



Evangelical Lutheran Church in Canada
Eglise Evangélique Luthérienne au Canada

Treasurer's Information Booklet 2004

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A. IMPORTANT PHONE NUMBERS & E-MAIL ADDRESSES

- **ELCIC National Office:** 204.984.9150 or 1.888.786.6707
 General information: e-mail: <mailto:fschultz@elcic.ca>
 Director of Finance: e-mail: dlecuyer@elcic.ca
 Website: www.elcic.ca

Treasurer information can be found at www.elcic.ca/parish/support/support.html

- **ELCIC Group Services Inc.** 204.984.9181 or 1.877.352.4247
 e-mail: gsi@elcic.ca
 website: www.elcicgsi.ca
- **Synod Offices:**
- Synod of Alberta and the Territories780.439.2636
 e-mail: abtsynod@elcic.ca
 website: www.albertasynod.ca
- British Columbia Synod 604.524.1318
 e-mail: bcsynod@elcic.ca
 website: www.bcsynod.org
- Eastern Synod 519.743.1461 or 1.877.373.5242
 e-mail: easternsynod@elcic.ca
 website: www.easternsynod.org
- Manitoba/Northwestern Ontario Synod.....204.889.3760
 e-mail: mnosynod@elcic.ca
 website: www.mnosynod.org
- Saskatchewan Synod 306.244.2474
 e-mail: sksynod@elcic.ca
 website: www.sasksynod.elcic.ca

- **Canada Customs & Revenue Agency (CCRA)**
- General website www.cca-adrc.gc.ca
- Charities Directorate 1.800.267.2384
www.cca-adrc.gc.ca/charities
- Forms & Publications 1.800.959.2221
www.cca-adrc.gc.ca/formspubs/menu-e.html
- GST, Payroll Deductions and other business inquiries 1.800.959.5525
www.cca-adrc.gc.ca/tax/business
- Personal tax inquiries 1.800.959.8281
- Ministère du Revenu au Québec: 1.888.413.2277
www.revenu.gouv.qc.ca/eng/ministere/index.asp

A. INFORMATION FOR CONGREGATIONAL TREASURERS OF EVANGELICAL LUTHERAN CHURCH IN CANADA (ELCIC)

1. General Information

The information in this booklet is to be used by the treasurer and should also be shared with other persons in the congregation. The remittance forms are to be used when sending funds to the synod office or the national office.

A. Charitable Organization Registration Numbers

The Evangelical Lutheran Church in Canada began operations January 1, 1986. It was incorporated by Special Act of Parliament, chapter 55, and is registered as a Charitable Organization with the Canada Customs and Revenue Agency (CCRA). Each of the five synods is separately incorporated in a province and registered as a separate Charitable Organization. Each congregation also has its own registered charitable organization number.

For your information and for the completion of Form T3010, Registered Charity Information Return, following are the charity registration numbers for some of the commonly supported Lutheran entities:

ELCIC	10735 4334 RR0001
Synod of Alberta and the Territories	13055 9404 RR0001
British Columbia Synod.....	10677 9184 RR0001
Eastern Synod	10727 3666 RR0002
Manitoba/Northwestern Ontario Synod	11903 0567 RR0001
Saskatchewan Synod	13073 9865 RR0001
Evangelical Lutheran Women Inc.	89486 7530 RR0001
ABT Synodical ELW	89486 7530 RR0002
Saskatchewan Synodical ELW	89486 7530 RR0003
BC Synodical ELW	89486 7530 RR0004
Eastern Synodical ELW	89486 7530 RR0005
MNO Synodical ELW.....	89486 7530 RR0006
Lutheran Theological Seminary, Saskatoon	11902 6292 RR0001
Waterloo Lutheran Seminary, Waterloo.....	10820 8786 RR0001
Canadian Lutheran World Relief	10686 3038 RR0001
Augustana University College, Camrose	10683 6521 RR0001
Luther College, Regina	10765 0061 RR0001
Lutheran Collegiate Bible Institute, Outlook.....	10764 9899 RR0001
Bethany Nursing Home, Camrose.....	11880 4459 RR0001
Lutheran Sunset Home, Saskatoon.....	13104 5613 RR0001
St. Paul's Lutheran Home, Melville.....	10808 5668 RR0001
Lutheran Association of Missionaries and Pilots, Edmonton.....	11900 4810 RR0001

B. Flow of Funds

For general mission support, the flow of funds is from individual to congregation to synod to national office. Each is responsible for using or sharing the gifts in accordance with the intent of the donor.

For certain other items, the congregational treasurer will send remittances directly to the national office or directly to another charity as specified by the donor.

For any donations received by the congregation, whether general or specified, and the funds are deposited into the congregation's bank account, the congregation is responsible for issuing the donation receipts and also ensuring all directed gifts are properly forwarded.

C. Special Purpose Funds

By law, funds that are donated for specific purposes must be kept separate, eg. building fund, synod benevolence, organ fund, cemetery fund. In theory, special bank accounts should be set up for each special fund however, as this most often is impractical, it is essential that separate accounts be maintained in the church financial records for each special fund.

The funds cannot be used for a purpose other than that stipulated by the donor once the gift has been accepted. Depositing a cheque into the charity's bank account acknowledges acceptance, therefore, if unsure whether a directed gift can be spent as directed, do not deposit funds until this information is confirmed. If unable to fulfill the obligation of a directed gift, the gift must either be returned to the donor, or the donor must be asked to provide, in writing, alternative uses of the gift. The only legal way to change the purpose of the funds once it has been accepted is to obtain a court order; even the donor cannot change the original intention once the gift has been accepted.

Special purpose accounts should only be set up after the congregation council has approved the purpose. Also when council establishes a new special purpose fund, they should indicate where extra monies will be applied should the specific fund be over-subscribed or when the project is completed and funds are remaining in the account (essentially, how and when the special fund can be closed.)

Borrowing from special funds should not be done, as well interest on special funds being held cannot be allocated to a different purpose.

Suggested wording for a donor to modify the restrictions of a gift in order to give the congregation ultimate control over the use of the funds:

"The donor hereby authorizes the church to use the designated funds for other church programs if the program or project for which the enclosed gift is designated has been fully funded or if the church council, in its sole discretion, decides that the program or project for which the funds are designated will not be carried out."

Example for the council to use in establishing a new special purpose fund or promoting donations to an existing fund in the event the purpose is over-subscribed:

"If the new organ fund is over-subscribed, all extra donations will be applied to the general operating fund."

2. Funds to be remitted to the Synod Office

A. Mission support through the Synod

i. Regular mission support of synod

This consists of remittances from the congregation's budget for benevolence of church-wide programs. The funds are to be sent from the congregation to the synod on a monthly basis. A completed synod remittance form must be enclosed with each payment.

ii. Directed gifts for synod purposes

This consists of remittances for causes carried out in the synod program as part of its budget. These may include support for the seminaries, campus ministry, outdoor camps, homes and other programs or agencies located within a synod boundary.

B. Mission support through the National Church

i. Regular support of national church mission

As a basic part of its budget, each synod has an amount for the mission and programs carried out together with other synods through the National Church. This is a budgeted amount agreed on by each synod in convention. Part of a congregation's remittances to a synod will be used for the national and world-wide responsibilities.

ii. Directed gifts for ELCIC causes

Individual members and congregations frequently choose to provide donations for specific causes. The intension of the donations is normally to be additional support over and above the basic regular support of the congregation. National office programs include mission in the world, volunteers in mission, missionaries of ELCIC, Global Hunger and Development Appeal, public policy, leadership, etc. These donations should flow from the congregation to the synod to the national office. Donations to Canadian Lutheran World Relief, an agency of the church, should also be sent through the synod.

iii. The Global Hunger and Development Appeal (GHDA)

The Global Hunger and Development Appeal (GHDA) of the Evangelical Lutheran Church in Canada is the means by which the ELCIC raises money for development and relief work in Canada and around the world. GHDA gifts are allocated to meet the following objectives:

- provide immediate relief of hunger and other emergency needs;
- deal with the causes and effects of poverty through long range development;
- educate to understand and confront the causes of poverty; and
- promote social and economic justice.

The largest portion of GHDA gifts is allocated to Canadian Lutheran World Relief (CLWR) in support of overseas development initiatives and emergency assistance. CLWR is a service delivery agency funded through donations from the ELCIC and Lutheran Church-Canada as well as grants from the Canadian International Development Agency (CIDA).

Local and congregational projects that address poverty in Canada are funded through annual grants to synod GHDA committees. Other grants are allocated to support work done with the ELCIC's ecumenical partners on issues of hunger, poverty and justice and to provide education programs and materials to ELCIC congregations. GHDA also responds to special appeals for assistance in disaster situations through its emergency appeal fund.

Undesignated gifts to GHDA are allocated as indicated above. Gifts designated to CLWR or a special appeal will be forwarded in their entirety according to the donor's instructions.

3. Funds to be remitted to ELCIC National Office

There are some remittances of a congregation that must be sent directly to the ELCIC. These do not pertain to mission support of either the synod or the national church. Each of these payments must be made by separate cheque and have a completed remittance form enclosed with it.

A. Church Extension and Capital Fund (CECF)

All mortgage payments of Canadian Mission congregations are to be sent directly to the ELCIC national office. These payments include interest and principal and are to be mailed monthly in accordance with the agreement with the Church Extension and Capital Fund. It is preferable that on an annual basis, the regular monthly cheques for the year are postdated and forwarded to the national office. A mortgage remittance form should accompany each cheque.

B. Lutheran Investment Funds and Endowments (LIFE)

Some congregations/institutions have LIFE loans and are to make their monthly payment directly to the ELCIC national office. It is preferable that postdated cheques for the year be forwarded to the national church on an annual basis. A loan remittance form should accompany each cheque.

This Fund provides an opportunity for established congregations to borrow money to improve facilities, and at the same time, provides an opportunity for other congregations and individuals to be partners in the mission of ELCIC. To be able to have funds available for loans, the Fund obtains investments from individuals and congregations. These congregations and individuals may invest in cashable certificates or 5-year term certificates at competitive interest rates. The Fund then lends the money out to the borrowing congregations at a reasonable interest rate. Further information is available from the ELCIC finance office.

C. Continuing Education Plan (CEP)

The ELCIC national office has the responsibility for overseeing the Continuing Education Plan. A separate cheque, payable to ELCIC, along with a completed remittance form is to be used for CEP payments. Please ensure that the monthly CEP remittances are not combined with any other ELCIC remittances.

Each professional leader and employee of a congregation or specialized ministry is eligible to participate in the plan. The plan offers provisions for short-term and long-term study grants. All study grants should further the individual's goals for ministry and serve the goals for mission of the congregation or agency that employs the individual.

Each synod's Salary Guidelines provides a suggested minimum contribution to CEP. If the guidelines are exceeded, contributions should be made on the basis of 1/3 paid by the employee and 2/3 paid by the employer. The national office minimum contribution is \$12.50 per month by the employee plus \$25.00 per month by the employer.

The total contribution is credited to the account of each participating employee. If the employee changes employers within the ELCIC organization, the CEP account moves with the employee.

Interest on accumulated funds is designated for the long-term study fund that provides grants to members of CEP for extended study leaves. It is recommended that all professional leaders, employees, parishes and employers join CEP.

Further information and forms on can be found on our website at www.elcic.ca/ministers/cep.html.

4. Funds to be forwarded to ELCIC Group Services Inc (GSI)

A. ELCIC Pension Plan for Clergy and Lay Workers

The official title of the ELCIC pension plan is "Pension Plan for Clergy and Lay Workers of the Evangelical Lutheran Church in Canada." The federal pension registration number is 0533240.

Details of this plan as described in the Pension Plan document can be made available to members upon request. Information and remittance requirements are described in the section "Pension and Group Benefits," pages [B-1 to B-7](#).

Cheques should be made payable to "ELCIC Group Services" and should be accompanied by a completed remittance form in order to ensure all payments are properly allocated.

Please note that effective July 1, 2003 and continuing through all of 2004, the employer's supplemental 2% contribution will be used to finance the experience deficiency that has emerged in the retired life portion of the fund. Starting July 2003, the 2% supplement must not be included in the employees' Pension Adjustment calculation for T4 purposes. Also, this change will affect those employees who wish to maximize their pension contributions by having additional voluntary pension deducted from their pay.

Per CCRA, the maximum pension contribution to an employee's pension plan account is 18% of "earned income" as reported in Box 14 of the T4. The employer's and employee's mandatory contributions are each 5% of the "salary basis". In many cases the "salary basis" will not be the same as the "earned income" as reported in Box 14 of the T4, and therefore, it is essential to ensure that the maximum of 18% of "earned income" is not exceeded. For further information regarding the definitions of "income", refer to page [A-19](#).

B. ELCIC Employee Benefits Plan for Clergy and Lay Workers

The ELCIC Employee Life and Disability Benefits are underwritten by The Co-operators Life Insurance Company. The Employee Assistance Plan is administered by FGI. The Health and Dental Benefits are underwritten by Manulife Financial.

Information and remittance requirements are described in the section "Pension and Group Benefits," pages [B-1 to B-7](#).

Cheques should be made payable to "ELCIC Group Services" and should be accompanied by a completed remittance form.

Further information on the pension and benefits plans can be obtained at www.elcicgsi.ca. Forms can also be downloaded from this site.

5. Funds to be forwarded directly to other charities

A. Gifts to Evangelical Lutheran Women of the Evangelical Lutheran Church in Canada Inc.

The Evangelical Lutheran Women (ELW) organization is separately incorporated for the national and synodical levels but not for the congregational level. All gifts from the local ELW are to be sent to the synodical ELW that, in turn, will channel funds to the national ELW. Though not an auxiliary of ELCIC due to the legal requirements of incorporation, ELCIC is committed to a continuing strong working relationship with the Evangelical Lutheran Women. Their website is www.elw.ca.

The congregational ELW's activities fall under the corporate umbrella of the congregation. Normally, a congregational ELW will have its own bank account and statement of income and expenses. As the congregational council must be informed on the activities of all committees and groups within its organization, ELW must submit reports to council. The minimum reporting requirement to the congregational council would be an annual report that includes the income and expenses statement and a report on the group's activities for the past year, as well as the budget and activity projections for the coming year. This report should be included in the congregation's annual report to members.

For donation receipting, the charitable organization number used by the congregational ELW is that of the congregation. As such, the books of the congregational ELW must be made available for review by the congregation's treasurer, auditor, or other appointed person who reports to the council.

When completing the T3010, Registered Charity Information Return, the information from the ELW regarding donation receipts issued, benevolence distributed and other expenses must be included with the congregation's activities and finances. The benevolence funds distributed by the congregational ELW are remitted to the synodical ELW, therefore the charitable organization number to record on the T3010, Gifts to Qualified Donees, is that of the synodical ELW. The charitable organization numbers for all the synodical ELW's are provided on page [A-4](#).

B. Directed gifts for non-ELCIC causes

For gifts received by a congregation for local causes or non-ELCIC causes, the congregation should send these directly to the beneficiary. Some examples include the World Mission Prayer League, Lutheran Association of Missionaries and Pilots, On Eagle's Wings, Lutheran Bible Translators and Wycliffe Bible Translators. Congregations are encouraged to process receipts only for known registered charities. Remember that funds transferred to other charities will need to be reported on the annual filing of the Charities Return form T3010. To find the registration numbers for charitable organizations other than those listed on page [A-4](#), search on the website www.ccradrc.gc.ca/tax/charities/online_listings/charity_listings-e.html.

C. Gifts from Other Groups

Other committees or groups such as Sunday school, youth, etc. should report their activities to the congregational council on a monthly basis. Any special fundraising projects should only occur after the approval of the council. Directed gifts from these groups must be channeled as specified. Any special or directed funds for synod or national ELCIC projects should be channeled to the synod office in the same way as other congregational funds. These gifts will become a part of the congregational financial support to the synod and the national church.

6. Group Programs for ELCIC Congregations

A. Property Insurance Program for Congregations

A property and liability insurance program has been developed to provide comprehensive and integrated coverage. The program is available to all congregations, synods and the national office. Each congregation will need only one comprehensive insurance policy that will include all property, liability, and bonding coverage, as well as specific liability coverage for directors and officers, pastors, counselors, etc., and any other special coverage requirements.

The program provides premium cost savings due to the elimination of duplicate coverage and the pooling of all ELCIC premiums within one national program. More importantly, if covered under this program, there is assurance that complete and proper insurance is in place with universal comprehensive coverage. All congregations are encouraged to examine this program.

AON Reed Stenhouse is the broker for the ELCIC group insurance program. Further information on this program can be found on our website at www.elcic.ca/parish/support/insurance.html. To obtain a price quote or request further information, please contact the consultant for your synod:

Alberta and the Territories		Don Hornsberger ph: 780.423.9487 e-mail: don.hornsberger@aon.ca
British Columbia		Cecilia Siu ph: 604.443.2505 e-mail: ceilia.siu@aon.ca
Eastern	Toronto	Bonnie Curtis ph: 416.868.5564 e-mail: bonnie.curtis@aon.ca
	Montreal	Nathalie Godbout ph: 514-840-7847 email: Nathalie.godbout@aon.ca
	Halifax	Paul Brown ph: 902-429-7310 email: paul.brown@aon.ca
Manitoba/Northwestern Ontario		Denis Brown ph: 204.934.0242 e-mail: denis.brown@aon.ca
Saskatchewan		John G. Spooner ph: 306.975.8854 e-mail: john.spooner@aon.ca

B. Payroll Preparation Program for Congregations

A payroll preparation program for our congregations and related organizations has been established through Ceridian. This program has been set up to assist in fulfilling employer obligations and to greatly reduce the time and commitment required of the volunteer treasurers. Once payroll for your organization is set up, the net pay for each of your employees will be calculated and can be directly deposited to their bank accounts; remittances to the Receiver General will be calculated and submitted on time; Record of Employment forms can be prepared; and T4's will be prepared at year-end. For further information, check our website at www.elcic.ca/parish/support/payroll.html.

To enroll in the program and receive the group discount offered by Ceridian, contact:

Denise Lavallee

e-mail: denise_lavallee@ceridian.ca

phone: 1.800.691.6085

fax: 204.975.5700.

C. Pre-Authorized Remittance (PAR)

If your congregation wishes to use a pre-authorized remittance plan, check with your financial institution if they can provide the service at a reasonable cost. If it is unable to provide the service in a cost-effective manner, a solution may be the Pre-Authorized Remittance (PAR) program offered to ELCIC congregations by the United Church Department of Stewardship Services.

PAR allows congregational members to contribute to their local church through a monthly withdrawal from their bank account. A donation can be designated to current expenses and/or other special funds, just as it is on an offering envelope.

The cost of the program to the congregation is \$0.50 per month per participating donor and there is no minimum number of donors required for a congregation to initiate the program, however, the more people on the program, the more valuable it is to the congregation.

Individual donors are charged the chequing fee by their bank. Withdrawals are made on donors' accounts on the 20th of each month, or the following business day if the 20th falls on the weekend, and congregational accounts are credited on the same day for the total amount less service charges. This amount is recorded on the congregation's bank statement as a credit memo.

Information the congregation must submit to the Department of Stewardship Services:

- From the donor: a completed authorization card and a void cheque on the bank account from which the money will be withdrawn.
- From the congregation: a void cheque on the bank account(s) that is to be credited with the funds collected. The system can accommodate up to three different bank account numbers, e.g. general account, mission account, reserve account, etc. The totals of the corresponding amounts will then be deposited directly to the various accounts each month.
- The name of one contact person, with a phone number for use during business hours, is necessary. This person will also receive the monthly printouts. The contact person may be the parish secretary, the treasurer, the financial secretary, etc.

A monthly printout is mailed to the congregation from the Department of Stewardship Services showing the breakdown of individual donors and the cost of the monthly service charges. The net amount is credited to the congregational bank accounts. Both the treasurer and financial secretary should share this information, and the congregation's bank statement should be checked to ensure that the amount credited is equal to the amount on the printout.

The handling process for NSF cheques and stop payment requests: in the month following an NSF cheque or a stop payment, a notation is made on the monthly report indicating that an amount equal to the returned cheque has been deducted from the amount credited to the congregational bank account. As soon as the information regarding a returned cheque is received by the Department of Stewardship Services, a letter is sent to the congregation with the returned cheque. The contact person in the congregation then informs the donor.

For further information and materials on the Pre-Authorized Remittance program, please contact:

The United Church of Canada
Department of Stewardship Services
3250 Bloor Street West, Suite 300
Etobicoke ON M8X 2Y4
Phone: 416.231.5931
Fax: 416.232.6003
Voice mail: 416.231.7680 extension 4121

7. Other Information for Treasurers

A. Issuing Official Donation Receipts

For any donations received by the congregation, whether general or specified, and the funds are deposited into the congregation's bank account, the congregation is responsible for issuing the donation receipts. Congregations must carefully evaluate all contributions to ensure the qualifications for an official receipt for income tax purposes are met. To qualify to receive an official donation receipt, the donation of money or property must be an outright gift. A gift is made in any circumstance where all three of the following conditions are satisfied:

1. Property (usually cash) is transferred to a registered charity. Non-cash gifts such as stocks, real estate, used furniture, etc must be appraised by a qualified independent appraiser.
2. The transfer of property is voluntary.
3. The transfer is made without expectation of return. No consideration, or benefit of any kind to the donor, or to anyone designated by the donor, may result from the payment.

In most cases, this rule can be applied relatively easily to determine whether a particular payment is a gift or some form of non-qualifying contribution. If the contribution does not qualify as a donation, an official receipt for income tax purposes cannot be issued. If doubt exists about a particular transaction, contact the ELCIC finance office or the Charities Directorate (see page [A-3](#)).

Following are some examples of special situations:

- Donation receipts cannot be issued for volunteer time. If a volunteer service is provided and the supplier wishes to receive a donation receipt, the supplier must present an invoice to the congregation; the congregation pays the invoice; the supplier then provides the cash donation back to the congregation. A donation must involve property and "time" does not qualify as "property" until it has been paid for. The Charities Directorate states that the transfer of funds must flow through the bank accounts of both the charity and the donor. If donating out-of-pocket expenses, the provider should be reimbursed and then return the funds to the charity. In this way, the donation flows through the bank account of both the donor and the donee.
- If a donor directs funds to a specified person inside a specified program, the funds received by the charity might not qualify for an official receipt for income tax purposes. Donations made to charities can be subject to a general direction, but decisions regarding specific beneficiaries of one of its established programs must be the exclusive responsibility of the charity. The gift must be directed towards the charity and not towards the individual.
- A charity may not act as a conduit to simply transfer funds to a person or an organization whose activities, although charitable, are not considered to be related in any way to the activities of the charity. To qualify as a donation to a charity, the amount must be given to the charity for its use in pursuing its own charitable objectives.
- Donations directed to a foreign agency might not be qualifying contributions. When a donor directs a charity to send a gift to another charity, that other charity must normally be a registered Canadian charity. A charity's charitable objectives may include activities carried on jointly with another charity, or may include the funding of charitable activities carried on by other charities, including foreign charities. The national office of ELCIC, through GHDA works with CLWR and LWF to assist in carrying out our commitments to the rest of the world. Funds to missionaries and world missions, CLWR and LWF should be sent through the synods to the national office to be distributed.

B. Financial Controls

Congregations must ensure the following basic financial controls are in place:

With Respect To Cash Receipts - Required Financial Controls

1. Two persons responsible for counting and recording cash receipts. Both counters should sign off the record of cash receipts for each particular count.
2. The two persons responsible for counting must not be related.
3. Upon completing and recording the count, the bank deposit is prepared and when completed, either placed in safe-keeping or taken directly to the bank.

With Respect To Cash Receipts - Desired Financial Controls

1. The two person counting teams should be rotated so the same 2 people do not always count together.
2. The two person team that counts and records the deposit should not include the Treasurer or Financial Secretary.
3. If a deposit cannot be made immediately or if a night deposit is not available, a safe should be available to store the deposit until it can be taken to the bank. Some financial institutions have experienced tampering of their night deposit boxes. Do not leave your deposit in the night deposit box if it does not appear to be working properly. Place the deposit in another locked and safe location, delivering it to the bank on the next business day and notifying the bank of the suspected problem.

With Respect To Cash Disbursements - Required Financial Controls

1. Two signing officers for cheques are required.
2. Signing officers must be unrelated.
3. Cheques must not be signed in advance and left blank.
4. Prior to signing cheques, supporting invoices and vouchers must be reviewed and initialed by cheque signatories where applicable.

With Respect To Cash Disbursements - Desired Financial Controls

1. Cancelled cheques should be returned with bank statements.

Monthly Reporting

1. Monthly preparation for review of revenue and expenditures by the congregational council.
2. Monthly review of bank statement and bank reconciliation by a representative of the congregational council.

Annual Audit

Congregational councils should consider a formal audit when size and resources allow, however, if not financially feasible, an option is to have two unrelated individuals knowledgeable in finances to review the financial records.

It is required that preparation and review of annual financial statements and records be done on a timely basis by persons not involved in the day to day financial administration. The essential areas to be reviewed include the following:

- a) Cheques should be reviewed for signatures, proper payee corresponding to related supporting documents, endorsements corresponding to payee;
- b) Monthly bank reconciliations should be reviewed;
- c) Bank deposits should be compared to the bank statements, signed counting records and bank reconciliations; and
- d) Financial statements should be compared to the previous year on a line-by-line basis and any unusual fluctuations explained.

C. Registration with Companies / Societies Acts

Depending on each provincial law, there will be annual forms to file with the province. This maintains the congregation as a corporation so that it can hold title to property, limit liability of members, etc. In most provinces, a copy of the latest audited financial statement will also need to be provided with the annual filing to the registrar of companies.

D. Tax Filing Requirements for a Charitable Organization

All ELCIC congregations that are registered charities are required to complete form T3010, the annual Charity Information Return. The T3010 Return and detailed guide are sent directly to each registered charity by the CCRA. To complete the Return, please refer to the guide and to the copy of the prior year's return for your congregation. If you require further assistance, contact your synod treasurer or the ELCIC finance office.

The T3010 form is to be completed and filed annually within 6 months of the fiscal year end, accompanied by the congregation's financial statements. A copy of the return should be kept with the congregation's files for reference in the following year.

If the annual filing is not completed, the congregation will lose its charitable registration status. If this happens, the donation receipts issued by the congregation will not be deductible on the income tax returns of the donors.

E. Record of Employment forms (termination of employment, or at age 65)

Whenever an employee, including clergy, leaves their position, the employer must complete a Record of Employment form within 5 days of termination. One copy of the form is given to the employee, one copy is sent to Human Resources Development Canada, and one copy is kept by the employer.

These forms are serially numbered and must be requested from the Human Resources Development Canada office that is listed under the government contacts in the back of your local telephone directory.

F. T5 Summary and Supplementaries

The T5 forms are used to report interest paid to individual investors if the congregation has issued trust certificates on which interest is paid. This does not include interest paid to a bank on a bank loan. These forms are to be filed annually, if applicable, before the last day of February.

If you are required to file these forms, contact CCRA Forms & Publications at 1.800.959.2221 to order the T5 Supplementaries, the T5 Summary, and the Guide for assisting in the completion of the forms.

G. GST Rebates

Registered charities are entitled to claim a 50% rebate of the GST paid on expenses for charitable purposes. If the expense is one on which GST is normally paid, but the GST is not clearly shown on the receipt, the GST can be calculated using this formula: total payment x 7/107.

The rebates claim form, GST 191, must be submitted semi-annually for the periods of January to June and for July to December. For further information, see page [A-3](#) for contact information for Canada Customs and Revenue Agency (CCRA).

H. Federal Gasoline Excise Tax Refund

If a registered charity reimburses volunteers or employees for use of the individual's automobile, a gasoline excise tax refund may be claimed. The refund is either 0.15 cents per kilometer driven and reimbursed or 1.5 cents per litre of gasoline purchased. The rebate may be applied for using the form XE8, Federal Excise Gasoline Tax Refund Program.

If 50,000 kms is reimbursed, the refund would be \$75.00 (50,000 x .0015 = 75)

If 5,000 litres of gasoline, the refund would be \$75.00 (5,000 x .015 = 75)

I. Financial Record Retention

Retain permanently:

- Ledgers, journals, current and old insurance policies, employment and payroll records, receipts and records applying to gifts where donor directed that funds be held for at least 10 years

Retain for a minimum of 6 years after the year end to which they pertain:

- Supplies invoices, mileage logs, GST records, income tax receipts and all records backing up such gifts.

J. Personal Information Protection and Electronic Documents Act (PIPEDA)

Effective January 1, 2004, the Personal Information Protection and Electronic Documents Act (PIPEDA) comes into force for all organizations. The legislation applies to "commercial activities", however the argument could be made that the raising funds and paying expenses are "commercial activities". To ensure your congregation or organization is properly protected, it is recommended that PIPEDA be followed.

Personal information includes all information an organization collects, retains or uses that can in any way identify or give information about an individual. It does not include the name, title, business address or business contact information of an organization's employee. In order to protect personal information, PIPEDA lays out ten principles that an organization's privacy policy should reflect:

1. accountability
 2. identifying purposes
 3. consent
 4. limiting collection
 5. limiting use, disclosure and retention
 6. accuracy
 7. safeguards
 8. openness
 9. individual access
 10. challenging compliance
- The national office privacy policy will be on the ELCIC website in early 2004. Further information may be obtained from:
the website of the Privacy Commissioner of Canada at www.privcom.gc.ca.
 - the September 2003 newsletter from Canadian Council of Christian Charities which provides a good overview of what needs to be done and a sample policy (issue 4-2003, pages 3-6); to receive this newsletter, you either need to be a member of CCCC or subscribe to their newsletters; website is www.cccc.org.
 - your congregation's accountant and/or lawyer.

8. Payroll And T4 Forms

Examples for calculating payroll and the corresponding T4 supplementaries are illustrated on pages [A-25 to A-32](#). Please note that these are examples only for illustrative purposes.

The year used for the payroll illustration is 2003. Please note the change in calculating the Pension Adjustment in box 52 of the T4. Effective July 1, 2003, the 2% employer supplemental contribution to the pension plan will be used to finance the experience deficiency that has emerged in the retired life portion of the fund. Therefore the 2% supplemental amount should not be included in the calculation of the employee pension adjustment starting July 2003 and continuing through all of 2004.

When preparing the payroll for your employees, please ensure the salary and benefits amounts are adjusted according to your employee's call documents, your synod's salary guidelines, and your province's current year tax tables.

If you wish to use a payroll preparation service, a group discount has been arranged with Ceridian. Please refer to the information on page [A-11](#).

A. Payroll Preparation

To prepare payroll, please read through this section in its entirety and [Section B](#), Pension and Benefits of the ELCIC. As well, for further information, refer to the following Canada Customs and Revenue Agency (CCRA) publications:

- T4001 - Employers' Guide to Payroll Deductions - Basic Information
- T4130 - Employers' Guide to Payroll Deductions - Taxable Benefits
- Payroll Deductions Tables for your province for the current year

These booklets are available on the website at www.cra-adrc.gc.ca/tax/business/payroll or from any Tax Office.

B. Taxable Benefits

Taxable Benefits are those benefits paid by the employer on behalf of the employee that must be recorded on the T4. The payment is made either to the employee or directly to the creditor who supplied of the goods or services to the employee. If the employer pays an expense directly to a supplier on behalf of an employee, and the expense is not deductible on the employee's personal tax return, the total amount paid by the employer must be included in the income of the employee.

i. Taxable Life Insurance Premiums

The life insurance coverage for employees under the ELCIC Group Benefits Plan is 3 times annual salary ("salary" is defined on [page B-3](#)). The premium for this coverage is part, but not all, of the 3% of salary paid by the employer to Group Services. According to CCRA, any life insurance premiums paid by an employer on behalf of an employee are taxable and pensionable (CPP must be deducted) but are not insurable (EI is not deducted). On the T4, this benefit would be reported in Box 40 "Other information" and also included in Box 14 "Employment Income".

For calculating the taxable benefit, refer to page B-7 which illustrates formula for the 2004 taxable benefit. For calculating the 2003 taxable benefit, use the rates of \$0.29 per \$1,000 of insurance for January and February 2003 and \$0.246 per \$1,000 of insurance for March to December 2003.

ii. Clergy Housing Allowance and Clergy Residence Deduction

- "Allowance" is the amount paid by the employer to the clergy employee.
- "Deduction" is the amount a qualified clergy employee may deduct on his/her personal tax return according to the CCRA regulations found in Interpretation Bulletin IT-141R.
- In all cases, the "Deduction" is the fair rental value of the housing plus the cost of the utilities of the home in which the clergy resides. The "Allowance" and "Deduction" may be the same amount, but they do not have to be the same.
- Utilities include hydro, gas, water and sewer, but do not include telephone, internet or cable.

If a cash allowance is paid, the Housing Allowance is the total of the cash allowance paid. If a parsonage is provided, the Housing Allowance is the fair rental value of the parsonage plus the utilities paid by the employer.

Income taxes and CPP are not required to be paid on the Housing Allowance, however, EI must be paid. On the T4, the Housing Allowance must be included in Box 14 "Employment Income" and in Box 30 "Other information".

The employer must complete Part B of CCRA form T1223 that will certify if an employee is eligible to claim the Clergy Housing Deduction.

For clergy receiving a cash housing allowance, the Deduction will be limited to 1/3 of the "Employment Income" reported in Box 14 of the T4. This limit does not apply to those clergy who are provided a parsonage.

For detailed information on the Clergy Housing Deduction, refer to [Interpretation Bulletin IT-141R](#) available on the CCRA website or by ordering from CCRA Forms & Publications (see page [A-3](#)).

iii. Housing Equity Allowance

In each synod's Salary Guidelines, a housing equity allowance is suggested for those employees provided with a parsonage. Income taxes, CPP and EI must all be deducted. On the T4, include this amount in Box 14, "Employment Income" and also in Box 40 "Other information".

iv. Utilities Allowance

Utilities includes hydro, gas, water and sewer; it does not include telephone, internet or cable. If the employer provides either a utilities allowance to the employee or pays the utilities directly to the supplier, this amount is included with the Clergy Housing Allowance. Income taxes and CPP are not required to be paid, but EI premiums must be paid on this benefit. On the T4, this amount is included in Box 14, "Employment Income" and in Box 30 "Other information".

If the congregation requires the employee to be accessible by telephone and to have internet access in his/her home, the congregation should pay the ministry usage for these expenses. If the congregation pays the full cost of the home phone and internet expenses, the ministry usage would not be taxable to the employee, however the personal use of these expenses would be taxable benefits and would be reported on the T4 in Box 14 and Box 40.

v. Employee Book Allowance

Canada Customs and Revenue Agency (CCRA) considers all book allowances paid to pastors to be a taxable benefit. This includes either a monthly cash allowance or a reimbursement for the cost of books that are purchased for, and will be retained in the possession of, the employee. Income taxes, CPP and EI are all required to be paid on the Book Allowance. On the T4, this benefit will be included in Box 14 "Employment Income" and in Box 40 "Other information".

vi. Clergy Auto Allowance

In order for the auto allowance to be non-taxable, it must be a reimbursement based upon actual kilometers driven for clergy duties, and the reimbursement rate on a per kilometer basis must be reasonable. A logbook must be maintained by the clergy and submitted when requesting reimbursement. Each synod sets out mileage reimbursement rates that are considered to be within CCRA's guidelines for "reasonable".

The auto allowance will be considered taxable if the allowance is a flat monthly amount that is not based on actual mileage driven or if a logbook is not maintained by the employee. If the allowance is taxable, income tax, CPP and EI must be remitted for this allowance. The allowance would be included in Box 14 "Employment Income" and in Box 40 "Other information".

The reporting of mileage used by the pastor is the deciding factor on which method is used:

1. The pastor can be reimbursed on a per kilometer basis that is considered reasonable. The pastor must maintain a logbook supporting the clergy-use kilometers and submit this logbook to the employer periodically. Under this condition, the amount received (reimbursement) would not have to be included in income, nor would it be reported on the T4. The auto expense reimbursement would not be reported on the pastor's personal income tax return;

or

2. The pastor can receive a flat auto allowance, and have this allowance included in income and reported on the T4. On the personal income tax return of the pastor, the actual expenses in relation to clergy-use kilometers could be claimed as a deduction if a logbook is maintained for CCRA purposes, but is not submitted for the congregation's records. In this situation, the employer must complete form T2200.

If you have questions, you should discuss them with your local accountant, your synod treasurer or the ELCIC finance office.

C. Definitions of "Income"

i. Employment Income (Box 14 on the T4)

Employment Income is the base salary plus all taxable benefits that include housing allowance, housing equity, utilities, life insurance premiums, book allowance, and possibly auto allowance depending on the method of payment.

The exclusions from "Employment Income" are the non-taxable benefits that include contributions paid into the Continuing Education Plan, and the health and dental premiums paid by the employer except in Québec.

ii. ELCIC Pension and Benefits Salary Basis (for calculating pension and benefits premiums)

The ELCIC Pension and Benefits Salary Basis is the amount on which remittances to the ELCIC Registered Pension Plan and Group Benefits Plan must be paid.

- For lay employees, the Salary Basis is the base salary before taxable benefits.
- For clergy who are provided with housing, the Salary Basis is the base salary + 30% of base salary + housing equity.
- For clergy who are paid a cash housing allowance, the Salary Basis is the base salary + housing allowance paid.

iii. CPP Pensionable Income (Box 26 on the T4)

CPP Pensionable Income is earned income on which CPP premiums must be paid. This includes base salary plus the taxable benefits of book allowance, life insurance premiums and auto allowance if taxable. The exclusion from CPP Pensionable Income is the housing allowance and utilities as long as the employee is eligible for the clergy housing deduction.

The employee will not have any Pensionable Income if he/she is under the age of 18, over the age of 70, or receiving CPP retirement or disability benefits.

The employee cost of CPP:

	2003	2004
Maximum pensionable earnings for CPP	\$39,900.00	(info will be available in Dec/03)
Basic exemption for the year	\$3,500.00	
CPP Contribution rate for employees	4.95%	
Employee maximum annual contribution	\$1,801.80	

The employer cost is equal to the employee CPP contribution.

iv. EI Insurable Earnings (Box 24 on the T4)

EI Insurable Earnings is earned income on which EI premiums must be paid. This includes base salary, housing allowance, housing equity, utilities, book allowance, and auto allowance if taxable. The exclusion from EI Insurable Earnings is the life insurance premiums paid by the employer.

The employee cost of EI:

	2003	2004
Maximum insurable earnings for EI	\$39,000.00	(info will be available in Dec/03)
EI premium rate for employees	2.10%	
Employee maximum annual contribution	\$819.00	

The employer cost is 1.4 times the employee EI premium.

v. Taxable income

(for calculating employee tax withholdings)

Taxable income is the earned income on which the employer is required to withhold income taxes from the employee's pay. This includes base salary plus the taxable benefits of book allowance, life insurance premiums, and perhaps auto allowance depending on how the allowance is paid, less the employee's contributions to the Registered Pension Plan.

D. Completing T4 Supplementary Slips

Please remember that T4 forms must be filed with CCRA and be in the hands of employees on or before the last day of February each year.

If the T4 forms are handwritten, the forms must be completed using blue or black ink. When entering information in boxes that have framed spaces, print the characters within the lines of the frame and ensure that numbers or letters are legibly written and do not touch each other.

The following information provides details on preparation of the T4 supplementary:

Employer's name: Enter the name of the employer as registered with CCRA and used to remit employee deductions. Generally, this will be the name of your church or parish.

Employee's name and address: In the box provided, print or type the employee's last name in capital letters, followed by the first name and initials. Do not enter the title of office or courtesy title of the employee. Enter the employee's address, including the province or territory, postal code, and country if other than Canada.

Year: Enter the four digits of the calendar year in which you paid the remuneration to the employee.

T4 Box - Void: Enter an "X" in this box only if the T4 is cancelled. Otherwise leave blank.

Box 10 - Province of Employment: Enter one of the following abbreviations to indicate the province or territory in which the employee reported to work.

NF - Newfoundland	QC - Quebec	BC - British Columbia
LB - Labrador	ON - Ontario	YT - Yukon Territory
PE - Prince Edward Island	MB - Manitoba	NT - Northwest Territories
NS - Nova Scotia	SK - Saskatchewan	NU - Nunavut
NB - New Brunswick	AB - Alberta	US - United States
		ZZ - Other than Canada or US

Box 12 - Social Insurance Number: Enter the employee's social insurance number (SIN) as it appears on the employee's SIN card.

Box 14 - Employment Income: Report the total employment income paid before deductions. This includes the total of all salary, wages, bonuses, vacation pay, allowances and the value of all taxable benefits. Include each of the amounts that are also reported in the "Other Information" area of the T4 supplementary.

Box 16 and 17 - Employee's CPP/QPP Contributions: Enter the amount deducted from the employee's earnings for contributions to the Canada Pension Plan (CPP) or Quèbec Pension Plan (QPP). Make the entry under CPP (Box 16) or QPP (Box 17) depending on the province of employment. Do not enter the employer's share of premiums.

Box 18 - Employee's EI Premiums: Enter the amount of Employment Insurance (EI) deducted from the employee's earnings. Do not enter the employer's share of premiums.

Box 20 - Registered Pension Plan (RPP) Contributions: Enter the total amount deducted from the employee's earnings for contributions to the ELCIC Pension Plan for Clergy and Lay Workers, or other registered pension plan. This amount will include any additional voluntary contributions deducted from the employee's earnings during the year. Do not include the employer's contribution to the registered pension plan in this box.

Box 22 - Income Tax Deducted: Enter the total income tax deducted from the employee's earnings. This includes federal, provincial (except for Quèbec) and territorial taxes that apply. Do not include any amount withheld under the authority of a "garnishee" or a "requirement to pay" which applies to the employee's previously assessed tax arrears.

Box 24 - EI Insurable Earnings: Enter the amount you used to calculate the employee's EI premiums. Leave this box blank if:

- There are no insurable earnings;
- Insurable earnings are the same as employment income in Box 14; or
- Insurable earnings are over the maximum for the year.

Box 26 - CPP/QPP Pensionable Earnings: In most cases, this box will be left blank. Complete if the employee who, during the year:

- was a clergy member for whom the annual housing allowance or annual fair rental value of accommodations provided was not included in the calculation of CPP premiums;
- reached the age of 18 or 70 during the year;
- was considered to be disabled and received disability pension under the CPP or QPP,
- received a retirement pension under the CPP or QPP; or
- was subject to QPP and the pensionable earnings are more than employment income reported in Box 14, regardless of the employee's province of residence.

Box 28 - CPP/QPP and EI Exempt: Enter an "X" under "CPP/QPP" if the earnings were exempt for the entire period. Leave blank if you entered an amount in Box 16, 17 or 26.

Enter an "X" under "EI" if the earnings were exempt for the entire period. Leave blank if you entered an amount in Box 18 or 24.

Box 29 - Employment Code: Leave this box blank.

Box 44 - Union Dues: Use this box only if you and the union agree that the union will not issue receipts for union dues of employees.

Box 46 - Charitable Donations: Enter the amount you deducted from the employee's earnings for donations to registered charities in Canada.

Box 50 - RPP Registration Number: Enter the seven-digit registration number issued for an employee's pension plan. The registration number for the ELCIC Pension Plan for Clergy and Lay Workers is 0533240.

Box 52 - Pension Adjustment: The amount of an employee's pension adjustment is the total of:

- the Employee's 5% mandatory contributions to the plan for the year; plus
- the Employee's voluntary contributions to the plan during the year, plus
- the Employer's contributions to the plan: 7% for January to June and 5% for July to December (the 2% supplemental contribution by the employer will be used to finance the experience deficiency that has emerged in the retired life portion of the fund effective July 1, 2003)

Leave box 52 blank if the employee died during the year.

Box 54 - Business Number: Enter the 15-digit Business Number (BN) that you use when remitting employee deductions.

Other Information Area: At the bottom of the T4 supplementary, additional information regarding taxable benefits is reported for government statistical purposes. On the back of the T4, there is a listing of benefits and the corresponding box numbers. Most congregations will need to note the following two benefits in particular:

- **Box 30 - Housing, Board and Lodging**

If the employee was paid a cash housing allowance, enter the amount paid including any amounts paid for utilities. If a parsonage was provided, enter the fair rental value of the housing provided plus utilities paid. The amount reported in Box 30 is also included in Box 14 "Employment Income".

- **Box 40 - Other Taxable Allowances and Benefits**

Report the total of all taxable benefits, other than housing allowance and utilities, as described starting on page A-17. For Québec residents only, health and dental premiums paid by the employer must also be included as taxable benefits on the Releve 1. The total amount reported in Box 40 is also to be included in Box 14 "Employment Income".

E. Completing the T4 Summary Form

Please note that more detailed instructions with respect to completing T4 Supplementaries, T4 Summaries, T4A Supplementaries and T4A Summaries are included in the "*Employer's Guide to Payroll Deductions*," available from CCRA.

In the boxes at the top of the form, enter the 15-digit Business Number (BN), and complete name and address information.

Line 14 - Employment Income: Add the amounts reported in Box 14 of all the T4 supplementaries.

Line 16 - Employees CPP Contributions: Add the amounts reported in Box 16 of all the T4 supplementaries.

Line 18 - Employees EI Premiums: Add the amounts reported in Box 18 of all T4 supplementaries

Line 19 - Employer EI Premiums: Enter the employer's share of Employment Insurance premiums. The employer's premium is 1.4 times the employees' premiums as reported on Line 18.

Line 20 - Registered Pension Plan Contributions: Add the amounts reported in Box 20 of all T4 supplementaries.

Line 22 - Income Tax Deducted: Add the amounts reported in Box 22 of all T4 supplementaries.

Line 27 - Employer CPP Contributions: Enter the employer's share of CPP contributions. The employer's premiums are equal to the employees' premiums as reported on Line 22.

Line 52 - Pension Adjustment: Add the amounts reported in Box 52 of all the T4 supplementaries.

Lines 76 and 78 - Person to Contact: Enter the name and telephone number of a person who can be contacted to clarify any of the information on the T4 Summary or T4 Supplementaries.

Line 80 - Total Deductions Reported: Add the amounts reported on lines 16, 27, 18, 19, and 22 of the T4 Summary form.

Line 82 - Remittances: Enter the total amount of remittances to the Receiver General for the year.

Difference: Subtract Line 82 from Line 80 and enter this amount under "Difference".

Line 84 - Overpayment or Line 86 - Balance Due:

If the result on line "Difference" is negative, enter the result on Line 84, "Overpayment." Attach a note indicating the reason for the overpayment.

If the result on line "Difference" is positive, enter it on line 86, "Balance Due".

If the result on line "Difference" is zero, leave lines 84 and 86 blank.

Amount Enclosed: If there is a balance due, attach a cheque made payable to "Receiver General".

Line 88 - Total Number of T4 Supplementaries Filed: Enter the total number of T4 supplementaries that are included with the T4 Summary form.

Certification: A current officer of the organization must sign the T4 information return.

F. Completing the T1223, Clergy Residence Deduction

For an individual to be eligible for the clergy residence deduction they must meet both the "status test" and "function test" as defined by CCRA. Part B of form T1223 must be completed by the employer to certify that the employee fits the criteria.

To satisfy the "status" test, the employee must belong to a recognized clergy group of their religious order. The recognized clergy groups in the ELCIC are the three recognized rosters: bishops, ordained ministers and diaconal ministers. The employee must be on one of these rosters to satisfy the status test.

To satisfy the "function" test, the rostered employee must minister to a congregation or be in full-time administration with the religious order and the clergy employee must be recognized by the religious order to provide the Sacraments. Chaplains in hospitals, correctional facilities and the military are considered to be ministering to congregations. Teachers in educational institutions are specifically excluded by CCRA from being allowed the Clergy Residence Deduction.

For further information, refer to CCRA's Interpretation Bulletin IT-141R (Consolidated).

If you have any questions regarding the completion of the form, please contact the ELCIC finance office (see page [A-3](#)).

NOTES

EXAMPLES FOR CALCULATING PAYROLL FOR CLERGY

Following are examples of monthly clergy payroll in 2003 and the corresponding T4 supplementaries.

Example 1 is a clergy employee receiving a cash housing allowance.

Example 2 is a clergy employee provided with a parsonage.

Where to obtain payroll information:

- for the amount of salary and benefits: from Call documents and your synod's salary guidelines.
- for pension and benefits deductions remitted to Group Services: from pages [B-1 to B-7](#) of this booklet and further letters from Group Services informing of any changes, or review the Group Services website.
- for CPP, EI and tax deductions remitted to the Receiver General: from the CCRA "Payroll Deductions Tables" for your province for the current year and from the TD1 completed by the employee.

The assumptions used in the examples:

- Employee is a clergy who is married and employed in Manitoba, claiming Code 1 for tax deductions.
- Base salary is \$2,600 per month; \$31,200 per year.
- Housing Allowance - in example 1 - cash housing allowance of \$1,000 per month; \$12,000 per year.

Housing Allowance - in example 2 - provided with a parsonage with total housing benefits equivalent to \$1,000 per month: fair rental value is \$735 per month; utilities paid by the congregation are \$140 per month, and cash housing equity is \$125 per month.

- Book allowance is a cash benefit of \$30 per month; \$360 per year.
- Auto allowance is reimbursed on actual mileage at the rate set by the synod. A travel log is submitted monthly. As the employee is reimbursed based on the actual mileage driven for clergy purposes and is reimbursed at a reasonable rate, the auto expenses are not taxable under these circumstances.
- Continuing Education Plan contributions are based on the employer paying 2/3 and the employee paying 1/3. The employer pays \$34 per month, the employee pays \$17 per month (total of \$51/month).
- Pension benefits are based on employer contributions of $(5\% + 2\%) \times$ "salary basis" and the employee contributions of $5\% \times$ "salary basis". "Salary basis" is defined on page B-3.
- Health & dental premiums are based on family coverage. For these examples, in accordance with the minimum salary guidelines of the MNO Synod, the cost sharing agreement is that each the employer and the employee pay 50% of the premiums. The monthly rates are established for each province. In Québec, the health and dental premiums paid by the employer must be reported as a taxable benefit on the Relevé 1 but are not reported on the T4.
- Life and disability premiums are fully paid by the employer, and are based on 3% of "salary basis" as defined on page B-3.

Employer-paid premiums for Life Insurance and Dependent Life are taxable. Employer-paid premiums for Accidental Death & Dismemberment, Disability Insurance and the Employee Assistance Plan are not taxable. In Ontario and Quebec, the taxable benefit must include the sales tax that is remitted to the government by Group Services.

In Québec, the AD&D portion of the insurance premium (\$.28 per month) must also be added to the life insurance taxable benefit on the Releve 1.

EXAMPLE 1 - FOR CLERGY RECEIVING A CASH HOUSING ALLOWANCE

PLEASE REFER TO THE PREVIOUS PAGE FOR THE ASSUMPTIONS USED IN THIS EXAMPLE

- Where to obtain info =
- 1 Call documents and Synod Guidelines
 - 2 Pension and Benefits section of Treasurers Booklet and correspondence from Group Services
 - 3 CCRA current year Payroll Deductions Booklet for your province
 - 4 TD1 forms completed by the employee and the CCRA current year Payroll Deductions Booklet for your province

MONTHLY PAYROLL CALCULATION:

	Where to obtain info	Employee monthly pay cheque	Pension Base	Benefits Base	CPP Pensionable Income	EI Insurable Income	Taxable Income	Employer costs for salary and benefits
<u>Earnings:</u>								
Base salary	1	2,600.00	2,600.00	2,600.00	2,600.00	2,600.00	2,600.00	2,600.00
Cash housing allowance	1	1,000.00	1,000.00	1,000.00		1,000.00		1,000.00
Book Allowance	1	30.00			30.00	30.00	30.00	30.00
Auto expenses reimbursed (not included with salary, see commentary)								
Total employment income		3,630.00	3,600.00	3,600.00				3,630.00
<u>Deductions to be remitted to ELCIC:</u>								
Continuing Education Plan	1	-17.00		x 12				34.00
<u>Deductions to be remitted to GSI:</u>								
Pension contributions - 5%	2	-180.00	5% x 3,600				-180.00	180.00
Pension contributions - 2%	2							72.00
Health & dental premiums	2	-99.97	50% x (103.96 + 95.99)					99.98
Total life & disability premiums	2							108.00
Taxable portion of life insurance	2				35.13		35.13	
					2,665.13	3,630.00	2,485.13	
<u>Deductions to be remitted to CCRA:</u>								
Canada Pension Plan	3	-117.49	based on 2,665.13					117.49
Employment Insurance	3	-76.23	based on 3,630. Once the maximum annual premiums are paid, no further EI premiums should be deducted					106.72
Federal Income Tax	4	-324.00	based on 2,485.13					
Prov Income Tax	4	-172.00	based on 2,485.13					
Total benefits deductions		-986.69						718.19
Net Pay		2,643.31						4,348.19

EXAMPLE 1 - FOR CLERGY RECEIVING A CASH HOUSING ALLOWANCE continued
PLEASE REFER TO THE PREVIOUS PAGES FOR THE ASSUMPTIONS USED IN THIS EXAMPLE

MONTHLY PAYMENTS:

Benefit	Employee	Employer	Total
Pay to employee net payroll			2,643.31
Remittance to ELCIC CEP	17.00	34.00	51.00
Remittance to Group Services			
Pension - 5%	180.00	180.00	360.00
Pension - 2%	0.00	72.00	72.00
Health/dental	99.97	99.98	199.95
Life/disability	0.00	108.00	108.00
			739.95
Remittance to Receiver General			
CPP	117.49	117.49	234.98
EI	76.23	106.72	182.95
Tax	496.00	0.00	496.00
			913.93

YEAR-END T4 SUPPLEMENTARY:

Other information (bottom of the T4):		
Box 30 - Clergy housing	1000 x 12	12,000.00
Box 40 - Taxable benefits	see note 1 below	791.26
Box 14 - Employment income	$[(2,600+1,000+30) \times 12] + (431.26)$	43,991.26
Box 16 - CPP contributions	(117.49×12)	1,409.88
Box 26 - CPP pensionable earnings	$(2,665.13 \times 12)$	31,981.56
Box 18 - EI premiums	2003 maximum premium = 819.00 see Note 2 $(76.23 \times 12 = 914.76)$	819.00
Box 24 - EI insurable earnings	exceeds 2003 maximum earnings of \$39,000 $(3,630 \times 12 = 43,560)$	leave blank
Box 20 - RPP contributions	(180.00×12)	2,160.00
Box 52 - Pension adjustment	$((180 + 180) \times 12) + (72 \times 6)$	4,752.00
Box 22 - Income tax deducted	$(324 + 172) \times 12$	5,952.00

Items not reported on the T4:

- actual premiums paid for life & disability insurance (3% of salary basis)
- health & dental premiums paid
- Continuing Education Plan contributions
- auto reimbursements if based on actual mileage

NOTES:

1) Calculation for Box 40, Taxable Benefits:

$$2003 \text{ taxable life premiums} \quad 43,200 \times 3 \times ((.29/1000 \times 2 \text{ months}) + (.246/1000 \times 10 \text{ months})) + ((2.39 \times 2 \text{ months}) + (3.25 \times 10 \text{ months})) = 431.26$$

Book allowance	12 x 30 = 360
Total	431.26 + 360 = 791.26

2) Do not continue to deduct premiums for CPP or EI once the annual maximum has been reached.

EXAMPLE 1

Employer's name - Nom de l'employeur
YOUR CHURCH NAME
STREET
CITY, PROV POSTAL CODE

Canada Customs and Revenue Agency / Agence des douanes et du revenu du Canada
T4
STATEMENT OF REMUNERATION PAID / ETAT DE LA REMUNERATION PAYEE
 Year / Année: **2003**

Business Number / Numéro d'entreprise: **54 YOUR 15-DIGIT NUMBER**
 Social insurance number / Numéro d'assurance sociale: **12 EMPLOYEE S.I.N.**
 Exempt - Exemption: **28** (RPC - RRG) **AE** (EI)

Province of employment / Province d'emploi: **10 MB**
 Employment Code / Code d'emploi: **29**

VOID / ANNULÉ:
 Employment income - line 101 / Revenus d'emploi - ligne 101: **14 43 991 26 22**
 Income tax deducted - line 437 / Impôt sur le revenu retenu - ligne 437: **5 952 00**

Employee's CPP contributions - line 305 / Cotisations de l'employé au RPC - ligne 305: **16 14 09 88**
 EI insurable earnings / Gains assurables d'AE: **24**

Employee's QPP contributions - line 306 / Cotisations de l'employé au RRG - ligne 306: **17**
 CPP-QPP pensionable earnings / Gains donnant droit à pension - RPC-RRQ: **26 31 981 56**

Employee's EI premiums - line 312 / Cotisations de l'employé à l'AE - ligne 312: **18 8 19 00**
 Union dues - line 212 / Cotisations syndicales - ligne 212: **44**

RPP contributions - line 207 / Cotisations à un RPA - ligne 207: **20 2 160 00**
 Charitable donations - Schedule 1 / Dons de bienfaisance - Annexe 1: **46**

Pension adjustment - line 206 / Facteur d'équivalence - ligne 206: **52 4 752 00**
 RPP or DPSP registration number / N° d'agrément d'un RPA ou d'un RPDB: **50 05 332 40**

Employee's name and address - Nom et adresse de l'employé
 Last name (in capital letters) - Nom de famille (en lettres majuscules): **LAST NAME, FIRST NAME**
STREET
CITY, PROV POSTAL CODE

Other information (see the back) / Autres renseignements (voir au verso):
30 Box - Case: **12 000 00** Amount - Montant
40 Box - Case: **7 91 26** Amount - Montant
T4 (01) Box - Case: Amount - Montant

NOTES

EXAMPLE 2 - CALCULATING PAYROLL FOR CLERGY PROVIDED WITH A PARSONAGE

PLEASE REFER TO THE PREVIOUS PAGE FOR THE ASSUMPTIONS USED IN THIS EXAMPLE

- Where to obtain info =
- 1 Call documents and Synod Guidelines
 - 2 Pension and Benefits section of Treasurers Booklet and correspondence from Group Services
 - 3 CCRA current year Payroll Deductions Booklet for your province
 - 4 TD1 forms completed by the employee and the CCRA current year Payroll Deductions Booklet for your province

MONTHLY PAYROLL CALCULATION:

	Where to obtain info	Employee monthly paycheque	Pension Base	Benefits Base	CPP Pensionable Income	EI Insurable Income	Taxable Income	Employer costs for salary and benefits		
<u>Earnings:</u>										
Base salary	1	2,600.00	2,600.00	2,600.00	2,600.00	2,600.00	2,600.00	2,600.00		
30% of base salary			780.00	780.00						
Fair rental value of housing	estimate					735.00				
Utilities paid by congregation	1					140.00		140.00		
Housing Equity Allowance	1	125.00	125.00	125.00	125.00	125.00	125.00	125.00		
Book Allowance	1	30.00			30.00	30.00	30.00	30.00		
Auto expenses reimbursed (not included with salary, see commentary)										
Total cash employment income		2,755.00	3,505.00	3,505.00				2,895.00	Salary costs excluding actual cost of house.	
				x 12						
				42,060.00						
<u>Deductions to be remitted to ELCIC:</u>										
Continuing Education Plan	1	-17.00						34.00		
<u>Deductions to be remitted to GSI:</u>										
Pension contributions - 5%	2	-175.25		5% x 3,505			-175.25	175.25	5% x 3,505	
Pension contributions - 2%								70.10	2% x 3,505	
Health & dental premiums	2	-99.97				50% x (103.96 + 95.99)		99.98	50% x (103.96 + 95.99)	
Total life & disability premiums	2							105.15	3% x 3,505	
Taxable portion of life insurance	2				34.29		34.29		(42,060x3x.246/1000)+3.25	
					2,789.29	3,630.00	2,614.04			
<u>Deductions to be remitted to CCRA:</u>										
Canada Pension Plan	3	-123.63	based on 2,789.29					123.63	equal to employee cost	
Employment Insurance	3	-76.23	based on 3,630.			Once the maximum annual premiums are paid, no further EI premiums should be deducted			106.72	1.4 x employee cost
Federal Income Tax	4	-346.00	based on 2,616.04							
Prov Income Tax	4	-183.00	based on 2,614.04							
Total benefits deductions		-1,021.08						714.83	Total benefits costs	
Net Pay		1,733.92						3,609.83	Total salary and benefits excluding actual cost of house and maintenance	

EXAMPLE 2 - MONTHLY REMITTANCES AND T4 SUPPLEMENTARY FOR CLERGY PROVIDED WITH A PARSONAGE cont.

PLEASE REFER TO THE PREVIOUS PAGES FOR THE ASSUMPTIONS USED IN THIS EXAMPLE

MONTHLY PAYMENTS:

Benefit	Employee	Employer	Total
Pay to employee net payroll			<u>1,733.92</u>
Remittance to ELCIC CEP	17.00	34.00	<u>51.00</u>
Remittance to Group Services Pension - 5%	175.25	175.25	350.50
Pension - 2%	0.00	70.10	70.10
Health/dental	99.97	99.98	199.95
Life/disability	0.00	105.15	<u>105.15</u>
			<u>725.70</u>
Remittance to Receiver General CPP	123.63	123.63	247.26
EI	76.23	106.72	182.95
Tax	529.00	0.00	<u>529.00</u>
			<u>959.21</u>

YEAR-END T4 SUPPLEMENTARY:

Other information (bottom of the T4):

Box 30 - Clergy housing	(735 + 140) x 12	10,500.00
Box 40 - Taxable benefits	see Note 1 below	2,280.87
Box 14 - Employment income (includes Boxes 30 & 40)	[(2,600 + 125 + 30) x 12] + 420.87	10,500 + 45,840.87
Box 16 - CPP contributions	(123.63 x 12)	1,483.56
Box 26 - CPP pensionable earnings	(2,789.29 x 12)	33,471.48
Box 18 - EI premiums	2003 maximum premium = 819.00 see Note 2 (76.23 x 12 = 914.76)	819.00
Box 24 - EI insurable earnings	exceeds 2003 maximum earnings of \$39,000 (3,630 x 12 = 43,560)	leave blank
Box 20 - RPP contributions	(175.25 x 12)	2,103.00
Box 52 - Pension adjustment	((175.25 + 175.25) x 12) + (70.10 x 6)	4,626.60
Box 22 - Income tax deducted	(346 + 183) x 12	6,348.00

Items not reported on the T4:

- actual premiums paid for life & disability insurance
- health & dental premiums paid
- Continuing Education Plan contributions
- auto reimbursements if based on actual mileage

NOTES:

1) Calculation for Box 40, Taxable Benefits:

$$2003 \text{ taxable life premiums } 42,060 \times 3 \times ((.29/1000 \times 2 \text{ months}) + (.246/1000 \times 10 \text{ months})) + ((2.39 \times 2 \text{ months}) + (3.25 \times 10 \text{ months})) = 420.87$$

$$\text{Book allowance } 12 \times 30 = 360$$

$$\text{Housing equity } 12 \times 125 = 1,500$$

$$\text{Total } 420.87 + 360 + 1,500 = 2,280.87$$

2) Do not continue to deduct premiums for CPP or EI once the annual maximum has been reached.

EXAMPLE 2

Employer's name - Nom de l'employeur YOUR CHURCH NAME STREET CITY, PROV POSTAL CODE		Canada Customs and Revenue Agency / Agence des douanes et du revenu du Canada Year / Année: 2003 T4 STATEMENT OF REMUNERATION PAID / ÉTAT DE LA RÉMUNÉRATION PAYÉE						
Business Number / Numéro d'entreprise 54 YOUR 15-DIGIT NUMBER	VOID ANNULÉ: 14 Province of employment / Province d'emploi: 10 NB Social insurance number / Numéro d'assurance sociale: 12 EMPLOYEE S.I.N. Exempt - Exemption: 28 RPC - RRQ: AE	Employment income - line 101 / Revenus d'emploi - ligne 101: 14 43 980 87 Employee's CPP contributions - line 308 / Cotisations de l'employé au RPC - ligne 308: 16 1483 56 Employee's QPP contributions - line 308 / Cotisations de l'employé au RRQ - ligne 308: 17 Employee's EI premiums - line 312 / Cotisations de l'employé à l'AE - ligne 312: 18 819 00 RPP contributions - line 207 / Cotisations à un RPA - ligne 207: 20 2103 00 Pension adjustment - line 206 / Facteur d'équivalence - ligne 206: 52 4626 60	Income tax deducted - line 437 / Impôt sur le revenu retenu - ligne 437: 22 6348 00 EI insurable earnings / Gains assurables d'AE: 24 CPP-QPP pensionable earnings / Gains donnant droit à pension - RPC-RRQ: 26 33471 48 Union dues - line 212 / Cotisations syndicales - ligne 212: 44 Charitable donations - Schedule 1 / Dons de bienfaisance - Annexe 1: 46 RPP or DPSP registration number / N° d'agrément d'un RPA ou d'un RPDS: 50 0533240					
Employee's name and address - Nom et adresse de l'employé Last name (in capital letters) - Nom de famille (en lettres majuscules): LAST NAME, FIRST NAME STREET CITY, PROV POSTAL CODE								
Other information (see the back) / Autres renseignements (voir au verso): 30 10500 00 Box - Case / Montant - Montant	40 2280 87 Box - Case / Montant - Montant							
T4 (01)	Box - Case	Amount - Montant	Box - Case	Amount - Montant	Box - Case	Amount - Montant	Box - Case	Amount - Montant

NOTES

B. THE PENSION AND NATIONAL GROUP INSURANCE PLANS OF THE EVANGELICAL LUTHERAN CHURCH IN CANADA

Administered By
ELCIC Group Services Inc (GSI)

For information or forms contact us at
Winnipeg local number 984-9181
toll-free number 1-877-352-4247
e-mail gsi@elcic.ca
website www.elcicgsi.ca

1. Communication of Information to GSI

GSI needs to be informed, as quickly as possible, of changes in an employee's circumstances. We encourage you to contact us by phone, fax or e-mail. You may also include any information on the bottom portion of the remittance form or write the information on a separate sheet of paper and send it with the monthly remittance.

We require notification for the following:

- Change in Treasurer
- New employees
- Resignation or termination of employees
- Clergy On Leave With Call or Temporary Without Call
- Sick leave, illness and disability
- Death of member, spouse or dependent child
- Change of beneficiary
- Addition of dependant
- Change in marital status
- Sabbatical or leave of absence
- Maternity / parental leave
- Change in salary or number of hours worked

It is critical that GSI is informed immediately of any of these items in order to ensure continuous and accurate coverage, and compliance with policy contracts and legislation.

Please do not take any action with regard to stopping remittances to pension, group benefits or health and dental without first confirming with GSI.

2. Contribution / Remittance Due Dates

Remittances to GSI are due on the 15th of the month following the month in which contributions are deducted from the member's salary.

All remittance details are allocated to members' records. Pension contributions are then wired to the custodian regularly to ensure they are received prior to the deadline set by the Pension regulator, which is 60 days from the end of the month in which the contributions were deducted. If GSI has not received the remittance on a timely basis from the employer, GSI is obligated to report this to the Pension Regulator.

3. Coding

Each congregation is assigned a code: Synod-Congregation-Conference such as 10-1234-2. GSI only requires the congregation code (i.e. 1234) and the employee number. Special ministries and institutions have 12000 numbers. These numbers must be included on all remittances.

4. Definitions

A. Employee definitions

Clergy is a rostered member, with a call or a defined contract for a minimum of six months.

Full-time lay employment is 30 hours or more per week.

Part-time lay employment is 20 - 29 hours per week.

Term lay employees are not eligible during a one-time non-renewable term position. If the term position is renewed and the initial term was at least 6 months, they must come on at date of renewal of the term. (The 90-day waiting period is considered to have been satisfied, at that time.)

B. Definition of "Salary"

The Salary Basis Calculation form will determine the salary basis that will be used for pension and benefit contributions.

i) For clergy where accommodations are provided

Annual Cash Salary
+ 30% of Annual Cash Salary
+ Annual Housing Equity Paid (where applicable)
<hr/>
= "Salary"

ii) For clergy where no accommodations are provided

Annual Cash Salary
+ Housing Allowance Paid
<hr/>
= "Salary"

iii) For a lay person

Annual Cash Salary = "Salary"

iv) For clergy on leave without call

The last 12 months "Salary" prior to beginning the leave.

C. Definition of "Annual Cash Salary"

Annual Cash Salary means actual gross earnings including overtime, bonuses and vacation pay, but not including severance pay, and other taxable benefits such as car allowance, book allowance, etc.

D. Schedule of CPP Year's Maximum Pensionable Earnings

("YMPE"), which will be used to calculate eligibility.

Year	YMPE	25% of YMPE
2003	39,900	9,975
2004	40,500	10,125

**5. Pension Plan for Clergy and Lay Workers of the ELCIC
PENSION PLAN REGISTRATION NO. 0533240**

A. Employer Requirements

Who participates in the Pension Plan?	Document required
All ELCIC congregations	Participation Agreement
ELCIC affiliated organizations	Participation Agreement
Anglican diocese employing ELCIC clergy	Special Participation Agreement (clergy in Anglican service)
Organizations not affiliated directly with the ELCIC but employing ELCIC clergy	Special Participation Agreement

These agreements must be completed, including all authorized signatures and received by GSI prior to enrolling the employees. The agreements can be obtained by contacting GSI.

B. Employee Eligibility and Enrolment

Employee classification (see section 4 for definitions)	Eligibility and Enrolment
Clergy	Must join the plan on their date of hire, if their salary is at least 25% of the YMPE.
Full time lay employees	Must join the plan 90 days from their date of hire, if their salary is at least 25% of the YMPE.
Part time lay employees in Manitoba	Must become members upon completion of 24 consecutive months in which they have earned at least 25% of YMPE. They may join the plan 90 days from their date of hire, if their salary is at least 25% of the YMPE.
Part time lay employees excluding Manitoba residents	May join the plan 90 days from their date of hire, if their salary is at least 25% of the YMPE.

Enrolment forms are to be completed by each new employee and returned along with a completed Salary Basis Calculation form to the GSI office.

C. Pension Plan Contributions

i) Member Contribution to Pension

5% of "Salary"

ii) Employer Matching Contribution to Pension (on behalf of member)

5% of "Salary"

iii) Employer Supplemental Payment to Pension Fund

2% of "Salary" as a supplemental contribution will be used to finance the experience deficiency that has emerged in the retired life portion of the fund. Please do not include this amount in your employees' pension adjustment or to calculate the amount of voluntary contributions allowed, starting with the supplemental payment for July 2003 and all of 2004.

iv) Member Voluntary Contributions to Pension

The ELCIC Pension Plan, in accordance with the maximum contributions allowed by CCRA, can receive, by payroll deduction, a total yearly contribution of 18% of an employee's salary. Voluntary employee contributions must also be in accordance with CCRA's guidelines for Pension Plan/RRSP contributions. It is each member's responsibility to ensure that all extra contributions to a pension plan or RRSP are within their personal limits.

NOTE: An Employer is not allowed to make any extra contributions to the ELCIC Pension Plan.

v) Contribution Maximum

Contribution limited to 18% of a member's salary to a maximum as follows:

Year	Maximum
2003	14,500
2004	16,500

D. Late Entry

Employees that must join the plan as defined above are entitled to this benefit from date of eligibility. It is important to enroll and submit all the documentation of enrollment on a timely basis immediately following eligibility. If for some reason an employee is missed, remittances back to date of eligibility must be made until the employee is 'caught up' to where they would have been had they enrolled at date of eligibility. These remittances are subject to the annual maximum of 18%. Please contact the GSI office should this situation arise.

E. Maintaining Membership - Pension Plan

After an employee has met eligibility and is enrolled in the ELCIC Pension Plan, there is no minimum salary requirement to maintain membership in the ELCIC Pension Plan.

F. Tax information

Treasurers need to ensure that all contributions to the ELCIC Pension Plan are reported correctly on a member's T4 (see section on completing T4 supplementary, Box 20-Registered pension plan contributions, Box 52-Pension adjustment).

6. National Group Insurance Plans (Life, Disability, EFAP, Extended Health and Dental)

A. Employer Requirements

Who participates in the Group Insurance?	Document required
All ELCIC congregations	Subscription Agreement
ELCIC affiliated organizations	Subscription Agreement
Anglican diocese employing ELCIC clergy	Special Subscription Agreement (clergy in Anglican service)
Organizations not affiliated directly with the ELCIC but employing ELCIC clergy	Special Subscription Agreement

These agreements must be completed; including all authorized signatures and received by GSI prior to enrolling the employees.

B. Employee Eligibility and Enrolment

Employee classification (see section 4 for definitions)	Eligibility and Enrolment
Clergy	Must join the plan on their date of hire, if their salary is at least 25% of the YMPE. Optional life is voluntary, and subject to medical evidence.
Lay (working at least 20 hours per week)	Must join the plan 90 days from their date of hire, if their salary is at least 25% of the YMPE. Optional life is voluntary, and subject to medical evidence.

Enrolment forms are to be completed by each new employee and returned along with the completed Salary Basis Calculation form to the GSI office.

Regular summer layoffs - coverage continues for employees who are not at work due to regular summer layoffs and premiums must be paid in advance of the layoff period.

Leave of absence - contact the GSI office to determine the requirements.

Family related and other leaves - some helpful information and eligibility requirements regarding family related and other leaves is available on the following website:

http://labour.hrdc-drhc.ca/pdf/pdf_e/family_e.pdf

The information is summarized in chart form by province starting at page 11 of this site.

Coverage ends on the earlier of employment termination date, or age 65 for life, disability and EFAP, and age 70 for health and dental.

C. Premium Payments

i). Life and disability

- Member contribution - Optional life premium only (voluntary)
- Employer contribution - Premiums are 3% of monthly "salary"

ii). Extended health and dental

The Health and Dental Plan is renewed on an annual basis and new rates come into effect on January 1st of each year. These rates are established based on the claims experience by province. The applicable premium will be mailed to the employer and the member in November. A complete rate table will also be posted on the [website](#). Cost sharing arrangements are determined by the Synod. Please contact your Synod office for the current guidelines.

Information for first and final payments is as follows:

First payment		
Enrollment date	1st of month	Full monthly payment
	After 1st of month	No payment for that month, full payment in month following
Final payment		
Termination date	Any day of the month	Full monthly payment

D. Late Entry

Employees are covered for benefits from date of eligibility. It is important to enroll and submit all the documentation of enrollment on a timely basis immediately following eligibility. Premiums must be submitted back to date of eligibility, for all late enrollments.

E. Maintaining Membership

After eligibility has been satisfied and the member is enrolled in group insurance there is a requirement to maintain membership. If salary permanently reduces to less than 25% YMPE or if hours worked are permanently reduced to less than 20 hours per week for lay employees, then the member is no longer eligible and must withdraw from the plan. GSI must be notified before remittances are discontinued.

F. Taxable Benefits

The amounts paid by an employer as premium to an employee's benefit plan for Life Insurance coverage is a taxable benefit to the employee. This calculation and related deductions when calculating income tax and CPP should be made on a monthly basis. This is how the calculation is made:

Let's say the "Salary" is \$ 30,000

Basic life insurance coverage equals 3 times salary ($\$ 30,000 \times 3 = \$ 90,000$)

Calculation of **monthly** taxable benefit is:

Employee Life Insurance	$\$.246 \times \$90,000/1000 =$	\$22.14
Dependent Life Insurance (if applicable)		\$ 3.25
Total Taxable Benefit		\$25.39

Please add appropriate sales tax to the above calculations for any employee in the province of Ontario at 8% and Quebec at 9%.

NOTES