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# connex

IMPORTANT UPDATES FROM PC-MEPS

SPECIAL ISSUE | SEPTEMBER 2014

## Compensation Changes: Follow-up to Letter, Request for Action

**Implementing the New Compensation Model** *This special issue of Connex is a follow-up to the letter from Ministry and Employment sent in July to pastoral charges and presbyteries.*

In August 2006 the General Council authorized the establishment of a new minimum salary model that would incorporate regional costs of living. Much groundwork was needed before this new model could be built, and this work is nearly done. The planned implementation date is July 1, 2015.

Once finalized, compensation for ministry personnel accepting new calls or appointments will be based on the new model. Compensation for existing calls and appointment renewals must move to the new model no later than July 1, 2018. When there is a new call or appointment to a church where there is an ongoing call or appointment, all ministry positions must move to the new model.

### Ministry Personnel living in a manse are not affected by the new model.

Restrictions in the Model Trust Deed and Canada Revenue Agency regulations led to the conclusion that when “free housing” (as in a manse) is provided, the current model of a base salary will continue. This exception will be reviewed as we approach the end of the three-year phase-in period in 2018.

### This does not affect eligibility for claiming the clergy residence deduction on individual tax returns.

The clergy residence deduction will continue to operate as per Canada Revenue Agency guidelines; this is a federal tax credit and is not administered by The United Church of Canada.

### Basis for the Methodology

The new compensation model—where a manse is not provided—is based on the following data:

- Most ministers drive to work, and a drive time of up to 30 minutes is common.
- Most ministers own a home, rather than rent.
- In most areas, the only significant difference in the local cost of living is the cost of housing.
- Most ministers do not live in the immediate vicinity of the pastoral charge, so the cost of living is associated with the city, town, or rural community in which the pastoral charge is located.
- For those living in high-cost, remote areas, other costs that affect the cost of living are taken into account.

- The existing base salaries are fair, just, and equitable before taking the local cost of living into account.

### Building the Framework

- After extensive consultation over the last 18 months, it was determined that six cost of living (COL) groups would fairly group the cost of housing from the lowest to the highest cost areas.
- All pastoral charges have been assigned to COL groups based on the median cost of housing in the city, town, or rural community in which the pastoral charge is located.
- For each COL group, the median housing allowance being paid in March 2014 was determined. This guided the creation of the regional cost of living component in the minimum salaries.

## Quick Facts

**What is it?** The integrated salary combines the housing allowance with salary for ministry personnel not living in a manse.

**When will it come into effect?** The present plan is for it to take effect July 1, 2015, for ministers accepting a new call or appointment and gradually (over three years) for ministry in existing relationships. Final confirmation of timing will be announced in *Connex* in October.

### Where can I find out more?

Visit the United Church website, [www.united-church.ca/minstaff/compensation/model](http://www.united-church.ca/minstaff/compensation/model).

## How It Works

The following table illustrates how the minimum salary for order of ministry in Category A (1–2 years) would be determined for each cost of living (COL) group.

COL Group	Cost of Housing Range	2015 Minimum Salary	Add: Regional Cost of Living Component	New Minimum Salary Including Regional Cost of Living Component
1	Up to \$150,000	\$34,609	\$ 9,600	\$44,209
2	\$150,001 to \$250,000	\$34,609	\$12,000	\$46,609
3	\$250,001 to \$375,000	\$34,609	\$15,100	\$49,709
4	\$375,001 to \$525,000	\$34,609	\$18,800	\$53,409
5	\$525,001 to \$700,000	\$34,609	\$23,000	\$57,609
6	Over \$700,000	\$34,609	\$28,000	\$62,609

### Housing Component: The Cost of Living Groups

Understanding the importance of obtaining an accurate median cost of housing, it was decided that the most accurate, current, and abundant source could be obtained through Realtor.ca (formerly MLS.ca). Listings in every city, town, or rural community in which a pastoral charge is located were researched during March and April 2014.

To ensure consistency and fairness, the following guidelines were followed:

- The search was town proper (outskirts/rural homes were not included).
- If the median property was not suitable (e.g., “needs TLC,” less than 3 bedrooms), the cost of the next suitable home listed was used.
- Generally, in locations where there were fewer than 15 properties listed, the median cost of housing at the closest city, town, or rural community within a 30-minute drive was used.
- In locations where there were too few or no homes listed, pastoral charges were assigned to COL group 1.

- If a pastoral charge was a considerable distance from a population centre (i.e., high cost, remote) and housing costs for the location were in the top 25 percent of the range, the COL group was adjusted up.
- When a town had a significantly different cost than other towns close by (i.e., much higher or lower), it was blended with the nearby towns.

These COL groups are being reviewed by presbyteries and pastoral charges. The final pastoral charge assignment to each group is scheduled to be posted on the United Church website by November 2014, at [www.united-church.ca/minstaff/compensation/model](http://www.united-church.ca/minstaff/compensation/model).

The minimum salary associated with each COL group is provided at [www.united-church.ca/minstaff/compensation/model](http://www.united-church.ca/minstaff/compensation/model). In all instances, especially where the cost of housing is toward the top of the COL group range, consideration of paying salary levels above the required minimum is encouraged.

## What's Next?

If you want to comment on or recommend a change to the COL group assignment:

- Pastoral charges should follow the steps in the WE NEED YOU TO... section of the letter that was sent in the last week of July to pastoral charges and presbyteries and can be found at [www.united-church.ca/minstaff/compensation/model](http://www.united-church.ca/minstaff/compensation/model).
- Ministry personnel should provide their comments to their board or presbytery.

Regular updates will be provided in *Connex* at [www.united-church.ca/communications/newsletters/connex](http://www.united-church.ca/communications/newsletters/connex).



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*Connex* is the newsletter of the General Council Permanent Committee on Ministry and Employment Policies and Services (PC-MEPS) and of the Ministry and Employment unit.

For additional copies to circulate to your M&P committee, church board, congregation members, or presbytery representatives, or to comment on *Connex* or suggest topics for future issues, please contact the editor:

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