



November 23, 2018

To: Clergy of the Diocese of Ontario, Churchwardens and Treasurers
From: Alex Pierson (Diocesan Executive Officer & Chief Financial Officer)

Subject: 2019 Financial Planning Information & Update

As we reach the end of the year, most of you are also making plans and budgeting for the next year. As always at this time of year, we provide Financial Planning Information to assist in this work. This year, we will also begin to provide some additional information and guidance. Some of this work is a continuance of our Finance Transformation work, which was also discussed at Synod 2018.

Based on decisions made by Synod Council and work by your diocesan Financial Team, I am providing you **with *Financial Planning Information for 2019.***

1. **Stipend Grids**

Attached is the approved Stipend Grid for 2019. Each year the grid is amended based on figures obtained from Statistics Canada relating to the overall cost of living index. For 2019, the figures have been increased by 2% over those applicable in 2018. This reflects the year over year increase in the Consumer Price Index, as published by Statistics Canada.

In accordance with the diocesan policy, all clergy should receive a stipend for 2019 which is not less than 2% over the stipend paid in 2018. Some clergy will, in fact, receive an increase in stipend of more than 2% by moving one year on the horizontal component of the grid and depending where they sit on the vertical component. In other cases, the Wardens and Clergy may decide to move up the vertical axis as well (eg High to Top)

Wardens are reminded that the policy is clear that no clergy should fall below the minimum figure established for the appropriate number of years since ordination.

HOW TO PLACE CLERGY ON THE STIPEND GRID

Placement on the grid is based on the number of years since ordination, with year one being the year in which the clergy person was ordained a deacon. The calculation is based on the calendar year regardless of what month the individual was ordained. Once placed, the cleric should continue to progress one year at a time.

For those ordained later in life, please note that the Diocesan Synod of 1984 passed the following motion:

“For every two years of experience outside full stipendiary ministry in the Church, after the age of thirty, one year’s credit will be given to a maximum of ten years credit on the horizontal scale of the stipend grid.

For every year of experience in full time stipendiary lay ministry in the Church, one year’s credit will be given.

This formula is to be applied to all who are ordained after the age of thirty and to all others who, after ordination, withdraw for a period of time from full time stipendiary ministry in the Church.

It is understood that nothing in this motion will in any way prejudice clergy now employed in full time stipendiary ministry in the diocese”.

Please note that this resolution relates ***only*** to stipendiary calculations and equivalent years since ordination should ***not*** be used in calculating vacation entitlement.

There are often questions asked as to where a person should be placed on the vertical component of the grid. This is a matter of discussion between the Incumbent and the Wardens. In these discussions it is suggested that the following areas be considered: these are offered as guidelines only.

Education and Training

- University degree
- Post graduate theology degree
- Equivalentents

Continuing Professional Development

- Participation in recognized educational programs to enhance skills in pastoral training, preaching, counselling, conflict resolution, group dynamics, stewardship, etc.

Participation in Diocesan Programs and Community Activity

- Synod Council, Archdeacon or Regional Dean roles, task forces, committees, service clubs, local charities, etc.

Level of Experience and Responsibility

- related to size and complexity of the parish and ministry
- Demonstrated use of experience in ministry within the local context

If there is any confusion as to where a person should be placed on the grid, either horizontally or vertically, please do not hesitate to call me.

2. **Centralized Payroll System**

All Clergy are paid via the centralized payroll system as a service to parishes, clergy and staff. There are no service charges applied for the use of the centralized system.

In January 2019, we will be changing our Payroll System. There will be a number of benefits from this change including simplification of our accounting system, reduced cost and greater flexibility. One important change is that we will be changing to a twice a month pay cycle for all those on stipend or salaried. Further information will be coming in December with details on the changes.

To ensure updates are made in a correct and timely manner, we ask that you assist us as we approach the New Year. In a separate mailing, Joyce Williams, who manages the payroll system is sending out various forms to Parish Treasurers for completion. **These forms need to be returned to Joyce by January 7, 2019 or the Salary changes will not be included in the January 15th Scheduled Pay.** We realize that to provide stipend/salary information for 2019 by the requested date, you need to do so before you will have held your annual vestry meetings and formally approved your budgets for 2019. Normal practice in most parishes is that your Parish Councils will have approved 2019 Budgets some time in December, having determined 2019 stipend/salary levels by that time. It would be very helpful for us to process the January 2019 payroll entries with the up-to-date information rather than using the 2018 rates and then having to adjust them all retroactively in February or March. I ask that you do your best to meet the requested date and thank you in advance for your assistance with this matter.

It should also be noted that the diocese does not have sufficient levels of cash reserves on hand to finance the payroll costs of parishes. Per Policy, parishes are obligated to provide equal payments of **1/12 (one twelfth) of their annual payroll costs by the 20th of each month** in order that parish payrolls can be paid successfully through the diocesan bank account. Any differences from the 1/12 estimate (e.g. Sunday Supply) can be handled at the end of the month. Please contact Joyce for advice if you have any questions on how to determine the appropriate advance required.

3. **Sunday Supply**

The following levels of remuneration for Sunday supply stipends are applicable for 2019:

First service without sermon	\$ 78.00
First service with a sermon	\$ 155.00

Each additional service, on the same day \$ 40.00

Reimbursement for travel costs relating to Sunday supply should be at the rate of 41¢ per kilometre (unchanged from 2018)

We are frequently asked regarding the applicability of these rates to Lay Readers as well as Clergy. Generally, across the Diocese no remuneration has been provided to a Lay Reader taking services within the parish where the Lay Reader is appointed. On occasion, however, a Lay Reader may be asked to assist in another parish and in such cases that parish may remunerate the Lay Reader using the Sunday supply rates as a guideline.

Please note that these rates apply to Sunday Supply and Short-Term Interim Ministry. Longer term or more intentional interim ministry is addressed on a case by case basis as appointment are made, using from the current Stipend Grid as a base.

4. **Housing Allowance**

In accordance with normal practice, housing allowances for 2019 have been established using the year-over-year change in the Housing Cost Index provided by Statistics Canada as a guideline. For your guidance, the relevant change to be applied to the 2018 figure is 2.0%. The housing allowance is generally determined as the average rental cost of a three/four-bedroom house with garage, in the area, plus utilities. The benchmark rate for clergy and diocesan personnel, with some historical exceptions in specific rural circumstances will be \$25,790.

5. **Travel Reimbursement**

The current policy is to adopt a reimbursement method based on a per kilometre rate. For 2019 the reimbursement rates remain unchanged from 2018:

For the first 18,000 kms of travel	61¢ per km.
For travel in excess of the 18,000 kms.	41¢ per km

These rates are established using guidelines provided by the Canadian Automobile Association and reflect the capital costs incurred in owning a vehicle as well as the operating costs. They also reflect CRA guidelines.

Reimbursement of mileage is handled locally in each parish or church. For those parishes which continue to provide an annual allowance, it is recommended that consideration be given to moving to the reimbursement method. If you have any questions on reimbursement compared to allowances and the tax implications of each, please contact the office.

6. **Continuing Education**

As you are aware, our Clergy participate in the Continuing Education Plan administered by the General Synod Pension Office with a contribution by the parish. The financial

contribution and benefits for Continuing Education have not changed in a number of years. We have been advised that the contribution for this program will be increasing in each of the next three years.

The annual parish contribution level for 2019 (as advised by the National Pension Office), will be \$600.00 (up from the \$450 it has been for a number of years). This will continue to be charged to parishes each month as part of Payroll and the proceeds forwarded to the Pension Office.

This contribution will increase to \$750 in 2020 and its full targeted level of \$900 in 2021.

7. **Pre-Authorized Remittances (PAG)**

As you are aware, we have a process to enable any congregation to participate in the program co-ordinated at the Diocesan Centre.

In January of 2019 we plan to change the Service Provider that executes the transactions for the PAGs. There will be some changes in the timing of withdrawals and forwarding of funds. More information will be provided in December or early January.

If you are not currently taking advantage of this process and are interested in doing so, please contact Joyce Williams for further details.

8. **Common Ministry and Mission Share for 2019**

The rate for 2019 continues to be 20% of Assessable Income. Parishes that have provided their 2017 Financial Data have already or will shortly receive their "Green Sheet" back with their 2019 CMM assessment. This allows for the most accurate 2019 budget planning in parishes. If your parish has not yet provided 2017 Financial Data, you will be contacted shortly.

9. **Clergy Benefits**

For clarity and transparency, the 5% of Assessable Income allocation for Clergy Benefits used in previous years was replaced in 2016 by actual Clergy Benefits costs incurred being billed directly to parishes. 2018 was the final year of the three-year Transitional Adjustment program. No Transition Charges or Credits will be applied in 2019. Each church will bear the actual costs of the benefits for their Clergy.

Please contact Joyce Williams if you have any questions.

10. **Parish Arrears Resolution Policy**

The diocese has a Policy for Parish Arrears Resolution which was approved in 2017. The purpose of this policy is to provide a way of ensuring that all support the Common Mission and Ministry of the Diocese, while helping parishes and the Diocese meet constitutional, canonical and ministry commitments. At the same time, it provides a means so that we

may support each other under special circumstances. It is also intended to create discussion and action where the path forward is more difficult and requires change.

As part of the policy implementation, we have discussions with churches/parishes that have significant arrears. It is encouraging to see that several have already been addressed or resolved. These discussions will continue over the next few months as we work through the major arrears owing. Please review the Policy. If you have any questions or concerns, please contact me.

As a reminder, the monthly statement (now provided as a PDF file electronically rather than a paper statement) is a statement, not an invoice. As described earlier, Estimated Payroll is due on the 20th of each month. CMM (1/12 of the year total) is due on the last day of each month. The diocese provides 6 month interest free equal billing on Insurance. These amounts are also due the end of each month over the interest free period.

In most cases, a church/parish account Year End can be predicted based on the end of November statement plus the normal payroll and CMM. At year end 2018, parishes will again be provided with a 10-day grace period in January 2019 where payments can be made that will still be applied to the 2018 Financial Year. Payments received before the close of business on January 10th, 2019 will be applied to the parish account for year end 2018. If there are any questions about year end balance, please contact Joyce Williams.

We will again be expressing appreciation to churches/parishes that are current to their obligations or that are current in an Arrears Recovery Plan at year end 2018 in the March 2019 issue of the Dialogue.

11. **Canons & Constitution**

After a long process which covered almost four years, the recent Synod 2018 approved a new Constitution (the first) and a completely new set of Canons. There a number of changes that Wardens need to be aware of as the new year and Vestry Meetings approach. We will be holding an Information and Training Session in January to discuss.

12. **Insurance**

Two items on the subject of Insurance

- 1) Third Party Insurance – When Third Parties (ie Groups or events which are not part of your Parish’s program) wish to rent or use your facilities, there is a legal requirement for that group to provide a Certificate of Insurance. For clarity, the Diocesan Insurance Program (through our Broker, AON) does not cover liability for these groups or users. Given that many groups do not have insurance, we have worked with a Broker (PBL) to provide an event-based coverage program for Third Party Groups/Users to buy Insurance while using your Church’s facilities. We have just renewed the package with PBL for 2019. I attach the current information including forms. You can also find the information on the Diocesan Website.

We are in the process of creating a Policy on Use of Church Facilities at the Diocesan Level as well as a template for Church's to use. You should see that in early 2019.

- 2) The Diocese of Ontario participates in the Insurance Program which is co-ordinated by the National Church. The National Program has just completed an exercise of getting quotes to ensure we have current, complete coverage at the best value. This review determined the current providers (primarily Ecclesiastical) offer the best coverage and value. We will continue with them, with AON as our broker.

While the detail work is not complete, for 2019 Budget purposes, based on the advice of AON, we would recommend churches plan on a 2% increase in premiums (assuming other factors remain constant).

We will be undertaking a full review of our Diocesan Policy on Insurance as well as the programs currently in place in 2019.

13. **Canada Revenue Agency – Form T3010**

Wardens and Treasurers are reminded that the CRA requires that Form T3010 (Registered Charity Information Return) be returned within 6 months of the fiscal year end. Given Parish Fiscal Years are January to December, the due date is typically end of June. The CRA may revoke Charity Status (and the ability to issue Tax Receipts) if the forms are not returned. If your Church or Parish has not yet returned your T3010 for 2017, please give this your urgent attention. If you require assistance in completing the form, please contact Candace Hartley (Financial Analyst) in the Diocesan Office.

14. **DVD License Program**

There has been a program at the Diocesan level for a number of years which offered parishes licensing for showing copyright movies from several major studios. The use of this program has declined significantly in recent years. We will end the Diocesan program which provides licensing. Please advise if you have any questions or concerns.

15. **Finance & Accounting Systems**

The Finance team has been working through a major review and evolution of our Accounting Policies, Processes and Systems. We have already begun to make changes and updates which will bring benefits both internally and for parishes. In the new year we will introduce a range of enhancements including the ability to make and receive Electronic Funds Transfers. More information will follow in the new year.

Should you have any questions relating to any of the above matters please do not hesitate to contact me, Alex Pierson at 613-544-4718, Joyce Williams (Accounting Assistant) at 613-777-0532 or Candace Hartley (Financial Analyst) at 613-777-0531, and we will be pleased to provide clarification or assistance.

I have also attached a copy of our current Diocesan Staff Directory and contact information.

Yours in Faith

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Attachments:

2019 Clergy Stipend Grid

Diocese of Ontario Office Diocesan Staff Directory (November 2018)

2019 Third Party Insurance Letter & Forms