

DIOCESE OF ALGOMA

TO: Incumbent and Treasurer
FROM: Diocesan Synod Office

To assist you with the preparation of your 2018 Budget, we wish to bring the following matters to your attention:

1) Stipends

The following motion was passed by the Executive Committee on November 16, 2017 relating to Stipend levels for 2018.

- a) that the minimum stipend for 2018 be increased by 1.5 percent to \$38,612 from \$38,041 per annum effective January 1, 2018.
- b) that the service grants will remain at \$175 per year of service. Therefore, the 2018 rate will be \$175 per year of service for all clergy, to a maximum of 25 years.

The Service Grant to clergy applies for the number of years of service, or part thereof.

1. Ordained Anglican Clergy transferring into Algoma from another diocese will receive full credit for service in other dioceses. e.g. A clergy person from Huron Diocese with 12 years service will receive an Algoma Service Credit of 12 years (\$2,100) and appropriate credit thereafter.
2. Church Army Officers becoming ordained in the Diocese will receive full credit for Church Army Service (as in 1 above).
3. Full-time missionaries within the Anglican Communion (as determined by the Bishop) becoming ordained in the Diocese will receive full credit for missionary service (as in 1 above).
4. All other clergy transferring into the Diocese (e.g. from another denomination) will have previous service recognized. Each year's service with Algoma will be credited as two years for service grant purposes until all non-Algoma service has been used up, and thereafter one year will be credited for each year's service with Algoma.
5. Full-time missionaries from outside the Anglican Communion who are ordained in Algoma will have previous missionary service recognized on a two-year per year basis (as in 4 above).

The Years of Service Allowance is in addition to Stipend. Service Grants should be clearly identified in each clergy person's remuneration package.

We would like to draw your attention to Canon I-32 e) that reads as follows:

“The duties of Churchwardens in each congregation are to pay the incumbent's stipend and pension assessments directly and promptly, which payments shall constitute a first charge on parochial funds.”

Self-supporting parishes may pay stipends above the minimum.

2) Travel and Travel Reserve

The following motion was passed by the Executive Committee on November 16, 2017 relating to travel reimbursements for 2018:

That the basic travel reimbursement paid by parishes for 2018 be increased by 1.5 percent to \$7,653 from \$7,540. The incumbent's allowance would receive the 2012 rate of \$6,898 plus the 2015, 2016, 2017 and 2018 increase of \$529 for a total of \$7,427, which would cover business travel up to 15,700 km; and that mileage in excess of 15,700 km be paid at 0.39 per km; such supplementary mileage be paid only after receipt of actual odometer readings. The 2014 and 2013 increases of \$226 would be paid into a pooled fund that would be disbursed on a pro-rated basis among multi-point, rural incumbents who exceed the maximum mileage of 15,700 km per year, and who are not otherwise compensated.

Self-supporting parishes now paying flat travel allowances through Central Payroll should advise the Synod Office, as soon as possible, if any changes are expected in the present arrangements.

It should be noted that where parishes pay a flat travel allowance without submission of kilometers traveled, such allowances constitute income in the hands of the recipient and are subject to all statutory deductions.

3) Living/Housing Allowances

In order to ensure that all government regulations are adhered to we wish to remind those parishes which are on Central payroll, that such allowances must be paid through Central Payroll. Such allowances constitute EI insurable earnings and are therefore subject to EI deductions, as well as some other deductions.

4) Continued Education Plan

Rates for the parish remain at \$450 per annum.

5) Ontario Retail Sales Tax

We remind you that the Province of Ontario Retail Sales Tax is applicable to Group Life Insurance, Dental, Extended Health Care and Long-Term Disability premiums, this will be reflected in payroll deductions as well as parish billings.

6) Group Life Insurance

The present Group Life Insurance provides basic coverage of \$100,000 and includes accidental death and dismemberment. The premium for the first \$25,000 of coverage is paid by the employer. The plan member is responsible for the premium cost of the remaining \$75,000 as well as family coverage and accidental death and dismemberment. We suggest that you include \$174.60 which provides for the employer portion of the premium cost in your 2018 Parish budget. We bring to the attention of all members the additional "Optional Coverage" which can be arranged for the member and his/her spouse. Individual application forms may be obtained from the Synod Office.

7) Group Dental Plan

The premiums for the dental plan have increased in 2018. The parish and the plan member share the premium for this coverage equally. The clergy share of the premiums will continue to be via payroll deductions and allowance should be made in parish budgets for the employer's portion as follows:

Single: $\$242.87 = ((12 \times \$37.48) + 8\% \text{ PST}) \times 50\%$

Married Couple: $\$394.44 = ((12 \times \$60.87) + 8\% \text{ PST}) \times 50\%$

Family: $\$910.96 = ((12 \times \$140.58) + 8\% \text{ PST}) \times 50\%$

8) Extended Health Care

The premiums for the extended health care plan will increase in 2018. The full premium cost of this coverage is to be paid by the parish. You should include the amounts shown below in your 2018 budget.

Single: $\$1,521.12 = (12 \times \$117.37) + 8\% \text{ PST}$

Family: $\$3,918.07 = (12 \times \$302.32) + 8\% \text{ PST}$

9) Long Term Disability

Employers make contributions to the LTD plan. It is necessary to include the premium costs in your parish budgets. Under the plan the employer pays 2.2% of (stipend + service grant) x 1.5 x 1.08 PST. This arrangement makes the benefit taxable in the hands of the recipient if they ever have to collect. There will be no premium increase in 2018.

10) Payroll Preparation Charges

Please note that our 2018 billings to the parishes will reflect your share of the ADP payroll preparation charges on a per capita basis as follows:

Per employee (paid semi-monthly) \$48.00

11) Maternity Program

The Executive Committee passed a motion to establish a supplementary employment benefit fund (SEB). This fund would be used to top up the maternity benefits of our incumbents. The SEB will be funded by yearly contributions from the parishes. Therefore, please note that our 2018 billings to the parishes will reflect a charge of \$180 per parish per annum.

12) Other Payroll Costs

Please note that the parish(es), in addition to the employee benefits costs mentioned above is (are) also responsible for the employer's share of EI, CPP, Church Pension Plan Assessment, Pension Office Corporation Administrative Fund and the Employee Assistance Program. For budget preparation purposes, we suggest you use the following formulas:

$EI = 1.66\% \times 1.4 \text{ of (stipend/service grant/flat travel/living allow) (maximum of } \$51,700)$

$CPP = 4.95\% \text{ of (stipend/service grant/ flat travel /group life), less } \$3,500 \text{ basic exemption (max. } \$55,900)$

$2018 \text{ Church Pension Assessment} = 11.9\% \text{ of (stipend \& service grant) } \times 1.5$

$\text{Pension Office Corporation Administrative Fund} = 1.3\% \text{ of (stipend \& service grant) } \times 1.5$

$\text{Employee Assistance Program} = \25

13) Assisted Parishes

- a) Please note that the parish(es), in addition to the employee benefits costs mentioned in paragraphs 3 to 13 is (will) also be responsible for the full employer's share of EI, CPP and Church Pension Plan Assessment.
- b) We bring to your attention that assistance from the diocese for Stipend will only be granted by application through the Deanery Officials. The application forms are available upon request. It is suggested that the parishes consult, as soon as possible, with their Deanery Officials where necessary for the amounts approved for 2018.

It should also be noted that diocesan assistance is not to be in excess of 50% of stipend.

14) 2017 Final Apportionment

In July 2018 the Synod Office will be computing the final 2017 apportionment based on the parish's 2017 income as reported on the financial information return. In order to estimate what the final 2017 apportionment will be, use the following calculation:

- 1) 25% of parish 2017 income from open offerings and identifiable offerings plus an additional 2% of the apportionment for new initiatives as per Synod motion.
- 2) Figure from 1) above less the amount **paid** towards the 2017 Estimated Apportionment will be an estimate of the increase or decrease for the parish.
- 3) The resulting increase or decrease calculated in 2) above will be adjusted by the Synod Office in five installments, August to December 2018 inclusive.

If you have any questions concerning this please do not hesitate to contact the Synod Office.

15) 2018 Estimated Apportionments

You will find a detailed copy of the 2018 allotment schedule on which the estimated assessment for your parish is indicated on the Diocese website. The basis of apportionment is found in Canon D-41c) and is as follows:

“Parishes shall be assessed for the Apportionment on the basis of a pro-rata apportionment on the parish income from open offerings and identifiable offerings towards the operating expenses as shown on the annual Financial Report.”

Synod 2001 approved basing apportionment on current year assessable income. In order to facilitate this change Synod approved the following process:

1. In the fall of 2017 the Executive Committee establishes the estimated apportionment for the year 2018, which is based on 2016 open and identifiable offerings;
2. Calculation of estimated 2018 apportionment is as follows:
 - a) 2016 open and identifiable givings is increased by an estimated 2.7% for 2017 and 2.7% for 2018 to arrive at the estimated base
 - b) 25% of the estimated base is calculated as estimated apportionment
 - c) 2% of the estimated apportionment is added for new initiatives as per synod to arrive at the total estimated apportionment.
3. In December 2017, the Synod office advises each parish of its estimated apportionment for the year 2018, which is based on 2016 open and identifiable offerings;
4. During 2018 each parish pays its 2018 estimated apportionment to the Synod office in twelve equal monthly installments – January to December inclusive;
5. By the end of February 2018 each parish is to have submitted its 2017 financial statements to the Synod office;
6. In July 2018, the Synod office re-computes the 2017 apportionments for each parish based on its 2017 open and identifiable offerings (the apportionment in total for the Diocese for 2017, will not be changed); this recomputed apportionment will be the final apportionment for each parish in respect of the year 2017;
7. In July 2018 the Synod office notifies each parish of its final apportionment in respect of the year 2017, compared with the estimated apportionment, and shows the resulting increase or decrease for each parish;

8. The resulting increase or decrease for each parish will be adjusted for any underpayment or overpayment by a parish with respect to its apportionment for the subject year;
9. A parish with an adjusted increase will pay this to the Synod Office in five equal installments – August to December 2018 inclusive; and
10. A parish with an adjusted decrease will receive this credit from the Synod Office in five equal installments – August to December 2018 inclusive.

The complete Administration and Finance Committee report can be found in the 2001 Synod Journal pages 150-152.

16) CLAY/Youth Synod

Youth Synod will not be held in 2018, so people can participate in the national gathering of CLAY (Canadian Lutheran and Anglican Youth), taking place in our diocese in Thunder Bay, August 15 – 19. We encourage you to set aside the funds normally allocated for youth Synod to support participation in CLAY. In addition, the Bishop has requested that each parish hold one fundraiser with the proceeds for CLAY to enable the diocese to send 30 people to the event.

17) Lay Reader's Conference

There will be a Lay Reader's Conference September 28th to 30th, 2018. The Conference will be in Thunder Bay North Shore Deanery so parishes should budget for the travel, lodging and food costs.

18) Clergy Retreat

Clergy Retreat will be held May 7th to 9th in Sault Ste. Marie. Parishes are responsible for the travel, lodging and food costs for their clergy. An appropriate amount should be budgeted for 2018.

19) Insurance

Public liability insurance and related coverage is mandatory for all parishes in the Diocese and must be maintained through the agent of the Diocese. The insurance broker for the Diocesan policy is Marsh Canada Limited, 70 University Ave, Suite 800, Toronto, Ontario, M5J 2M4. Renewal notices were sent out in November. For further information please contact Nicole Greenidge at 1-866-236-6128.

20) Postdated cheques

It is a policy in the Diocese that each parish is required to issue monthly postdated cheques covering the amounts of Stipend, Travel, Pension, Apportionment etc., we look forward to receiving your cheques in due course. The policy also provides for the inclusion of estimated amounts early in the year. (At least until such time as your total Stipend/Payroll costs and Apportionment obligations have been determined and the Synod Office billing has been issued).

We mention that this measure was taken to improve the serious cash flow problems which the Diocese continues to face and which, unfortunately, involve substantial interest costs when the Diocese has to resort to borrowing from other sources.

Your full co-operation is expected so that we can eliminate this needless expense from the diocesan budget.

If you have any questions, please contact Jane Mesich, Diocesan Treasurer, at 705-256-5061 Ext 24 or at treasurer@dioceseofalgoma.com.