Please circulate to
- ☐ Treasurer
- ☐ M&P Committee
- ☐ Ministry Personnel/ Lay Employees
- ☐ Presbytery Personnel/ E&S Rep.
- ☐ Church Board/Office

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IMPORTANT UPDATES FROM PC-MEPS

SPECIAL ISSUE GC41 | AUGUST 2012

A Special Message from the **General Secretary**

Summer greetings! This letter is directed particularly to clergy couples, but because neither the General Council nor the Conference offices maintain a list of clergy couples, I offer this information to all clergy serving in the United Church.

At its meeting in March, the Executive of the General Council received several proposals from the Permanent Committee on Ministry and Employment Policies and Services for action on the directions adopted by the 39th General Council 2006 regarding ministry personnel compensation. Among these was a proposal to take no further action in regard to establishing special compensation for clergy couples in lieu of the Canada Revenue Agency's clergy residence deduction limitations. The Executive accepted this proposal.

I appreciate that the clergy residence deduction and its application for clergy couples is a long outstanding matter that has been of great concern and disappointment for many clergy couples. Certainly the Ministry Compensation Task Group (two members of which were clergy-coupled) found it a challenging issue and spent considerable time wrestling with its complexities. After much research, consultation, and prayerful consideration, they reluctantly concluded that it is not appropriate to adjust compensation on the basis of tax deductions.

The task group learned how the value of this deduction varies for every tax payer, including clergy couples, depending on the value of their residence and the total eligible earned income. For some couples, there is a disadvantage; for others, there is none. They learned that similar issues arise when a clergy person is married to a clergy person from another denomination or to a non-clergy spouse eligible to claim home office costs. Single-clergy-income households have a lower ceiling (one-third of eligible income) than dual-clergy-income households and thus potentially a smaller household deduction. Clergy in lower cost housing areas have less deduction eligibility than those in higher cost areas. In urban centres, this may vary by neighbourhood. Any in-lieu payment would require access to confidential tax records and individual determination of eligibility and value.

These many factors led to the conclusion that a compensation policy cannot be determinant upon an independent external variable. While the deduction originated in an understanding that it was a collective way to support churches, this is less clear today. It has been further distanced from its original intent when it was disassociated from the housing allowance paid and determined by the individual household income and residence occupied.

The report noted that the General Council/Conference office staff system practice of lay and ordered salary rates appears inconsistent with this conclusion. The Permanent Committee will review this policy and report on it to the Executive.

As with all employers, the church's responsibility is to pay a fair and appropriate salary to its ministry personnel, regardless of the tax deductions (this and others) for which they are eligible. The task group has recommended that General Council Office develop a resource on clergy-related tax practices for the information of ministry personnel.

If you have further questions, you may find it helpful to contact Tracy Murton (tmurton@shaw.ca), chair of the Permanent Committee, or Alan Hall (ahall@united-church.ca), Executive Officer of the Ministry and Employment Unit.

With grace and peace,

Nora Sanders
General Secretary, General Council

Breaking News!

Important Update for Benefits Plans Members in Manitoba

The 7 percent retail sales tax (RST) will now be applied to some group insurance benefits for Manitoba residents. Detailed information can be found at www.gov.mb.ca/finance/taxation/bulletins/061.pdf.

This information is also posted in "Conversations" under Pension and Benefits on the Church Leadership Network:

http://churchleadership.united-church.ca

This letter is available online: www.united-church.ca/communications/newsletters/connex

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