

2017 ROSTERED CHURCH WORKERS COMPENSATION GUIDELINES

for

**Congregations
of
Lutheran Church–Canada
East District**

*A running list of guidelines revisions is available
on the District website*

www.lcceast.ca

*Select Resources/Downloads/Financial Resources/
Scroll down to 2017 Compensation Guidelines*

or enter

<http://lcceast.ca/download-center/financial-resources/>

Provided by the Department for Finance East District Compensation Guidelines Committee

Revision – September 27, 2016

PURPOSE: Rostered church workers (worker) are called of God to be servants, leaders, counselors, caregivers, proclaimers, teachers, listeners, evangelists, and stewards to his congregation (1 Tim. 3:2-4, Titus 1:9). The congregation is called to respond to these benefits and blessings (1 Cor. 9:14, 1 Tim. 5:17-18). This is done in part through the provision of adequate salary, housing, transportation, vacation and financial assistance for spiritual and professional growth.

With these thoughts in mind, the Department for Finance of Lutheran Church–Canada, East District, is pleased to provide these ‘guidelines’ to assist member congregations in establishing fair and reasonable levels of remuneration for workers.

RESPONSIBILITIES: 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. Each congregation should appoint a Compensation Review Committee to make salary recommendations to their voters in advance of establishing the annual congregational budget. Where a worker serves more than one congregation, a single committee comprising representatives from each congregation should accept this function. For compensation purposes, multiple congregations should be considered as one.

SALARY: (*see page 4*) The suggested salary ranges for **2017**, based on Statistics Canada Consumer Price Index for Ontario covering the 12 month period ending in August 2016, reflect an increase of **one point five** per cent (**1.5%**) over the 2016 grid. The ranges are based on the worker’s total years in the ministry. The top of the range is a suggested annual salary for a worker serving a congregation of about 400 communicant members. The lower figure is a suggested minimum, regardless of the size of the congregation.

To determine the appropriate position in the range for your worker, the following points should be considered:

- A large congregation may wish to pay above the suggested level whereas a small congregation may wish to compensate at or near the range minimum. Small congregations are defined as those with fewer than 250 communicants and large congregations are those with membership in excess of 400 communicants;
- In multiple point parishes, we recommend that the pastor be paid at the upper end of the salary scale;
- Congregations in large urban areas may have a need to pay higher in the range than those of similar size in a smaller community (e.g. cost of living, housing, etc.);
- Some congregations are in a better financial position than others and are able to be more generous in their compensation policy;
- How much do you expect of your worker? In the discharge of the worker’s duties do they consistently meet or go beyond that which is expected? If your congregation provides some form of performance feedback, you may be able to take this into consideration;

If you believe your worker should be paid significantly higher in the range than in the past, you may wish to phase in an increase over a two, three or five year period. It is always good policy when setting salaries to look ahead to where you might like to be two to three years hence.

ASSOCIATE/ASSISTANT PASTORS: These guidelines may be applied to multiple pastors within a congregation. The compensation level of the senior pastor should be established first. The guidelines may then be applied to associates/assistants. An additional factor of establishing or maintaining an acceptable differential which reflects responsibilities must be taken into account.

HOUSING: (*see also page 4*) Where there is no parsonage, all congregations should pay their worker a housing allowance in addition to their base salary. This should be an amount sufficient to cover mortgage payments (assuming a minimum down payment) and municipal taxes on a home that reasonably reflects the local home market and utilities. Cost of insurance, maintenance, etc., should be the direct responsibility of the worker.

HOUSING (cont.): Where the congregation provides a parsonage, the congregation benefits from an increased equity through the appreciation of the parsonage over time. This equity should be shared with the worker. The congregation should pay a housing allowance to the worker. The worker, in turn, is responsible for a fair market rent and all utilities payable back to the congregation resulting in a residual.

**The residual, housing allowance less rent and utilities,
would be considered the worker's housing equity.**

The housing equity goal should be 5% of the worker's base salary. Where this residual amount is less than 5% of the worker's base salary, an additional housing allowance should be paid by the congregation to the worker to top up this housing equity to the 5% level. Failure to pay a housing allowance where a parsonage is provided will have a negative effect on the worker's pension, which is based on salary plus housing allowance. **Reminder** — Where housing allowance is paid, the housing allowance should be increased where the salary increases.

OTHER FORMS OF DIRECT COMPENSATION: Payments to the worker by members of the congregations for such things as baptisms, weddings, funerals, etc., are not encouraged as these services should be viewed as part of his normal duties. However, it should be noted that gifts, honourariums, etc., are taxable and should be recorded by the worker.

BENEFIT PROGRAMMES: The congregation will pay the full cost of the employer portion of the synodical benefit programme for workers and the employer portion of Canada Pension and Employment Insurance plan. We encourage congregations to enroll in the Federal government's Supplementary Unemployment Benefits (SUB) plan. (*see more below*)

TRAVEL: (*see also page 4*) To carry out the duties of his office, the pastor will incur expenses of various kinds, not the least of which will be the operation of an automobile. These should be borne by the congregation and should not be viewed as part of his compensation package. It is the recommendation that reimbursement be based on kilometers driven based at the rate established by the District. **Note:** A Travel Log must be maintained by the worker for income tax purposes.

CONTINUING EDUCATION: (*see also page 4*) Workers are encouraged to enroll in Continuing Education Programmes and congregations should provide the worker, after 5 years service, an allotment up to 2 weeks per 3 year period for professional development at accredited Lutheran theological learning institutions or synod-approved training.

DISCRETIONARY FUND: The congregation is encouraged to make available each year, an amount which the worker can immediately draw upon without obtaining board approval to cover miscellaneous expenses which may arise from time to time. The worker would be required to report on the nature of the withdrawals made, thereby enabling the congregation and/or responsible board to exercise some measure of control.

TECHNOLOGY ALLOWANCE: If the church worker is not provided with a computer, cell phone or other electronic devices for on-the-job use, then it would be appropriate to be compensated for the additional expense associated with using personal devices for church work. The proportion of the total expense of these devices which can be allocated to church work can be estimated and agreed upon by the church worker and congregation based on the situation.

Supplemental Unemployment Benefit for Employers (SUB plan):

Participation permits employers to supplement worker's EI benefits (to 95% of salary) without affecting EI benefits paid to the worker. There is no cost to enroll in the plan. For more information see: www1.servicecanada.gc.ca/en/cs/sub/010.shtml or contact the East District office.

Pastors BASE SALARY Range

(Please refer to Page 2 of Compensation Guidelines before considering the following.)

Full Years in Ministry	2016 Range	2017 Range
0	\$37,020 – 40,734	\$37,575 – 41,345
1	\$37,875 – 41,660	\$38,443 – 42,285
2	\$38,715 – 42,588	\$39,296 – 43,227
3	\$39,554 – 43,497	\$40,147 – 44,149
4	\$40,394 – 44,434	\$41,000 – 45,101
5	\$41,233 – 45,360	\$41,851 – 46,040
6	\$41,877 – 46,056	\$42,505 – 46,747
7	\$42,513 – 46,771	\$43,151 – 47,473
8	\$43,157 – 47,470	\$43,804 – 48,182
9	\$43,820 – 48,181	\$44,477 – 48,904
10	\$44,434 – 48,879	\$45,101 – 49,612
11	\$45,062 – 49,576	\$45,738 – 50,320
12	\$45,703 – 50,288	\$46,389 – 51,042
13	\$46,343 – 50,987	\$47,038 – 51,752
14	\$46,985 – 51,446	\$47,690 – 52,218
15	\$47,629 – 52,395	\$48,343 – 53,181
16	\$48,034 – 52,800	\$48,755 – 53,592
17	\$48,438 – 53,205	\$49,165 – 54,003
18	\$48,843 – 53,610	\$49,576 – 54,414
19	\$49,248 – 54,014	\$49,987 – 54,824
20	\$49,653 – 54,419	\$50,398 – 55,235

* Total compensation includes base salary plus housing allowance.

* After 20 years there should be a salary increase of \$400.00 each year.

* Pay for part-time (rostered) worker should be pro-rated.

* Deacons: 80% of pastors' salary range.

1. **HOUSING ALLOWANCE:** While local conditions vary and should be considered, housing allowance should generally be based on actual cost of housing up to 40% of the worker's BASE SALARY.
2. **TRAVEL:** Should be paid at the rate of \$.49 per km. driven.
3. **RENTAL VEHICLES:** 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. For mileage reimbursement per kilometer versus car rental, consider the following:
 1. While the cash "cost" of mileage reimbursement can exceed the cost of renting a car and fuel from a congregation's cash perspective, it should be noted that when paying for a car rental, cash is being paid to an outside company rather than an "in house" LCC member. By paying the mileage to an LCC member, there is opportunity for that member to donate (and receive a tax receipt) all or a portion of that expense.
 2. If mileage is reimbursed for kilometers claimed, the congregation has an opportunity to apply the HST rebate on 100 % of the mileage rate claimed.
 3. Paid lump sum travel allowance or per diem is taxable income to the recipient receiving that allowance and no HST rebate is available to the congregation. Mileage paid by an expense report for kilometers driven is not taxable.
4. **VACATION:** 0 - 7 years service = 3 weeks; 8 - 15 years = 4 weeks; 16 years & over = 5 weeks
5. **BOOK and/or CONTINUING EDUCATION ALLOWANCE:** \$550.00 *(over and above salary)*. After 5 years service, up to 2 weeks every 3 years for professional development.
6. **TECHNOLOGY ALLOWANCE:** Based on use of personal computer, cell phone or other electronic devices for church work. See the detail section for more information.
7. **SUPPLY PASTORS:** One Service - \$115; Two Services - \$135; One Service & Bible Study - \$135; Two Services & Bible Study - \$160 Plus travel allowance in all cases.
8. **VACANCY PASTOR:** Should be paid in the range of 40% to 50% of the Vacancy Pastor's base salary, excluding housing allowance.