



2013 PASTOR'S SALARY GUIDELINES

(Effective January 1, 2013) July/August Equipping #

Please note that the ***bold, italicized text*** indicates significant changes or additions to the previous year's text. Dollar values have been updated but are not italicized.

1. SALARY UNITS

The pastor's salary and all increments, with the exception of the local cost of living portion (#3 below), are calculated in multiples of a basic unit which has been set for the year at \$391.81 (See NOTE #1 below). A salary calculation ***worksheet*** with this year's units is available ***in Excel and Word formats on our website.***

2. BASE SALARY

The base salary for all pastoral positions is set at 65 units (\$25,468). (See NOTE #2)

3. LOCAL COST OF LIVING

The local cost of living portion of the salary reflects the differences in the cost of living in various parts of Canada, or even within a given city. Various factors influence the calculation of this amount. The most significant of these is the cost of housing, where there may be a large discrepancy between rural and urban areas. (See NOTE #3) However, this part of the salary should also take into consideration other living expenses, such as the cost of heat, electricity or groceries, which may be similar or even higher in rural areas. Pastors should not be penalized for accepting a call to serve in a setting at either end of the spectrum. Congregations will use this flexible component to ensure a reasonable salary for the pastor(s).

The local cost of living calculation adjusts a pastor's salary to reflect the cost of living in the place to which he or she is called. It is not a housing allowance. Therefore, in the case of two people sharing one full-time position (for example, spouses sharing a pastorate), the full time salary for each person, including the local cost of living, should be calculated. Each total salary would then be prorated by their full-time equivalent service (i.e., if each works half-time, each salary would be multiplied by .5 FTE or full-time equivalent to arrive at the final salary).

4. EXPERIENCE INCREMENTS

Experience increments are calculated according to the following formula:

Years 1 through 6:	4 units per year (\$1568 per year)
Years 7 through 12:	3 units per year (\$1176 per year)
Years 13 through 18:	1 unit per year (\$392 per year)

Pastors who move from one congregation to another carry all of their experience increments with them to the new congregation. Pastors who come to a Mennonite Church Canada congregation from another denomination would normally also carry all of their experience increments with them. Relevant experience in other kinds of work, ministry or service may be calculated on a prorated basis. (See NOTE #4).

5. EDUCATIONAL INCREMENTS (See NOTE #5)

Educational increments should be paid according to the following formula:

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Three units (\$1176) for suitable undergraduate work

An additional 4 units (\$1568) for a suitable post-bachelor's degree (MTS (applied), MA in church ministries)

An additional 6 units (\$2352) for suitable graduate work (MDiv)

An additional 3 units (\$1176) for a suitable doctoral degree (DMin)

Graduate degrees that are not directly oriented to preparing pastors for ministry (i.e., Peace Studies, Missions, Education, Psychology, Social Work) may also be considered for some credit. Units should be awarded based on the number of years expected by the institution for degree completion (not the number of years a person is enrolled in the program). Thus, based on the principle of awarding one unit to each year of completed education, an MA would be awarded 2 units. The unit credit for S/CPE (Supervised/Clinical Pastoral Education) is for four full units of credit, not for the single but year-long extended unit of S/CPE.

Graduate degrees other than seminary (i.e., Business, Engineering, English), which while valuable for general preparation are not designed for pastoral ministry preparation, would normally be granted one unit per degree. The maximum units for all accumulated education are twelve.

6. RESPONSIBILITY INCREMENTS

Responsibility increments are paid only to the senior pastor, and may be calculated according to one of the following two formulas:

- a) Three units (\$1176) for each full-time ministry staff person whom the pastor supervises. The number of units paid would be prorated for part-time ministry staff. The oversight of lay ministers or youth workers should also be given consideration when calculating responsibility increments: or
- b) Three units (\$1176) for congregations of approximately 300 or more attendees and 5 units (\$1960) for congregations of approximately 600 or more attendees.

Some pastors may be assigned major additional responsibilities, such as serving as chaplain at a nursing home or hospital or a similar assignment. The congregation may decide these additional responsibilities should be acknowledged in the salary with up to 3 responsibility units (\$1176).

7. PRORATING SALARIES FOR PART-TIME PASTORS

To arrive at a salary for a less than full-time pastor, calculate the starting salary using the above five components (base, local cost of living, experience, education and responsibility increments) for a full-time position. Then prorate the total salary by the full-time equivalent (FTE) of the current position (i.e., multiply total salary by .5 for a half-time appointment). Note that vacation time is not prorated using this method, as the salary received during vacation leave is already prorated.

8. BENEFITS

It is assumed that all pastors will participate in the Mennonite Church Canada pension plan, group RRSP or an equivalent plan (details are available from the Mennonite Church Canada Payroll & Benefits Coordinator). All churches are encouraged to include Life and Long Term Disability Insurance, which is available through Mennonite Church Canada's Group Insurance Plan, in the benefit package. They should also seriously consider supplying all pastoral staff with Extended Health and Dental benefits on a cost shared basis (through an area church plan or the Mennonite Benefit Association, where these are available, or with Blue Cross, for example). Area Church Ministers will have information regarding plans available in your area.

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9. HONORARIA and FEES

Honoraria and fees should be offered to a pastor when he or she is requested to provide a service over and above his or her regular position duties. Before an engagement is accepted, the person or group requesting service should indicate to the pastor what the honorarium will be. An honorarium of \$100-200 for a preaching assignment (i.e. wedding, funeral, pulpit supply, etc.) and a fee of \$150 to \$250 per session for workshops, seminars, etc. plus mileage (whenever a total distance of more than 100 kilometres is traveled to participate in the event) is appropriate. An honorarium may be waived in the case of a pulpit or congregational exchange. (See NOTE #6)

10. EXPENSES

Expenses are costs incurred in doing the work of the church. The pastor should not pay these costs.

a) Car and Travel Expenses: This expense, when incurred in the line of duty, should be reimbursed. An allowance is not acceptable to the Canada Revenue Agency unless it is added to the pastor's T4 or the amount is proven to be reasonable by an accurate trip log. Any reimbursement in excess of the log must be added to taxable income. Reimbursement for travel between home and the church is taxable.

Mennonite Church Canada does not have a national recommended mileage rate. It is advisable to contact your area church and some local churches to determine what would be appropriate mileage reimbursement in your area. Canada Revenue Agency defines the maximum reasonable rate for 2012 as \$0.53 for the first 5,000 km and \$0.47 for each additional km.

If an interim pastor is being hired and required to commute from another community, consideration should be given to increasing the salary to offset these costs. This additional salary would be subject to all applicable deductions and benefits.

b) Workshops, Courses, etc.: Arrangements should be made to enable the pastor to attend refresher courses, workshops, seminars and other occasions regularly for the revitalization of his/her ministry. ***Two weeks is suggested as the average amount of course time per year.*** The congregation may designate in advance an amount that it will pay (for example, a 2/3 employer - 1/3 employee cost-share is common practice in many organizations). Congregations may wish to budget up to \$600 per year for this non-taxable reimbursement. Consideration may also be given to budgeting for Spiritual Direction for the pastor.

c) Books and Periodicals: Reading material is an occupational expense. It is recommended that congregations consider budgeting up to \$600 per year for each pastor for books and periodicals. This is a taxable benefit if the books/periodicals are the property of the pastor. Some churches purchase books for the pastor and then allow him/her to buy at used book prices those books that the pastor wants to keep when he or she moves.

d) Office: The congregation will provide a furnished office and supplies, as well as secretarial support as required. In most instances this will include a computer, printer and internet access.

e) Conference Attendance Expenses: When the pastor is expected to attend Mennonite Church Canada and area church sessions on behalf of the congregation the expenses related to travel, lodging, meals and registration are paid by the congregation. Consideration should also be given to costs of the pastor's spouse ***and children*** attending.

f) Other Expenses: If hosting of guests is an expectation of the pastor or if the spouse of the pastor is expected to attend church functions such as weddings and funerals, and there are related expenses (such as child care or loss of work time) then those expenses should be paid by the congregation.

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An appropriate amount should be budgeted for such depending upon the family situation and congregational expectations.

11. STATUTORY BENEFITS - Employer Costs

There are some expenses that are mandated by the government to employers. These fees are determined by the government and are not negotiable. The figures are determined by charts provided by the appropriate government agency and are usually based upon the basic compensation figure.

12. OTHER CONSIDERATIONS

a) Clergy Residence Deduction: Individuals must apply to the federal government each year if they wish to have this deduction advanced to them on their paycheck (form T1213). ***This form must be filed by the employee in September for the following year. The employer may not reduce tax based on this benefit if the employee has not provided the CRA documentation giving permission.***

The federal government also requires employers to verify in writing that any employee claiming this deduction is eligible to do so (form T1223). It is imperative, therefore, that congregations ensure adherence to the conditions of the latest CRA bulletin regarding the Clergy Residence Deduction.

Links to the CRA bulletin, the Request to Reduce Tax and the Clergy Residence Deduction forms may be found at <http://www.mennonitechurch.ca/resourcecentre/ResourceView/5/7765> .

b) Vacations: All pastors should receive at least three weeks of vacation per year plus time off for all statutory holidays. After five years or more of experience (this includes pastoral experience earned in previous positions) the pastor should receive four weeks of vacation per year plus time off for all statutory holidays. (Note. Part-time employees accrue annual leave hours at an amount proportionate to their monthly FTE. For example, if a pastor is working at .80 FTE, they should get either the three or four weeks off at their regular salary, which is 80% of the full-time salary). As a contribution to the church beyond the local setting, congregations are encouraged to release their pastors for short assignments such as serving on Area Church or Mennonite Church Canada boards/councils, or as camp chaplains, etc. This should not be counted as holiday time.

c) Parental/Pregnancy Leaves: These leaves are mandated by the government and government guidelines should be consulted when the situation arises.

d) Sick Leave Policy. Congregations are urged to establish a sick leave policy. Examples of policy guidelines and a Supplemental Unemployment Benefit (SUB) plan can be found in the resource section of the Mennonite Church Canada website. The church policy should include how time is accumulated, reporting of illness, requirements for Dr.'s notes, and disbursement of unused sick leave upon termination (normally this is not paid out). We suggest a policy which permits 1½ days per month sick leave prorated to the FTE status of the pastor, with an accumulation of up to 75 working days, (refer to Employment Canada [EI] benefit guidelines for details), at which time long-term disability takes effect.

This can be done in one of two ways:

- i. The congregation can pay the full salary during this time of illness. If the congregation has a policy to cover salary during illness, it may be eligible for reduced EI premiums.
- ii. The second way to cover the cost of this period of illness is for the employee to apply to EI for unemployment benefits (normally 55% of his/her insured earnings). The congregation would top up the level allowed by the EI Commission (up to 95% of regular salary for unemployment as a result of sickness). If the congregation selects this option, the employer must register the plan (called a SUB plan) in advance with the EI Commission, and treat all employees according to this plan. This method makes the congregation ineligible for reduced

"For no one can lay any foundation other than the one that has been laid; that foundation is Jesus Christ." 1 Cor. 3:11

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EI premiums.

e) Sabbatical Study Leaves: Congregations are **strongly** encouraged to provide longer leaves for study, service or renewal (sabbaticals) for their pastor(s) from time to time. (Check with your Area Church Minister or go to <http://www.mennonitechurch.ca/programs/leadership/leaves/faq.htm> on the Mennonite Church Canada website for details.) Pastors may be eligible for forgivable loans from the Company of 1000 Study Reserve Fund for sabbatical study. Information and application forms are available from the Mennonite Church Canada Denominational Minister's office.

f) Candidating and Moving Costs: Congregations are responsible to pay travel and lodging costs for both pastor and spouse to candidate for a position. Moving arrangements and expenses when a pastor is called to a new congregation need to be negotiated. As a minimum the calling congregation should pay the cost of a rental truck and driving costs and should offer to assist in loading/unloading. Consideration may be given to paying the costs for the pastor and spouse to make one house-hunting trip to the new community.

g) Memo of Understanding: It is important to agree on a clear Memo of Understanding with the pastor at the beginning of each term and to review it annually for salary updates. A sample is provided in the accompanying package, in the Pastor-Congregation Relations Packet or is available upon request from the Mennonite Church Canada Denominational Minister.

NOTES

1. This formula simplifies the application of the annual cost of living increase, which is based on the Consumer Price Index (CPI). The basic salary unit is increased each year by a percentage equal to the increase in the CPI. This adjustment is calculated prior to the annual mailing of these guidelines. The April to April CPI is the standard that has been used for these guidelines. The April 2011 to April 2012 CPI used here was 2.0% (the most recent CPI figure may be found at <http://www.statcan.gc.ca/subjects-sujets/cpi-ipc/cpi-ipc-eng.htm>). If you use a later figure (Mennonite Church Canada uses the July to July figure for its staff) be sure to use the same 12-month period each year. It is important to be consistent in this regard. Although the April to April figure (or an alternative that you may choose) may seem unduly high or low in any given year, these fluctuations will average out over time if you use a consistent period. Note that using a figure other than the April to April one will mean recalculating the numbers above and applying a slightly different salary scale from that used by most other congregations. All figures calculated in the above guidelines have been rounded off to the nearest dollar.

2. The total (65 units) was arrived at by a comparison with several other denominations in Canada and their pastoral salary guidelines. The base places our salaries within the range found in these denominations. It applies to all persons involved in pastoral ministry. Congregations which hire a youth worker or other program staff without pastoral responsibilities (e.g. not including preaching, pastoral counseling, etc. – clarification is available from the Mennonite Church Canada Denominational Minister) may begin with a lower base, perhaps 50 units.

3. The pastor is free to choose his/her housing. However, the best estimate of the calculation of the Local Cost of Living portion of the salary should be based on consideration of the fair rental value of a standard three-bedroom home in a community/neighborhood that represents the average for the congregation. The information should be obtained from a local realtor (for example, in the first quarter of **2012** the annual average rental cost for **Winnipeg** was \$15,600).

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This is not the same as the determination of the Clergy Residence Deduction (Item #12(a) above), which is the income tax deduction allowed based on the pastor's actual housing cost, including utilities.

4. Pastors are compensated for their experience along an assumed learning curve – i.e. the number of units paid would be greater in the earlier years of ministry and grow smaller in the later years of ministry. In order to discourage financial prejudice by congregations against experienced and therefore more “expensive” pastors, these guidelines propose that experience increments be capped after 18 years.
5. Educational increments are calculated in a way that honors a pastor's undergraduate and graduate studies. The MDiv degree is considered the basic preparatory degree for ministry. However, other educational disciplines offer valuable tools for ministry and need to be recognized and considered when calculating the educational increment (i.e. Bible College studies, BEd, BSc, MA, MTS, MEd, etc.). For some degrees or studies in process, partial credit rather than full credit would be appropriate.
6. Pastors should be allowed to keep any honoraria which they receive. Honoraria are gifts of appreciation given to the pastor for his/her work and should be seen as a love gift to the pastor, not the church. Pastors are reminded that all portions of honoraria which are above and beyond incurred expenses are viewed by the Canada Revenue Agency as taxable income and must be reported on their income tax return.