



CLERGY SALARY AND BENEFITS

A Handbook for Church Boards and Treasurers

2021

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I. PASTOR'S SALARY GUIDE

A. SALARY TABLES

SETTING SALARIES:

Authority should be given to a church financial committee to inquire into all the circumstances relating to staff salaries and give a recommendation to the Church Board on salary levels. The board can question the committee and discuss the recommendation. When a decision is made, this should be reported to the church business meeting but should not be debated by that body.

This is a general salary guide for 2021. It was developed with data from FEB Central, CBAC (Atlantic Baptists) and CBOQ (Ont.-Que. Baptists). Salaries are based on Position, Church Size, Experience, Education, Merit. Local contexts should be considered by each church, particularly urban contexts. Some churches add housing allowance to salary instead of other categories. Benefits are usually additional. In any case, the final salary ranges are the general target, not how they are individually calculated. Where the church is cannot meet these levels, it should endeavor to do so when possible.

The matters that should be taken into account when setting salaries are:

- Churches may consider merit or achievement as more important than experience etc.
- Hours of work (most pastors work longer hours than the average and it should be reflected)
- Comparable salaries in the church and community (similar education\experience)
- Location and housing costs; cost of living increases, technology allowances, book allowance etc.

Examples: reflected in columns below

Youth pastor – church 250 – 8 years – certificate – average Total \$35k + 7,750 = \$40,750

Solo pastor – church 100 – no staff - 12 yrs – bachelor - 'good' Total \$40k + 11,000 = \$51,000

Senior pastor – church 250 - 1-3 staff - 20 yr – mdiv - 'excellent' Total \$40k + 23,000 = \$63,000

Base Salary – Full Time		Experience – add %			
Youth Pastor		35,000	5-9 years	5%	1,750
Assoc Pastor		37,000	10-14	10%	4,000
Senior/Solo Pastor		40,000	15-19	15%	
			20+	20%	8,000
Church Size		Education – \$1k per			
50-100	1,000		Certificate	1,000	1,000
100-200	2,000	2k & 2k	Bachelors or equiv	2,000	2,000
200-300	4,000	4,000	Masters level degree	4,000	4,000
300-500	6,000		Doctorate	6,000	
Staff – Senior Pastor		Merit - Achievement			
1-3 staff	2,000	2,000	Average	1,000	1,000
4-6 staff	4,000		Good	3,000	3,000
7+ staff	6,000		Excellent	5,000	5,000

B. BENEFITS, VACATION, SABBATICAL, ETC.

Cost of Living Increment

It is recommended that the Minimum Salary Chart be adjusted yearly based on cost of living adjustment (COLA) according to the Consumer Price Index and the guidelines of other comparable employers. The 2021 increment is based on the March 2021 COLA of 1%.

Home Ownership Savings Plan

Where the Pastor is provided with a parsonage, it is recommended that, in addition to the above-mentioned salary package, a minimum of 2% of the salary package be contributed into an RRSP in his name. The intention would be that these funds would eventually be used to pay the down payment toward the purchase of a home by the Pastor.

Sick Leave

It is recommended that a church adopt a sick leave policy for their Pastor. The following is offered as a typical guideline: "An employee shall receive credit for 15 days paid sick leave per year. Unused sick leave credit will be allowed to accumulate from year to year to a maximum of 85 days. Accumulated sick leave is forfeited at termination."

Vacation

It is recommended that a church provide one-month vacation each year, pro-rated for the first year. Out-standing vacation pay is due upon termination. Consideration should be given to additional weeks of vacation for number of years served. (10 years' experience = 5 weeks; 20 years = 6 weeks)

Technology

- a) It is recommended that a church provide office telephone or work cell phone. If the office is in the home, then a telephone may be provided without income tax implications.
- b) It is recommended the church provide the Pastor with a computer, internet, e-mail access.

Professional Development - Continuing Education

It is recommended that a period be set aside annually for the Pastor's Continuing Education.

- This should be up to ten days duration, which should include at least one Sunday.
- The Church should insist on at least one such study leave in any two-year period.
- At least \$500 annually for Continuing Education and book allowance,
- Consideration for Pastor and spouse to attend FA Couples Retreat and Regional Convention.

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.

Insurance

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

GIFTS

Gifts to pastors received from and expensed by the church in excess of \$500 are considered a taxable benefit and should be treated as employment income. Gifts (including cash and gift cards) purchased for the pastor for whom the source is not provided a charitable receipt are not taxable.

Should a church follow the practice of collecting personal gifts from individual members of the congregation for the Pastor, such as at Christmas time, and the amount is not to be included in the income or expenses of the church, and those members do not receive an official receipt for their gift, the amount would not need to be reported as part of the Pastor's income. Such gifts would not be given in recognition of pastoral services rendered by the Pastor, but in recognition of the personal relationship that develops between the Pastor and the church members. It is preferable that such gifts be given by the members directly to the Pastor.

Sabbatical Leave

It is recommended that the church put in place a policy for sabbatical leave for the Pastor. For example, a church might offer a three or four month sabbatical after 5-7 years of service. This is to encourage spiritual and physical renewal, academic study and reflection, or to allow participation in a special ministry assignment resulting in significant personal growth. A well-designed sabbatical experience can result in increased ministry effectiveness in the future years. Other suggestions concerning the rationale and structure of sabbaticals are available through the attached Sabbatical Policy 2018 – Appendix A.

C. CLERGY RESIDENCE DEDUCTION

A member of the clergy is permitted a deduction on their income tax for the fair rental of their accommodation. While this used to be referred to in Baptist circles as "Housing Allowance", it is now more appropriately called Clergy Residence Deduction (CRD).

In order to qualify the pastor must meet both a status and a function test:

- Status – is a member of the clergy (i.e. has been ordained or is in process, or has been commissioned to a pastoral position by the local congregation)
- Function – is in charge of or ministering to a congregation or is engaged in full-time administrative service by appointment of the denomination.

When the Church provides a Parsonage:

Where the housing (i.e., a parsonage or apartment) is provided by the church to the eligible employee, all amounts that are included in the employee's income in respect of the housing provided may be deducted by the eligible employee. The church should obtain a "fair rental" appraisal from a qualified realtor every three to five years to ensure that the amount included in income is fair. Utilities (heat, light, water, sewer) should be included in the fair rental value.

When the Pastor provides his/her own Accommodation:

Where housing is not provided, the eligible employee is entitled to claim the fair rental value of the principal residence or accommodation occupied, up to an amount not to exceed the employee's remuneration for the year from qualifying sources.

Assuming a full year of employment, the deduction is as follows:

1. For eligible individuals whose gross remuneration from the qualifying employer, including all taxable allowances, is \$30,000 or less per annum, the claim is the lesser of \$10,000 or the total of the fair rental value PLUS the cost of utilities.
2. For eligible individuals whose gross remuneration from the qualifying employer, including all taxable allowances, is greater than \$30,000 per annum, the claim is the lesser of the fair rental value plus the cost of utilities or one-third of gross remuneration.

Employer Certification:

The employer is required to certify, on a prescribed form, that the employee meets the "status" and "function" tests in respect of the employed activities for the individual to claim the deduction.

Form T1223 is to be completed on an annual basis and needs to be sent with the Pastor's income tax return. If the Pastor files his/her return electronically, the form does not have to be sent in but must be kept on file for audit purposes. Form T1223 is available by download from the CRA website at: <https://www.canada.ca/en/revenue-agency/services/forms-publications/forms/t1223.html>.

Withholding income tax Deductions – For Pastors who provide their own accommodation:

In most churches it has been common practice not to withhold income tax on that portion of the salary which a Pastor intends to claim as the Clergy Residence Deduction (upon filing a T1223 with his/her personal income tax return). The Income Tax Act indicates that pastors must apply to receive relief from income tax deductions at source (i.e. at the time payroll is processed). Application is made by the eligible individual with the completion of form T1213 – Request to Reduce Tax Deductions at Source which can be found on the CRA website at: <https://www.canada.ca/en/revenue-agency/services/forms-publications/forms/t1213.html>. 14

Pastors will be required to include, with their T1213, a copy of Form T1223 and a copy of their job description as supporting documents. It is recommended that the T1213 be completed at least 60

days before December 31st each year to receive permission for the following year. The reduction at source cannot occur until the employee has provided the approval letter from CRA indicating the amount of the residence deduction permitted to his/her employer.

If the Pastor chooses not to file a T1213 – Request to Reduce Tax Deductions at Source, the treasurer is required to deduct income tax on the total salary and the Pastor can make a claim to receive the income tax back by way of the Form T1223 when completing his Income Tax Return. In the case that the church provides accommodation, the church itself will determine the amount of the deduction and the request does not need to be made to CRA.

CPP Pensionable Earnings:

The amount to be claimed as Clergy Residence Deduction is not pensionable for CPP purposes. Should the Pastor file a T1213 – Request for Tax Deductions at Source, the employer will have the information required to reduce the pensionable earnings. Should the Pastor choose not to complete a T1213 “Request for Tax Deductions at Source”, he/she is required to inform the employer of the amount he/she intends to claim as the deduction at the time of filing a T1 Personal Income Tax Return in writing at the beginning of each calendar year. The employer will then reduce the pensionable earnings for this deduction.

Note: If subtracting the Clergy Residence Deduction amount from the Pastor’s salary does not reduce it below the year’s maximum pensionable earnings, as mandated by CRA, then the Clergy Residence Deduction will have no effect on the CPP premiums.

EI Premiums:

Since EI premiums are based upon the total salary package, there will be no reduction in those premiums for the Clergy Residence Deduction.

Tuition Fees

The Pastor is only entitled to claim a deduction for tuition fees which he has personally paid. If tuition fees are paid for or reimbursed by the church, the Pastor cannot claim a deduction, nor is this benefit taxable to the Pastor.

Moving Expenses

Any costs of moving from one place of employment to another may be deducted by the Pastor from his earned income, as long as he has not been reimbursed by the church. Where the church pays the reasonable moving costs of the Pastor, the amount paid is not treated as a taxable benefit to the Pastor and no amount is deductible by the Pastor in respect of the reimbursed costs.

Deductions Not Allowed

The Income Tax Act does not allow the Pastor to deduct expenses such as books and periodicals, entertainment costs, etc. However, if the church paid for the expenses on behalf of the Pastor, this is not seen as a taxable benefit to him. Receipts for purchases must be given to the Treasurer.

D. REIMBURSEMENT OF TRAVEL EXPENSE

The Pastor's travel allocation must be based upon actual kilometres traveled on behalf of the employer. Therefore, churches may do one of the following:

1. Pay the Pastor a Regular Monthly Travel Allocation

The amount of the travel allocation should be based upon previous travel experience and upon anticipated changes which could affect the amount of travel. The Pastor is required to keep a log of travel on behalf of the church. At the end of the year the Pastor must provide the Treasurer with a letter stating the total number of kilometres he/she traveled on behalf of the church. For 2021, we recommend that the Pastor be compensated at least 42¢ per kilometre. The travel allocation is reimbursement for expenses and is not recorded on the Pastor's T4 slip.

Should the Pastor be overcompensated for travel, Canada Revenue Agency (CRA) requires that the overpayment be returned to the employer.

If the Pastor is under compensated for his/her travel, this would be unfair to the Pastor and the amount of the travel allocation would not correctly reflect the requirements of the church.

2. Monthly Reimbursement for Travel

Have the Pastor submit an expense claim to the Treasurer on at least a monthly basis for reimbursement. Again, we recommend that the Pastor be paid at least 42¢ per kilometre.

3. Not provide the Pastor with a Travel Allocation

The Pastor's salary level would be increased appropriately, and the Pastor would be responsible to keep a detailed record of all costs relating to the operation of his/her own vehicle. He/she would then file a more detailed income tax return. It is important to note that if the church chooses to pursue this option, it will mean increasing the Pastor's income tax deduction, CPP, EI and Canadian Baptist Pension Plan contributions. The church would need to increase its CPP, EI and Canadian Baptist Pension Plan contributions as well.

Mileage paid is for actual business driving, excluding travel between Church and home. There are no income tax implications when this is reimbursed for actual kilometres travelled. A detailed log must be maintained by the Pastor.

II. FELLOWSHIP BENEFIT PLANS

This guide was completed in January 2021. All the following information can be found on the website: www.fellowship.ca/fellowshipservices. Please check the Feb website for updates.

The vision of Fellowship Services is to ensure that Fellowship churches and their leadership receive the resources they need to fulfill the Great Commission. We support our Fellowship churches and pastors by providing a healthcare plan, a pension plan, and affinity programs. We assist church treasurers and boards with financial and policy-related advice. We encourage growing churches by providing various financial assistance programs.

We oversee the finances of our National office and look after building, equipment and staffing needs. We also assist both our national and international missionaries with all their administrative needs. By doing this, we support the activities of all our departments and their staff.

A. HEALTHCARE PLAN

The objective of the Fellowship Group Insurance Plan is two-fold. First, to ensure that the plan will meet the needs of its members while maintaining cost effectiveness; secondly, to design a plan that will be available to all Regions and provide uniformity of coverage in each Region.

The Fellowship Group Insurance Plan was designed to provide a single package that would include Extended Health Care, Dental Coverage, Life Insurance, Accident Insurance, Long-term Disability and a provision for local churches to assist in providing for Short-term Sick Leave. In addition, optional life and accident insurance for the insured and their spouse/children is also available.

Rate Calculator: Fellowship.ca - Healthcare Plan

Group Benefit Administrator: Gwen Pifer, gpifer@fellowship.ca 519-821 4830 Ext 229

For questions about Health and Dental coverage or claims: 1-800-957-9777

The Canada Life Assurance Company (canadalife.com) ([formerly GreatWestLife](#))

BASIC PLAN Fellowship.ca - Basic Plan

The following benefits are available to eligible individuals who are less than the age of 75 and are working a minimum of 20 hours per week. For eligible individuals who are retired and under age 75, only the Extended Health and Dental benefits would be applicable with additional limitations. Note: Those age 65+ are not eligible for LTD.

Life Insurance

The Plan provides for life insurance in the amount of \$25,000 for the member; if married \$15,000 for his or her spouse; and \$10,000 for each dependent child.

Accident Insurance

The Plan provides for a basic accident insurance providing \$200,000 if the death of the insured is caused by accidental means. This coverage will also provide payment in varying amounts for permanent injury.

Critical Illness

The Plan provides a benefit of \$10,000 payable to an individual in the event he or she suffers certain critical conditions (e.g. heart attack, stroke, kidney failure).

Long-Term Disability (LTD) Salary Calculation

Please let us know your income and your housing allowance to help us accurately calculate your long-term disability coverage. Failure to do so may result in the benefit being inaccurate. If this were to happen, the benefit would be based on the salary figure we currently have on record.

Extended Health Benefit

This benefit will provide for 100% of the cost of prescription medications less the dispensing fee and a number of other medical and paramedical procedures up to maximums outlined in the Group Benefit Plan book. The prescription medications may be covered at the pharmacy or may be required for mail-in or online reimbursement. After retirement there is a \$15,000 lifetime maximum on benefits payable under this benefit.

Extended Health Expense Maximums per calendar year:

- Chiropractors \$600; Physiotherapists \$600; Podiatrists \$500; Naturopaths \$500; Osteopaths \$500
- Psychologists/Social Workers \$500; Speech Therapists \$500; Massage Therapists \$500

*Current health benefits are listed in the Group Benefit Plan book available from Gwen Pifer.

Dental Benefit

Subject to the Plan limitations this benefit will pay 90% of the cost of basic dental procedures, reimbursed on the basis of the current fee schedule in the province of residence and 50% of the cost of major items such as bridges, crowns and dentures. No coverage will be provided for bridges or dentures unless a tooth is extracted at the time of treatment ("missing tooth exclusion").

Reimbursement levels:

Basic coverage – 90%; Major Coverage – 50%; Accidental Dental Injury – 100%

Plan maximums:

Basic - \$1500. each calendar year; Major treatment - \$1000./year; Accidental – unlimited

Vision Benefit

\$200 coverage for eye glasses, contact lenses, or laser surgery every 24 months from date of service.

* Check the Group Benefit Plan Book for the most up-to-date health benefits coverages.

See fellowship.ca for info on Optional Term Life Plan, Supplementary Unemployment Benefit, Fellowship Group Benefits, Enrollment Forms, Claim Forms, Consult+ Health Care App, Plan FAQ's.

B. FELLOWSHIP PENSION PLAN

The Fellowship Pension Plan is registered with Canada Revenue Agency, which allows tax deductibility of contributions. Participation in the Plan is open to employees of Fellowship Baptist Churches. In situations where provincial pension legislation in the province of residence differs from that of Ontario, those Plan members will be extended the local provincial entitlements.

Contributions Further Information [Fellowship.ca - Pension](#)

The annual contribution to the Plan, as required by the Plan, is a matching percentage between 1% and 9% of the employee's salary. The suggested contribution is 10% of salary (basic salary plus housing allowance): 5% to be contributed by the church and the remaining 5% by the employee.

Performance

Members may choose from a number of investment options provided by Sun Life. When a member enrolls for Plan participation, a pension package will be sent to him or her with tools to assist the member in choosing the investment that best matches their needs.

Members are responsible for making investment decisions regarding their Plans. Members may change their investment options at any time through the [Sun Life website](#). The system is fully automated and provides prompts for each step. If you need assistance, staff is available during normal business hours at Sun Life Financial's Customer Care Centre: 1-866-733-8613.

RETIREMENT

The amount of retirement income will be determined by using the value of the contributions to your credit at retirement towards the purchase of an annuity and/or L.I.F. (Life Income Fund).

The pension payable under this Plan is in addition to any benefits payable under the Canada/Quebec Pension Plan and Old Age Security.

Retirement Date

Your normal retirement date will be the first day of the month coincident with or immediately following the date you attain the age of 65. Early retirement may be taken at any time during the ten year period preceding your normal retirement date. Alternatively, you may elect to defer the commencement of your retirement benefits and may do so but not any later than December 31 of the year you turn age 71.

Funds Required for Retirement

When the contribution level for this Plan of 10% was set up it was based on the assumption that this level of contribution, when combined with government benefits, would provide approximately 70% of pre-retirement income after 30 to 35 years of participation. Specific circumstances will actually determine the level of retirement income you require.

Pension Termination [Fellowship.ca - Pension Termination](#)

Pension FAQ's [Fellowship.ca - FAQ](#)

Rationale & Purpose

1) Scriptural Basis: Why take a sabbatical

- a. God rested on the seventh day after creation, Genesis 2:2;
- b. Pattern of Sabbath rest for God's people, Exodus 120:8-11, Leviticus 23:3;
- c. Pattern of Year of Jubilee on 7th cycle of Sabbath years, Leviticus 25:13;
- d. Jesus spent 40 days away before beginning His earthly ministry, Matthew 4, Mark 1:12

* A sabbatical is a time for Rest and Personal Reflection.

* A sabbatical should be Proactive, not Reactive.

* Without a pattern of Rest and Renewal, FATIGUE occurs:

- o Physical: Functioning may become sluggish, depression can occur;
- o Emotional: Evaluations of people and circumstances may become cloudy;
- o Mental: Loss of the ability to focus and to see problems clearly.

2) Sound Foundation: What a sabbatical is not

- a. It is not a vacation. Unlike vacations, "sabbaticals involve a plan, a goal and accountability." Sabbaticals "should be taken in addition to earned vacation time."
- b. It is not academic leave. Theological education is extremely demanding and does not allow for emotional, spiritual, and relational renewal.
- c. It is not escape. A sabbatical is not a way for pastoral staff to escape a troubled ministry. They must face such troubles and deal with them before true rest is possible.
- d. A sabbatical should never be viewed as a time to search for a new place of ministry.

3) Suggested Outcomes: How the congregation benefits

- a. Concurrent to the sabbatical leave, it is the intent that the church will be challenged to a time of renewal in vision, service, and purpose.
- b. Members will be challenged to further develop their gifts within the church as they carry out the pastoral duties. Those gifts can then be used post-sabbatical to support the pastor(s).

Terms of Sabbatical Leave Policy

- 1) The term 'Pastor' in this policy refers to paid pastoral leaders and/or ministry leaders.
- 2) The Pastor will be eligible for sabbatical leave after completing a minimum of seven years in his position as a Pastor. The Pastor may reapply for a Sabbatical Leave every seven to ten years thereafter. Only one Pastoral staff may be on a sabbatical during any 12-month period.
- 3) The duration of the sabbatical leave is flexible depending on needs and objectives. The leave can be one to three months in length without affecting vacation time. Sabbatical leaves of a longer duration can be considered under extenuating circumstances; however, vacation time will be affected. Please see the Vacation Policy for further details.

- 4) A Sabbatical Leave cannot be used in conjunction with vacation time.
- 5) The Pastor's salary, housing allowance, and phone allowance will continue for the duration of the sabbatical. However, the mileage and hospitality allowance will cease until the pastor's return. Finances will be available to cover specific expenses including, but not limited to, activities, travel, accommodations, and educational opportunities. Use of these funds will be requested before the beginning of the sabbatical and will be outlined in the Pastor's Sabbatical Leave Request.
- 6) A Sabbatical Leave Request is to be submitted by the Pastor no later than six months before said leave. This request should include,
 - a. The nature/purpose of the leave.
 - b. Intended dates, duration and timing of the leave.
 - c. Specific goals and plans for the leave.
 - d. An outline of how the time will be spent to achieve the expected goals and outcomes.
 - e. A list of expenses for which funding is requested. These include, but are not limited to, books, courses, conferences, travel, and accommodations.
 - f. A proposed ministry replacement list.
 - g. Proposed Accountability Partner.

The Sabbatical Leave Request is to be submitted to the Human Resource (HR) Committee and to the Board for approval.

- 7) For the duration of the Sabbatical Leave, the Pastor is to seek out and be accountable to a spiritual/accountability partner. This partner will be approved by the HR Committee and the Board. The Pastor is to report to the accountability partner no less than every two weeks.
- 8) It will be understood that the Pastor is expected to continue in his position up to one year after his sabbatical is completed, otherwise, the Pastor may be expected to repay the church, part or all costs incurred for, and during, his sabbatical.
- 9) A report and/or presentation is to be submitted to the HR Committee and Board no later than two months following the completion of the Sabbatical Leave. Said report and/or presentation will be made available to the congregation. A time of sharing between the Pastor and the congregation is strongly recommended.
- 10) It is understood that while on the Sabbatical Leave the Pastor is relieved from all routine and emergency duties during the time granted. Alternate leaders will handle routine and emergency matters during the Sabbatical Leave. In extreme circumstances where the pastor must return home, the church will cover travel expenses.

Sources

- 1) Canadian Baptists of Ontario & Quebec: Building Sound HR Practice: A Workbook to Guide your Church (2018).
- 2) Policy for a Sabbatical Leave for Pastors of Emmanuel Baptist Church in Norfolk, MA (2011).
- 3) AGC Sabbatical Guidelines (2009).
- 4) FBC Sabbatical Policy (2007). (Faith Baptist – Great Village, NS)

Appendix 'B' - CHILD PROTECTION POLICIES

Fellowship Atlantic

In response to the increasing reporting of sexual abuse allegations in our times, we are likely to hear of more issues about this in the future. Working with Plan to Protect®, The Fellowship (FEBC) has prompted Fellowship Atlantic to adopt a Crisis Management Plan in 2021 for our organization.

The purpose of this Crisis Management Plan (CMP) is to give Fellowship Atlantic detailed procedures for dealing effectively with a crisis prompted by abuse allegations. It is designed specifically for our context as the central organization for our association of churches. Churches can benefit from our plan by knowing how FA will respond in an abuse crisis and how we can help them should a situation arise.

Christian ministries are compelled by Scripture and community expectations to respond truthfully, openly, and favorably to any allegations or issues of abuse. This CMP will enable Fellowship Atlantic to respond well to any allegations or issues of abuse coming from any of our regional churches or our national association and ministry partners. Even if the allegations are from years past, we must deal with them in a manner that is above reproach. (Matthew 5:13-16; 2Cor.6:3; 1Tim.3:2).

To be victimized by unwanted sexual contact, advances, and behavior is horrendous. It is diametrically opposed to everything we believe about the value and dignity of every single person. The primary results of abuse can be life-long damage and on-going problems for victims, their families, and perpetrators. We are committed to preventing abuse as much as is humanly possible with policies that work to safeguard the vulnerable people among those we serve. We will not deny or minimize the damage to victims and will support whatever the truth reveals.

Another major fallout of abuse is the damage to the reputation and ministry of our churches and people. Some of this is unavoidable, but how we handle an abuse crisis can be key to how we are perceived as being either proactive and helpful, or secretive and concealing. How we communicate with and are perceived by the media plays a large role in this perception.

Key to this plan's function is the formation of a Crisis Management Team (CMT), which is formed with the Regional Director and some regional pastors and leaders. The makeup of the team will vary as members come and go in their callings. The team is headed by the Regional Director, who assumes responsibility as the main spokesman for Fellowship Atlantic. The CMT roles and responsibilities are outlined in the CMP, which is available on our website. The CMP is flexible and in the event of a crisis the Team will adjust roles and responsibilities as best deemed necessary.

The Local Church

This Crisis Management Plan is available and applicable for every Fellowship Atlantic church. The Crisis Management Team is available to help our pastors and churches navigate a necessary response to allegations.

Each Fellowship Atlantic church is required to adopt a comprehensive protection plan and policies that will enable the church to confidently provide a secure place that cares for and protects vulnerable people in a competent manner. Our Crisis Management Plan should help motivate churches to form their own team of leaders and develop or update their own plan through resources provided by two recommended organizations: 'Plan to Protect®' or 'Reducing the Risk.'

"PLAN TO PROTECT® is the highest STANDARD of abuse prevention and vulnerable sector protection. Our customized tools, training, policies and procedures help leaders and their organizations meet that standard. Products and services include:

- The best-selling Plan to Protect® Manual.
- Customized policies and procedures.
- Risk assessments.
- Policy audits.
- Access to a vast network of member organizations.
- Certification training for trainers and administrators.
- On-site facilitators for Orientation and Refresher training.
- On-line training for abuse prevention.
- Speaker's Bureau providing excellent special guest speakers; and Consulting services.
- Screening Services
- Criminal record checks.
- Additional resources to help your organization to meet your goals.

"Members of Plan to Protect® enjoy wide access to our products and services. The Plan to Protect® team is committed to providing the tools, training and momentum to help you achieve excellence in your programming. We can help make planning and implementation of abuse prevention a manageable task. Whether you are looking for assistance writing abuse policies, a facilitator for on-site training, Criminal Record Checks, contract help implementing abuse prevention, or a spokesperson to challenge your Board of Directors, Plan to Protect® is your one-stop shop for abuse prevention."

The Plan to Protect® Appendices adapted for FEBC is available at on their website at:
<https://www.plantoprotect.com/febc-downloads/> - password: F6th-E3sj-B4sr-C72d

Plan to Protect® also offers a free assessment tool to help churches evaluate their current plan. Courses are also available to train church leaders. A manual is also available for purchase.

REDUCING THE RISK

BROKERFORCE INSURANCE offers a plan and kit called REDUCING THE RISK, at brokerForce.ca.

“We have two different Reducing the Risk kits available. The first is free for all churches and ministries and is a completed written template for an Abuse & Harassment Prevention Protocol. The protocol is fully approved by the insurance industry and each church can adapt it easily to be able to qualify for Abuse Liability coverage.

The second is a resource kit for \$50 that provides a DVD, Guidebook and Training manual as additional support resources for churches that have protocols in place. We have limited quantities of this through our office. It is also available through <https://store.churchlawandtax.com/reducing-the-risk-a-child-sexual-abuse-awareness-program-dvd/>

To purchase Abuse Liability insurance, a church must have a full prevention protocol in place, do police/vulnerable sector checks on all volunteers and staff, work with minors and have reporting procedures in place for dealing with incidents of Abuse. If the church meets the requirements, they will need to complete an application and then the Abuse Liability coverage could be added to their policy.

Once thing to note is that not all insurance company's offer Abuse Liability Coverage, so the church must be insured with a company that offers the coverage.”

Contact:

Andrea Wingfield CAIB, R.I.B. (ON) Sanctuary Plus Manager a.wingfield@brokerforce.ca
Brokerforce Insurance Inc. 608-200 Consumers Road Toronto ON M2J 4R4
Tel. 1.800.263.9870 ext. 154 Fax 1.866.587.9041

C. GOVERNMENT FILINGS

This section is adapted with permission from '2020-2021 Treasurers' Handbook' of Atlantic Baptists (CBAC). <https://baptist-atlantic.ca/our-convention/departments/pension-benefits/>. Updates and questions should be directed to CRA, local tax office, or accountant.

COMPLETING THE T4 - for completing the T4 form for all employees of the church.

BOX 14 – EMPLOYMENT INCOME BEFORE DEDUCTIONS

- Basic salary
- Housing allowance or value of housing provided (including utilities)
- Life insurance premiums paid by the church, not by the employee.
- RRSP contributions paid by the church for the employee

Do NOT include the following:

- Car allowance, if it is a true reimbursement.
- Education and book expenses if they are reimbursed.
- Employer contributions to the Fellowship Pension Plan
- Employer contributions to the Fellowship Healthcare Plan.

BOX 20 – REGISTERED PENSION PLAN CONTRIBUTIONS

Record the total amount of contributions, including voluntary contributions, which were deducted from the Employee's salary only, and remitted to the Pension Plan account.

BOX 24 – EI INSURABLE EARNINGS

Include all taxable income provided to employee, to maximum EI Insurable Earnings of \$54,200.

BOX 26 – CPP INSURABLE EARNINGS

CPP to be reduced for clergy residence deduction when employee claiming the deduction notifies treasurer, in writing, of amount being claimed. Maximum pensionable earnings for 2020 is \$58,700

BOX 30 – HOUSING, BOARD AND LODGING

- Fair Rental Value of Pastor's housing, where a parsonage is provided (not housing allowance)
- Cost of utilities provided.

BOX 40 – OTHER TAXABLE ALLOWANCES AND BENEFITS

Healthcare premiums paid by church and Pension Plan contributions paid by church

BOX 52 – PENSION ADJUSTMENT

Report the total (employee plus employer) contributions, plus voluntary contributions, which were made to the employee's pension plan during the previous year.

BOX 85 – MEDICAL PREMIUMS

Total premiums paid by the employee during previous year, not premiums paid by the employer.

GOVERNMENT REPORTING FORMS - T3010

Each year your charity must complete and file an Annual Information Return within six months of the charity's year end. The government supplies the reporting form "T3010B" for this purpose. Failure to file this return on time results in the church being de-registered. The cost to become re-registered is \$500.00.

DISBURSEMENT QUOTA - as per the CRA website at:

<https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/operating-a-registered-charity/annual-spending-requirement-disbursement-quota.html>,

The disbursement quota is the minimum amount a registered charity is required to spend each year on its own charitable activities, or on gifts to qualified donees (for example, other registered charities). The disbursement quota calculation is based on the value of a charity's property not used for charitable activities or administration.

The disbursement quota is calculated as follows - Charitable organizations:

- If the average value of a registered charity's property not used directly in charitable activities or administration during the 24 months before the beginning of the fiscal year exceeds \$100,000, the charity's disbursement quota is 3.5% of the average value of that property.
- A registered charity can use line 5900 in Schedule 6 of the T3010 return it completes for the fiscal year to calculate its disbursement quota for that period.
- If a registered charity wants to calculate its disbursement quota at the start of the fiscal year, it can use the amount from line 5910 in Schedule 6 (if completed) of the return it will complete for the fiscal year that just ended.
- If the charity has permission to accumulate property, it must subtract the amount accumulated plus any income earned on this amount from the amount at line 5900, before multiplying by 3.5%. To determine the amount that should be subtracted from line 5900, the charity can use the amounts entered at line 5500 minus any amounts entered at line 5510 for all the returns to date covered by the permission to accumulate property.

CARRY-OVER PROVISION

The Income Tax Act contains carry-over provisions for disbursements in excess of charities disbursements quota. Such excess may be carried back one year and forward five years. These carry-over rules are available to all charities and permission from CRA is not required.

PERMISSION TO ACCUMULATE FUNDS

The Income Tax Act contains a provision allowing the charity to accumulate property for a particular purpose. The charity must seek the approval of CRA to utilize this provision. There is no prescribed form for this purpose. The request should be in the form of a letter setting out the purpose for the accumulation, the approximate amount to be accumulated, and the period over which it is to be accumulated. This procedure may be used by a church to accumulate funds for a new building, an extension for an existing building, or for extensive renovations to an existing building.

Generally, permission is only granted for the acquisition or improvements of tangible property and permission would not be granted to accumulate funds to be held as a reserve. CRA may impose certain conditions on the accumulation and will specify the period over which the funds may be accumulated. Generally, a charity should only seek permission to accumulate funds if it would be unable to accumulate such funds without failing its disbursement quota.

QUALIFIED DONEES

Contributions made to qualified donees, which include any registered charity in Canada, are considered a charitable use of resources for the purposes of the organization provided they do not exceed 50% of the charitable organization's income for that year. Contributions to qualified donees must be identified on Line 5050 of the T3010 Charity Information Return.

HARMONIZED SALES TAX (HST)

Registered Charities are entitled to a 50% rebate on all HST paid. Church treasurers are required to keep a record of each purchase which includes a payment of the HST and they have to file for a rebate on at least an annual basis. The rate for HST is 15% in all four Atlantic Provinces.

Simplified Method for Calculating the HST Rebate

Note: In PEI, 50% rebate is granted on the GST component and 35% rebate is granted on the provincial part of the HST. As such, the following simplified calculation method will not apply. Churches are eligible to use the Simplified Method of claiming HST rebates. You no longer have to identify the HST payable on each invoice. Instead, you only need to add the total amount of your HST-taxable purchases at the appropriate rate and multiply that total by a factor of 15/115. You are also able to claim HST rebate on the amount spent for the Pastor's travel allowance and travel expense claims. NOTE: This method may not be used to calculate rebates in respect of real property.

1. Add together all purchases that are HST-taxable. DO NOT include amounts such as: expenses for which you have not paid HST, such as salaries, insurance payments, interest, and other exempt and zero-rated purchases; purchases made outside Canada which are not subject to HST; purchases from a non-registrant; and refundable or rebatable provincial sales taxes.
2. Multiply your total taxable expenses as calculated in 1. above by the appropriate factor.
3. Multiply this amount by the rebate factor of 50%.
4. Complete the HST Rebate Application for Public Service Bodies, Form GST66.
If you use the simplified method to claim rebates, you no longer have to identify the HST paid from each purchase invoice. However, you have to keep documentation to substantiate claims for audit purposes.

Tax Tip – HST Rebate

When calculating the total amount of the HST rebate, don't forget to include the tax included in your Pastor's travel. To determine the amount of the rebate, use this simplified calculation:

Amount of travel expense x 15/115 = Total HST - Claim 50% of total HST.

Example = Pastor claims \$1,000 travel expense \$1,000 x 15/115 = \$130.43 - Claim 50% = \$65.22

GASOLINE EXCISE TAX

Gasoline excise tax is paid at the manufacturing level on all gasoline used in internal combustion engines. The tax is not levied on diesel or heating fuels. Tax will be refunded to registered charities. Refunds may be sought by filing the proper form within two years of the date the gasoline was purchased. The form application for refund of federal excise tax on gasoline (Form XE8) can be obtained from any excise, customs, taxation or post office. An information booklet is supplied with the form. You may also obtain the form online at <http://www.cra-arc.gc.ca/E/pbg/ef/xe8/>

Refund claims for amounts less than \$200 must cover a 6-month period, ending June 30th or December 31st, and these claims may be submitted at any time, after the end of that period. Refund claims of \$200 or more may be submitted at any time, subject to a maximum of one claim per month. As noted above, the claim must be filed within two years of the purchase period.

It is not necessary to enclose purchase invoices or receipts with the application, although adequate documentation must be retained for audit purposes. Ideally, purchase receipts should indicate the number of litres purchased. A congregation which has reimbursed travel expenses has two options. It can attempt to retain documentation on gasoline purchases and claim the standard amount per litre or, if the reimbursement is on the basis of kilometres travelled, the congregation may claim \$0.0015 per km. or \$0.015 per litre.

CHARITABLE RECEIPTS

An individual may claim the appropriate tax credit for a gift made to a registered charity only if the amount of the gift is proven by filing a receipt issued by the charity which contains the prescribed information. Such receipt is referred to in part 3500 of the Income Tax Regulations as an official receipt.

An official receipt issued by a charity must contain the following information:

1. The statement "an official receipt for income tax purposes"
2. Name and address of the organization as recorded with CRA.
3. Registration number assigned by CRA.
4. Serial number of the receipt
5. Place or locality where the receipt was issued.
6. Name and address of the donor, including, in the case of an individual, his/her first name.
7. Where the donation is a cash donation:
 - the date the donation was received
 - the amount of the cash gift
 - a description of the advantage, if any, in respect of the gift given and amount of advantage
 - the eligible amount of the gift
8. Where the donation is a gift of property other than cash:
 - the day on which the donation was received
 - a brief description of the property

- name and address of the appraiser of the property if an appraisal is done
- the amount that is a fair market value of the property at the time the gift was made
- a description of the advantage, if any, in respect of the gift given and amount of advantage
- the eligible amount of the gift

9. The day the receipt was issued, where the day differs from day the charity received donation.
10. Name and website address of the CRA "Canada Revenue Agency – canada.ca/charities-giving"
11. The signature of an individual authorized by the charity to acknowledge donations.

Receipts should contain only the required information. Where a gift is designated by the donor for a particular purpose, i.e. for the support of the ministry of a particular individual, this designation should not be shown on the official receipt.

RESTRICTED GIFTS

Donors may attach conditions to their gifts to ensure they are used for a specific purpose or project. Restricted donations are permitted but should be consistent with the purpose of the church and not violate any laws or public policies. It is recommended that restricted gifts be received with a more general restriction rather than a specific restriction. I.e., the donation is restricted "for the reparation of the roof" versus "for repairs and maintenance of the facilities".

It is also recommended that every church have a restricted gift policy and make donors aware of the policy whenever accepting restricted funds. The policy should state that the funds are being accepted on the condition they will be used for a specified purpose but may be reallocated, by the board, to a different charitable purpose should the original purpose or project be completed. A donation received without the donor agreeing to this policy, at the time the gift is made, may not be able to be used for a different purpose in the future without going through an expensive court process to have the purpose of the gift changed.

Gifts may also be given to the church, designated for programs and missionaries of other Canadian Charities, subject to the approval of the church body. Gifts may not be given which are designated for the personal benefit of any individual or family, i.e., gifts of money for Christmas or birthdays, a family experiencing a crisis, etc. Contributions may be received in such situations as long as the donor does not receive a charitable receipt.

Gifts may not be given through the church directly to an individual serving as an independent missionary, unless all of the following criteria are met:

1. The church must, at a business meeting, accept the project and the missionary as an agent of the church who would be engaging in the project. When the project is too big and requires the support of a number of charities, one church should be named as the key church.
2. Using the phraseology of CRA, the church must demonstrate "supervision, direction & control". Correspondence from the missionary must contain more than just prayer requests; letters should also contain requests for guidance from the church from time to time, and the missionary should be required to report back to the church when on furlough.

RECEIPTING GIFTS FROM OTHER CHARITIES

An official receipt should not be given for a gift received from another registered charity.

LOST RECEIPTS

Where a receipt is lost and a new one is issued by the charity, the replacement receipt must be clearly identified as a replacement receipt and must show the serial number of the receipt it replaces. An official receipt which is spoiled must be marked "Canceled" and both the original and the duplicate must be retained by the Charity as part of its records. Where amount of donation, the day donation was received, or the year during which donation was received is incorrectly or illegibly entered on an official receipt, the receipt cannot be corrected, it must be canceled.

DISHONORED CHEQUES

Where a charity receives a cheque to cover a gift and the cheque is not honored by the donor's bank on presentation, the charity should immediately communicate with the donor and request a replacement cheque. If a cheque is promptly replaced and the replacement cheque is honored on presentation, it is understood that the gift would be considered to have been made when the original cheque was mailed or given, provided the donor, in good faith, believes that such cheque would be honored. Where a charity is unable to have a dishonored cheque made good and an official receipt has already been issued, the charity should request the return of the official receipt for cancellation. If the charity is unable to recover the receipt, it should advise CRA, with the filing of the charity's Annual Return, that the particular official receipt was issued, was not recovered, and is invalid.

RETENTION OF RECORDS

Each registered charity is required to keep records and books of account, including a duplicate of each official receipt it issues, to enable CRA to verify gifts made to the charity that are available for deduction or tax credit.

DUPLICATE OFFICIAL RECEIPTS

Duplicate official receipts (other than an official receipt issued for a gift where the donor directed that the funds be held for at least ten years) must be retained for at least six years after the end of the calendar year to which the receipt relates. Any records necessary to verify such receipts must also be retained for the same period.

RECORDS RELATING TO TAX WITHHOLDING

Records and supporting documents necessary to verify income tax which the charity is required to withhold from salaries, wages and amounts paid to non-residents must be retained for at least six years from the end of the taxation year to which the records relate. The Canada Pension Plan and the Employment Insurance Act also require employers to retain records and supporting documents for at least six years from the end of the year to which they relate to enable CRA to verify contributions and premiums required to be withheld from salaries or wages under these statutes.

PERMANENT RECORDS

A number of records and documents must be kept for two years after the registration of the charity is revoked. These are:

1. Minutes of meetings of members and the governing board of the charity;
2. All documents and by-laws governing the charity;
3. Duplicate official receipts and records relating to gifts made to the charity where the donor directed that the funds be held for at least ten years.

SAFETY DEPOSIT BOX

For a nominal sum, a church can rent a safety deposit box at its bank. This should be used to keep copies of insurance policies, inventory of equipment and any other valuable documents such as leases, mortgages, certificates of title or investment certificates. The small outlay will prove invaluable in the case of a fire or burglary.

CASH CUSTODY AND SAFEGUARDING

Churches are advised to follow standard precautions when entrusted with the donations of church members. Although it is not expected that those who have been given positions as treasurers or tellers would attempt to misappropriate church funds, it is wise for churches to protect these people from suspicion should any discrepancies in cash occur.

- It is recommended that there be at least three tellers to count church offerings. If only two are available, they should not be related to each other.
- Wherever possible, once the offering has been properly accounted for, a deposit should be made through the night depository at the bank where the church operates its accounts. Cash should not be kept on the church premises.
- We recommend that two signatures be required on cheques written on the church's account. Cheques should not be issued without proper documentation to support them.

CRA - CHARITIES DIRECTORATE

You may call the Charities Directorate of the Canada Revenue Agency and ask questions regarding registration guidelines, issuing receipts, departmental policies and any other administrative and legislative matters. Available from 9:00 a.m. to 5:30 p.m., Monday to Friday at 1-800-267-2384.