



Evangelical Missionary
Church of Canada

PASTORAL COMPENSATION
& EMPLOYMENT GUIDELINES

2023

EVANGELICAL MISSIONARY CHURCH OF CANADA
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1. WELCOME

The following guide has been prepared to help churches and pastors navigate matters of employment and compensation. It is reviewed and updated annually.

2. EMPLOYMENT PRINCIPLES

EMCC recognizes that local church effectiveness is impacted by the quality of its pastors/staff – both in the development of their character and competencies. Pastoral effectiveness is impacted through care, training and support. To this end, it is important to create and maintain an environment of general employment practices that are fair, consistent, developmental and effective in order to ensure the ability of a church to call and retain the best qualified pastoral staff available and fulfill its mission as a church.

The following are principles endorsed and recommended by EMCC to our churches. They are the guiding principles to help pastors/staff (employees) to feel valued, respected and compensated so that they can do their best work. They are meant as a general guide to church governing boards in their employment practices.

- 2.1. The local church will be a fair employer.
- 2.2. The local church will provide a safe and healthy work environment.
- 2.3. Pastors and staff will be treated with dignity and respect.
- 2.4. Pastor and staff input into decisions which impacts them should be sought, welcomed and considered within the overall needs of the church.
- 2.5. Qualified pastors and staff with diverse gifts, talents, experience, training and backgrounds are a critical resource essential to the mission of the church. Further, denominational and congregational fit and theological alignment are to be taken into consideration when hiring a pastor. All credential holders are to be vetted by the EMCC prior to hiring. The vetting and credentialing process runs through the church's assigned EMCC Regional Minister.
- 2.6. The pastoral search and selection process is to be guided by the EMCC through the Regional Minister and hiring practices should be on the basis of merit, equality and accessibility within both the requirements and religious exemptions as outlined in applicable labour and human rights legislation. Such processes should be objective, impartial, unbiased and transparent aimed at balancing organizational and individual interests.
- 2.7. The local church will ensure appropriate compensation and employment practices and policies to call, hire, retain and terminate pastors and staff.

- 2.8. Appropriate employment documentation is a best practice to ensure a timely and accurate record of an employee's employment history. Such documentation should include but not be limited to: fully executed employment contracts outlining all terms and conditions of employment, written discipline and commendations and police checks, and annual reviews.
- 2.9. Annual reviews of pastors and staff are important to recognize performance and/or to identify areas where improvements are required and to maintain accountability. EMCC requires credential holders to annually report to EMCC and requests that the local church board aid in this process both by conducting an annual pastor/staff member review and seeing that credential holders complete their EMCC annual report.
- 2.10. Training and support are critical in leadership development and building of skills and competencies. Churches should do what they can to invest in the development of their pastors and staff.
- 2.11. Conduct within and outside of the church will emulate the teachings of Jesus in all of our interactions. EMCC credentials are tied to the EMCC Credential Holders Covenant (formerly known as the Ministers Covenant) that speaks to matters of conduct.

3. WHY COMPENSATION GUIDELINES

In order for EMCC churches to provide compensation that is comparable to other denominations, the salary formula and figures may be annually adjusted. The expectation is for EMCC churches to strive to meet these guidelines. We understand that there may be circumstances or time needed for some churches to meet these guidelines. In such cases, churches are asked to target their compensation goals within a two- or three-year period. As in all matters relating to compensation, employed pastors ought to be involved in discussion relating to the achievement of the compensation guidelines.

Here are three reasons why EMCC has guidelines for its churches:

- 3.1. Biblical principles for compensating pastors well with a deserving wage and paying them generously are reflected in these passages:
 - 1 Corinthians 9:14 – “In the same way, the Lord has commanded that those who preach the gospel (pastors) should receive their living from the gospel” (this is, from the place where they administer the gospel).
 - Timothy 5:17 – 18 – “The elders (pastors) who direct the affairs of the church well are worthy of double honour, especially those whose work is preaching and teaching. For Scripture says, ‘Do not muzzle an ox while it is treading out of the grain’ and ‘The worker deserves his wages.’”

3.2. Recruitment and Retention of Pastors and Ministers

Credentialed pastors have more ministry and vocational options today than ever before. These options, at times, are found within EMCC in terms of varying roles and responsibilities offered by churches, and therefore movement of pastors from church to church is normal. When options arise based on varying compensation packages from church to church, retention and/or recruitment of pastors becomes a problem. Further, we also know there may be movement of pastors from denomination to denomination. In order for EMCC to be competitive, it is essential for us to have compensation guidelines and to adhere to them. The EMCC also provides support, tools and coaching through the pastoral search process (contact your assigned Regional Minister).

3.3. Good Communication

The confidence and predictability that comes from compensation guidelines eliminates the discomfort for both employer and employee around talking about a compensation package including salary.

The guidelines are just that. They are guidelines, targets and not requirements. Furthermore, it is expected that due to economic realities in the life of any given church, at times, the guidelines may be difficult to achieve. Each church and employee will need to make decisions based on both church and individual realities.

Questions to consider:

For the church: “What compensation package will be offered to a employee?” and “If the church is unable to achieve the compensation guidelines, then is it viable to offer employment as a bi-vocational or part-time position?”

For the employee: “What kind of compensation do I need?” and “If the compensation package does not meet my needs and expectations, then, am I prepared to serve as part-time or bi-vocational pastor?”

4. SALARY FORMULA

EMCC uses four major categories to assist churches in calculating wages for pastoral staff:

4.1. Base Salary

The base salary for EMCC pastors is the starting point for calculating all pastoral salaries. The base salary is reviewed and adjusted on an annual basis by the EMCC and the local church.

The EMCC is responsible for providing:

4.1.1. Denominational comparisons and information gathered from the Canadian Council of Christian Charities regarding pastoral salaries.

4.1.2. The national cost of living average based on the Canadian Consumer Price Index.

<https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1810000413>

The local churches are responsible for providing:

4.1.3. The cost of housing adjustment is calculated on the fair rental value of a home in the community suited to the needs of the employed pastor.

4.1.4. Should you wish to find specific housing market information for your community, you can obtain this from a local realtor in your community or region. You may also choose to visit the Canada Mortgage and Housing Corporation (CMHC).

Base Salary 2023

Base Salary – provided by EMCC	\$38,540*
Local Cost of Housing – provided by local church	+ xx,xxx
Total Base Salary	\$xx,xxx

*This represents a 2.5% cost of living increase from 2022. While this amount is below current rate of inflation numbers, it reflects a 24-month CPI average, taking into consideration the high and lows of this index over a period of time.

4.2. Responsibility Allowance

The responsibility allowance compensates pastors for their varying levels of responsibility, including: supervision of paid staff, oversight of volunteer leaders, management of the ministry and business affairs of the church, size of the congregation and the size of the church budget. Please use the following table in your calculations:

Average Church Attendance	Up to 100	101 – 150	151 – 200	201 – 300	301 – 400	401 – 500	501+
Solo Pastor	\$1,000	\$1,500	\$2,000	\$3,000			
Lead Pastor with Staff	\$2,000	\$3,000	\$4,000	\$5,000	\$6,000	\$7,000	\$8,000
Pastoral Staff	\$ 500	\$ 750	\$1,000	\$2,000	\$3,000	\$4,000	\$5,000

NOTE: Solo Pastor refers to only one person on the pastoral staff.

Lead Pastor refers to a pastor who is supervising at least one other pastoral staff member.

Pastoral staff refers to pastors who report to a supervisor and who are responsible for a specialized ministry such as children, young adult, music, and others in accordance with the average ministry attendance as above. If the average church attendance is 300 but the ministry attendance is 100, the pastoral staff will receive \$500 as the responsibility allowance.

** These rates remain unchanged for 2023, acknowledging current congregational unknowns and challenging economic realities coming out of the pandemic. Church boards are free to make adjustments for their individual context.

*** Attendance numbers have become harder to determine in light of virtual ministry realities and attendance frequency realities. We encourage church boards to consider

the influence, reach and responsibilities that the pastor/employee actually oversees or is responsible for. This will vary case by case.

4.3. Education Allowance

The education allowance endeavors to elevate the importance of education, to honour the person earning a degree and to recognize the increase in effectiveness that results from further education. Please use the following education allowance figures in your calculations:

- Bachelor of Theology or equivalent \$ 4,000
- Master of Arts or equivalent \$ 6,000
- Master of Divinity \$ 8,000
- Doctor of Ministry, PhD or ThD \$10,000

*These numbers remain unchanged for 2023.

4.4. Experience Allowance

The experience allowance recognizes pastoral vocational ministry and life experience.

- \$1,000 increment given each year of service to a maximum of ten (10) years.
- Any further experience allowances are determined on a case-by-case basis.

4.5. Discretionary Allowance

The church board may extend additional salary and/or bonuses to pastoral staff, with the understanding that:

- 4.5.1. These would be considered taxable; and
- 4.5.2. These may be extended as a one-time allowance.

5. SALARY TABLE

The following table proves a way of determining pastoral compensation:

Base Salary	\$
Plus Responsibility Allowance	\$
Plus Education Allowance	\$
Plus Experience Allowance	\$
Plus Discretionary Allowance	\$
Total Salary	\$

NOTE: Part-time Salary Calculations

These guidelines may be used for part-time pastoral positions by calculating the percentage of time against salary allowances above. For example, if the pastor is half-time, apply 50% of the appropriate figures to determine the recommended salary.

6. CLERGY RESIDENCE DEDUCTION

The clergy residence deduction is a benefit the Government of Canada extends to clergy through CRA as a personal benefit. It is the employee's responsibility to initiate and submit application for this deduction, in addition to the T4 Statement of Remuneration Paid form.

Upon request of the pastor(s), the employer is required to:

- 6.1. Provide a letter verifying the pastor is employed by the church and is receiving a specified annual salary.
- 6.2. Complete and sign Part B of the Clergy Residence Deduction form. This form is required in order for the eligible pastor to claim clergy residence deduction.

7. CLERGY RESIDENCE DEDUCTION AT SOURCE (MONTHLY)

The "at source" deduction, from each pay cheque, means the employer has legal authorization from CRA to deduct a specified amount from the pastor's pay cheque as non-taxable income. The pastor(s) must annually provide the employer with an authorization letter from CRA before deduction at source can be implemented. This letter will state the amount the employer is allowed to deduct as non-taxable income on the pastor's monthly compensation calculations.

NOTE:

- 7.1. CRA requires pastoral staff who own or rent their residences and wish to have their income tax deductions reduced at source in connection with the Clergy Residence Deduction, to annually file a form T1213 – Request to Reduce Tax Deductions at Source <https://www.canada.ca/content/dam/cra-arc/formspubs/pbg/t1213/t1213-22e.pdf>
- 7.2. The pastor should file the T1213 form no later than November 1 as it takes CRA up to 8 weeks to provide an authorization letter by January 1 of the following year.
- 7.3. The pastor must provide a copy of the CRA Clergy Residence Deduction at Source authorization letter to the church. This is the pastor's responsibility to submit the form to CRA and provide the subsequent letter to the employer.

Should you require more detailed information about the Clergy Residence Deduction, visit:

- Canada Revenue Agency (CAR) at www.cra-arc.gc.ca
- The Canadian Council of Christian Charities at www.cccc.org
- Provincial Tax Rates at <https://www.canada.ca/en/revenue-agency/services/tax/individuals/frequently-asked-questions-individuals/canadian-income-tax-rates-individuals-current-previous-years.html>

8. BENEFITS

EMCC provides a strongly competitive Group Benefits Plan which is reviewed annually by experts in the field. If your church is not a part of this Plan for your qualifying employees, please take the necessary steps toward enrolment in the Plan. Most EMCC churches have joined and the more that participate, the greater value we are able to offer to our qualifying pastors, and at a lower cost per member.

Employee Benefits

To be eligible for the EMCC Group Benefits Plan, the employee must:

- Be employed by an EMCC full-member church on a permanent basis.
- Be working the required minimum 30 hours per week on a regular basis.
- Have completed the required waiting period. In extenuating circumstance, and with approval of the Insurance Carrier, the waiting period may be waived.
- Be insured under a provincial government health plan.
- Be domiciled (a permanent resident) in Canada.

Contract employees are considered self-employed and are therefore not eligible for cover in the Group Benefit Plan. A replacement employee for a maternity leave, for example, is regarded as a “contract temporary” employee. Otherwise, contract employees are those considered by CRA to have other clients. These working relationships are governed by retainers and again not eligible for the Group Benefit Plan.

Eligible employees working 30 hours or more per week enrol in full benefits of Life and Long-Term Disability Insurance (LTD), Extended Health Care and Dental Care. To keep the benefit experience costs low, church boards are encouraged to require eligible employees to enrol in the EMCC benefit plan. Extended Health and Dental Benefits may be waived by the employee provided he or she has comparable coverage through his or her spouse. Otherwise, the employee is expected to be enrolled.

Extended Health Care and Dental Benefits are available to permanent, part-time employees working at least 24 hours and fewer than 30 hours per week.

Employer-paid premiums for Group Life, Dependent Life and Accident insurance are taxable benefits and the amounts paid on the employee’s behalf will be added to their taxable income.

Employer-paid premiums for LTD is not a taxable benefit. However, when the employer pays any amount towards the LTD premium, any benefit the employee receives will be taxable. Note that the EMCC LTD benefit is non-taxable; therefore, the LTD premium must be paid by the employee.

Given the tax implications on employee benefits, EMCC recommends that the employer pay the premium for the non-taxable benefits of Extended Health, Out-of-Country and

Dental Care. The premiums for Life, Dependent Life and Accidental Death & Dismemberment insurance are taxable if paid by the employer.

Short Term Disability benefits are not included in the EMCC Group Benefits Plan. This benefit is available through EI Sickness Benefits. For more information, visit:

<https://www.canada.ca/en/services/benefits/ei/ei-sickness.html>

For churches interested in providing supplemental payment to the Employment Insurance (EI) benefit, a written policy must be established and submitted along with the Supplemental Unemployment Benefit (SUB) registration form to Service Canada for approval. Further information is available at:

<https://www.canada.ca/en/employment-social-development/programs/ei/ei-list/ei-employers-supplemental-unemployment-benefit.html>

Proposals for sabbaticals must be reviewed by the EMCC Pension & Benefits Administrator to determine eligibility for continued benefits and insurance coverage. The insurer will assess life and disability benefits during a sabbatical period on an individual basis.

Questions related to the provision or claiming of employee benefits may be directed to the EMCC Pension & Benefits Administrator.

9. DEFINED CONTRIBUTION PENSION PLAN AND RRSP

The EMCC Defined Contribution Pension Plan (DCPP) is reserved for EMCC credential holders. The employer contributes an amount equivalent to 6% of the pastor's salary, including housing allowance, if applicable. Through payroll deduction, the pastor contributes a minimum of 3% of gross salary to the EMCC Group RRSP. Both DCPP and RRSP are money purchase plans, the funds of which are administered by the employee through a third-party financial institution contracted by EMCC. Contributions must be remitted to the EMCC Calgary office on a monthly basis. The EMCC Pension Plan is registered with the Government of Canada and requires each employer to comply with the above contribution rates. This is a contractual obligation that needs to be observed.

10. REGISTERED RETIREMENT SAVINGS PLAN (RRSP)

The RRSP plan is available to pastors:

- Who are employed by an EMCC church.
- Who are employed at a level of at least $\frac{3}{4}$ full-time permanent (30 hours).
- With a minimum employee contribution of 3%.

11. GOVERNMENT PENSION (CPP/QPP) & EI

The employer is required to pay its share of the Canada Pension Plan (CPP) and Employment Insurance (EI) premiums. These payments, together with the source deductions from payroll, are required to be remitted to CRA in accordance with the employer's remittance schedule. For further information, please visit:

<https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/t4001.html>

12. SICK LEAVE

EMCC expects employers to have a sick leave policy in place for their staff. Employees may accrue sick leave at the rate of one (1) day per month, up to 15 working days annually, with no carry forward to a subsequent year. Benefits are provided by and in accordance with the EMCC Group Benefits Plan.

13. MATERNITY AND PARENTAL LEAVE

Maternity and parental leave information is available at:

<https://www.canada.ca/en/services/benefits/ei/ei-maternity-parental.html>

14. COMPASSIONATE CARE LEAVE

Compassionate care benefits are EI benefits paid to people who need to be away from work temporarily to provide care or support to a family member who is gravely ill and has a significant risk of death. A maximum of 26 weeks of compassionate care benefits may be paid to eligible people. Further information can be found at:

<https://www.canada.ca/en/services/benefits/ei/caregiving.html>

15. CAREGIVING LEAVE

Caregiving benefits are EI benefits paid while the employee is away from work to care for or support a critically ill or injured person or someone needing end-of-life care. As a caregiver, you do not need to be related to or live with the person you care for or support, but they must consider you to be like a family member. A maximum of 35 weeks of caregiver benefits may be paid to care for child, and a maximum of 15 weeks to care for an adult. Further information may be found at:

<https://www.canada.ca/en/services/benefits/ei/caregiving.html>

16. SABBATICAL LEAVE

EMCC encourages each church to put in place a policy for study and/or sabbatical leave for pastors. Your assigned Regional Minister may be consulted in matters related to sabbatical planning.

Note: There may be other types of leave under your provincial employment standards act in addition to the ones listed here. All leaves of absence will be in accordance with applicable provincial legislation.

17. VACATION

All full-time employees are expected to take vacation. Subject to each province's labour standards, EMCC has the following vacation schedule:

<u>Number of Years in Ministry</u>	<u>Vacation Weeks</u>
0 to 5 years	3 weeks
6 to 10 years	4 weeks
11 to 20 years	5 weeks
20+ years	6 weeks

In calculating the number of years of service, full-time pastoral experience in any EMCC church should be included, as well as full-time pastoral experience in another denomination. Part-time pastoral experience may be prorated, and other experience may be considered at the discretion of the church as part of the offer of employment at the point of hire. In calculating vacation time earned, the church will calculate the vacation time owing from the most recent anniversary date.

NOTE: EMCC expects all credentialed pastors to participate in General Assembly, Regional Gathering and Pastor Retreats. A week of Family Camp at one of the EMCC partner camps is not to be considered vacation, but a week of EMCC service.

18. STATUTORY HOLIDAYS & DAYS OFF

Churches should encourage pastors to take two (2) days off per week for rest and personal affairs, with allowances for statutory holidays. Each province has employment legislation requiring that all employees be granted time off or be paid time-and-a-half for specified "general holidays". These usually include New Year's Day, Good Friday, Canada Day, Labour Day, Thanksgiving, Christmas plus any provincial stat holidays such as Family Day, Victoria Day, Remembrance Day and any other days designated by the employer. Some of these days are special days in the church requiring pastors to work. Churches should grant pastor(s) other time off to compensate for these days.

19. HONORARIA, GIFTS OR BONUSES

Honoraria are gifts of appreciation given to pastors and should be viewed as love gifts to the pastor. All portions of honoraria above and beyond incurred expenses are viewed by CRA as taxable income, and are the responsibility of the pastor to declare when filing annual income tax. Regarding gifts and bonuses, visit:

<https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/t4130.html>

20. MINISTRY-RELATED EXPENSES

The following expenses are expected to be covered by the church. They are included because of their importance as part of the employer/employee relationship.

- 20.1. Denominational Networking
EMCC expects churches to make financial provision for their pastors to attend EMCC's Pastor Retreats, Regional Gatherings and General Assemblies. Costs should be included in the church's annual budget, and these are non-vacation times away from ministry related duties. Please understand this expectation is designed to build into the life and health of your pastor(s) and to build strength into the life of our denomination.
- 20.2. Professional Development
Churches should set aside funds for the professional development of their pastors. This annual amount should include expenses related to books, study materials, coaching and participation in conferences or seminars, including travel. These would be provided on an actual reimbursement basis. This is a negotiable matter between the pastor and church board.
- 20.3. Automobile Allowance
CRA allows employers to reimburse employees an automobile allowance. This allowance relates only to travel done carrying out church duties, and does not include travel between the pastor's home and the office. Automobile allowance is designed to assist the total costs incurred for using a personal vehicle in carrying out the pastoral duties. For further information, visit:
<https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll/benefits-allowances/automobile/automobile-motor-vehicle-allowances.html>
- 20.4. Hospitality Expenses
Hospitality expenses are necessary for the ongoing personal ministry of your pastor(s) to the people of your church and community, and therefore should be included in the annual budget. The budget will vary from church to church and pastor to pastor. A good starting point is \$50 – 100 per month for coffee-type appointments. The budget needs to be higher if eating meals is anticipated.
- 20.5. Other Costs
EMCC expects churches will provide pastors with the necessary tools required to do the work of pastoring, including but not limited to: administrative support, a cell phone with adequate data plan, a laptop computer, internet access for work and home, and technology support as needed.

21. CONTACTS

In order to continue improving the compensation to our pastoral leaders and staff, EMCC invites churches to make inquiries and to offer feedback. Please contact the following with any questions/comments:

Pauline Zondervan – Pension & Benefits Administrator – pzondervan@emcc.ca

Gail Thiessen – Finance Manager – gthiessen@emcc.ca

Your Regional Minister - <https://www.emcc.ca/can-we-help/leaders/alongside-support/>

For questions regarding the Group Benefits Plan contact:

RWAM Insurance Administrators

www.rwam.com

1-877-888-7926

For general questions regarding the Group Retirement Plan contact:

Sun Life Financial

www.sunlife.ca/member

1-866-733-8613