



Evangelical Lutheran Church in Canada
Eglise Evangélique Luthérienne au Canada

Treasurer's Information Booklet 2005

**302 – 393 Portage Avenue
Winnipeg, MB R3B 3H6**

www.elcic.ca

TABLE OF CONTENTS

Contact Information - ELCIC.....	A-3
Contact Information – Canada Revenue Agency (CRA).....	A-4
1. General Information for Congregational Treasurers.....	A-5
A. Charitable Organization Registration Numbers.....	A-5
B. Flow of Funds	A-6
C. Special Purpose Funds.....	A-6
2. Funds to be Remitted to the Synod Office	A-7
A. Mission Support through the Synod.....	A-7
B. Mission Support through the National Church.....	A-7
3. Funds to be Remitted to the ELCIC National Office.....	A-8
A. Church Extension and Capital Funds (CECF).....	A-8
B. Lutheran Investment Fund and Endowments (LIFE).....	A-8
C. Continuing Education Plan (CEP)	A-8
4. Funds to be Forwarded to ELCIC Group Services Inc (GSI)	A-9
A. ELCIC Pension Plan for Clergy and Lay Workers.....	A-9
B. ELCIC Employee Benefits Plan for Clergy and Lay Workers.....	A-10
5. Funds to be Forwarded Directly to Other Charities.....	A-10
A. Gifts to Evangelical Lutheran Women (ELW).....	A-10
B. Directed Gifts for Non-ELCIC Causes.....	A-11
C. Gifts from Other Groups.....	A-11
6. Group Programs for ELCIC Congregations	A-11
A. Property Insurance Program for Congregations.....	A-11
B. Payroll Preparation Program for Congregations.....	A-12
C. Pre-Authorized Remittance (PAR).....	A-13
7. Other Information for Treasurers.....	A-14
A. Issuing Official Donation Receipts.....	A-14
B. Financial Controls	A-15
C. Registration with Companies/Societies Acts.....	A-17
D. Tax Filing Requirements for a Charitable Organization	A-17
E. Record of Employment Forms	A-17
F. T5 Summary and Supplementary.....	A-18
G. GST Rebates	A-18
H. Federal Gasoline Excise Tax Refund	A-18
I. Financial Record Retention	A-18
J. Personal Information Protection and Electronic Documents Act (PIPEDA)	A-19
8. Payroll and T4 Forms.....	A-20
A. Payroll Information.....	A-20
B. Taxable Benefits.....	A-20

C. Definitions of “Income”	A-23
D. Completing the T4 Information Return.....	A-24
E. Completing the T4 Statement of Remuneration Paid.....	A-25
F. Completing the T4 Summary Form	A-27
G. Completing the T1223, Clergy Residence Deduction Form	A-29
9. Examples for Calculating Payroll for Clergy	A-29

THE PENSION AND GROUP BENEFIT PLANS OF THE ELCIC

1. Communication of Information to GSI.....	B-1
2. Contribution and Remittance Due Dates.....	B-1
3. Coding.....	B-1
4. Definitions.....	B-2
A. Employee Definitions.....	B-2
B. Definition of “Salary”.....	B-2
C. Definition of “Annual Cash Salary”.....	B-2
D. Schedule of Canada Pension Plan Year’s Maximum Pensionable Earnings (“YMPE”)...	B-2
5. Pension Plan for Clergy and Lay Workers of the ELCIC.....	B-3
A. Employer Requirements	B-3
B. Employee Eligibility and Enrolment.....	B-3
C. Pension Plan Contributions.....	B-4
D. Late Entry	B-4
E. Maintaining Membership in the Pension Plan.....	B-5
F. Tax Information	B-5
6. National Group Benefit Plans.....	B-5
A. Employer Requirements	B-5
B. Employee Eligibility and Enrolment.....	B-6
C. Premium Payments.....	B-6
D. Late Entry	B-7
E. Maintaining Membership	B-7
F. Taxable Benefits.....	B-7
7. Leaves	B-7
8. Forms	B-8

CONTACT INFORMATION - ELCIC

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Finance & Administration: finance@elcic.ca
Web site: www.elcic.ca

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

ELCIC Group Services Inc.

Tel: 204.984.9181 or 1.877.352.4247
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Web site: www.elcicgsi.ca

ELCIC Synod Offices

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Web site: www.albertasynod.ca

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Tel: 604.524.1318
Fax: 604.524.9255
E-mail: bsynod@elcic.ca
Web site: www.bcsynod.org

Eastern Synod 74 Weber St. W., Kitchener, ON N2H 3Z3
Tel: 519.743.1461 or 1.877.373.5242
Fax: 519.743.4291
E-mail: easternsynod@elcic.ca
Web site: www.easternsynod.org

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Tel: 204.889.3760
Fax: 204.896.0272
E-mail: mnosynod@elcic.ca
Web site: www.mnosynod.org

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S7K 3G8
Tel: 306.244.2474
Fax: 306.664.8677
E-mail: sksynod@elcic.ca
Web site: www.sasksynod.elcic.ca

CONTACT INFORMATION - CANADA REVENUE AGENCY (CRA)

General Web Site	www.cra-arc.gc.ca
Charities Directorate	Tel: 1.800.267.2384 www.cra-arc.gc.ca/charities
Forms & Publications	Tel: 1.800.959.2221 www.cra-arc.gc.ca/formspubs/menu-e.html
GST, Payroll Deductions and Other Business Inquiries	Tel: 1.800.959.5525 www.cra-arc.gc.ca/tax/business www.cra-arc.gc.ca/tax/business/topics/payroll
Electronic Mailing Lists	www.cra-arc.gc.ca/eservices/maillist/menu-e.html
Personal Tax Inquiries	Tel: 1.800.959.8281
Ministère du Revenu du Québec	Tel: 1.888.413.2277 www.revenu.gouv.qc.ca/eng/ministere/index.asp

1. GENERAL INFORMATION FOR CONGREGATIONAL TREASURERS

The information in this booklet is to be used by the treasurer and should also be shared with other persons in the congregation. Forms are available on the web site.

1A. Charitable Organization Registration Numbers

The Evangelical Lutheran Church in Canada (ELCIC) 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 Revenue Agency (CRA). 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
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
Canadian Lutheran World Relief.....	10686 3038 RR0001
Lutheran Association of Missionaries and Pilots, Edmonton	11900 4810 RR0001

1B. 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.

1C. Special Purpose Funds

By law, funds that are donated for specific purposes must be kept separate, e.g. 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.

Once the gift has been accepted, the funds cannot be used for a purpose other than that stipulated by the donor. Depositing a cheque into the charity's bank account acknowledges acceptance. Therefore, if you are unsure of 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 they have 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 congregational council has approved the purpose. Also, when the congregational council establishes a new special purpose fund, council 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 for 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

2A. Mission Support through the Synod

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 office on a monthly basis. A completed synod remittance form must be enclosed with each payment.

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.

2B. Mission Support through the National Church

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 worldwide responsibilities.

Directed Gifts for ELCIC Causes

Individual members and congregations frequently choose to provide donations for specific causes. These donations are additional support over and above the basic regular support of the congregation. National Church programs include mission in the world, volunteers in mission, missionaries of ELCIC, Global Hunger and Development Appeal, public policy and leadership. 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.

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 THE ELCIC NATIONAL OFFICE

There are some remittances of a congregation that must be sent directly to the ELCIC national office. 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.

3A. 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. Payments are to be mailed monthly in accordance with the agreement with the CECF. 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.

3B. Lutheran Investment Funds and Endowments (LIFE)

Monthly payments for LIFE loans are to be made directly to the ELCIC national office. It is preferable that, on an annual basis, postdated cheques for the year be forwarded to the national office. A loan remittance form should accompany each cheque.

The LIFE 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 generate funds available for loans, the LIFE fund obtains investments from individuals and congregations. Congregations and individuals may invest in cashable demand certificates or five-year term certificates at competitive interest rates. The LIFE fund then lends the money out to the borrowing congregations at a reasonable interest rate. Further information is available from the ELCIC national office.

3C. 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 provide 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 \$37.50 per month, \$12.50 by the employee plus \$25.00 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 can be found on our web site at www.elcic.ca/ministers/cep.html.

4. FUNDS TO BE FORWARDED TO ELCIC GROUP SERVICES INC. (GSI)

4A. 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 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 Benefit Plans," pages B-1 to B-13.

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 the employer's supplemental contribution will be used to finance the experience deficiency that has emerged in the retired life portion of the fund. The supplement must not be included in the employees' pension adjustment calculation for T4 purposes.

Per the Canada Revenue Agency, 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-23.

4B. 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 Benefit Plans,” pages B-1 to B-13.

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. Copies of the forms are also available at the end of this booklet for photocopying.

5. FUNDS TO BE FORWARDED DIRECTLY TO OTHER CHARITIES

5A. Gifts to Evangelical Lutheran Women (ELW)

The Evangelical Lutheran Women 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, and they, 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 strong working relationship with the Evangelical Lutheran Women. The ELW web site is located at 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 the congregational 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 ELWs are provided on page A-5.

5B. 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 have to be reported on the annual filing of the Registered Charity Information Return Form T3010. To find the registration numbers for charitable organizations other than those listed on page A-5, search on the CRA web site located at: www.cra-arc.gc.ca/tax/charities/online_listings/charity_listings-e.html.

5C. 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 congregational 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

6A. 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 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 web site 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
Tel: 780.423.9487
Fax: 780.423.9876
E-mail: don.hornsberger@aon.ca

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E-mail: john.spooner@aon.ca

Regina

Greg Grebinski
Tel: 306.569.6721
Fax: 306.359.0387
E-mail: greg.grebinski@aon.ca

6B. Payroll Preparation Program for Congregations

A payroll preparation program for our congregations and related organizations has been established through Ceridian Canada Inc. This program has been set up to assist employers in fulfilling payroll obligations and to greatly reduce the time and commitment required of the volunteer treasurers.

Once payroll for your organization has been set up with Ceridian, the deductions for each of your employees can be calculated and the net pay directly deposited to their bank accounts. Ceridian can also calculate and submit remittances to the Receiver General, prepare Record of Employment forms, and generate T4s at year-end. For further information, check our web site at www.elcic.ca/parish/support/payroll.html.

Ceridian also maintains a web site at www.ceridian.ca which provides information on payroll matters.

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

Denise Lavallee-Arndt
E-mail: denise_lavallee@cerdian.ca
Tel: 1.800.691.6085
Fax: 204.975.8521

6 C. Pre-Authorized Remittances (PAR)

If your congregation wishes to use a pre-authorized remittance plan for member donations, check with your financial institution to see if they can provide the service at a reasonable cost. An alternative solution may be the Pre-Authorized Remittance (PAR) program offered to ELCIC congregations by the Support to Local Ministries Unit of the United Church of Canada. Note - the United Church is currently reviewing the provision of this service to their ecumenical partners. At the time of printing of this booklet, the review has not been completed.

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

The **cost** of the program to the congregation is \$0.50 per month per participating donor. 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.

Withdrawal **transactions** are made on donors' accounts on the 20th of each month, or the following business day if the 20th falls on the weekend. Congregational accounts are credited on the same day for the total amount less service charges. The deposit amount is recorded on the congregation's bank statement as a credit memo.

To **set up the program**, the Support to Local Ministries Unit requires the following:

From the donor: a completed authorization card and a void cheque on the donor's bank account.

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.

Also from the congregation: the name of one contact person, with a daytime phone number for use during business hours. The contact person will also receive the monthly reports. The contact person may be the parish secretary, the treasurer, the financial secretary, etc.

A **monthly report** is mailed to the congregation from the Support to Local Ministries Unit showing the breakdown of individual donors, the monthly service charges, and the net amount credited to the congregational bank accounts. Both the treasurer and financial secretary should

share this information. The congregation's bank statement should be checked to ensure that the amounts deposited are equal to the amounts recorded on the monthly report.

In the month following an **NSF cheque**, 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. The Support to Local Ministries Unit also sends a letter to the congregation with the returned cheque. The contact person in the congregation is then responsible for informing the donor.

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

The United Church of Canada
Support to Local Ministries Unit
300 - 3250 Bloor Street West
Toronto, ON M8X 2Y4

Tel: 416.231.5931
Fax: 416.231.3103
Voice Mail: 416.231.7680 extension 4121
E-mail: info@united-church.ca

7. OTHER INFORMATION FOR TREASURERS

7A. 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 synod office or the Charities Directorate.

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.

7B. Financial Controls

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

With Respect To Cash Receipts – Required Financial Controls

Two persons should be responsible for counting and recording cash receipts. Both counters should sign off the record of cash receipts for each particular count.

The two persons responsible for counting must not be related.

Upon completing and recording the count, the bank deposit is prepared and placed in safe-keeping until it can be taken directly to the bank.

With Respect To Cash Receipts – Desired Financial Controls

The two-person counting teams should be rotated so the same two people do not always count together.

The two-person team that counts and records the deposit should not include the Treasurer or Financial Secretary.

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

Two signing officers for cheques are required.

Signing officers must not be related.

Cheques must not be signed in advance and left blank.

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

Cancelled cheques should be returned with bank statements.

Monthly Reporting

Monthly review of revenue and expenditures by the congregational council.

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.

The 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:

Cheques reviewed for two signatures, proper payee corresponding to related supporting documents (invoices or expense claims), and cheque endorsement corresponds to payee;

Bank deposits compared to the bank statements, signed counting records, and monthly bank reconciliations; and

Financial statements compared to the previous year and budget on a line-by-line basis and any unusual fluctuations explained.

7C. Registration with Companies/Societies Acts

Depending on provincial law, there will be annual forms to file with the province. Completing these forms maintain the congregation as a corporation so that it can hold title to property and limit liability of members, etc. In most provinces, a copy of the latest audited financial statement will have to be submitted to the registrar of companies with the annual filing.

7D. Tax Filing Requirements for a Charitable Organization

All ELCIC congregations that are registered charities are annually required to complete form T3010A, Registered Charity Information Return. The T3010A return and detailed guide (Completing the Registered Charity Information Return, T4033A) are sent directly to each registered charity by the Canada Revenue Agency. 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 Charities Directorate. See pages A-3 & A-4 for contact information.

The T3010A form is to be completed and filed annually within six months of the fiscal year-end and is to be 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 and submitted, 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.

7E. Record of Employment Forms

Whenever an employee, including clergy, leaves their position, the employer must complete a Record of Employment form within five 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. If you utilize the services of Ceridian, they will assist you in completing this form.

7F. T5 Summary and Supplementary

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 before the last day of February.

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

7G. 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 as a separate amount, the GST has most likely been included and can be calculated using this formula:

$$\text{Total Payment} \times 7/107.$$

$$\textit{Example} - \$15.00 \times 7/107 = \$0.98 \text{ GST included in the } \$15$$

The GST rebate claim form, GST 191, must be submitted semi-annually for the periods of January to June and for July to December. For further information, contact the Canada Revenue Agency.

7H. Federal Gasoline Excise Tax Refund

If a registered charity reimburses volunteers or employees for use of the individual's automobile, a federal gasoline excise tax refund may be claimed. The refund is either \$0.0015 per kilometer driven and reimbursed or \$0.015 per litre of gasoline purchased. The rebate may be applied for using the form "XE8 – Application for Refund of Federal Excise Tax on Gasoline". The form and instructions can be located in the forms and publications section of the CRA web site.

Example:

If 50,000 km is reimbursed, the refund would be 50,000 km x \$0.0015 = \$75

Or

If 5,000 litres of gas is purchased, the refund would be 5,000 litres x \$0.015 = \$75

7I. 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.

7J. Personal Information Protection and Electronic Documents Act (PIPEDA)

Effective January 1, 2004, the Personal Information Protection and Electronic Documents Act came into force for all organizations. To ensure your congregation or organization is properly protected, it is recommended that PIPEDA be followed.

Personal information covers 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, and 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 and compliance practices are located on the ELCIC web site at www.elcic.ca/privacy.html.

Other sources of information on PIPEDA are as follows:

Web site of the Privacy Commissioner of Canada at www.privcom.gc.ca.

September 2003 newsletter from Canadian Council of Christian Charities (CCCC) 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. The CCCC website is www.cccc.org.

Your congregation's accountant and/or lawyer.

8. PAYROLL AND T4 FORMS

Examples for calculating payroll and the corresponding year-end T4 Supplementary Forms are illustrated starting on page A-29. Please note that these examples are for illustrative purposes only. When preparing the payroll for your employees, please use the salary and benefits amounts that are indicated in the employee's call documents, your synod's salary guidelines, and your province's current year tax tables.

The year used for the payroll examples is 2004. Please note the change in calculating the Pension Adjustment in Box 52 of the T4. The 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 supplemental amount should not be included in the calculation of the employee pension adjustment.

If you wish to use a payroll preparation service, a group discount has been arranged with Ceridian. Please refer to the information in section 6 on page A-12.

8A. Payroll Information

To prepare payroll, please read through this section in its entirety and Section B, The Pension and Group Benefit Plans of the ELCIC. As well, further information is available on the CRA web site at www.cra-arc.gc.ca/tax/business/topics/payroll/ or from any tax office:

T4001 – Employers' Guide - Payroll Deductions (Basic Information)

T4130 – Employers' Guide - Taxable Benefits

Payroll Deductions Tables for your province for the current year

8B. Taxable Benefits

Taxable benefits are those benefits or allowances 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 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.

8B.1 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-4). The premium for this coverage is part, but not all, of the 3% of salary paid by the employer to Group Services for life, disability and EFAP coverage.

According to CRA, 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 slip, this benefit would be reported in Box 14 "Employment Income" and also included in Box 40 "Other Information - Other Taxable Benefits & Allowances".

To calculate the taxable benefit, refer to page B-7 which illustrates the formula using the 2005 rate. To calculate the 2004 taxable benefit, use the rates of \$0.246 per \$1,000 of insurance.

8B.2 Clergy Housing Allowance Benefit and Clergy Residence Deduction

Definitions:

“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 CRA regulations found in Interpretation Bulletin IT-141R for the Clergy Residence Deduction.

In all cases, the “Deduction” is the fair market (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, sewer but not telephone or internet.

If a cash allowance is paid, the **housing benefit** is the total of the cash allowance paid for housing. If a parsonage is provided, the housing benefit is the fair market (rental) value of the parsonage plus the utilities paid by the employer.

The taxable housing benefit is pensionable (deduct income taxes and CPP) and insurable (deduct EI). See exception for income tax and CPP deduction for the clergy residence deduction below.

To claim a deduction from income for his or her residence, an employee has to complete Parts A and C of Form T1223, **Clergy Residence Deduction**. The employer has to complete Part B of the Form T1223 that will certify the employee has met the required conditions. The employee does not have to file the form with his or her income tax return but must keep the form in case CRA asks to see it.

If the employee tells you in writing that he or she will claim a deduction from income for the residence, do not include the rent and utilities portion of the housing benefit in income when you calculate the income tax and CPP deductions required.

On the T4 slip, the housing benefit must be included in Box 14 “Employment Income” and in Box 30 “Other Information – Housing, Board and Lodging”. Although the rent and utilities can be excluded from income for the purposes of tax deductions, you still have to report it on the T4 slip.

For detailed information on the Clergy Housing Deduction, refer to Interpretation Bulletin IT-141R available in the forms and publications section of the CRA web site (see page A-4).

8B.3 Housing Equity Allowance

In each synod’s salary guidelines, a housing equity allowance is suggested for those employees provided with a parsonage. Deduct income taxes, CPP and EI from this allowance. On the T4, include this amount in Box 14, “Employment Income” and also in Box 40 “Other Information – Other Taxable Allowances and Benefits”.

8B.4 Utilities Allowance

Utilities include 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 Benefit. If the employee has advised you in writing that he or she will be claiming the Clergy Residence Deduction, do not deduct income taxes and CPP from the utilities allowance. EI deductions are required.

On the T4 slip, the utilities allowance is included in Box 14, “Employment Income” and in Box 30, “Other Information – Housing, Board and Lodging”.

If the congregation requires the employee to be accessible by telephone and to have internet access in his or 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 a taxable benefit and would be reported on the T4 slip in Box 14 and Box 40.

8B.5 Book Allowance

Canada Revenue Agency 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 to be deducted on the Book Allowance. On the T4 slip, this benefit will be included in Box 14 “Employment Income” and in Box 40 “Other Information – Other Taxable Benefits and Allowances”.

8B.6 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 a copy submitted when requesting reimbursement. Each synod sets out mileage reimbursement rates that are considered to be within CRA’s guidelines for “reasonable”.

The auto allowance will be considered taxable if the auto 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 deducted on this allowance. The allowance would be included in Box 14 “Employment Income” and in Box 40 “Other Information – Other Taxable Allowances and Benefits”.

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

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. In this case, the auto expense reimbursement is not reported on the pastor’s personal income tax return.

Or

The pastor can receive a flat auto allowance, and have this allowance included in income and reported on the T4 slip. 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 CRA purposes, but is not submitted for the congregation's records. In this situation, the employer must complete form T2200 – Declaration of Conditions of Employment form.

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

8C. Definitions of “Income”

8C.1 Employment Income (Box 14 on the T4 Slip)

Employment Income is the base salary plus all taxable benefits that include life insurance premiums, housing allowance benefit, housing equity allowance, utilities allowance, book allowance, and taxable auto allowance.

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

8C.2 ELCIC Pension and Benefits “Salary Basis”

The ELCIC pension and benefits “salary basis” is the amount on which the premium remittances to the ELCIC Registered Pension Plan and Group Benefits Plans are calculated.

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 plus 30% of base salary plus the housing equity allowance.

For clergy who are paid a cash housing allowance, the salary basis is the base salary plus the housing allowance.

8C.3 CPP Pensionable Income (Box 26 on the T4 Slip)

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

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

<u>The Employee Cost of CPP:</u>	<u>2004</u>	<u>2005</u>
Employee contribution rate	4.95%	4.95%
Maximum pensionable earnings for CPP	\$ 40,500	\$ 41,100
Basic yearly exemption	\$ 3,500	\$ 3,500
Maximum employee annual contribution	\$1,831.50	\$1,861.20

As an employer, you have to contribute the same amount that you deduct from your employees pensionable income. You stop deducting CPP contributions when you reach the maximum employee contribution.

8C.4 EI Insurable Earnings (Box 24 on the T4 Slip)

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

There is no age limit for withholding EI premiums.

<u>The Employee Cost of EI:</u>	<u>2004</u>	<u>2005</u>
Employee premium rate	2.10%	TBA Dec 2004
Maximum insurable earnings for EI	\$39,000	
Maximum employee annual contribution	\$772.20	
Maximum employer contribution	\$1,081.08	

As an employer, your EI premium is 1.4 times the EI premium deducted for each employee. You stop deducting EI premiums when you reach the yearly maximum employee contribution.

8C.5 Taxable Income

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 life insurance premiums, book allowance, and taxable auto allowance less the employee's contributions to the registered pension plan.

8D. Completing the T4 Information Return

Employers have to file their T4 information return by the last day of February following the calendar year to which the information return applies, (for example, you have to file the 2004 T4 or T4A Information Return by the last day of February 2005). If the last day of February is a Saturday, Sunday, or a statutory holiday, your information return is due the next business day.

You have to give two copies of the slips to your employees by the last day of February following the calendar year to which the slips apply.

A T4 information return includes the T4 slips and the related T4 summary form. For more information on how to file a T4 return, see the Employer's Guide – Filing the T4 Slip and Summary Form available on the CRA web site.

T4 internet/electronic filing service is available to businesses that file 70 or fewer T4 slips. There are three Internet filing options available:

T4 Web forms are available to employers that have to file three slips or less;

T4 Desktop application is a downloadable CRA software, available to employers that file 70 or fewer T4 slips;

T4 Internet file transfer (XML) is available to employers using compatible payroll software to transmit 70 or fewer T4 slips.

An electronic amendments service is also available to filers to cancel or amend information slips. For information on these electronic services, check out the CRA web site.

Employers can file paper T4 information returns that contain fewer than 500 slips. These returns should be mailed to the Ottawa Technology Centre.

If the T4 slips 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.

8E. Completing the T4 Statement of Remuneration Paid

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

Employee's Name and Address: 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.

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 & Labrador
PE – Prince Edward Island
NS – Nova Scotia
NB – New Brunswick
QC – Quebec
ON - Ontario
MB – Manitoba
SK - Saskatchewan

AB - Alberta
BC – British Columbia
YT – Yukon
NT – Northwest Territories
NU - Nunavut
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 Québec 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 Québec) 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 of insurable earnings 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 the box for 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: Leave box blank if you entered an amount in Box 16, 17 or 26. Enter an "X" under "CPP/QPP" if the earnings were exempt for the entire period.

Do not complete the EI part of this box if you entered an amount in box 18 or 24. Enter an "X" under "EI" if the earnings were exempt for the entire period.

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 5% contributions to the plan (The supplemental contribution by the employer will be used to finance the experience deficiency that has emerged in the retired life portion of the fund and should not be included in calculation of the pension adjustment.)

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 market (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, such as life insurance premiums, housing equity allowance, personal use of telephone/internet, book allowance, and taxable auto allowance. 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”.

8F. Completing the T4 Summary Form

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

Year – Enter the two last digits of the calendar year for which you are filing the return.

Line 14 – Employment Income: Add the amounts reported in Box 14 of all the T4 slips and enter the total on line 14.

Line 16 – Employees CPP Contributions: Add the amounts reported in Box 16 of all the T4 slips and enter the total on line 16.

Line 18 – Employees EI Premiums: Add the amounts reported in Box 18 of all T4 slips and enter the total on line 18.

Line 19 – Employer EI Premiums: Enter the employer’s share of Employment Insurance premiums. Multiply the employee’s total premiums reported in line 18 by 1.4 and enter this number on line 19.

Line 20 – Registered Pension Plan Contributions: Add the amounts reported in Box 20 of all T4 slips and enter the total on line 20.

Line 22 – Income Tax Deducted: Add the amounts reported in Box 22 of all T4 slips and enter the total on line 22.

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 slips and enter the total on line 52.

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 Slips.

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

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

Line 84 – Overpayment:

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

Line 86 – Balance Due: If the result on line “Difference” is positive, enter it on line 86, “Balance Due”.

Amount Enclosed: If there is a balance due, attach a cheque made payable to “Receiver General for Canada”.

Line 88 – Total Number of T4 Slips Filed: Enter the total number of T4 slips that are included with the T4 Summary form.

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

8G. Completing the T1223 - Clergy Residence Deduction Form

For an individual to be eligible for the clergy residence deduction they must meet both the “status test” and “function test” as defined by CRA. 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 CRA from being allowed the clergy residence deduction.

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

9. EXAMPLES FOR CALCULATING PAYROLL FOR CLERGY

Two examples of a monthly payroll for clergy are provided using 2004 rates. The corresponding T4 slips have also been provided.

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

Example 2 is for a clergy employee provided with a parsonage.

Where to obtain payroll information:

Salary and benefits amounts: from the Call documents and your synod’s salary guidelines.

Pension and benefits deductions remitted to Group Services: from pages B-1 to B-13 of this booklet and further letters received from Group Services throughout the year informing of any changes. Information is also available on the Group Services web site.

CPP, EI and income tax deductions remitted to the Receiver General: from the CRA "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 or \$31,200 per year.

Housing Allowance in example 1 - cash housing allowance of \$1,000 per month or \$12,000 per year.

Housing Allowance in example 2 – provided with a parsonage with total housing benefits equivalent to \$1,000 per month, fair market (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 or \$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 and the employee pays \$17 per month for a total of \$51 per month.

Pension benefits are based on employer contributions of $(5\% + 6\%) \times$ “salary basis” and the employee contributions of $5\% \times$ “salary basis”. “Salary basis” is defined on page B-4.

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-4.

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 must also be added to the life insurance taxable benefit on the Relevé 1.

EXAMPLE 1 - CALCULATING PAYROLL 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 CRA current year Payroll Deductions Booklet for your province
 - 4 TD1 forms completed by the employee and the CRA current year Payroll Deductions Booklet for your province

MONTHLY PAYROLL CALCULATION:

	Where to Obtain Info.	Employee Monthly Cheque	Pension Base	Benefits Base	CPP Pensionable Income	EI Insurable Income	Taxable Income	Employer Costs
<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	1,000.00	1,000.00
Book allowance	1	30.00		30.00	30.00	30.00	30.00	30.00
Taxable portion of life insurance	2			35.13	35.13	35.13	35.13	35.13
Auto expenses reimbursed & not taxable								
Total employment income		3,630.00	3,600.00	3,600.00	2,665.13	3,630.00		3,630.00
			x 12					Total salary costs
Deductions to be remitted to ELCIC:				43,200.00				
Continuing Education Plan	1	(17.00)						34.00
Deductions to be remitted to GSI:								
Pension contributions - 5%	2	(180.00)	5% x 3,600			(180.00)		180.00
Pension contributions - 6%	2							216.00
Health & dental premiums	2	(109.29)	50% x (112.52 + 106.07)					109.30
Life & disability premiums	2							108.00
						2,485.13		
Deductions to be remitted to CRA:								
Canada Pension Plan	3	(117.49)	based on \$2,665.13					117.49
Employment Insurance	3	(71.87)	based on \$3,630.					100.62
Federal Income Tax	4	(324.00)	based on \$2,485.13					
Provincial Income Tax	4	(172.00)	based on \$2,485.13					
Total benefits deductions		(991.65)						865.41
Net Pay		2,638.35						4,495.41

(\$43,200 x 3 x 246 / 1000) + \$3.25

equal to employee cost
1.4 x employee cost

Total benefits costs

Total salary and benefits

**EXAMPLE 1 - MONTHLY REMITTANCES AND YEAR-END T4 SLIP
FOR CLERGY RECEIVING CASH HOUSING ALLOWANCE**

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

MONTHLY PAYMENTS:

	<u>Benefit</u>	<u>Employee</u>	<u>Employer</u>	<u>Total</u>	
Pay to employee	Net pay			<u>2,638.35</u>	1000 x 12 12,000.00
Remittance to ELCIC	CEP	17.00	34.00	<u>51.00</u>	see note 1 below 781.57
Remittance to Group Services	Pension - 5%	180.00	180.00	360.00	[(2,600+1,000+30) x 12] + (421.57)
	Pension - 6%	0.00	216.00	216.00	(117.49 x 12)
	Health/dental	109.29	109.30	218.59	(2,665.13 x 12)
	Life/disability	0.00	108.00	<u>108.00</u>	2004 maximum premium = 772.20
				<u>902.59</u>	see Note 2 (71.87 x 12 = 862.44)
Remittance to Receiver General	CPP	117.49	117.49	234.98	exceeds 2004 maximum earnings
	EI	71.87	100.62	172.49	of \$39,000 (3,630 x 12 = 43,560)
	Tax	496.00	0.00	<u>496.00</u>	(180.00 x 12)
				<u>903.47</u>	((180 + 180) x 12)
					Box 22 - Income tax deducted (324 + 172) x 12
					5,952.00

YEAR-END T4 SLIPS:

Other information (bottom of the T4):	
Box 30 - Clergy housing	
Box 40 - Taxable benefits	
Box 14 - Employment income	
Box 16 - CPP contributions	
Box 26 - CPP pensionable earnings	
Box 18 - EI premiums	
Box 24 - EI insurable earnings	
Box 20 - RPP contributions	
Box 52 - Pension adjustment	
Box 22 - Income tax deducted	

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:
2004 taxable life premiums: (43,200 x 3 x (.246/1000 x 12months)) + (3.25 x 12 months) = 421.57
Book allowance: 30 X 12 = 360
Total: 421.57 + 360 = 781.57

- 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, Province Postal Code

Canada Customs and Revenue Agency Agence des douanes et du revenu du Canada

T4
STATEMENT OF REMUNERATION PAID
ÉTAT DE LA RÉMUNÉRATION PAYÉE

Year Année 2004

VOID ANNULLÉ 14 Employment income - line 101 Revenus d'emploi - ligne 101 43,981 57 22 Income tax deducted - line 437 Impôt sur le revenu retenu - ligne 437 5,952 00

Business Number Numéro d'entreprise 54 Your 15 DIGIT NUMBER

Province of employment Province d'emploi 10 MB

Employee's CPP contributions - line 308 Cotisations de l'employé au RPC - ligne 308 16 1409 88

EI insurable earnings Gains assurables d'AE 24

Social insurance number Numéro d'assurance sociale 12 EMPLOYEE SIN

Exempt - Exemption CPP - QPP EI 28

Employment Code Code d'emploi 29

Employee's QPP contributions - line 308 Cotisations de l'employé au RRQ - ligne 308 17

CPP-QPP pensionable earnings Gains donnant droit à pension - RPC-RRQ 26 31,981 56

Employee's name and address - Nom et adresse de l'employé
Last name (in capital letters) - Nom de famille (en lettres majuscules) First name - Prénom Initials - Initiales
LAST NAME, FIRST NAME
STREET
CITY, PROVINCE POSTAL CODE

Employee's EI premiums - line 312 Cotisations de l'employé à l'AE - ligne 312 18 772 20

Union dues - line 212 Cotisations syndicales - ligne 212 44

RPP contributions - line 207 Cotisations à un RPA - ligne 207 20 2160 00

Charitable donations - Schedule 1 Dons de bienfaisance - Annexe 1 46

Pension adjustment - line 206 Facteur d'équivalence - ligne 206 52 4320 00

RPP or DPSP registration number N° d'agrément d'un RPA ou d'un RPDB 50 0533240

Other information (see the back) / Autres renseignements (voir au verso)
T4 (01)
Box - Case Amount - Montant Box - Case Amount - Montant
30 12,000 00 40 781 57
Box - Case Amount - Montant Box - Case Amount - Montant Box - Case Amount - Montant Box - Case Amount - Montant

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 CRA current year Payroll Deductions Booklet for your province
 - 4 TD1 forms completed by the employee and the CRA current year Payroll Deductions Booklet for your province

MONTHLY PAYROLL CALCULATION:

	Where to Obtain Info.	Employee Monthly Cheque	Pension Base	Benefits Base	CPP Pensionable Income	EI Insurable Income	Taxable Income	Employer Costs
<u>Earnings:</u>								
Base salary	1	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	30.00
Taxable portion of life insurance	2			34.29		34.29		
Auto expenses reimbursed & not taxable								(42,060 x 3 x .246 / 1000) + 3.25
Total cash employment income		2,755.00	3,505.00	3,505.00	2,789.29	3,630.00		2,895.00
<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
Pension contributions - 6%								210.30
Health & dental premiums	2	(109.29)	50% x (112.52 + 106.07)					109.30
Total life & disability premiums	2							105.15
<u>Deductions to be remitted to CRA:</u>								
Canada Pension Plan	3	(123.63)	based on \$2,789.29					123.63
Employment Insurance	3	(71.87)	based on \$3,630.					100.62
Federal Income Tax	4	(346.00)	based on \$2,616.04					
Provincial Income Tax	4	(183.00)	based on \$2,614.04					
Total benefits deductions		(1,026.04)						858.25
Net Pay		1,728.96						3,753.25

**EXAMPLE 2 - MONTHLY REMITTANCES AND YEAR-END T4 SLIP
FOR CLERGY PROVIDED WITH A PARSONAGE**

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

MONTHLY PAYMENTS:

	<u>Benefit</u>	<u>Employee</u>	<u>Employer</u>	<u>Total</u>
Pay to employee	net payroll			1,728.96
Remittance to ELCIC	CEP	17.00	34.00	51.00
Remittance to Group Services	Pension - 5%	175.25	175.25	350.50
	Pension - 6%	0.00	210.30	210.30
	Health/dental	109.29	109.30	218.59
	Life/disability	0.00	105.15	105.15
				884.54
Remittance to Receiver General	CPP	123.63	123.63	247.26
	EI	71.87	100.62	172.50
	Tax	529.00	0.00	529.00
				948.76

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	2,271.48
Box 14 - Employment income (includes Boxes 30 & 40)	[(2,600 + 125 + 30) x 12] + + 10,500 + 411.48	43,971.48
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	2004 maximum premium = 772.20	772.20
Box 24 - EI insurable earnings	see Note 2 (71.87 x 12 = 862.44) exceeds 2004 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)	4,206.00
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:
 2004 taxable life premiums: $42,060 \times 3 \times (.246/1000 \times 12 \text{ months}) + (3.25 \times 12 \text{ months}) = 411.48$
 Book allowance: $12 \times 30 = 360$
 Housing equity: $12 \times 125 = 1,500$
 Total: $411.48 + 360 + 1,500 = 2,271.48$

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

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

Canada Customs and Revenue Agency / Agence des douanes et du revenu du Canada
EXAMPLE 2 T4
STATEMENT OF REMUNERATION PAID
ÉTAT DE LA RÉMUNÉRATION PAYÉE

VOID ANNULLÉ	14	Employment income - line 101 Revenus d'emploi - ligne 101	43,971 48	22	Income tax deducted - line 437 Impôt sur le revenu retenu - ligne 437	6348 00
Business Number Numéro d'entreprise	54	Province of employment Province d'emploi	10 MB	16	Employee's CPP contributions - line 308 Cotisations de l'employé au RPC - ligne 308	1483 56
Social insurance number Numéro d'assurance sociale	12	Exempt - Exemption CPP - QPP EI	28	29	Employee's QPP contributions - line 308 Cotisations de l'employé au RRQ - ligne 308	26
Employee's name and address - Nom et adresse de l'employé	Last name (in capital letters) - Nom de famille (en lettres majuscules)		First name - Prénom		Initials - Initiales	
LAST NAME, FIRST NAME STREET CITY, PROVINCE POSTAL CODE						
Employee's EI premiums - line 312 Cotisations de l'employé à l'AE - ligne 312	18	772 20	44	Union dues - line 212 Cotisations syndicales - ligne 212		
RPP contributions - line 207 Cotisations à un RPA - ligne 207	20	2103 00	46	Charitable donations - Schedule 1 Dons de bienfaisance - Annexe 1		
Pension adjustment - line 206 Facteur d'équivalence - ligne 206	52	4206 00	50	RPP or DPSP registration number N° d'agrément d'un RPA ou d'un RPDB	0533240	

Other information (see page back) / Renseignements (voir au verso)

Box - Case	Amount - Montant	Box - Case	Amount - Montant	Box - Case	Amount - Montant	Box - Case	Amount - Montant
30	10,500 00	40	2271 48				

THE PENSION
AND
GROUP BENEFIT PLANS

OF THE

EVANGELICAL LUTHERAN CHURCH
IN CANADA

ADMINISTERED BY

ELCIC GROUP SERVICES INC
(GSI)

For information or forms, contact GSI at:

Winnipeg Local Number	984-9181
Toll-free Number	1-877-352-4247
Fax	204-984-9179
E-mail	gsi@elcic.ca
Web Site	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 or include any change information on the bottom portion of the remittance form.

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 or disability
- Death of member, spouse or dependent child
- Change of beneficiary
- Addition of dependant
- Change in marital status
- Sabbatical or leave of absence
- Maternity or parental leave
- Change in salary or number of hours worked

It is critical that GSI is informed immediately of any of the above 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 AND 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. For example, September deductions are due to GSI by October 15th.

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

3. CODING

Each congregation within ELCIC is assigned a code identifying "Synod-Congregation-Conference" – for example, "10-1234-2". GSI requires only the congregation code (i.e. 1234) and the employee number to be included on all remittances. Employee numbers for clergy are obtained from the synod office while employee numbers for lay will be assigned by GSI. Special ministries and institutions have 12000 numbers. Send remittances to GSI with the completed Pension Plan and Benefit Plan Remittance Form.

4. DEFINITIONS

4A. 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 less than 30 hours 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, the employee must come on at date of renewal of the term. (The 90-day waiting period is considered to have been satisfied, at that time.)

4B. Definition of "Salary"

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

For clergy where accommodations are provided:

$$\begin{array}{r} \text{Annual Cash Salary} \\ + \quad 30\% \text{ of Annual Cash Salary} \\ + \quad \text{Annual Housing Equity Paid (where applicable)} \\ \hline = \quad \text{"Salary"} \end{array}$$

For clergy where no accommodations are provided:

$$\begin{array}{r} \text{Annual Cash Salary} \\ + \quad \text{Housing Allowance Paid} \\ \hline = \quad \text{"Salary"} \end{array}$$

For a lay person:

$$\text{Annual Cash Salary} = \text{"Salary"}$$

4C. 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.

4D. Schedule of Canada Pension Plan Year's Maximum Pensionable Earnings ("YMPE")

The following schedule will be used to calculate eligibility.

Year	YMPE	25% of YMPE
2004	40,500	10,125
2005	41,100	10,275

5. PENSION PLAN FOR CLERY AND LAY WORKERS OF THE ELCIC

The pension plan registration number is - NO. 0533240

5A. 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 (ELCIC 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.

5B. Employee Eligibility and Enrollment

Employee Classification (see Section 4A for Definitions)	Eligibility and Enrollment
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.

The Eligibility Form and the Salary Basis Calculation form are to be completed by the employer. New eligible employees are to complete the Pension Enrollment Form. All completed forms should be returned to the GSI office promptly.

5C. Pension Plan Contributions

Member Contribution to Pension

5% of "Salary"

Employer Matching Contribution to Pension on Behalf of Member

5% of "Salary"

Employer Supplemental Payment to Pension Fund

6% of "Salary" as a supplemental contribution will be used to finance the unfunded liability that has emerged in the Retiree Fund. Please do not include this amount in your employees' pension adjustment or to calculate the amount of voluntary contributions allowed.

Member Voluntary Contributions to Pension

The ELCIC Pension Plan, in accordance with the maximum contributions allowed by CRA, 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 CRA'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.

Contribution Maximum

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

Year	Maximum
2004	16,500
2005	18,000

5D. Late Entry

Employees that must join the plan as defined above are entitled to the pension 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.

5E. Maintaining Membership in the Pension Plan

After an employee has met the eligibility requirements and is enrolled in the ELCIC Pension Plan, there is no minimum salary requirement to maintain membership in the ELCIC Pension Plan. Legislation requires a member to continue contributing to the pension plan while employed with a participating employer even when earnings are reduced below 25% of YMPE subsequent to meeting eligibility initially.

5F. Tax Information

Treasurers need to ensure that all contributions to the ELCIC Pension Plan are reported correctly on a member's T4 (see ELCIC Section 8D - Completing T4 Supplementary - Box 20-registered pension plan contributions, and Box 52-pension adjustment).

6. NATIONAL GROUP BENEFIT PLANS

These plans include coverage for Life Insurance, Long Term Disability, Employee and Family Assistance Plan (EFAP) and Extended Health Care and Dental Care.

6A. Employer Requirements

Who Participates in the Group Benefits?	Document Required
All ELCIC Congregations	Subscription Agreement
ELCIC Affiliated Organizations	Subscription Agreement
Anglican Diocese employing ELCIC Clergy	Special Subscription Agreement (ELCIC 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.

6B. Employee Eligibility and Enrollment

Employee Classification (see Section 4A for Definitions)	Eligibility and Enrollment
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	Must join the plan 90 days from their date of hire, if their salary is at least 25% of the YMPE, and working at least 20 hours per week. Optional life is voluntary, & subject to medical evidence.

Each new employee must complete the Group Benefits Enrollment Form. This form along with the forms outlined in section 5B is to be forwarded to the GSI office.

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

6C. Premium Payments

Life and Disability

Member contribution – Voluntary premium on optional life only

Employer contribution - Premiums are 3% of monthly “salary”

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 rate is mailed to the employer and the member. A complete rate table will also be posted on the web site. Cost sharing arrangements between employer and employee are determined by the synod. Please contact your synod office for the current guidelines.

The first and final premium payments for Life, Disability and Extended Health and Dental are:

	Enrollment Date	Payment Required
FIRST PAYMENT	1 st of month	Full monthly payment
	After 1 st of month	No payment for that month, full payment in month following

	Termination Date	Payment Required
FINAL PAYMENT	Any day of the month	Full monthly payment

6D. 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.

6E. 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.

6F. 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.**

Example of how the calculation is made based on the 2005 rate:

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

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

Calculation of **monthly** taxable benefit is:

Employee life insurance	$\$.256 \times \$90,000/1000 =$	\$23.04
Dependent life insurance (if applicable)		<u>\$ 3.57</u>
Total Monthly Taxable Benefit		<u>\$26.61</u>

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

7. LEAVES

When an employee is on a leave of absence, there are certain requirements for maintaining benefits that are dictated by federal or provincial legislation or specified in the ELCIC Pension Plan Text. For easy reference, the chart on the following page summarizes those requirements. Please advise GSI of any leaves.

Some other helpful information and eligibility requirements regarding family related and other leaves is also available by reviewing the government web site www.hrdc.gc.ca. Once you have logged onto this web site, choose your language preference and then follow the links: Labour & Workplace, Labour Standards, Employment Standards Legislation in Canada and Family Related & Other Leaves.

Benefits During Periods of Leave

	Salary	Pension	Life, ADD&D, LTD & EFAP	Optional Life	Health and Dental
<i>Employee Disabled</i> Clergy – 1 st 9 weeks Lay – Acc. sick time	employer paid	continues in usual manner	employer paid note: life portion refunded when approved for LTD	employee paid by payroll deduction	ee / er cost sharing as before
<i>Employee Still Disabled</i> 17 weeks EI (first 2 weeks are waiting period)	EI	paid in usual cost share manner at employee option	employer paid note: life portion refunded when approved for LTD	employee paid by postdated cheques	<u>if er</u> paid 100% of premium then, continues to be paid by er , <u>if</u> cost shared, then continues in same ratio at option of ee
<i>Employee Still Disabled</i> after 181 days elimination	Co-operators on approval	insured as part of LTD benefit	Life insured as part of LTD benefit	Life insured as part of LTD benefit	optional health employee paid, no dental
<i>Maternity / Paternity Leave – Clergy or Lay</i>	EI	contributions possible but adverse tax implications may result, please seek advice	employer paid based on last month salary worked	employee paid by postdated cheques	<u>if er</u> paid 100% of premium then, continues to be paid by er , <u>if</u> cost shared, then continues in same ratio at option of ee
<i>Paid Leave</i> (paid sabbatical etc)	employer paid	continues in usual manner	employer paid	employee paid by payroll deduction	ee / er cost sharing as before
<i>Fluctuating Salaries and Partial Paid Leave</i>	employer pays a fluctuating salary or reduced salary	continues based on actual salary earned in the month	continues based on actual salary earned in the month The benefit will be paid based on last 12 months average.	employee paid by payroll deduction	ee / er cost sharing as before
<i>Summer Lay off and Unpaid Leave of Absence</i> With a return to work date within 4 months (i.e. not a permanent termination)	no salary, but still considered an employee	<u>if</u> no salary then no contribution for that month	<u>if</u> no salary, then no premium for that month The benefit will be paid based on last 12 months average.	employee paid post dated cheque	ee / er cost sharing as before
<i>On Leave Without Call</i>	none	None	None	none	none

Note: ADD & D – Accidental Death, Disease & Dismemberment, LTD – Long Term Disability, EFAP = Employee and Family Assistance Plan, ee = employee, er = employer

8. FORMS

The following pages have copies of the various forms you may require. These can be photocopied, downloaded from the web site or ordered from GSI by phone.

ELIGIBILITY FORM

We recognize and respect every individual's right to privacy. When you apply for coverage or benefits, personal information about the employee, their spouse or dependents, must be gathered and kept in a confidential file. This personal information is used for the purposes of providing pension and group benefit plan administration services to the employee. Maintaining the security of their personal information is a top priority. Only authorized personnel have access to the employee's information, and the systems and procedures are designed to prevent the loss, misuse, unauthorized access, disclosure, alteration, or destruction of this information. Personal information is not collected, used or disclosed without consent of the employee, except where authorized by law.

Member Information

Name:	Last	First	Initial	:
Birth Date: (d/m/y)	Gender: <input type="checkbox"/> Male <input type="checkbox"/> Female		Home Telephone: ()	
Home Address:	Address	City & Province	Postal Code	

Employment Information

Employer Name:				
Office Address:	Address:	City, Province	Postal Code:	
Office Telephone:	Average # of Hours worked per week:	Full Time	Part Time:	
Occupation:	Hire Date: (d/m/y)	Eligibility Date: (d,m,y)		

Eligibility and Enrolment Requirements

All full time clergy members and lay employees are required to participate in the ELCIC Pension, Group Insurance, Health and Dental Plans unless the conditions of their employment require participation in another employer sponsored pension and/or group insurance and/or health & dental plan. The exception with health & dental is that the employee may waive this coverage if they have coverage under a spousal health & dental plan. In this case, proof of coverage in a spousal plan (letter from spouse's employer) is required in order to waive coverage.

Eligibility and enrolment requirements for clergy - salary is at least 25% of the YMPE (see *Treasurers handbook for amount*) and the call or contract is at least 6 months in duration.

Eligibility requirements for full time lay employees - salary is at least 25% of the YMPE (see *Treasurers handbook for amount*) and employment is 30 hours or more per week.

Eligibility requirements for part-time lay employees - salary is at least 25% of the YMPE (see *Treasurers handbook for amount*) and employment is 20-29 hours per week.

Date of Eligibility - clergy members is as of the date of employment.
- lay employees is 90 days from the date of hire.

An eligible **part-time lay employee has the option of participating in the pension plan**, with the exception of Manitoba employees, where pension legislation makes participation in the Pension Plan mandatory upon completion of 24 consecutive months in which they have earned at least 25% of (YMPE). If the employee chooses not to enrol in the pension plan when they become eligible, they will maintain their eligibility and may enrol at a later date, however, once enrolled, they must remain as members of the pension plan as long as they are employed.

Participation in the group insurance, health and dental plans is **not optional** for eligible ELCIC employees. Life, LTD, Health and Dental plans require mandatory participation of all eligible employees

Authorization

I certify that all information contained hereon is correct.

Employer's Signature _____ Date _____
Day Month Year

Return to ELCIC Group Services Inc.

Revised March 2004

302-393 Portage Avenue, Winnipeg, MB R3B 3H6 T: 204-984-9181 F: 204-984-9179 Toll Free: 1-877-ELCICGS (352-4247) Email: gsi@elcic.ca

SALARY BASIS CALCULATION

Complete this form for each eligible employee or when a salary change occurs

Employer/Congregation/Parish _____ Employer Code _____

Member's Name _____ Member Code _____

Employment Status: Full-Time _____ Part-Time _____

Salary/Change Effective Date _____ Position _____

PART A - TO BE COMPLETED FOR CLERGY MEMBERS

MONTHLY SALARY BASIS FOR PENSION & BENEFIT CALCULATION

Annual Cash Salary A _____

If parsonage provided add 30% of A B _____

If parsonage provided add Annual housing equity paid (if any) C _____

If no parsonage provided add Annual cash housing allowance paid D _____

Total of [A+B+C+D] E _____

Annual Salary Basis for Pension & Benefit divided by 12 \$ _____

PART B - TO BE COMPLETED FOR LAY MEMBERS

MONTHLY SALARY BASIS FOR PENSION & BENEFIT CALCULATION

Annual Gross Salary \$ _____ Monthly \$ _____

Or

Fluctuating Monthly Salary (estimated) _____

Salary Authorized by _____

One copy to be forwarded to the ELCIC GROUP SERVICES INC.

One copy to be retained by Treasurer

REVISED 10/2004

PENSION ENROLLMENT FORM

We recognize and respect every individual's right to privacy. When you apply for coverage or benefits, personal information about you, your spouse or dependents, must be gathered and kept in a confidential file. This personal information is used for the purposes of providing pension plan administration services to you. Maintaining the security of your personal information is a top priority. Only authorized personnel have access to your information, and the systems and procedures are designed to prevent the loss, misuse, unauthorized access, disclosure, alteration, or destruction of your information. Personal information is not collected, used or disclosed without your consent, except where authorized by law.

Member Information

Name: <small>Last</small>		<small>First</small>		<small>Initial</small>		Member Code:	
Gender: <input type="checkbox"/> Male <input type="checkbox"/> Female		Marital Status: <small>(Married, widowed, common-law, separated, single)</small>				S.I.N.:	
Birth Date: <small>(d/m/y)</small>			Home Telephone: ()				
Home Address: <small>Address</small>		<small>City & Province</small>			<small>Postal Code</small>		

Employment Information

Employer Name:			
Office Address:	<small>Address:</small>	<small>City, Province</small>	<small>Postal Code:</small>
Office Telephone:	Hire Date: <small>(d/m/y)</small>	Full Time	Part Time:
Occupation:			

Beneficiary Appointment

Pension legislation requires that a spouse (if applicable) be the primary beneficiary for benefits payable under a pension plan.

Spouse's Name*:	<small>First</small>	<small>Initial</small>	<small>Last</small>
Date of Birth: <small>(d/m/y)</small>	Date of Marriage: <small>(d/m/y)</small>		Spouse's S.I.N.:

If you do not have a spouse, the full name, date of birth, address and relationship of principal beneficiary**

* If applicant and spouse are not legally married, please provide commencement date of co-habitation _____

** If more than one beneficiary is named, proceeds will be paid in equal shares to the beneficiaries or to the survivors or survivor, unless otherwise specified in writing.

The following trustee during minority clause must be completed if any beneficiary is a minor.

_____ my _____, if living,

First, Initial, Last Name Relationship

shall be and is hereby appointed trustee to receive and disburse any monies payable hereunder to such child(ren) aforesaid during minority, or failing such trustee, to the duly appointed guardian of such minor child(ren) as trustee. Payment so made to said trustee shall discharge the payer to the extent of such payment.

Authorization

I certify that all information contained hereon is correct. I authorize my employer to deduct from my earnings the contributions required for participation in the Pension Plan for the Clergy and Layworkers of the Evangelical Lutheran Church in Canada.

I consent to the information provided here being collected, used and disclosed by ELCIC Group Services Inc. (GSI) for purposes of activities related to the efficient administration of my entitlements under the pension plan. I consent to GSI disclosing and/or obtaining information to and from its agents and services providers, including, but not limited to administrators and pension consultants.

I hereby authorize the use of my Social Insurance Number for tax reporting, identification and administration of my pension.

I understand that I have the right to access the personal information in my file, and if necessary, correct any inaccurate information.

Employee's Signature	_____	Date	_____ / _____ / _____
			<small>Day Month Year</small>
Employer's Signature	_____	Date	_____ / _____ / _____
			<small>Day Month Year</small>

GROUP BENEFITS ENROLLMENT FORM

We recognize and respect every individual's right to privacy. When you apply for coverage or benefits, personal information about you, your spouse or dependents, must be gathered and kept in a confidential file. This personal information is used for the purposes of providing group benefit plan administration services and insurance products to you. Maintaining the security of your personal information is a top priority. Only authorized personnel have access to your information, and the systems and procedures are designed to prevent the loss, misuse, unauthorized access, disclosure, alteration, or destruction of your information. Personal information is not collected, used or disclosed without your consent, except where authorized by law.

Member Information

Name:	<small>Last</small>	<small>First</small>
Gender: <input type="checkbox"/> Male <input type="checkbox"/> Female	Occupation:	
Birth Date:	Hire Date:	Home Telephone: ()
Home Address:	<small>Address</small>	<small>City & Province</small>
		<small>Postal Code</small>

Dependent Information

Relationship	Last Name	First Name	Gender (M/F)	Date of Birth			Dependent Status (Student, Disabled)
				Day	Month	Year	
Spouse							
Child							
Child							
Child							

Co-ordination of Health and/or Dental Benefits

Does your spouse have any other health or dental benefits? Yes No

If "Yes", please indicate which of the following benefits: Health Dental

If "Yes", please provide the following: Insurance Company: _____

Contract No: _____ Spouse's Identification No.: _____

Waiver of Health and/or Dental Benefits

I have been given the opportunity to apply for coverage under the ELCIC Health and Dental Plan. I understand that I have the option of waiving coverage under this Plan if my spouse has Health or Dental coverage under another plan. A letter from your spouse's employer confirming your coverage under his/her plan to be attached. I understand that if I apply for coverage at a later date, I may be required to submit medical evidence for myself and/or my dependents.

I wish to waive the following benefits: Extended Health Dental

Authorization

I certify that all information contained hereon is correct. I request my employer to arrange for the issuance of group coverage for which I am eligible. I understand that if I have eligible dependents I will automatically be enrolled with family coverage. I authorize my employer to deduct from my earnings the contributions, if any, required for the coverage.

I consent to the information provided here being collected, used and disclosed by ELCIC Group Services Inc. (GSI) for purposes of activities related to the efficient administration of my entitlements under the benefits plan. I consent to GSI disclosing and/or obtaining information to and from its agents and services providers, including, but not limited to insurers, benefits providers or administrators and benefits consultants.

If applying for benefits for my dependents, I am authorized to release information concerning my spouse and my dependents.

I understand that I have the right to access the personal information in my file, and if necessary, correct any inaccurate information.

Employee's Signature _____ Date _____ / _____ / _____
Day Month Year

Employer's Signature _____ Date _____ / _____ / _____
Day Month Year

Evangelical Lutheran Church in Canada

302 – 393 Portage Avenue
Winnipeg, MB R3B 3H6

Tel: 204.984.9150

Toll Free: 1.888.786.6707

Fax: 204.984.9185

ELCIC Group Services Inc.

Tel: 204.984.9181

Toll Free: 1.877.352.4247

Fax: 204.984.9179