



December 12, 2024

**To: Churchwardens, Treasurers, and Incumbents/Priests in Charge of  
the Diocese of Ontario**

**From: Alex Pierson (Diocesan Financial Officer)**

***Subject: 2024 Financial Planning Information & Update***

As we reach the end of the year, we are all making plans and budgeting for the next year. Each year, we update the Financial Planning Information to assist in this work.

Based on decisions made by Synod Council and work by your diocesan Financial Team, I am providing you with ***Financial Planning Information for 2024***.

We will be reviewing much of this information on the regularly scheduled Wardens, Treasurers and Clergy call on Thursday December 21<sup>st</sup> (the third Thursday of the month).

1) **Stipend Grids**

Attached is the approved clergy Stipend Grid for 2024. Each year the grid is amended to reflect change in the overall cost of living index in the Province of Ontario. For 2024, the figures have been increased by 3.3% on an annual basis. This is in the range which other dioceses in our province are utilizing, as well as the Pension Office and the Charity Village Survey. It is intended to provide a balance of affordability and cost of living for our clergy, staff, and churches.

In accordance with the diocesan policy, all clergy should receive a stipend for 2024 which is not less than 3.3% above the stipend paid in 2023. Some clergy will, in fact, receive an increase in stipend of more than 3.3% by moving one year on the horizontal component of the grid (Years Since Ordination). In other cases, the Wardens and Clergy may decide to move up the vertical axis as well (e.g., High to Top). There should be a planned and intentional discussion between the Wardens and the Clergy regarding stipend each year.

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

## ***HOW TO PLACE CLERGY ON THE STIPEND GRID***

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

In addition, please note that the Diocesan Synod of 1984 passed the following motion:

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

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

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

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

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

### Education and Training

- University degree.
- Post graduate theology degree.
- Equivalents

### Continuing Professional Development

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

### Participation in Diocesan Programs and Community Activity

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

### Level of Experience and Responsibility

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

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

## 2) Centralized Payroll System

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

To ensure updates are made in a correct and timely manner, we ask that you assist us as we approach the New Year. In a separate mailing, Joyce Williams, who manages the payroll system will be sending out various forms to Parish Treasurers for completion. **These forms need to be returned to Joyce by January 5, 2024, or the Stipend/Salary changes will not be included in the January 15<sup>th</sup> Scheduled Pay.** We realize that to provide stipend/salary information for 2024 by the requested date, you need to do so before you will have held your annual vestry meetings and formally approve your budgets for 2024. Normal practice in most parishes is that your Parish Advisory Councils will have approved 2024 Budgets some time in December, having determined 2024 stipend/salary levels by that time. It would be very helpful for us to process the January 2024 payroll entries with the up-to-date information rather than using the 2023 rates and then having to adjust them all retroactively in February or March. I ask that you do your best to meet the requested date and thank you in advance for your assistance with this matter.

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

## 3) Sunday Supply

The following levels of remuneration for Sunday supply stipends are applicable for 2024:

First service without sermon	\$ 90.00
First service with a sermon	\$ 180.00
Each additional service, on the same day	\$ 47.00

Reimbursement for travel costs relating to Sunday supply should be at the rate of 62¢ per kilometre. This rate would also be used for volunteers who are reimbursed for mileage.

The hourly rate covering administrative and pastoral work done by Interim Clergy is \$33 per hour. Please note that the Mileage Reimbursement Rate for Interim Clergy appointed by the Bishop as Priest in Charge is the same as Incumbents (\$0.68 per km for the first 5,000km, \$.62/km after that).

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

#### 4) **Housing Allowance**

In accordance with normal practice, housing allowances for 2024 have been established using the year-over-year change in the Housing Cost Index for the Province of Ontario, provided by Statistics Canada as a guideline (consistent with the policy used for Stipends). For your guidance, the relevant change to be applied above the 2023 rate is 5.7%. The housing allowance is generally intended to represent the average rental cost of a three/four-bedroom house with garage, in the area, plus utilities. The benchmark rate for clergy and diocesan personnel, with a small number of exceptions in specific circumstances will be \$29,995 for 2024.

#### 5) **Travel Reimbursement**

The current policy is to use a reimbursement method based on a per kilometre rate. For 2024 the reimbursement rates are being aligned to the “reasonable rates” defined by the Canadian Revenue Agency (CRA). Rates above this level could be considered a Taxable Benefit by the CRA and as such would make all reimbursement received taxable (not just the amount above the reasonable rate).

For the first 5 ,000 kms of travel                      68¢ per km.

For travel in excess of the 5,000 kms.              62¢ per km

Reimbursement of mileage is handled locally in each parish or church. For tax reasons and simplicity, we do not recommend fixed car allowances. If you have any questions on reimbursement compared to allowances and the tax implications of each, please contact the office.

#### 6) **Internet, Mobile Devices and Phone Lines**

The Internet is now widely used as a quick and efficient means of communication, information, and research. The Diocese uses E-mail as a primary communication tool, as do most parishes. Most churches have gone online with Worship and use tools like Zoom, Go To Meeting, Teams, etc. for meetings and communications. While access to Internet varies by location, it is a common part of everyday life for all of us.

Mobile Devices (phones) are an important part of the ministry of our Clergy. They allow them to be reached and to reach others regardless of location.

Years ago, churches were expected to provide their clergy with a “landline” phone. Today, the clergy and congregation are better served with Internet and/or Mobile solutions. While a church could provide/pay for an internet service and/or a Mobile Device (iPhone, Android, etc.), reimbursing clergy for personal devices or service is simpler and cheaper than providing church paid devices and services.

The current expectation in Appointment Letters is that the parish will pay the reasonable cost for Internet access, with a minimum of \$50 per month. Depending on need and availability, this could also be provided as a mobile device/service allowance. Of course, this may be higher amounts, depending on the needs of the church and clergy, as well as availability of service. As a re-imbursement of a legitimate "business expense" this is not considered a taxable benefit.

## 7) **Clergy Benefits**

The premiums for all benefits are processed through the Diocesan Payroll system. Parishes are billed actual costs for Stipend, Housing and Benefits. No action is required by the Clergy or Parish (unless there is a change in coverage). This information is intended to provide guidance for budgeting.

Apart from the normal annual change in rates, there is an increase that is part of the Government Of Canada's continued implementation of the CPP Enhancement Program.

Canada Pension Plan Premiums for 2024 are increasing to 5.95% (from 5.7%), with the maximum pensionable earnings set at \$68,500 (stipend plus housing). In addition, there is a new CPP2 rate of 4% which will be applied to amount of earnings above the max and the new CPP2 max. Effectively the CPP2 rate will apply to earnings between \$68,500 and \$73,200.

2024 CPP Max Earnings	\$68,500
2024 CPP2 Max Earnings	\$73,200
Exemption	\$3,500
Max Contribution – CPP1	\$3,867.50
Max Contribution with CPP2	\$4,055.50

Employment Insurance Premiums for 2024 are increasing to \$1.66 per \$100 of insurable earnings (stipend plus housing). The employer rate is 1.4 times the employee rate.

2024 EI Max Earnings	\$63,200
2024 EI Rate (employee)	\$1.66%
2024 Employer Rate	1.4 times Employee (effectively 2.324%)
2024 Max Employee Cont	\$1,049.12
2024 Max Employer Cont	\$1,468.77

Dental and Extended Health Benefit rates have seen increases. Life Insurance rates for parish paid coverage have not changed. Life insurance for Dependants and the optional Death Benefit (paid by the priest) have increased.

The General Synod Pension and Long-Term Disability rates have not changed for 2024.

The National Pension Office has provided the following rates for Clergy Benefits in 2024:

<b>Extended Healthcare</b> (monthly)	\$134.43 (Single) \$346.26 (Family)	6% Increase 6% Increase	Paid by Parish
<b>Dental</b> (monthly)	\$43.73 (Single) \$71.01 (Married) \$163.99 (Family)	10% Increase 10% Increase 10% Increase	50% by Priest & 50% by Parish
<b>Long Term Disability</b>	2.2% of Stipend And Housing	No Change 8% Sales Tax applies.	Paid by Parish
<b>Life Insurance</b> (rates based on Stipend plus Housing)			
Basic Life	\$.32/thousand	No Change	Paid by Parish
Accidental Death & Dismemberment	\$.02/thousand	No Change	Paid by Parish
Dependant Life (Optional)	\$.72/thousand	9% Increase	Paid by Priest
Death Benefit (Optional)	\$1.23/thousand	4% Increase	Paid by Priest
<b>General Synod Pension</b> (rates based on Stipend plus Housing)			
Priest Contribution	5%	No Change	Paid by Priest
Parish Contribution	12.5%	No Change	Paid by Parish
Pension Office Admin Fee	0.0%	No Change	Paid by Parish
<b>Continuing Education (ConEd)</b>	\$900	No Change	Paid by Parish

8) **Common Ministry and Mission Share for 2024**

The rate for 2024 continues to be 20% of Assessable Income. We are finalizing Green Sheets 2024 CMM assessment. They are in final stages of review and will be sent out early in the new year. If your parish has not yet provided 2022 Financial Data to our office, you will be contacted again shortly.

It is the responsibility of each church/parish with a Charitable Number to complete, sign and return the T3010 to the CRA by June of each year. The CRA is increasingly inflexible in this area.

9) **Payments to the Diocese from Churches**

For many decades, cheques were the standard way for funds to be transferred/paid between the diocese and its churches (in both directions). Electronic Fund Transfers are now the standard way for the diocese to transfer funds, whether it is individuals on payroll, churches and cemeteries from the Investment Fund and miscellaneous payments/reimbursements. EFTs and direct transactions are the most expedient, secure, and cost-effective method of payments. Avoiding the cost of printing, mailing, and processing cheques can add up to a good savings for both the diocese and churches.

Most churches and cemeteries have moved to receiving funds (Investment and Trust Funds) from the diocese by Electronic Transfer/Direct Deposit. There are a very small number who have not. We will continue to encourage churches to make the move and are happy to assist in the final steps.

Please note that any electronic payment not posted to the diocesan Bank Account dated December 31, 2023, or any cheque received postmarked after Dec 31, 2023, will be credited as a January 2024 transaction, and will not reflect in the year end balance (including calculation of interest).

10) **Parish Arrears Resolution Policy**

The diocese has a Policy for Parish Arrears Resolution which was approved in 2017. The purpose of this policy is to provide a way of ensuring that all support the Common Ministry and Mission of the Diocese, while helping parishes and the Diocese meet constitutional, canonical and ministry commitments. At the same time, it provides a means so that we may support each other under special circumstances. It is also intended to create discussion and action where the path forward is more difficult and requires changes in the parish.

If your Parish or Church's account with the diocese is not current (Payroll, CMM, Insurance, etc.), please review the Policy. If you have any questions or concerns, please contact me.

As a reminder, the monthly statement is a statement, not an invoice. As described earlier, Estimated Payroll is due on the 20<sup>th</sup> of each month. CMM (1/12 of the year total) is due on the last day of each month. Changes in the Insurance program are detailed below (section 12).

In most cases, a church/parish account Year End can be predicted based on the end of November statement plus the normal payroll and CMM, less any planned payments for December.

11) **Pre-Authorized Remittances (PAG)**

As you are aware, we offer the handling of PAG's for any congregation who wish to participate in the program co-ordinated at the Diocesan Centre. This is an optional program, with no fees added by the diocese (only the fees from the Bank that processes). In general, churches that have high participation in PAG have seen lower levels of income reduction during the pandemic.

All participating churches/parishes should have a PAG co-ordinator in place that acts as the single point of contact within the congregation and then into the diocese office.

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

12) **Canada Revenue Agency – Form T3010**

Wardens and Treasurers are reminded that the CRA requires that Form T3010 (Registered Charity Information Return) be returned within 6 months of the fiscal year end. Given Parish Fiscal Years are January to December, the due date is typically end of June in the following year. The CRA will revoke Charity Status (and the ability to issue Tax Receipts) if the forms are not returned by the end of the following year. Re-instating a revoked charity status is not fast or easy and the impact of lost Charitable Tax Deduction on giving could be significant. If your Church or Parish has not yet returned your T3010 for 2022, please give this your urgent attention. If you require assistance in completing the form, please contact the Diocesan Office well before year end.

13) **Canada Revenue Agency – Change in Donation of Securities**

The 2023 federal budget introduced rules that will increase the tax cost of donating qualifying securities to charity. Specifically, any capital gain on these donated securities will no longer be tax-free in some circumstances.

The diocese runs a program where individual donors can donate shares/securities to a charity (including churches) directly. By having the shares donated, the donor avoided tax on the capital gains as well as receiving a tax receipt for the full amount. Please note that



the securities themselves and the proceeds are not received by the diocese at any point. We administer the program, but through our Broker (CIBC Wood Gundy). No fees are charged.

The Capital Gains exemption on Donated Securities will change for donors earning more than about \$173,000 starting Jan. 1, 2024. The 2023 federal budget introduced rules that will increase the tax cost of donating qualifying securities to charity. Specifically, for those who are “High Income” Canadians, any capital gain on these donated securities will no longer be tax-free, but rather 30 per cent of the capital gain will now be taxable. In addition, the donation tax credit, which would normally be available for this generosity, will be cut in half.

These rule changes are part of broader proposals around something called the “alternative minimum tax” (AMT). The AMT is a tax calculation that is done side-by-side with regular tax calculation, but under the AMT there are fewer deductions, exemptions, and credits allowed. If the AMT tax amount is higher than the regular tax, the taxpayer will be liable to pay the AMT amount. In this case, the changes to the Gift of Securities will apply.

This change is complicated and can be difficult to understand because of the many variables. It is also difficult to understand why the federal government is discouraging donations to charities at a time when the demands on charities is at an all time high. A number of charities, including several dioceses are providing the Federal Government with feedback on the impact of these changes. Parish leaders may consider providing feedback to you local Member of Parliament.

#### 14) **Investment Fund**

The Investment Committee continues to work closely with our Advisory/Broker (CIBC-Wood Gundy) to ensure that the Diocesan Central Investment fund is carefully stewarded. Our Investment Policy is reviewed annually and updated as required. The latest update was approved by Synod Council at its October Meeting. This Policy includes guidance and direction on Socially Responsible Investing.

Funds deposited begin earning income the day they are deposited. Funds that are withdrawn stop earning income on the day they are withdrawn. Income continues to be paid or accumulated in each account on a quarterly basis. A quarterly dividend is paid at the end of each quarter (March, June, September, and December) based on the capital invested in the fund during that quarter.

In order to provide the most expedient, secure, and cost-effective method of payment, the standard practice is to utilize Electronic Funds transfers directly into the bank accounts designated by each church. The diocese does not issue cheques for less than \$25. There are a few cemeteries that have not yet setup their banking information. Please work with your Cemetery Board and Treasurer to get the information into Joyce Williams.

For 2024, the current approved rate of return (paid from the fund) continues to be 5%.

A copy of the current approved Investment Policy is attached.

15) **Annual Vestry Meetings**

The Canons require an annual vestry meeting to be held no later than the 15<sup>th</sup> day of March. An exemption is required if this date will not be met.

If the status of COVID and our Guidelines for churches changes, then churches will be advised on impacts relating to Vestry Meetings.

16) **Lay Delegates to Synod**

The Diocese of Ontario held a session of Synod in 2023. There is no regular Synod planned for 2024. Per the Canons, Lay Delegates may only be elected by a meeting of the Vestry. Annual Vestry meetings should elect the 2 (two) Lay Delegates each vestry is entitled to, as well as 2 (two) Alternates who would serve if the Delegates were not able to serve/attend. This avoids the need for a Special Vestry if a Synod is called in 2024.

17) **Parish Information Returns**

By Canon, the Incumbent or Priest in Charge is required annually to submit the Statistical and Parish Information form to the diocesan Registrar after the conclusion of the Annual Vestry Meetings.

The Diocese keeps a database which includes contact information for those in a variety of leadership roles, including Wardens and Treasurers. This information is critical for us in ensuring that we are communicating with the right people on important matters, such as this Guidance package, information on Insurance, Bereavement Authority, CRA matters, invitations to meetings, updates, etc. It also ensures we communicate with duly elected Lay Delegates on matters relating to Synod.

Please support and assist your Incumbent or Priest in Charge in ensuring that the information is submitted and that it is kept up to date as people or contact information changes during the year.

For 2024, we will have a new Reporting tool online. More information to follow.

18) **Insurance**

Insurance is a means of protecting from financial loss. It protects the assets of the church and helps manage risk.

Several items I want to highlight about Insurance.

- 1) Third Party Insurance – When Third Parties (i.e., Groups or events which are not part of your Parish's program) wish to rent or use your facilities, there is a legal requirement for that group to provide a Certificate of Insurance. For clarity, the Diocesan Insurance Program (through our Broker, AON) does not cover liability

for these groups or users. Given that many groups do not have insurance, there are outside insurers that will provide one time or ongoing liability coverage for groups that may use or rent church facilities. It is the group's responsibility to provide this coverage. You can point them to the diocesan website where several companies are mentioned. It is their choice regarding who provides the coverage.

- 2) We continue to be part of the National Insurance Program which is underwritten by Ecclesiastical Insurance and Lloyds through AON.
- 3) The "Deductible Reduction" Program that reduces deductibles by 80% using a reserve fund which is "topped up" every year and added to the premiums distributed.
- 4) In discussion with AON, based upon current guidance there will be increases in premiums for 2024 due to market conditions, increases in Replacement Costs (Materials and Labour) and the insurer claims received experience. Based on current guidance, churches should expect increases in the range of:
  - Approximately a 10% inflation rate on Replacement Costs (for property)
  - The Rate used to calculate property premium is expected to increase 3-5%
  - A 20-30 % increase in the premiums for liability insurance relating to abuse.
  - The rest of the rates should stay close/see small increases above the 2023 premium levels.

We are currently working with AON on the details of property and changes. We will not receive the full 2024 package from AON until late January. We continue to work with AON and Ecclesiastical on trying to limit the increases.

We continue to work within the Ecclesiastical Province of Ontario on creating alternate insurance models that may assist in reducing costs down the road. They are not expected to have an impact on 2024.

As always, we recommend Wardens review the Replacement Costs listed in the certificate they receive from us each year to ensure they are comfortable that they provide for replacement costs. Please advise if you wish to have a review conducted.

- 5) Once we have final billing in place for 2024, We will be holding an online meeting to review and discuss these issues as well as general information/education on Insurance Coverage, Premiums and Claims Process.

#### **19) Cemetery Care & Maintenance Funds**

We continue to work with The Bereavement Authority of Ontario on implementation of regulations regarding Care & Maintenance (Trust Funds) held on behalf of Cemeteries. This

will lead to a change in how the diocese and its cemeteries handle Care & Maintenance Funds.

The diocese has offered two investment vehicles for Cemetery Boards:

- 1) For Care & Maintenance funds, a Trust Account option (through TD/Canada Trust) which has met the regulations of the BAO. These funds are restricted in use (can use only income, not capital) and in investment options (low risk), which also brings lower return. The diocese has managed a fund (over \$1M) which pools the funds from the cemeteries. These funds generate just over 2% per year of return.

In 2022, we began discussion with the BAO on the “pooled” fund, including the requirement for the Trust holder to provide reporting on the funds directly to the BAO.

We have met with the BAO to discuss how to best move forward. At this point, they are not requiring the movement of these funds. Further work continues.

- 2) For non-regulated Funds (money held by the cemetery that is not Care & Maintenance), these funds can continue to be invested in the Diocesan Investment Fund, which currently returns 5%. This is the same fund as churches invest in.

We have also had several cemeteries where the Board is no longer able to continue to manage and oversee the cemetery and its operation. In these cases, we enter discussion with the municipality to determine if they will take responsibility, ownership, and control from the cemetery board and church. Together with the BAO, we are reviewing the cemeteries that show as being owned by the Diocese of Ontario (or its predecessors).

## **20) Diocesan Budget Process and Reporting**

At the November meeting of Synod Council, the 2024 Diocesan Operating Budget was approved. This followed a process of consultation, review, and discussion.

- Synod Council reviews financial statements and reporting on a quarterly basis, including the Operating Fund (Budget and an updated Forecast), Investment Fund Performance and Parish Receivables. As the governance body outside of Synod, this allows Council to approve any changes or actions that may be required to adjust to current conditions and financial performance.
- Council is asked to approve the annual Consolidated Financial Statements for the Diocese (as presented by Wilkinson and Company, the current Diocesan Audit Firm), typically in March/April of the following year.
- The current intention is to bring a “Three Year Outlook” planning process to align with the Budget process. This will allow Synod Council and Synod to take a longer view of financial outlook, consistent with good Governance practices.

**21) Change in Finance Staff (Temporary)**

Laura Conway is now on Maternity and Parental leave. We wish her, Stuart, Harrison, and newborn daughter Harper all the best at this joyous time. We are pleased to welcome Madison Murphy to the Finance Team as she fills in for Laura during her leave. Please welcome Madison!

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

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

Yours in Faith



Alex Pierson  
Diocesan Financial Officer

**Attachments:**

2024 Clergy Stipend Grid

Diocese of Ontario Office Diocesan Staff Directory

Diocese of Ontario Investment Policy Statement (Version 7, Approved October 2023)