order for the lead pastor and staff to communicate any questions or recommendations to the board/council regarding the decision before the board/council's decision is considered as final.

5. Factors to consider during this review should include, but are not limited to the following:

Salary/Benefits Review:

1. How well have they fulfilled their job responsibilities?
2. Are they being compensated properly for the level of responsibility they carry and the hours they work?
3. Are they contributing towards the growth of the church or are they maintaining? Are they growing their areas of responsibility?
4. Do they have growing family needs?
5. Are there changes in their personal situation that should be considered?
6. What is the cost of living increase for the past year?
7. Have we asked them if there are any changes they would like to see in their salary/benefits package?
8. Do they interact well or do they create strife with others?
9. Is their vacation time appropriate?
10. Is their health and medical coverage appropriate?
11. Are their pension/retirement fund contributions appropriate?
12. Are they actively growing in their area of ministry?
13. For support staff: Do they eagerly support the vision of the church?

Workplace Review

1. What changes, tools, equipment or resources would improve the workplace?
2. Is the office atmosphere positive and healthy?

**WHAT IF WE ARE ALREADY PAYING MORE THAN THE MINIMUM?**

When a search committee is prayerfully considering the calling of a new pastor, its task must be to first determine if a candidate possesses the gifts needed to do the ministry. The negotiation of a salary package should always be secondary. The basic rule of thumb is to be as generous as possible while considering education, credential, experience, and performance.

**WHAT IF WE CAN'T EVEN PAY THE MINIMUM?**

If you can't pay the minimum the pastor should receive a reduced workweek (i.e. part-time) and/or increased vacation time. Other ideas may include giving the pastor the opportunity to travel and speak, work a part-time job, or consider drastic budget cuts in other areas.

**WHAT SHOULD WE DO FOR OUR PASTORS' PENSION?**

The church should contribute at least 5% of the pastor's total salary package, with the pastor paying a matching amount by payroll deduction. Constitutionally, churches are required to contribute to the Pastor's retirement plan.

The PAOC Pension Fund is a multi-employer, defined benefit plan, guaranteeing a lifetime pension with annual increments. Federally incorporated and registered in the various provinces, the Fund follows legislative guidelines applicable to all Canadian pension plans.

Enrolment is open to all PAOC credential holders and eligible staff of PAOC churches and affiliates. It is an excellent way to save for retirement, generating an expected pension benefit based on 10% of all employee and employer contributions received.

The Pension Fund info on the PAOC website will provide most everything you need, including forms, contribution minimums and limits. Visit: <https://paoc.org/resources/pension/about>

## **WHAT SHOULD WE DO ABOUT OUR PASTORS' LIFE, MEDICAL AND DENTAL INSURANCES COVERAGE?**

The District has an excellent group benefit plan with Kechnie Insurance. You can visit Kechnie's Maritime District Portal at <http://www.kechnie.com/paoc> (Username: Maritimes – Password: benefits)

## **HOW MUCH VACATION SHOULD BE GRANTED?**

We recommend the following vacation amounts...

- A. The Lead Pastor should receive four weeks vacation as well as two long weekends off (as most pastors must work "long weekends"). After five years of service, the Lead Pastor will receive five weeks of vacation.
- B. Other pastoral staff should receive at least two weeks vacation after one year of service. After three years of service, they will receive three weeks vacation.
- C. Length of service will include years served as a pastor prior to coming to the current church.
- D. One extra week is granted after each consecutive five years thereafter, to a maximum of six weeks.
- E. The Board of Deacons approves the vacation dates for the Lead Pastor.
- F. The Lead Pastor approves the vacation dates for all other staff or in the absence of the Lead Pastor, the Board of Deacons will approve vacation dates.

## **WHO PAYS FOR DISTRICT CONFERENCE AND FALL CONFERENCE?**

Every local church agrees to send their pastor to district conference as stated in the Local Church Constitution. The church should fully reimburse their pastors for all costs to attend the annual conferences. This should be placed in each church's annual budget for all pastoral staff. As a credential holder conference attendance is expected.

## **WHAT ABOUT HIS/HER COMPUTER?**

Due to the increasing use of the Internet as a research and communication tool, we recommend the church provide their pastors with at least basic Internet access. Much of our communication and resourcing from the District Office will require high-speed capability (i.e. videos, webinars, etc.) so high-speed should be considered.

The pastors' computers should be provided by the church and replaced after every 5 years or as needed.

## **HOW DO WE INVEST IN OUR PASTORS' CONTINUING EDUCATION?**

The District has made investments to provide leadership and training opportunities for both lead and staff pastors. We encourage every church to make provisions for their pastors to participate in the Healthy Church Network or Optimize. These are learning communities targeted at helping your pastors lead well.

Where possible, we encourage churches to consider providing allowances for continuing education:

- 1. Up to one week, in addition to annual vacation;
- 2. \$500 tuition or books;
- 3. Both 1 and 2 could be accumulated.

## **HOW DO WE GIVE OUR PASTORS A GIFT?**

A gift (either in cash or in kind) to a Pastor is a benefit derived during or because of employment. A cash or near cash gift of any amount is deemed by CRA to be a taxable benefit. A church may give numerous non-cash gifts to the Pastor as long as the total value is less than \$500 annually. Should a church follow the practice of collecting personal gifts from individual members of the congregation for the Pastor at Christmas or other occasions, the amount would not need to be reported as part of the pastor's salary if:

1. The amount is not included in the income or expenses of the church
2. Those members do not receive an official receipt for their gift

Such gifts would not be given in recognition of pastoral services rendered by the Pastor, but in recognition of the personal relationship that develops between the Pastor and the church members. It is preferable that the members give such gifts directly to the Pastor.

## HOW DO WE MANAGE PASTORS' CLERGY RESIDENCE DEDUCTION?

The legislation to implement the clergy residence deduction provisions was passed into law on June 14, 2001. Members of the clergy, regular Pastor and members of religious orders, who also meet the function tests described in the Canada Revenue Agency Interpretation Bulletin IT-141R, may now claim a maximum deduction equal to the fair rental value of the home occupied PLUS the cost of utilities. Assuming a full year of employment the deduction is as follows:

3. For eligible individuals whose gross remuneration from the qualifying employer, including all taxable allowances, is \$30,000 or less per annum, the claim is the lesser of (a) \$10,000 and (b) the total of the fair rental value PLUS the cost of utilities.
4. For eligible individuals whose gross remuneration from the qualifying employer, including all taxable allowances, is greater than \$30,000 per annum, the claim is the lesser of (a) the fair rental value PLUS the cost of utilities, and (b) one-third of gross remuneration.
5. Fair Rental Value is the estimated monthly amount that the accommodation can be rented for, without heat or utilities supplied. Usually, a local real estate agent can give the church a written estimate of the fair rental value. If an agent is not available, an estimate can be made by the church trustees, based upon the size and condition of the home and in comparison with other rented properties in the area. Utilities, as understood by the Canadian Council of Christian Charities, will include electrical, heating, water and sewer expenses. Other expenses, such as telephone, cable and Internet costs, are NOT included under the definition of "utilities". In situations where there is a phone in the parsonage but there isn't one in the church, the phone costs, other than personal calls made by the Pastor's family, should be seen as an expense of the church and not a taxable benefit to the Pastor. If, however, the Pastor is provided with a phone and there is also a phone in the church (different phone number), then the cost for the parsonage phone would be seen as a taxable benefit to the Pastor.

In addition to reducing the amount of income tax deducted from a Pastor's pay, CPP premiums will be reduced as well. Since EI premiums are based upon the total salary package, there will be no reduction in those premiums.

The Pastor is required to complete the CRA Form T1223 on a yearly basis. The Pastor does not have to file this form with their income tax return, however, a copy must be kept on file in case CRA requests to see it. Form T1223 - [T1223 Clergy Residence Deduction - Canada.ca](#)

Anyone claiming the clergy residence deduction and wishing to have their taxes reduced at source for the following year is required to complete and send in CRA Form T1213 - Request to Reduce Tax Deductions at Source. This form must be filled out and submitted to the local tax office as soon as possible for approval. Pastors will be required to include a copy of Form T1223, along with their job description as supporting documents. The job description should indicate the percentage of time per week for each duty.

Form T1213 will have to be filled out annually in the fall in order to receive permission for the following year. If the Pastor decides not to do this, the treasurer is required to deduct income tax and CPP on the Pastor's total salary and the Pastor can make a claim to receive the income tax back by way of Form T1223 when completing their Income Tax Return. Form T1213 - [T1213 Request to Reduce Tax Deductions at Source - Canada.ca](#)

## HOW DO WE CALCULATE PAYROLL DEDUCTIONS?

The CRA online payroll calculator is an excellent resource for calculating payroll and gives the various options for deducting the clergy residence deduction from income tax, CPP, deducting pension contributions, and more. As well, it helps you to calculate the employer's portion of CPP and EI. <http://www.cra-arc.gc.ca/esrvc-svrce/tx/bsnss/pdoc-eng.html>





<b>LEAD PASTOR MINIMUM SALARY WORKSHEET</b>		
<b>Minimum Base Salary</b>	<b>\$49,500</b>	
<b>Church Annual Income</b>	<b>% Added to Base</b>	<b>Minimum Salary</b>
under \$60,000	0	\$49,500
\$60,000 - \$100,000	5	\$51,975
\$100,000 - \$150,000	8	\$53,460
\$150,000 - \$250,000	10	\$54,450
\$250,000 - \$300,000	15	\$56,925
\$300,000 - \$350,000	20	\$59,400
\$350,000 and above	25	\$61,875
<b>Years of Credentialed Service</b>	<b>% Added to Base</b>	<b>Tenure Additional</b>
0-4 years	0	0
5-9 years	10	\$4,950
10-14 years	15	\$7,425
15-19 years	20	\$9,900
20-24 years	25	\$12,375
25 years	30	\$14,850
	<b>Enter Salary Based on Income:</b>	
	<b>Enter Tenure Addition:</b>	
	<b>TOTAL</b>	

Note: 2.5% increase should be added if the credential holder obtains a master's degree.

Note: Consideration should be given to pastors in places where cost of living is high.

Note: The recommended salary figure above includes housing allowance.

Note: The recommended salary figure above does NOT include Pension, Health Benefits, etc.

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## IMPORTANT INFORMATION WHEN CONSIDERING INSURANCE COVERAGE

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1. Read the fine print of the policy: If you do not read the fine print of an insurance policy you really have little understanding of the actual coverages you have and/or the limitations of the coverage. If you do not understand the wording, ask the agent for the answer in writing.
2. Policies that include “occurrence” based coverage will provide you with permanent protection for claims during the entire period of your years of coverage with that insurer (including child abuse claims), even if a claim or lawsuit only takes place many years or decades after, and even if you are not insured by that insurance company in the future. In our view this is a critical part of church insurance and is necessary to protect a congregation in the future, to avoid any gaps in protection for your church and board members.
3. Policies that provide “claims” based coverage will not provide coverage for past claims (such as child abuse). If you ever switch from a provider that gives you “claims” based coverage, you will lose all coverage from past events even though you were insured at the time. This could leave a serious liability for the church if it ever wanted to change providers. In our view, a church should never use a “claims” based coverage because you can never leave that insurer in the future without creating serious liability for the church.
4. Church insurance should only be purchased when you have a full and thorough understanding of the liabilities, risks and types of civil liability damages that your insurance policy defends and covers, to ensure you and your congregation have proper protection. Improper coverage can leave the pastor, board of directors, and membership at risk. If you’re not sure, ask for comparisons from several providers to ensure you are getting all the information you need.
5. **MOST IMPORTANT:** Call your insurance provider and ask them to give you an itemized comparison with any company you are considering. Remember that commercial and institutional insurance policy wordings are not the same, often containing both quantitative and qualitative differences in protection, which are only fully described in the actual insuring agreements, conditions, definitions and exclusions in the policy wording. This review will give both your present insurance company and your prospective insurance company an opportunity to present a detailed comparison of their insurance coverages, so you are well-informed. Do not depend on verbal assurances. If it’s not written in the policy, you’re not covered.

We’ve also included a list of questions that you should consider when reviewing your insurance policy. We hope this is helpful for your decision making. If we can be of further assistance, please feel free to contact our office.

- Does the policy include an additional \$1,000,000 property coverage extension – above and beyond the limit of the coverage for your church building and contents – to cover unanticipated expenses in a major claim including additional expenses to continue to operate during reconstruction and the enforcement

of local municipal bylaws (not just contingent coverage!) for the extra cost of upgrades if required in rebuilding after a claim, without any coverage sub-limit for these extensions?

- Does the policy include waiving any requirement to rebuild on the same/current site in the event of a claim?
- Does the policy include coverage for the personal property of employees and volunteers kept on the church premises, of \$50,000 or more?
- Does the policy include a Comprehensive Form Equipment Breakdown rider to include coverage for sudden and accidental breakdown, rupture, explosion and electrical arcing, including extra expense, service interruption, spoilage and hazardous substances?
- Does the policy include coverage for Land and Water Pollution direct cleanup costs of \$100,000, and sudden and accidental Pollution Liability coverage of \$5,000,000?
- Does the policy include loss of income (tithes, offerings and other income) resulting from a claim in the amount of \$500,000 or more, with no co-insurance clause and including ongoing ordinary payroll coverage?
- Does the policy include coverage for theft of money and offerings on and off premises of \$50,000 or more, and employee and volunteer dishonesty coverage of \$100,000 or more?
- Does the policy include coverage for General Liability, Directors and Officers Liability, Abuse Liability and excess Umbrella Liability to defend and cover all insurable civil damages against the church and its leaders, including punitive damages, exemplary damages and the multiplied portion of any multiplied damage award?
- Does the policy include General Liability and Abuse Liability in a minimum amount of \$5,000,000 per occurrence on an occurrence-form coverage (i.e. not claims-made coverage)?
- Does the liability policy include coverage for reimbursement of Criminal Reimbursement Defense Costs of \$50,000 for any leaders wrongfully accused of abuse or other criminal act, while acting within the scope of their duties for the church?
- Does the liability policy include coverage for “no-fault” reimbursement of Counselling /Therapy Costs for alleged Abuse Victims of \$25,000 per victim and \$100,000 in total?
- Does the liability contain a full world-wide coverage territory, including trips to the USA and short-term mission trips throughout the world?
- Does the liability policy include coverage for mental anguish, mental injury, discrimination, humiliation and harassment claims, including defense costs in a human rights tribunal proceeding?
- Does the liability policy contain a “blanket” counselling liability rider for any leader (paid or volunteer) providing pastoral or lay counselling, insight and care, including religious and non-religious guidance?

- Does the liability cover any director, officer, trustee, employee, volunteer or members in defense of a liability claim, while acting within the scope of their duties for the church?
- Does the policy provide no-fault medical payments for injuries suffered by members, adherents, volunteers and participants on premises and in off-premises sponsored activities, including sports and recreation, up to \$50,000 per person?
- Does the policy include coverage for church website content and internet streaming of services and other programs?
- Does the policy include \$2,000,000 Non-Profit Directors and Officers Liability coverage for your board and committee members, including full Employment Practices coverage?
- Does the policy include Privacy Breach Liability and First Party expenses up to \$250,000?