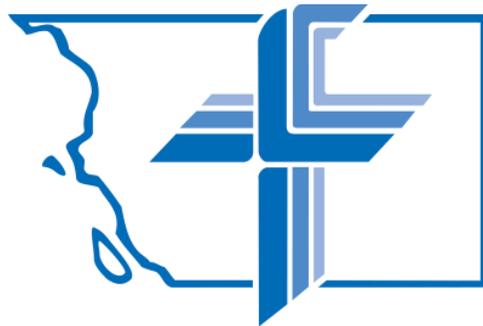


COMPENSATION GUIDELINES

For Congregations of Lutheran Church-Canada,
the Alberta-British Columbia District



2019

Approved by the ABC District Board of Directors on September 29, 2018

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INTRODUCTION

These guidelines are not to be construed as the “Official Salary Scale” of Lutheran Church – Canada, the 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 church worker 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 church worker 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 church worker remuneration. When a congregation does not provide a parsonage but expects the church worker 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.

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 “year zero” of a worker’s ordained or commissioned service) of **\$41,468** for pastors and **\$34,572** for deacons.

VARIABLE SALARY

By carefully considering a church worker’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 7 below, 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.

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.

These guidelines are intended to apply to rostered church workers (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	\$41,468	Base Salary	\$34,572
1	\$42,068	1	\$36,072
2	\$42,668	2	\$37,572
3	\$43,268	3	\$39,072
4	\$43,868	4	\$40,572
5	\$44,468	5	\$42,072
6	\$45,068	6	\$42,672
7	\$45,668	7	\$43,272
8	\$46,268	8	\$43,872
9	\$46,868	9	\$44,472
10	\$47,468	10	\$45,072
11	\$48,068	11	\$45,672
12	\$48,668	12	\$46,272
13	\$49,268	13	\$46,872
14	\$49,868	14	\$47,472
15	\$50,468	15	\$48,072
16	\$51,068	16	\$48,572
17	\$51,668	17	\$49,072
18	\$52,268	18	\$49,572
19	\$52,868	19	\$50,072
20	\$53,468	20	\$50,572

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

2019 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 (\$41,468) 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 (\$41,468) when a Senior Pastor has one or more other rostered church workers on the ministry team.

Multiple Parish:

- Add 5% of the base salary (\$41,468) for each additional congregation a pastor serves.

Size of Congregation:

- Add 5% of base salary (\$41,468) 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 (\$34,572) when a school's enrollment is under 100 students.
- Add 15% of base salary (\$34,572) 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 (\$41,468) when a pastor receives an additional master's degree beyond the Master of Divinity.
- Add 5% of base salary (\$41,468) 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 (\$34,572) for teachers who hold a post-baccalaureate education degree (i.e., an education "after-degree").
- Add 5% of base salary (\$34,572) 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

\$24,500 annually, as determined by the LCC Council of Presidents for 2018. In addition, housing & utilities must be provided by the congregation. This salary is intended to cover the student's vicarage fee of \$1,650, which he is in turn responsible for paying to his seminary.

DEACON-INTERN

\$22,000 annually, as determined by the LCC Council of Presidents for 2018. In addition, housing & utilities must be provided by the congregation. Congregations are responsible for paying the student's intern fee.

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 \$150 + mileage
- Two Services \$175 + mileage
- One Service & Bible Study \$175 + mileage
- Two Services & Bible Study \$200 + mileage

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.

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 that allows them to increase their employees' weekly earnings when they are unemployed due to an illness or injury. For information about this plan, visit Service Canada's web site: <https://www.canada.ca/en/employment-social-development/programs/ei/ei-list/ei-employers-supplemental-unemployment-benefit.html>

PARISH RELATED TRAVEL

To carry out the duties of their office, church workers 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 kilometers 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, the same as CRA's automobile allowance rate, for the current year is \$0.55/km. The CRA allowable rate for each given year is usually available at the beginning of the year.

Canada Revenue Agency automobile allowance rates for 2018

55¢ per kilometre for the first 5,000 kilometres driven, and 49¢ per kilometre thereafter. In the Northwest Territories, Yukon, and Nunavut, the rate is 4¢ per kilometre higher in each case. Mileage rates are updated in January each year. **Check the “official” mileage rate at:**

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

NOTE: Travel reimbursement must be supported by business travel logs, submitted by workers to their employers, in order to be considered a non-taxable benefit. An accurate **Travel Log** must be maintained **by the church worker** for income tax purposes. Please note, workers are not able to claim mileage from home to the church office.

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 http://www.lutheranchurch.ca/resources/continuing_education.pdf (Education, Pastors’ Continuing Education).

HOUSING

Housing Allowance is considered to be part of a church worker’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 church worker 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 church workers 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 church worker 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 **\$2,500.00** annually.

If the housing allowance paid to the worker exceeds the rent the congregation charges for the parsonage, the difference could be considered part of the equity payment to the worker. The congregation should however add sufficient funds to this amount to top the equity allowance up to \$2,500. It is encouraged that the allowance be placed in a savings account to accumulate for the Worker’s future needs.

Housing Allowance - Where there is no parsonage, congregations should pay their church workers 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 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 1,400 sq. ft., three-bedroom bungalow in the congregation’s community, plus utilities.** For a church worker with a larger than average family, the rental costs should be based on an appropriately-sized house.

The following is an example of this calculation:

Suggested Housing Allowance Calculation		
accommodation used in example = 3 bedroom bungalow, approximately 1,400 sq ft		
	NW Edmonton AB	Calculation Space
Avg. Rental	\$1,569	
Utilities Monthly	\$300	
Monthly Housing Allowance	\$1,869	
Annual Housing Allowance	\$22,428	

*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 church worker’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 church worker). However, congregations and workers alike should note that this type of calculation has nothing to do with the determination of an eligible church worker’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 church workers' T4 slips, unless a parsonage is provided.*

ADDITIONAL RESOURCES:

1. **Canadian Council of Christian Charities & Charities Handbook 20th Edition:** Many of the issues addressed in this book have been raised by the more than 3,300 member organizations of the Canadian Council of Christian Charities (CCCC). In addition to the handbooks find out the benefits of membership by visiting https://www.cccc.org/membership_options or see what resources are available FREE https://www.cccc.org/free_resources
2. **ABC District's Website.** Resources for Treasurers, congregations, schools and church workers: <http://www.lccabc.ca/resources.html> (until December 31, 2018).
3. **Canada Revenue Agency Clergy Residence Deduction Form, Guidelines & Employer Certification** <https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll/benefits-allowances/boarding-lodging/housing-utilities/clergy-residence.html>