



## New Compensation Model for Ministry Personnel

The October issue of *Connex* provided information on a new ministry compensation model that is in the process of being implemented. General Council staff continue to provide presentations to various United Church constituency groups. Many questions have been asked, concerns and positive affirmations have been voiced, and much valuable input has been collected.

Based on the input received at these presentations, the implementation has been modified from the original. Two examples of this: the implementation date will move from January 1 to July 1, 2015, and the cost of living (COL) groups will increase from four to six. (The July 1, 2015, date may change as the recommendations of the Comprehensive Review Task Group are finalized.)

The fundamentals of the new compensation model:

- Currently, ministry personnel receive a base salary plus housing/use of manse allowance.
- Effective July 1, 2015, ministry personnel going into a new call and appointment will receive one salary that takes into consideration differences in cost of living between cities, towns, and rural communities, including those in high-cost, remote areas. Existing calls and appointments will transition to the new model over a period of time, such as three years. (The transition period is yet to be finalized.)

The new salary structure is based on the following main assumptions:

- Most ministry personnel (approximately 80 percent) own a home.

- The most substantive difference in the local cost of living between most areas of the country is the cost of housing.
- Most ministers commute, so the cost of housing will no longer be tied to the neighbourhood location of the pastoral charge, but rather to the city/town/municipality in which the pastoral charge is located.

### Steps to a New Salary Structure

1. Pastoral charges located in cities/towns/municipalities with similar living costs will be grouped. Since the variance in cost of living largely depends on the cost of housing, in most cases, the median fair market value of homes will be used to determine which cost of living (COL) group each pastoral charge is assigned to. To determine home values, data will be obtained from [www.realtor.ca](http://www.realtor.ca) (Multiple Listing Sales), regional real estate boards, and the Canadian Real Estate Association.

Here are the home value ranges that will be used to group pastoral charges:

COL Group	Home Sales Value
1	Up to \$150,000
2	\$150,001 up to \$300,000
3	\$300,001 up to \$450,000
4	\$450,001 up to \$600,000
5	\$600,001 up to \$750,000
6	Over \$750,000

2. Costs associated with living a considerable distance from population centres will be taken into consideration. If the costs are significant, the pastoral charge COL group assignment may be adjusted.
3. Presbyteries, Conferences, pastoral charges, and other ministry sites will be provided with the pastoral charge COL group assignment(s) for review in spring of 2014.
4. The current median housing allowances for ministry personnel serving in pastoral charges within each COL group will be used to guide the creation of minimum salaries. Based on a preliminary analysis of ministry personnel housing, the following amounts provide an estimate of the housing amounts that will be added to salary to build the new minimums for each COL group.

COL Group	Approximate Housing Amounts to Be Added to Salary
1	\$7,500
2	\$12,000
3	\$16,500
4	\$21,000
5	\$25,500
6	\$30,000

## An Example

Below is an example of the new minimum salary schedule (2014 minimum salary plus cost of living group housing amount). **Note:** The actual housing amounts used to determine minimum salaries will not be finalized until the spring of 2014.

2014 Order of Ministry	Years of Eligible Service (Increment Category)					
	1–2 (A)	3–4 (B)	5–7 (C)	8–10 (D)	11–13 (E)	14 + (F)
Current Minimum Salary	\$34,300	\$35,844	\$37,388	\$38,932	\$40,475	\$42,018
+ Group 1 housing amount	+\$7,500	+\$7,500	+\$7,500	+\$7,500	+\$7,500	+\$7,500
= New COL Group 1 minimum salary	\$41,800	\$43,344	\$44,888	\$46,432	\$47,975	\$49,518

## Frequently Asked Questions

### Will eligibility for the clergy residence deduction be affected?

No. Although ministry personnel currently receive a salary and separate housing allowance, the Canada Revenue Agency (CRA) views it all as taxable income. It is through the ministry personnel's annual submission of the Clergy Residence Deduction Form (T1223) with their personal tax return that CRA monitors eligibility for the deduction. The value of the deduction is based on the fair rental value of the minister's personal housing, not (necessarily) the housing allowance provided by the pastoral charge.

### How will pastoral charges with a manse be affected?

All ministry personnel (in receipt of a housing/use of manse allowance) will receive one salary. The minimum salary will depend on the COL group the pastoral charge has been assigned. The net income after housing for a minister living in a manse will be the salary minus the fair rental value of the manse. It is important that pastoral charges have a current fair rental value assessment of their manse.

Whether ministry personnel live in the manse or not, there is an associated cost. For a minister living in the manse, the associated cost is the manse fair rental value, which is already reported. For one not living in the manse, the associated cost is rent, mortgage, etc.

### When will the pastoral charge COL group assignments be provided?

The pastoral charge group assignments will use 2013 data and will be distributed in the spring of 2014.

### How will current compensation transition to the new compensation model?

Transition details will be posted by early 2014 at [www.united-church.ca/minstaff/compensation](http://www.united-church.ca/minstaff/compensation).