



Recommended Salary Guidelines and Group Benefits Information for 2012

The Recommended Salary Guidelines have been developed with the goal of fairly compensating pastors for their service based on position, scope of responsibility, education, and experience. These Guidelines are intended to assist churches to determine what is fair and equitable. We recommend that our member churches not only try to meet these minimum standards but also seek to exceed them where possible. These Guidelines are intended for use in both solo pastorates as well as multiple staff situations. For the senior pastor in a multi-staff church, additional compensation should be considered in light of the extra responsibilities of overseeing church staff. For multi-point charges, the total church budgets/giving should be used.

Senior & Pastoral Staff Positions

How to calculate Minimum and Total Salary? • Senior Pastor

Step 1 **Recommended Minimum Salary for 2012 (including Housing)** \$42,025.00

Step 2 **Calculate adjustment depending upon Church's Annual Budget. Use the current year's total budget (2011) to determine the figure to be used.**

Calculation based on Church Budget

If the Church's Budget is...	% of Minimum Salary to be added:	Our Percentage is:
\$0 and \$60,000	0%	
\$61,000 and \$100,000	Add 3%	
\$101,000 and \$150,000	Add 7.5%	
\$151,000 and \$200,000	Add 10%	
\$201,000 and \$275,000	Add 15%	
\$276,000 and \$350,000	Add 20%	
\$351,000 and \$425,000	Add 25%	
\$426,000 and above	Add 30%	

Step 3 **Adjustment to Minimum Salary** _____ % of 42,025 = \$

Step 4 **Calculate adjustment for length of service**

Total number of years of accumulated service: _____

Calculation for Length of Accumulated Service

Number of Years of Service (Total of present and previous years of experience.)	% of Minimum Salary to be added:	Our Percentage is:
1 to 2 years	Add 5%	
3 to 4 years	Add 7.5%	
5 to 7 years	Add 10%	
8 to 10 years	Add 12.5%	
11 to 14 years	Add 15%	
15 to 19 years	Add 20%	
20 to 24 years	Add 25%	
25+ years	Add 30%	

Step 5 **Adjustment to Minimum Salary** _____ % of 42,025 = \$

Step 6 **Total Adjusted Minimum Salary: ADD Steps 1+3+5** \$

Step 7 **% Increase for Merit** \$

Step 8 **Pension Contribution up to 5% of Adjusted Minimum Salary** \$

Step 9 **Recommended Salary*: ADD Steps 6+7+8** \$

The minimum represents employment earnings. It is the pastor's responsibility to identify how much is to be allocated for housing (Clergy Residence Deduction based on the CRA rules).

If the church provides a parsonage, then the recommended salary (Step 8) is reduced by the fair rental value of the parsonage or 30% of the recommended minimum (Step 1), whichever is less.

How to calculate Minimum and Total Salary? • Pastoral Staff

Step 1 **Recommended Minimum Salary for 2012 (including Housing)** \$42,025.00

Step 2 **Calculate adjustment depending upon Church's Annual Budget. Use the current year's total budget (2011) to determine the figure to be used.**

Calculation based on Church Budget

If the Church's Budget is...	% of Minimum Salary to be added:	Our Percentage is:
\$0 and \$150,000	0%	
\$151,000 and \$249,200,000	Add 2.5%	
\$201,000 and \$275,000	Add 5%	
\$276,000 and \$350,000	Add 7.5%	
\$351,000 and \$425,000	Add 10%	
\$426,000 and above	Add 12.5%	

Step 3 **Adjustment to Minimum Salary** _____ % of 42,025 = \$

Step 4 **Calculate adjustment for length of service**

Total number of years of accumulated service: _____

Calculation for Length of Accumulated Service

Number of Years of Service (Total of present and previous years of experience.)	% of Minimum Salary to be added:	Our Percentage is:
1 to 2 years	Add 2.5%	
3 to 4 years	Add 5%	
5 to 7 years	Add 7.5%	
8 to 10 years	Add 10%	
11 to 14 years	Add 12.5%	
15 to 19 years	Add 15%	
20 to 24 years	Add 17.5%	
25+ years	Add 20%	

Step 5 **Adjustment to Minimum Salary** _____ % of 42,025 = \$

Step 6 **Total Adjusted Minimum Salary: ADD Steps 1+3+5** \$

Step 7 **% Increase for Merit** \$

Step 8 **Pension Contribution up to 5% of Adjusted Minimum Salary** \$

Step 9 **Recommended Salary: ADD Steps 6+7+8** \$

The minimum represents employment earnings. It is the pastor's responsibility to identify how much is to be allocated for housing (Clergy Residence Deduction based on the CRA rules).

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Clergy Residence Deduction

To comply with Canada Revenue Agency (CRA) regulations, form t1223 should be completed. While the form does not need to be filed with their income tax return, the pastor should keep a completed copy of the form on file should it be requested by CRA. Parts A and C are to be completed by the pastor and part B is to be completed by the Church. A detailed explanation of the Clergy Residence Deduction as well as the t1223 form may be found on the CRA website: <http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/ncm-tx/rtrn/cmpltn/dddctns/Ins206-236/231/menu-eng.html>

Benefits:

Pension Plan payments

The church is encouraged to contribute toward the pastor's pension based on a matching contribution of an equal amount by the pastor. Calculate up to 5% of Adjusted Minimum Salary (Step 6) and deduct an equal percentage from the pastor's salary for a total of up to 10%. This contribution may be made to the NAB Pastor's Group Registered Retirement Savings Plan with Great West Life or to the pastor's self-directed plan. If a minimum of \$600.00 is contributed towards the NAB Pastor's Group Registered Retirement Savings Plan with Great West Life the North American Baptist Conference will contribute an additional \$300.00. The Church is also required by law to pay its share of the Canada Pension Plan and Employment Insurance. These payments are remitted to the proper authorities when deductions are made.

Group Insurance

Group Life, Health, Dental and Long Term Disability are to be provided for the pastor through the Manitoba Baptist Association Group Benefit Plan. Further details and application forms are available through the Benefits Coordinator – Al Donald at 204-261-9601 or email: hial@hial.com. The cost for the basic benefit package will be invoiced to the Church on an actual cost basis. Because of tax implications, should the pastor need to collect Long Term Disability, it is to his/her advantage to pay for this portion of the premium with after tax dollars. Optional life insurance coverage chosen is to be paid by the pastor.

Sick Leave

As a guideline, allow for 1½ days paid sick leave per month to a total of 18 days per year.

To provide for their pastor in the event of an extended period of illness, a church is encouraged to adopt a sick leave policy and subsequently file a Supplemental Unemployment Benefit (SUB) Plan with the Department of Human Resources and Skills Development Canada (HRSDC). Please go to <http://www.hrddrhc.gc.ca> for more information. The Plan enables the church, in conjunction with Unemployment Insurance, to provide 95% of a pastor's salary until such time as Long Term Disability benefits take effect.

The Program Guide to Supplemental Unemployment Benefits (SUB) Program is found at: http://www1.servicecanada.gc.ca/en/cs/sub/0200/0200_010.shtml

Statutory Holidays & Days Off

Allowance for rest and time to take care of personal affairs is particularly important if pastors are to maintain long-term effectiveness and insight. Thus, churches should encourage pastors to take two days off per week, with allowances for statutory holidays.

Each province has employment legislation requiring that all employees be granted time off or be paid time and one-half for specified "general holidays". These usually include at least eight of the following days: New Years Day, Family Day, Good Friday, Victoria Day, Canada Day, Labour Day, Thanksgiving Day, Remembrance Day, Christmas Day, Boxing Day and any other day designated by the employer.

Many of these days are special days in the church calendar and the pastor is required to perform services on those days. Therefore each church should grant their pastor(s) other time off to compensate for these days.

Vacation

The Church is encouraged to provide vacation each year based on a pastor's cumulative years of service as a Pastor and/or other ministry experience. The following guide for vacation is recommended: 1-5 years: 3 weeks; 6-15 years: 4 weeks; 16+ years: 5 weeks.

Vacation should be pro-rated for the first year. Outstanding vacation pay is due upon termination.

Sabbatical Leave

At the Annual General Meeting in 1997 MBA delegates passed a resolution encouraging all member churches to provide their pastor with a paid sabbatical leave after a specific number of years of service. The terms of such leave should be negotiated between the pastor and the local church. (For more information see the MBA Beliefs & Practices Manual at <http://www.npreion.org/resources/mba-resources>)

Ministry Expenses:

Certain expenses are incurred in effectively conducting the ministry of the church. The pastor should not pay these costs, nor are these costs viewed as part of the compensation package *per se*.

Communication Assistance

- a) An office telephone shall be provided. If the office is in the home, then a telephone may be provided without income tax implications.
- b) Consideration should be given to provide the Pastor with a computer & internet/e-mail access.

Hospitality Reimbursement

Many Churches are recognizing the increased cost to a pastor for entertaining guests of the Church, (e.g. in home or restaurants) and we suggest the Church attempt to offset these costs for the pastor. This cannot be paid as an allowance and must be reimbursed on the basis of actual expense.

Professional Development – Continuing Education

Setting aside a period of time annually for the pastor's continuing education benefits both the pastor and the Church.

- Consider allocating up to ten days annually.
- The Church should encourage its pastor to take at least one such study leave in any two-year period.
- Time set aside for study may be cumulative, to 20 days in two years.
- The Church should make available, annually, at least \$500 for continuing education and book allowance, cumulative up to at least \$1,000 in two years. Another option would be to allocate 2% of salary for this purpose. Books and periodicals that are purchased for the pastor's library are a taxable benefit to the pastor. If, however, they are bought for the church (even though the pastor uses them) there is no taxable benefit to the pastor. Since used books (2 or 3 years old) have only nominal value, it may be possible to give books to the pastor upon his leaving the church without incurring a taxable benefit.
- Consideration should be given for the pastor and spouse to attend the annual Banff Pastor's Conference or other conference of choice.

Denominational Responsibilities

The Church should reimburse the costs associated with the pastor and spouse attending and representing the Church at Association and Triennial Conferences. This includes registration, travel, lodging and meals.

Transportation costs

Canada Revenue Agency in 2009 allowed the church as an employer to reimburse the pastor for car expenses up to \$0.52 for the first 5,000 km per year and \$0.46 after that. See: <http://www.cra-arc.gc.ca/tx/bsnss/tpcs/pyrll/bnfts/tmbll/lwnc/rts-eng.html>. A church may pay travel costs at any rate it wishes, but payments at or below the above rates should not trigger any taxable benefit to the pastor, because they would be considered a reimbursement of the expenses incurred in operating a vehicle in the service of the church. The amount agreed upon by the church and the pastor should reflect the true cost of operating the vehicle, including insurance, depreciation, interest costs, fuel, etc.

The pastor must maintain a detailed log of kilometers traveled.

Insurance

It is recommended that a pastor check with their insurance agent to ensure their personal library of books and computer equipment are adequately covered, whether it be situated in their residence or on the church property. Standard clauses in most insurance policies do not adequately cover the value of these items.