

Chapter 4: Paying Staff

2019

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The United Church of Canada/L'Église Unie du Canada

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4. Paying Staff

4.1 Payroll Service Policy

The payroll for ministry personnel in pastoral relationships earning more than \$5,000 per year must be processed through the payroll service administered by ADP as decided at the 39th General Council 2006 meeting.

4.1.1 Processing Payroll for Lay Employees

This is optional for lay employees. If an employee is not processed through ADP, the pastoral charge/ministry unit is responsible for making all necessary remittances on behalf of that employee. This includes income tax, Canada Pension Plan contributions, Employment Insurance premiums, and deductions for United Church pension and benefits. Manual invoicing for pension and benefits remittances must then be arranged through the General Council Office (1-855-647-8222) at a current cost of \$55 per month.

4.2 If New to Processing Payroll

1. Review the following documents at www.united-church.ca:
 - Understanding ADP Payroll Reports
 - Minimum Salaries and Reimbursements for Ministry Personnel (updated annually)
2. A good resource is [Connex](#), a quarterly publication providing relevant information to ministry personnel and treasurers. If you do not currently receive *Connex*, contact MinistryandEmployment@united-church.ca or call 1-855-647-8222.

Reminder: All confidential information related to payroll, pension, and benefits should be kept in a protected location accessible only to authorized individuals.

4.3 ADP Summary of Services

- Receives payroll changes from the ADP authorized contact, and processes the payroll according to the payroll frequency option and processing option chosen by the pastoral charge/ministry unit
- Processes employee pay, and deposits pay to the employee bank account
- Calculates and remits statutory deductions to the applicable government agencies
- Calculates and remits pension and benefits deductions to The United Church of Canada
- Debits the ministry unit bank account

- Produces payroll reports (including the Statement of Earnings and Deductions)
- Prepares the Record of Employment when necessary
- Produces and files year-end tax forms

4.3.1 ADP Authorized Contact

The payroll administrator must be an authorized contact in order to speak with ADP about the payroll or to access online payroll reports.

To become an authorized contact, the current authorized contact must call ADP Client Services (1-877-377-4784) to obtain the required forms. If the current authorized contact is not available, please call the General Council Office (1-800-268-3781, ext. 3132 or 2757).

It is advisable to have two authorized contacts in case one is unavailable.

4.3.2 Payroll Frequency Option

ADP can process payrolls monthly or semi-monthly. The biweekly payroll is being phased out, and those who currently have biweekly payroll will remain "as is" (no change). It is up to the pastoral charge/ministry unit to decide on one of these options. To change the payroll frequency, ADP requires two weeks' notice prior to the effective date of the change, and there is a service fee.

Some pastoral charges/ministry units have opted for a monthly payroll frequency, but issue a manual cheque (or advance) during the month to save on ADP service fees. To cover the usual "first pay," the payroll administrator issues a manual cash advance and then reports the advance to ADP for the end-of-month pay. ADP then deducts the advance from the net pay before deposit. The T4 therefore reflects both the advance amount paid and the amount paid by ADP.

4.3.3 Payroll Processing Option

The pastoral charge/ministry unit has three options for providing ADP with payroll-related information before each pay:

- ADP schedules a regular "input" call before each pay date.
- ADP receives a fax before each pay date.
- ADP runs the payroll "as is," and no fax or input call is required unless there is a change; this option is used when there are few changes to the payroll.

The payroll processing option can be changed by giving ADP five days' notice from the regularly scheduled input date. For further details, call ADP Client Services (1-877-377-4784).

4.3.4 Statutory Deductions

ADP calculates and remits statutory deductions on behalf of the pastoral

charge/ministry unit, including income tax, Employment Insurance premiums, and Canada/Quebec Pension Plan contributions up to the annual maximum earnings.

Personal Tax Credits Return (TD1)

The Personal Tax Credits Return (TD1) form is used to determine the amount of tax to deduct from the employee's employment income. ADP receives this information from the payroll administrator on the pastoral charge payroll form.

If ADP receives direction to apply the "Basic" amount, it automatically updates the basic personal amount annually according to Canada/Quebec published rates.

If an employee wants a personal tax credit amount greater than the basic personal amount, they must complete a federal and provincial Personal Tax Credit Return (TD1) annually, and the payroll administrator must provide ADP with the "Total Claim Amount" annually, for the first pay of the new year, on the payroll form.

For a copy of the Personal Tax Credits Return form, search the Internet for "TD1."

Employment Insurance Premium Rate Reduction

The Employment Insurance (EI) premium paid by the employer is equivalent to 1.4 times the amount of premium paid by the employee unless the pastoral charge/ministry unit has obtained a premium rate reduction.

Pastoral charges/ministry units can apply for an EI premium rate reduction. For information, the potential saving is approximately \$100 per year per eligible staff member, of which 5/12 is returned to the staff member.

To apply, go to www.servicecanada.gc.ca and search "Application – EI Premium Reduction."

If your pastoral charge/ministry unit has employees who qualify for the reduced rate and employees who do not, two Canada Revenue Agency taxation accounts will be required. If approved by Service Canada, a letter will be sent to you annually to advise of the reduced premium rate for the next taxation year. This letter must be sent to ADP before the first pay in the new year, or a pensionable and insurable earnings review (PEIR) report may be issued by CRA.

In situations where a member with a reduced EI premium retires and then returns to work, the payroll administrator must advise ADP to change Employment Insurance to the unreduced rate (note that a new CRA taxation account may be required).

Election to Stop Contributing to CPP

Employees 65–70 years old receiving a Canada Pension Plan or Quebec Pension Plan retirement pension must complete the CPT30 form if they no longer wish to make CPP contributions, and the payroll administrator must send the completed form to ADP.

For a copy of this form and for further information, search the Internet for “CPT30.”

Quebec: CSST

All pastoral charges/ministry units with at least one employee, either full-time or part-time, must register with the Commission de la Santé et de la Sécurité du travail, or CSST (www.csst.qc.ca; 1-844-838-0808). Failure to do so could result in penalties. Based on information given by the pastoral charge/ministry unit (i.e., the nature of the employee’s work), CSST will calculate and provide an annual premium and CSST code, which must be sent to ADP. They will then remit to CSST on behalf of the pastoral charge/ministry unit. If a file is provided to ADP by CSST with rates, these will be automatically uploaded. The pastoral charge/ministry unit may therefore see a different rate than what was submitted.

4.3.5 Payroll Reports

ADP generates several detailed payroll reports each time the payroll is processed. These contain information on the breakdown of the payroll amount being deducted from the bank account, including

- statutory deductions remitted by ADP
- United Church pension and benefits deductions remitted by ADP
- pay statement (Statement of Earnings and Deductions)
- ADP service fees

In accordance with provincial employment standards guidelines, employers must provide employees with a Statement of Earnings and Deductions each pay. It is the payroll administrator’s responsibility to make sure this happens.

ADP reports can be accessed through the Internet (Reports on Internet-ROI) or by mail. There is no cost for payroll reports obtained via the Internet, while those obtained by mail are subject to postage fees. To change how you receive payroll reports, call ADP Client Services at 1-877-377-4784.

4.3.6 Record of Employment

The Record of Employment (ROE) is a record of insurable earnings and hours for employees who leave the pastoral charge/ministry unit for any reason, or experience an interruption in earnings (i.e., maternity, parental, or adoption leave). It is used by Service Canada to determine the individual’s eligibility for Employment Insurance benefits, the amount of the benefits, and how long the individual can receive the benefits. The ROE must be given to the employee within five calendar days of the interruption of earnings, even if the employee has no intention of filing a claim for Employment Insurance.

ADP automatically produces an ROE when an employee leaves a pastoral charge/ministry unit. However, for a temporary interruption in earnings, ADP

generates an ROE only upon request. Depending on the timing of the regular pay date, the payroll administrator may need to request a non-scheduled payroll to meet the five-day Service Canada deadline.

ADP sends the ROE to the payroll administrator to verify the earnings and hours, to indicate the reason for issuing the ROE, and to sign. There are three copies for the payroll administrator to distribute:

- First copy (the original) goes to the employee as proof of insurable earnings for claiming EI benefits. If the employee plans to apply for EI benefits, they must mail this original or drop it off in person at a Service Canada Centre. The mailing address is provided on the Information and Confirmation page once the employee submits their online application for EI benefits.
- Second copy (blue) goes to Service Canada as indicated on the form.
- Third copy (white) is to be kept on file for six years.

Although ROEs can be submitted via “Record of Employment on the Web (ROE Web),” this is not possible when a payroll service provider is producing the ROE because the ROE needs to be signed and verified by the payroll administrator.

For more information, including an explanation of the “reasons for issuing the ROE,” search the Internet for Service Canada’s “How to Complete the Record of Employment Form.”

4.3.7 Year-End Tax Forms

On behalf of the pastoral charge/ministry unit, ADP files year-end tax forms and summaries with the Canada Revenue Agency (CRA) and Revenu Québec (RQ). The general year-end process is as follows:

- October and December: ADP produces and posts the T4/Relevé trial run on Reports on Internet (ROI) for review by the payroll administrator.
- Before producing the final tax forms: The General Council Office provides ADP with the Pension Adjustment (populates box 52 on the T4). The final T4 trial run produced in December will show this amount (disregard the amount showing in October’s trial run, as it will not be correct).
- Early February: ADP produces the final tax forms.
- Mid-February: The payroll administrator receives a year-end package from ADP that includes the tax forms (T4/T4A/Relevé) to be sent to employees.
- End of February: ADP files the tax forms with Canada Revenue Agency/Revenu Québec on behalf of the ministry unit.

For full year-end details, a communication is sent to payroll administrators annually in the fall.

Pastoral Charges/Ministry Units in Quebec

Revenu Québec requires employers to file the Summary of Source Deductions and Employer Contributions even though this is also filed by ADP. A penalty is imposed by Revenu Québec if this is not done by the end of February.

For a copy of this form, search the Internet for “Summary of Source Deductions and Employer Contributions.”

4.4 ADP Service Fees/Fee Increases

ADP service fees depend on options such as frequency of pay, number of people paid, and the reporting option chosen by the ministry unit.

Annual ADP fee increases are made according to the terms of The United Church of Canada’s agreement with ADP. This agreement stipulates that, no more than once a year, ADP may revise its fees by an amount up to the percentage increase for all items of the Consumer Price Index as published by Statistics Canada.

To obtain a summary of the ADP fees, contact MinistryandEmployment@united-church.ca or call 1-800-268-3871, ext. 3132 or 2757.

4.5 Payroll Form

The pastoral charge payroll form is used for new hires, change of salary/hours, terminations, change of address, banking information, or to stop pay temporarily or permanently.

To obtain an up-to-date version of the payroll form, go to www.united-church.ca and search “[pastoral charge payroll form](#)” or call 1-800-268-3781, ext. 3132 or 2757 to request a copy.

If you need to make a one-time adjustment to the member’s pay and allowances for the pay period, the Fax Cover Page should be used instead of the payroll form. This would apply in situations such as a one-time retroactive payment/adjustment, or final pay for a termination, etc.

Payroll Information (3 pages)

Complete and authorize the Account Reference together with the applicable sections. Complete only the information that is to be updated.

Reference Grid

This sheet provides directions on how to advise ADP of the following situations:

- New employee (includes rehires and retirees returning to work)
- Eligible for benefits after three-month waiting period

- Change in hours and/or salary
- Address change
- Banking information change
- Optional Benefits change
- Stop Long Term Disability (LTD) deductions, employee is age 64 and 7 months
- Retirement/Leaving the ministry unit
- Going on Leave without pay
- Going on Maternity/Paternity Leave
- Return from Maternity/Paternity/Leave without pay
- Going on disability
- Death
- Summer closure

ADP Fax Cover Page

Use this when faxing payroll information to ADP.

If you need to make a one-time adjustment to the member's pay and allowances for the pay period, the Fax Cover Page should be used instead of the payroll form. This would apply in situations such as a one-time retroactive payment/adjustment, or final pay for a termination, etc.

4.6 ADP Earnings and Deduction Codes (United Church Template)

In consultation with ADP, payroll administrators, the General Council Office, and statutory guidelines, a template of earnings and deduction codes has been developed and is used by ADP for United Church accounts.

4.7 Amalgamations and Closures

Call the General Council Office at 1-800-268-3781, ext. 3132 or 2757.

4.8 United Church Pension and Benefits Plans

The United Church's pension and benefits plans are administered by the Benefits Centre in accordance with the terms of the Pension Plan Constitution and the group benefits contracts.

Enrolment in the pension and benefits plans is mandatory and a condition of employment for all individuals under 71 years of age serving an average of 14 or more hours per week, or less than 14 hours per week if, during each of the previous two

years, the person

- worked at least 700 hours, or
- earned at least 25 percent of the Canada Pension Plan Year's Maximum Pensionable Earnings (YMPE)

Premiums are reviewed annually and are subject to change. Contact the Benefits Centre for current rates: 1-855-647-8222. Premiums are published in the December issue of [Connex](#) newsletter.

To calculate pension and benefit premiums, go to www.united-church.ca, search "Budgeting Tools for Treasurers," and select "2019 Premiums and Taxable Benefit Calculator."

4.8.1 Pensionable Earnings

United Church pension and benefits deductions are calculated based on the employee's pensionable earnings (PE), as follows:

- Ministers no manse PE = Total salary
- Ministers in a manse: PE = Total salary x 1.4
- Lay employees: PE = Total salary

4.8.2 Pension Plan

The pension plan is a defined benefit plan based on the annual pensionable earnings of the employee over their career with the United Church. Employers and employees contribute to the pension fund. The pension plan's registration number is 0355230 for CRA purposes.

[Connex](#) newsletter and the Pension Annual Report of The United Church of Canada provide updates on the plan. For detailed information go to www.united-church.ca/leadership/church-administration/pension.

Pension Adjustment

The pension adjustment (PA) is an amount determined by the Canada Revenue Agency formula to offset the 18 percent earned income maximum for tax-sheltered retirement savings. The pension adjustment is nine times the annual pension credit (per year) less \$600 as an estimate of the value of that credit (the \$600 is pro-rated for a partial year of service). The pension adjustment is used by the Canada Revenue Agency to determine the member's RRSP contribution limits.

ADP is provided with the pension adjustment at year-end, to be applied to the member's T4 (box 52).

4.8.3 Core Benefits Plan

The core benefits plan premiums are paid by the pastoral charge/ministry unit, with

the exception of long term disability (LTD) premiums.

The core benefits paid by the employer include the following:

- Core member life insurance: benefit paid to the member's beneficiary in the event of the member's death
- Core dependant life insurance: benefit paid to the member in the event of the member's dependant's death
- Core accidental death and dismemberment insurance: benefit paid to the member or member's beneficiary in the event of an accident that causes dismemberment or death to the member
- Core health and dental insurance: basic health and dental coverage for the member and eligible dependants
- Best Doctors: opportunity for second-opinion diagnoses and referrals
- Emergency travel assistance: coverage available to the member and eligible dependants for medical emergency for the first six weeks of absence from Canada while travelling
- Employee and Family Assistance program: provided by Morneau Shepell offering immediate, confidential, short-term counselling available 24 hours a day, 7 days a week

The Restorative Care Plan is a benefit paid to the pastoral charge/ministry unit to support the member in the event of member illness (certification and adjudication approval required).

Employer Indemnity is a benefit paid to the employer to support the family of ministry personnel who die while actively working for the United Church while a member of the active plan.

The core benefit paid by the member:

- Long Term Disability (LTD) Insurance is a benefit paid to the member in the event of long-term illness (certification and insurer approval is required). Premiums are paid by the employee to preserve the benefit's tax-free status, as those receiving long-term disability benefits do not pay tax on this income.

For detailed information on the core benefits plans, go to www.united-church.ca/leadership/church-administration/health-dental-and-life-benefits.

4.8.4 Optional Benefits Plan

Employees may elect to pay for optional benefits to improve their coverage. Optional benefits include

- optional health and dental
- optional life insurance

- optional spousal life insurance
- optional accidental death and dismemberment

Optional health and dental premiums are a flat amount and depend on whether the member elects single or family coverage.

Premiums for optional life coverage depend on the amount of coverage, age, and whether the applicant is a non-smoker or smoker.

For detailed information on the optional benefits plans, go to www.united-church.ca/leadership/church-administration/health-dental-and-life-benefits.

4.9 Setting Up Pension and Benefit Payroll Deductions

The payroll administrator submits the completed pastoral charge payroll form to ADP to start pension and benefits deductions.

4.9.1 Core Benefits Deductions

To start remittances for ministry personnel, and for lay employees coded LA who are new hires, complete the appropriate sections on the pastoral charge payroll form.

For new hire lay employees coded LE (three-month waiting period), the payroll administrator needs to advise ADP to start pension and benefit remittances after the three months.

A new member can expect to receive an enrolment package from the Benefits Centre within four to six weeks of the date the first payroll is processed. For new members and members moving from one pastoral charge/ministry unit to another, it may take up to two months until the benefit insurance carrier records are updated and benefits claims can be reimbursed. If benefits services are required during this period, the member should hold on to receipts and submit them after two months.

Ministry personnel are eligible for coverage on the first of the month coincident with or following the date of hire. For other members, eligibility begins on either the first day of the month following the hire date, or, for those with a three-month waiting period, the first day of the fourth month following the hire date. (The date of eligibility may be adjusted to coincide with the date premium deductions were started by the payroll service.)

When members turn age 64 years and 6 months, premium and coverage cease for long-term disability. The payroll administrator must advise ADP to stop long-term disability deductions for the next month by completing the appropriate section on the pastoral charge payroll form when the employee attains 64 years, 7 months.

Taxable Benefit for Core Benefits

The employer-paid core benefits premiums for Life and Accidental Death & Dismemberment are a federal taxable benefit to the plan member, and a provincial taxable benefit for members who reside and work in Quebec.

Also in Quebec, since plan members are covered by an employer-sponsored medical plan, additional taxation is required. The calculation used to determine the taxable benefit is based on Revenu Québec guidelines. A monthly value is determined based on a reasonable estimate of the annual claims for each benefit group (Core Single, Core Family, Optional Single, and Optional Family); then, each December, a “true-up” is processed through ADP to reflect actual claims. For details on the Revenu Québec calculation see IN-253-V, Taxable Benefits. Refer to the section “Plan not backed by an insurance contract” in chapter 5 of the *Financial Handbook*.

The payroll administrator provides the amount(s) on the payroll form (section on Taxable Benefits). To determine the taxable benefit amounts, go to www.united-church.ca, search “Budgeting Tools for Treasurers,” and select “2019 Premiums and Taxable Benefit Calculator.”

The taxable benefit amount is to be calculated and submitted to ADP when setting up a new employee, and must be recalculated and submitted to ADP when there is a change (i.e., change in salary, change in coverage single/family or vice-versa, or when the member turns 65 and does not receive a United Church pension).

4.9.2 Optional Benefits Deductions

For employees new to the United Church, optional benefits are effective when all enrolment forms have been completed and returned to the Benefits Centre, subject to evidence of insurability as required by the insurer. All forms must be completed within 60 days of being received. Once the member receives confirmation of the remittance amounts from the Benefits Centre, they provide the information to the payroll administrator, who then sets up payroll deductions on the pastoral charge payroll form.

For existing members moving from one pastoral charge/ministry unit to another, the optional benefit deductions can be found on the employee’s pay statement from the last employer (the pay statement descriptors will show as OPT H/D, LIFE MEM, LIFE SPO, or AD&D), or the payroll administrator can call 1-800-268-3781, ext. 3132 or 2757, to obtain the amounts.

The payroll administrator must advise ADP of changes to deduction amounts using the pastoral charge payroll form in the following situations:

- Member makes changes to their coverage and receives confirmation from the Benefits Centre of the new premium amount(s).
- Member with life and spouse insurance changes age bands. For example, a

member who turned 45 this year will have to remit higher premiums for member and spouse life insurance coverage, effective January 1 of the following year.

- Member turns 65, and premium and coverage cease for member and spouse life insurance, as well as for accidental death and dismemberment.
- Spouse turns 65, and premium and coverage cease for spouse life insurance.

4.10 Pension and Benefits: Non-Standard Employment Situations

4.10.1 Concurrent Employment

When a member is employed by more than one pastoral charge/ministry unit at the same time, pension and benefits deductions are based on pensionable earnings for each employer. All hours are considered pensionable (pension and benefits deductions apply), even if the member works at one or both of the pastoral charge/ministry units for less than 14 hours per week, but total hours combined are 14 or greater per week.

Premium deductions for optional health and dental, optional member and spouse life insurance, and optional accidental death and dismemberment are split evenly between employers.

4.10.2 Summer Closure

To ensure plan members receive uninterrupted benefits coverage over a summer closure period, pension and benefits remittances missed over the summer months need to be processed. To do this, the following steps are required:

Start of summer closure period: send ADP notification one week prior to the payroll date immediately preceding the summer closure using the pastoral charge payroll form.

- a. Complete the Status Change Section:
 - i. Check “Stop Pay Temporarily.”
 - ii. Check “Summer Closure.”
 - iii. Fill in “Last Day Paid.”

Return from summer closure period: to resume the pre-summer closure salary, telephone ADP and advise them to reactivate member’s status.

4.11 Pension and Benefits: Employment Leaves

4.11.1 Maternity, Adoption, and Parental Leaves

Members can elect to continue pension and benefits for maternity, parental, or adoption leaves as per government legislation. The pastoral charge/ministry unit must continue to pay the employer's share for pension and benefits coverage, and the member must continue to pay the member's share. The payroll administrator uses the pastoral charge payroll form (Status Change section) to advise ADP of the leave. Once the leave is processed and the Benefits Centre becomes aware of the leave, they will send a letter to the member with further information. The member can expect to receive this letter approximately six weeks after the payroll is processed by ADP.

For further information, the following resources are available:

- For details about the Maternity Leave or Parental Leave policies for Ministry Personnel, search *Pastoral Relations: Engaging and Supporting* at www.united-church.ca.
- Program Coordinator, Ministry Personnel Leadership: 1-800-268-3781, ext. 3147
- Service Canada website: www.servicecanada.gc.ca/eng/sc/ei/benefits/maternityparental.shtml
- Quebec Parental Insurance Plan (QPIP): www.rqap.gouv.qc.ca/index_en.asp

4.11.2 Leave of Absence

Members can elect to continue pension and benefits during an unpaid leave approved by the pastoral charge/ministry unit, and are responsible for remitting both the employer and employee contributions. The payroll administrator uses the payroll form (Status Change section) to advise ADP of the leave. Once the leave is processed and the Benefits Centre becomes aware of the leave, they will send a letter to the member with further information. The member can expect to receive this letter approximately six weeks after the payroll is processed by ADP.

4.12 Pension and Benefits: Short-Term Disability (Restorative Care Plan)

Members absent from work due to illness or injury (certified by medical record and approved by the adjudicator initially and ongoing) continue to receive their full salary through ADP for up to six months, and the pastoral charge/ministry unit is reimbursed 85 percent of the member's pensionable salary.

The payroll administrator must contact the Benefits Centre at 1-855-647-8222, ext. 4127, to advise them of the illness.

4.13 Pension and Benefits: Death of Employee

When an employee dies, the payroll administrator must notify ADP to stop their pay and provide termination details using the pastoral charge payroll form (Status Change). Depending on the last day the employee was to be paid, the payroll administrator may need to give ADP the salary amount to be processed for the final pay.

If the employee was a ministry personnel plan member serving at a pastoral charge, there is an Employer Indemnity claim to be processed. Employer Indemnity is a benefit paid to employers to support the family of ministry personnel who die while actively working for the United Church and not receiving a pension.

The payroll administrator must contact the Benefits Centre at 1-855-647-8222, ext. 4127, for information on the administration of these claims.

4.14 Pension and Benefits: Employment Ends with Ministry Unit

When a member leaves a pastoral charge/ministry unit permanently, the payroll administrator must notify ADP to stop their pay and provide termination details using the pastoral charge payroll form. Depending on the last day the member is to be paid, the payroll administrator may need to give ADP the salary amount to be processed for the final pay. Based on that amount, ADP will make automatic adjustments to pension and core benefits deductions.

Assessment of pension and long-term disability ends on the last day paid. All other benefits continue to the end of the month in which employment ends. If an unused vacation period continues past this time, the coverage will continue until the end of the month the vacation period ends. Once the leave is processed through payroll, the Benefits Centre becomes aware of the termination and will send a letter to the member with further information. They can expect to receive this letter approximately six weeks after the final payroll is processed by ADP.

In-lieu-of-notice: Pension and long-term disability ends with the statutory pay-in-lieu-of-notice period. All other benefits continue to the end of the month in which the pay-in-lieu-of-notice period ends.

At year-end, the pastoral charge/ministry unit will receive a copy of the T4 that ADP files on their behalf to cover the employment period. The T4 is sent to the employee.

4.15 Pension and Benefits: Minister in Search of a Call/Appointment

Members can elect to continue pension and benefits during an approved “in search of a call/appointment” period, and are responsible for remitting both the employer and member contributions. Once the last pay is processed, the Benefits Centre will send a letter to the member with further information. They can expect to receive it approximately six weeks following the payroll processing date.

4.16 Compensation for Ministry Personnel

Ministry personnel serve pastoral charges/ministry units by means of a call or appointment, and the terms are on the PR 450: Covenant for Call or Appointment form. It is helpful to have a copy when completing the pastoral charge payroll form.

4.16.1 Annual Cost-of-Living Increases

Minimum salaries increase annually by a percentage equal to the average percentage rise in the Canadian cost of living for the year ending December 31 one year prior to the effective date of the new salaries. Each May, the minimum salaries effective January of the upcoming year are posted on the website. Go to www.united-church.ca and search “Minimum Salaries and Reimbursements for Ministry Personnel” to download a copy.

The payroll administrator is responsible for directing ADP to change the minister’s salary based on annual (January 1) increases and years-of-service (increment category) increases. This is done on the pastoral charge payroll form.

When the salary in the pastoral relationship agreement specifies a percentage or amount above the minimum, the applicable minimum plus the agreed-upon percentage or amount above the minimum is to be maintained with future annual cost-of-living and years-of-service increases.

Increases for ministers not actively at work (i.e., Long-Term Disability, Restorative Care Program, and Maternity/Parental Leave) are effective the first day the minister returns to work.

4.16.2 Cost-of-Living Groups

All local pastoral charges/ministry units have been assigned to a cost of living (COL) group based on the median housing values for the city, town, or rural community in which they are located. The COL group of all pastoral charges/ministry units are on the website. Go to www.united-church.ca and search “cost of living group assignment.”

For 2019–2021, the housing value ranges are as follows:

COL 1:	up to \$158,100
COL 2:	\$158,101 to \$263,500
COL 3:	\$263,501 to \$395,300
COL 4:	\$395,301 to \$553,400
COL 5:	\$553,401 to \$737,800
COL 6:	over \$737,800

If the particular city/town/community is at the high end of the cost-of-living range, or the minister chooses to rent and the cost of rent in the location is exceptionally high, consideration should be given to providing compensation above the minimum.

4.17 Occupancy of Manse

A pastoral charge/ministry unit providing a manse is responsible for the following:

- Processing the fair rental value of the manse through payroll using the pastoral charge payroll form (Minister Living in a Manse section). The fair rental value must be supported by data, which can be obtained by using real estate or other professional services to assess this value.
- Processing the utilities paid by the pastoral charge/ministry unit is through payroll using the pastoral charge payroll form. Although it may be agreed that the ministry personnel pays for utilities, heating costs in excess of \$800 are paid by the ministry unit.
- Complying with requirements concerning income tax and pension contributions. See Manse (20% rule) below.
- Complying with Canada Revenue Agency guidelines on processing the clergy residence deduction at source through payroll.

Note: A minister provided with the use and occupancy of the manse, serving part-time, is entitled to full-time occupancy of the manse.

4.18 Manse (20% rule)

To ensure compliance with the Income Tax Act and regulations on maximum pension, the fair rental value of the manse (including utilities paid by the pastoral charge/ministry unit) must be equal to or greater than 20 percent of the minister's salary. If it is not, an adjustment or top-up is required that must be recalculated when there is a change to the minister's salary.

For example:

Annual Salary	Calculation for Annual Housing Amount	Housing Minimum Required (20% of salary)	Minimum “Paid” Housing
\$40,000	Fair rental value of manse (including utilities paid by ministry unit) is \$7,000.	Requirement for housing is \$8,000.	Annual top-up of \$1,000 must be paid to the minister.

4.19 Clergy Residence Deduction

Ministry personnel called or appointed to pastoral charges/ministry units, and members of the Order of Ministry serving full-time administrative roles, are eligible to claim the clergy residence deduction (CRD).

Each year, ministry personnel should ask the pastoral charge/ministry unit to complete the Clergy Residence Deduction form (T1223), “Part B – Conditions of employment (to be completed by the employer).” For a copy of the form, search the Internet for “T1223.”

If the minister wishes the pastoral charge/ministry unit to reduce their taxable income by the amount of the CRD and thereby reduce the amount of income tax deducted at source, the minister must obtain a “letter of authority” every year issued by the Canada Revenue Agency (CRA)/Revenu Québec - RQ (for ministers who work in Quebec). If no request is made, taxes are withheld at source without taking the clergy residence deduction into consideration and the tax relief occurs later, at tax filing time.

Ministers must apply annually each fall for the upcoming calendar year by completing and submitting CRA Form T1213: Request to Reduce Tax Deductions at Source/RQ Form TP-1016-V: Application for a Reduction in Source Deductions of Income Tax (for ministers who work in Quebec).

Once the CRA/RQ provides the minister with the letter of authority, the payroll administrator can advise ADP of the changes using the pastoral charge payroll form (Hours and Salary section). ADP does not require this letter.

Ministers living in a manse are not required to obtain government authorization to reduce their tax deductions with each pay for the housing benefit they receive. However, the payroll administrator must confirm that the minister will file the clergy residence deduction Form T1233 with their personal tax return.

4.20 Weddings and Funerals

For events such as weddings and funerals, the Canada Revenue Agency suggests that

all fees be paid directly to the pastoral charge/ministry unit. The employer is then responsible for paying the musicians, minister, custodians, and other staff as per their policies. Income from weddings and funerals to staff who are on the regular payroll should be processed through ADP as taxable income.

4.21 Visiting Ministry Personnel

From time to time, ministry personnel may be invited to provide worship leadership and preaching, pastoral care and visitation, or other services to a local pastoral charge/ministry unit when the incumbent ministry personnel is on vacation, study leave, or other short-term leave. These services are intended to cover only one or two Sundays or weekends at a time. An ongoing need for these services must be reviewed by the regional councils to determine whether an appointment should be made.

A minimum daily rate is provided in the annual Minimum Salaries and Reimbursements for Ministry Personnel available at www.united-church.ca. This covers a full working day, or any portion of it, and is not linked to any specific number of hours served. The rate is based on increment category F minimum salary. The parties may negotiate a higher daily amount but cannot negotiate a lower amount.

In addition, the pastoral charge/ministry unit must reimburse the visiting ministry personnel for travel and incidental expenses (i.e., meal allowance and accommodations, if necessary).

The minimum daily rate is applicable to ministry personnel only. The General Council has no authority to establish rates of compensation for lay people engaged by a congregation.

The Canada Revenue Agency requires a T4A to be completed for annual aggregate amounts over \$500 paid to an individual. ADP will produce a T4A on request (the amount will show in box 48, Fees for Services).

4.22 Reimbursements

Ministry personnel are entitled to receive reimbursements for continuing education and learning, telephone, and travel. Go to www.united-church.ca and search “Minimum Salaries and Reimbursements for Ministry Personnel” for details.

4.22.1 Continuing Education and Learning Resources

It is expected that the Continuing Education and Learning Resources (CELR) amount will be applied by ministry personnel, in consultation with the pastoral charge/ministry unit, to the cost of attending workshops or conferences, purchasing books, acquiring spiritual direction, and obtaining electronic and other resources relevant to providing ministry leadership.

The annual CELR amount is provided in the Minimum Salaries and Reimbursements for Ministry Personnel document. The amount must be spent in the year for which it is budgeted unless previous arrangements have been made between the ministry personnel and the pastoral charge/ministry unit to roll over a portion for a continuing education goal.

For part-time service, the CELR amount is to be pro-rated. For example, an appointment of 10 hours per week would include a CELR amount of .25 (10 hours divided by 40 hours) of the annual published CELR amount.

If ministers purchase books or a tablet through continuing education allowance, they can take them when they leave the church if the church has processed the amounts as a taxable allowance. If the amounts have been processed as an expense, the books or tablet are the property of the church.

4.22.2 Telephone, Cell Phone, Computer

Ministry personnel must be provided with the use of a phone, the basic cost of which is the responsibility of the ministry unit.

Based on Canada Revenue Agency guidelines, income provided to an employee to cover telephone/cell phone/Internet service plan fees, or for the purchase of a telephone/cell phone/computer, should be processed through payroll as a taxable allowance.

If ministry personnel work from a home office, the treasurer should complete the T2200.

For further CRA information, search the Internet:

- T4044, *Employment Expenses*: Refer to chapter 3, “Employees earning a salary,” section on Supplies, and section on Other expenses: Computers, cell phones, and other equipment.
- IT-352R2, *Employee’s Expenses, Including Work Space in Home Expenses*: Refer to the section “Supplies.”
- T4130, *Employers’ Guide: Taxable Benefits and Allowances*: Refer to chapter 3, section on “Cellular phone and Internet services.”

4.22.3 Travel

Where the work of a pastoral charge/ministry unit requires ministry personnel to use a car, the employer must reimburse the ministry personnel for travel at a (minimum) rate approved annually by the General Council Executive. The minimum rate per kilometre is provided in the annual Minimum Salaries and Reimbursements for Ministry Personnel document.

Payments to ministry personnel to reimburse travel expenses are non-taxable if the

following conditions are met:

- Payments do not include travel between home and the regular place of employment (considered personal travel).
- The driving is done in the course of carrying out the work of the pastoral charge/ministry unit. This includes travel between home and the place the ministry personnel goes to perform ministry duties other than the minister's regular place of employment, and travel between church locations (i.e., a multi-point pastoral charge).
- Payments are "reasonable."
- Payments are based on actual distance driven.

The rate per kilometre includes all costs of vehicle operation, including gas, oil, repairs, and insurance, and is set in accordance with the Canada Revenue Agency determination of "reasonable." Paying any depreciation allowance in addition to the kilometric rate is considered "unreasonable" by CRA and is subject to penalty.

Ministry personnel are required to keep a travel log of all distances driven on church business and to submit this log at agreed-upon intervals, such as monthly or quarterly.

For further information regarding travel reimbursement, refer to the CRA's T4130, *Employers' Guide: Taxable Benefits and Allowances*, chapter 2, "Automobile and Motor Vehicle Benefits and Allowances."

To process payments:

- Confirm the current minimum rate per kilometre from the annual Minimum Salaries and Reimbursements for Ministry Personnel document, reimbursements section. Ask for the ministry personnel's travel log. Although the CRA does not require names to show in the travel log "description," specifics of the travel (including names) should be kept in the confidential diary or calendar of the minister should the minister be audited by CRA.
- Multiply the number of kilometres driven by the kilometric rate to obtain the dollar amount to be reimbursed.

Travel Log Example

Odometer Reading from Car Used				
Date	Start km	End km	Total km	Description
Oct. 29, year	68,172	68,174	2	Pastoral visit, travel to funeral home, etc

Travel Allowance while on Leave

Where the work of a pastoral charge/ministry unit requires the ministry personnel to

use a car, and where the ministry personnel is granted leave (i.e. short-term disability, sabbatical leave, maternity or parental leave), or is suspended with salary and benefits for more than one month, the ministry unit must calculate and pay a monthly income supplement of 40 percent of the average monthly travel claim (based on the six months before the leave). This amount is processed through ADP as a taxable allowance using the pastoral charge payroll form, Section 10 Expenses and Taxable Allowances, complete Mileage/Travel (MILE TAX).

4.22.4 Taxable Allowance or Expense?

Expense refers to reimbursement for costs incurred while carrying out employment related responsibilities. The employee incurs the cost, provides proof of expense, and is reimbursed by the pastoral charge/ministry unit. An expense is payable, non-taxable (amount employee receives is not subject to income tax, EI, or CPP), and non-reportable (amount employee receives will not appear as income on the T4/Relevé 1).

Taxable allowance is an amount paid to the employee through ADP that is designated for a particular purpose. However, the employee does not need to show proof of how the amount is spent. A taxable allowance is payable, taxable (amount employee receives is subject to income tax, EI, and CPP), and reportable (amount employee receives will appear as income on the T4/Relevé 1). Taxable allowances must be processed through ADP using the pastoral charge payroll form, Section 10 Expenses and Taxable Allowances.

4.22.5 Claiming Other Employment Expenses (T2200)

All taxpayers are eligible to claim certain employment expenses that are not reimbursed by their employer. Depending on individual circumstances, geographic breadth of the pastoral charge/ministry unit, and other factors, ministry personnel may be able to make a claim. Eligibility is the responsibility of the individual to determine.

Payroll administrators complete the required T2200 form confirming eligibility for this type of expense but should not speculate or get involved in determining the amount claimed. For questions 7–13, the answers are generally “no.”

4.22.6 Moving Costs

The cost of moving ministry personnel to a pastoral charge/ministry unit is the responsibility of the pastoral charge/ministry unit. Moving costs include related expenditures such as mileage, accommodation, and meals for the ministry personnel and their immediate family.

Very limited assistance with moving expenses is available once every three years to pastoral charges/ministry units that receive Mission Support Grants or demonstrate a need for such assistance. Financial assistance is provided by the region of the ministry unit in consultation with the appropriate regional council staff and General Council

unit.

Any pastoral relationship initiated by a call is normally expected to last at least three years. When a change in pastoral relationship requested by ministry personnel is approved by the region before three years' time, the moving expenses paid by the pastoral charge/ministry unit must be reimbursed by the ministry personnel on a pro-rated basis.

4.23 Ministry Personnel: Vacation and Leaves

Vacation is part of the terms of call or appointment.

It is the responsibility of the pastoral charge/ministry unit, in consultation with the ministry personnel, to provide at least one month of vacation in each pastoral year (July 1–June 30). A “month” may be a single calendar month including five Sundays, or 23 working days.

Where a change in pastoral relations does not follow the pastoral year, both pastoral charges/ministry units involved must share the cost of the vacation on a prorated basis.

The following is an example of sharing the cost on a prorated basis:

Date Call Commences	Previous Charge	Successor Charge
July 1 to August 31	none	all
March 1	8/12	4/12
October 1	3/12	9/12

4.23.1 Study Leave

Ministry personnel in accountable ministries have access to three weeks of study leave per year. This study time is to be arranged in consultation with the Ministry and Personnel Committee of the pastoral charge/ministry unit.

4.23.2 Sabbatical

The Sabbatical Policy allows eligible ministry personnel a sabbatical of at least three consecutive months unencumbered by their customary responsibilities, while still receiving their usual remuneration and benefits.

The Sabbatical Policy applies to all full-time and part-time ministry personnel in pastoral relationships who have completed five or more years of service in the pastoral charge/ministry unit that will approve the sabbatical.

For detailed information about the Sabbatical Policy, search *Pastoral Relations: Engaging and Supporting* at www.united-church.ca.

4.23.3 Employee vs. Self-Employed

Usually, most staff employed by a pastoral charge/ministry unit (i.e., organists, secretaries, administrators, and custodians) are treated under the Income Tax Act as employees, with applicable deductions.

A self-employed individual provides an invoice for work performed to the pastoral charge/ministry unit. The payment of the invoice is an expense (not processed through payroll). The Canada Revenue Agency requires the completion of a T4A for annual aggregate amounts over \$500 paid to a supplier/vendor. ADP will produce a T4A on request (the amount will show in box 48, Fees for Services).

Before processing an invoice payment for work performed by a self-employed individual, the pastoral charge/ministry unit should be satisfied that the work arrangement meets CRA guidelines. If audited, CRA may determine that an employment relationship exists. The pastoral charge/ministry unit would then be required to pay both the employer and the employee share of CPP contributions and EI premiums owing, plus penalties and interest.

CRA provides the indicators listed below to determine whether a worker is an employee or is self-employed. For more information, go to www.cra-arc.gc.ca/E/pub/tg/rc4110.

Indicators showing that the worker is an employee:

- The relationship is one of subordination. The payer will often direct, scrutinize, and effectively control many elements of how and when the work is carried out.
- The payer controls the worker with respect to both the results of the work and the method used to do the work.
- The payer chooses and controls the method and amount of pay. Salary negotiations may still take place in an employee–employee relationship.
- The worker requires permission to work for other payers while working for this payer.
- Where the schedule is irregular, priority on the worker’s time is an indication of control over the worker.
- The payer decides what jobs the worker will do.
- The worker receives training or direction from the payer on how to do the work. The overall work environment between the worker and the payer is one of subordination.
- The payer chooses to listen to the worker’s suggestions but has the final word.

Indicators showing that the worker is a self-employed individual:

- A self-employed individual usually works independently.
- The worker does not have anyone overseeing their activities.
- The worker is usually free to work when and for whom they choose and may provide their services to different payers at the same time.
- The worker can accept or refuse work from the payer.
- The working relationship between the payer and the worker does not present a degree of continuity, loyalty, security, subordination, or integration, all of which are generally associated with an employer-employee relationship.