

Finance Handbook of the Reformed Presbyterian Church of Australia

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Table of Contents

- 1 Introduction 3
 - 1.1 Background..... 3
- 2 Ministers’ Remuneration..... 3
 - 2.1 Definitions 3
 - 2.2 Remuneration review..... 3
 - 2.3 Recommended minimum salary benchmark 3
 - 2.4 Stipend packaging 4
 - 2.4.1 General 4
 - 2.4.2 Cash component (taxable stipend) 4
 - 2.4.3 Exempt benefit components 4
- 3 Leave Entitlements 5
 - 3.1 Annual leave 5
 - 3.2 Sick and compassionate leave..... 5
- 4 Superannuation 5
- 5 Long Service Leave..... 5
- 6 Insurance 6
- 7 Pulpit Supply 6
 - 7.1 Supply and traveling expenses 6
 - 7.2 Minister invited to preach outside his own congregation 6
 - 7.3 Exchange of ministers..... 7
- 8 Theological Students 7
 - 8.1 General 7
 - 8.2 Financial Support..... 7
 - 8.3 Tuition Fees 7
- Appendix 1..... 8

1 Introduction

1.1 Background

The purpose of this handbook is to show how the various funds of the Reformed Presbyterian Church of Australia are administered and to help office bearers of the church fulfill their financial obligations to their own congregations and in the wider work of the church through Presbytery.

As the only standard of the Reformed Presbyterian Church of Australia is the Word of God, it follows that the operation of this handbook should be in accordance with Biblical principles. The help which God gives through the guidance of His Word is particularly needed in dealing with financial matters where harmful tensions may arise from concerns or ideals not based on God's Word and trust in Him. On the other hand, we are exhorted to commit ourselves to the task of management and stewardship in such a way that the whole church will be encouraged and strengthened in doing the Lord's will.

We trust that this handbook will provide guidance regarding the church's financial obligations and encourage those who use it to see themselves as part of the body of Christ working together for His glory.

2 Ministers' Remuneration

2.1 Definitions

The term "stipend" will be used throughout this document. For ease of understanding, it is intended that this refers to a remuneration package in its broadest sense and not limited to the technical understanding of the term used in accounting or taxation regulations.

The term "taxable stipend" refers to the component of a remuneration package that is by definition included as Taxable Income for the individual under Income Taxation Law.

The term "Exempt Benefits" refers to the component of the remuneration package which is exempt from income tax under current Australian income tax legislation.

2.2 Remuneration review

It is recommended that the Managers review the ministers stipend package annually in conjunction with the preparation of the local church budget for the ensuing year.

2.3 Recommended minimum salary benchmark

A minimum benchmark can be helpful in setting a remuneration packages for a minister. The right of local churches to determine remuneration packages is clearly recognised and supported, but at the same time, many church boards/managers are looking for guidance and assistance in this matter.

Some of the matters to be considered in determining the appropriate level of remuneration include:-

- Size of church
- Academic qualifications
- Length of experience
- Length of service
- Provision of housing
- Taxation concessions

- Other benefits
- Ability of the church to pay

In identifying an appropriate benchmark, the objective is to identify an award that reflects local conditions, is easily available, regularly updated, is comparable in responsibilities to that of a minister, has sufficient range to accommodate a wide variety of churches and would be considered 'fair' by the church community.

The Victorian State Government Teachers Award will be the benchmark. This award meets the criteria necessary for an appropriate benchmark. Managers and Congregations should review the pastoral salary with regard to this benchmark and to the ability of the congregation and needs of the pastor each year.

A summary of current teacher salaries in Victoria is given in Appendix 1, along with comparative salaries for ministers' after taking into account the taxation benefits available, and using an exempt fringe benefit amount at 50% of the package. The figures included in Appendix 1 are to be updated in June each year for the following calendar year. The treasurer of Presbytery is to be responsible for updating the schedule and distributing to the congregations.

2.4 Stipend packaging

2.4.1 General

Consideration should be given to offering stipend packaging to ministers as this can provide benefits to both the church and the minister.

Current ATO legislation allows for ministers of religion to receive exempt fringe benefits, but the legislation does not stipulate the level of such benefits. It is therefore up to each congregation to determine the level of such benefits taking into account both the letter and the spirit of the law.

It is considered as a guide that a level of 50% cash component and 50% exempt benefit component would be reasonable but it is acknowledged that the breakup between the cash component and the exempt benefit component can be negotiated between the minister and the session.

Ministers should therefore be offered a stipend package comprising a cash component which is the taxable stipend plus a non-taxable exempt fringe benefit component.

2.4.2 Cash component (taxable stipend)

This is the taxable portion of the package and is paid directly to the minister at regular intervals.

2.4.3 Exempt benefit components

There are a number of categories of benefit which can be offered. Examples of these could include:

Accommodation

If a manse is provided then a valuation is to be undertaken to determine the value which is to be included as part of the package. The valuation could be obtained from a local Real Estate agent.

If a minister rents accommodation then the cost of this rental could be included as an exempt benefit.

Motor vehicle

If a minister provides his own vehicle then the operating expenses could be paid for as an exempt benefit.

If the congregation provides a vehicle then a valuation needs to be undertaken to determine the value of this benefit.

A minister is entitled to be reimbursed on a per km basis for congregation related travel. This reimbursement is in addition to the total remuneration package. The rate per km be the amount advised by the Australian Taxation Office.

Electricity and gas

Lighting, heating and power costs shall be met by the minister but may be included as an exempt benefit.

Telephone and internet fees

Telephone and internet fees shall be met by the minister but may be included as an exempt benefit. This reimbursement is in addition to the total remuneration package.

A minister is entitled to be reimbursed for congregation related calls.

Other expenses

The minister may nominate other expenses to be included as exempt benefits. Benefits may be made by the following methods:

- Provision of assets such as house or motor vehicle.
- Supplying the minister with a church credit card to be used for the payment of exempt benefits.
- Transferring funds into a separate church bank account to be used by the minister for the payment of exempt benefits.

3 Leave Entitlements

3.1 Annual leave

Five weeks fully paid annual leave shall be provided. Relief pulpit supply is to be provided in this period.

Annual leave may be taken in any manner as may be mutually agreed by the minister and session.

Annual leave is accumulative but it is recommended that it should not extend beyond two years.

3.2 Sick and compassionate leave

A minister is entitled to up to five days Sick Leave per annum (accumulative).

A minister is entitled to up to five days Compassionate Leave per annum (non accumulative).

4 Superannuation

Payment (on the total remuneration package - which includes both the cash component and the exempt benefit component - refer 2.4 and 2.4.2.1) shall be made to an appropriate superannuation fund at the rate determined by the Superannuation Guarantee Charge.

5 Long Service Leave

Every minister employed in the Reformed Presbyterian Church of Australia shall be entitled to Long Service Leave on the basis of 8.6 weeks for 10 years of continuous full-time service.

After 10 years of continuous full-time service have been completed a minister shall be entitled to four and one third weeks for every additional five years of continuous full-time service.

The commencement date of qualifying service is the date the person is inducted to a paid ministry within the RPCA.

Every minister who ceases employment in the Reformed Presbyterian Church of Australia is entitled to receive pro-rata long service leave payment after the completion of seven years continuous full-time service.

Service is deemed to be continuous when a minister transfers between congregations of the Reformed Presbyterian Church of Australia.

When a minister transfers from an overseas Reformed Presbyterian Church the commencement date for the purposes of Long Service Leave is taken to be the equivalent date in the overseas church. He then becomes entitled to leave after a minimum of five years continuous full-time service in Australia. The Australian church is responsible for leave payments accrued only from the date of induction into the RPCA.

A minister is required to give six months notice to his congregation and Presbytery prior to the taking of any long service leave.

Long Service Leave payments comprise the current cash stipend plus exempt fringe benefits.

Where there is a break in continuous service a minister should make application to Presbytery to evaluate his standing in regard to long service leave.

A Long Service Leave Fund is to be established to provide for the payment of Long Service Leave. Payments into the Fund are to commence after a minister has completed one year of service and are to continue annually until he ceases employment in the RPCA.

The Fund is to be controlled by Presbytery and each congregation is to contribute annually, the calculated amount based on Section 4.

6 Insurance

A congregation must take out relevant insurance policies for Property and people under its control.

Insurance on the private possessions of a minister and his family is the responsibility of the minister

A congregation must register with Work Safe Injury Insurance to cover any persons employed by the congregation.

7 Pulpit Supply

7.1 Supply and traveling expenses

It is the responsibility of a congregation to pay the stipulated supply fee and appropriate traveling expenses to a visiting preacher as determined by Presbytery. The Managers will normally have the task of ensuring that these payments are made.

7.2 Minister invited to preach outside his own congregation

When a supply preacher is asked to take a service in a congregation because its minister has been asked to preach in another congregation, the minister shall remit his supply fee from that congregation (less travelling expenses) should one be paid to him, to his own congregation.

7.3 Exchange of ministers

When there is an exchange of ministers for services as arranged by the sessions of two (or more) Reformed Presbyterian Congregations such an exchange shall be seen as official church business and no supply fees shall be given to visiting preachers.

8 Theological Students

8.1 General

Current theological students and those who aspire to the pastoral ministry in the RPCA need to satisfy Presbytery that they are suitable candidates and maintain satisfactory progress in their studies.

8.2 Financial Support

The amount of financial aid for each student will be dependent on the student's requirements and the funds available from his home congregation and/or Presbytery.

In order to receive financial assistance a student should make application to his local session who in turn may refer the application to Presbytery.

If additional funds are required, Presbytery should advise each congregation how much money is needed. Each congregation decides how it is to be raised, whether by envelopes, pledges, direct transfer from general funds or a combination of these.

Because of limited resources, students receiving financial assistance would usually obtain part-time employment, at least during vacation.

No financial obligation is laid upon a student in the event that he does not take up a pastorate at the close of his theological studies.

Students not under the care and supervision of Presbytery do not receive financial assistance.

8.3 Tuition Fees

Payment of tuition fees direct to the theological college would usually be the first area where financial assistance would be provided for a student.

Appendix 1 – Salary table based on 50% exempt benefit component

Band	TEACHER				MINISTER			
	Gross Income	Tax	Net Income	Super	Gross Income	Tax	Net Income	Gross incl. Super
Leading Teacher								
3-2	\$97,422	\$25,942	\$71,480	\$9,255	\$75,202	\$3,722	\$71,480	\$84,457
3-1	\$94,028	\$24,618	\$69,410	\$8,933	\$72,676	\$3,266	\$69,410	\$81,609
Classroom Teacher – Range 2								
2-6	\$91,276	\$23,545	\$67,731	\$8,671	\$70,712	\$2,981	\$67,731	\$79,383
2-5	\$81,375	\$19,683	\$61,692	\$7,731	\$63,855	\$2,163	\$61,692	\$71,586
2-4	\$78,759	\$18,719	\$60,040	\$7,482	\$62,030	\$1,990	\$60,040	\$69,512
2-3	\$76,227	\$17,845	\$58,382	\$7,242	\$60,198	\$1,816	\$58,382	\$67,440
2-2	\$73,554	\$16,923	\$56,631	\$6,988	\$58,263	\$1,632	\$56,631	\$65,251
2-1	\$71,299	\$16,145	\$55,154	\$6,773	\$56,631	\$1,447	\$55,154	\$63,404
Classroom Teacher – Range 1								
1-5	\$69,114	\$15,391	\$53,723	\$6,566	\$55,050	\$1,327	\$53,723	\$61,616
1-4	\$66,997	\$14,661	\$52,336	\$6,365	\$53,517	\$1,181	\$52,336	\$59,882
1-3	\$65,100	\$14,007	\$51,094	\$6,185	\$52,145	\$1,051	\$51,094	\$58,330
1-2	\$61,851	\$12,813	\$49,038	\$5,876	\$49,873	\$885	\$49,038	\$55,749
1-1	\$61,199	\$12,579	\$48,620	\$5,814	\$49,411	\$791	\$48,620	\$55,225

Examples of Tax calculations

Band	TEACHER				MINISTER			
	Basic tax on gross fully taxable	Medicare Levy	Low Income Tax Offset	Total tax:	Basic tax on gross half taxable	Medicare Levy	Low Income Tax Offset	Total tax
3-1	\$22,737	\$1,881	\$0	\$24,618	\$3,446	\$264	-\$445	\$3,266
1-1	\$11,437	\$1,224	-\$82	\$12,579	\$1,236	\$0	-\$445	\$791

Teacher data is current online for 1/1/2015. Tax is calculated from tables of 2014/2015 fiscal year. Medicare levy is included in the tax.

The “Net Income” column for the teachers (lefthand group of columns) is identical to the “Net Income” column for the ministers (righthand group of columns).

Each line shows what a minister would need to be paid (Minister's Gross Income) to have the same spendable income as the relevant teacher (Gross Income).

The gross income does not include super. To be strictly comparable, the teachers super should be added to both gross incomes. Thus, for a minister to equal the Classroom Teacher Range 2 class 1 (2-1), the minister's full package, would need to be \$63,404 which would equal the teacher's full package of \$78,072.