



MEMORANDUM

To: Congregational Treasurers and Pastors

From: Keith Myra, Eastern Synod Treasurer

Date: November 30, 2018

Re: 2018 Year-end and Other Important Financial Matters

This communication was emailed to all congregational pastors and those congregational treasurers with email addresses on file at the synod office. In addition a hardcopy version was mailed to all congregational treasurers. To facilitate access to the URL link references, a copy has also been posted on-line – to find the on-line version, go to the home page of the Eastern Synod website (<http://www.easternsynod.org/>), click on the orange “Treasurers/Financial Info” button and check the “News Updates” section.

I apologize for the length of this communication but it includes a number of important items. Although some of these items are similar to those that I have included in my previous year-end letters, there is also a lot of new information this year. As such, I encourage you to read carefully!

If you have questions related to this communication or other financial matters, please feel free to contact me:

Keith Myra
Eastern Synod Treasurer
Telephone: (519) 886-4423
email: kmyra@elcic.ca

Please accept my sincere thanks for the ministries of leadership and financial administration that you have provided to your congregation over the past year. I wish you and yours a Blessed Advent and Christmas season and all the best in the year ahead!

A. 2018 YEAR-END CLOSING

The Synod's books for 2018 will close at noon on Wednesday, January 23rd, 2019. All remaining remittances of benevolence and other offerings must be received at the synod office by this date in order to be credited for 2018. Please note that due to the synod's tight year-end and auditing schedule, no extensions will be possible.

Congregational Treasurers, please ensure that your remittances to the synod office are up to date. If your congregation is able to consider making an additional contribution to benevolence, over and above what you have budgeted, your "second mile" gift would be very much appreciated!

Although the preferred practice is that benevolence and other offerings directed to the synod be given (and receipted) through the local congregation, occasionally gifts are sent directly to synod office. As is the case in each congregation, ***if a donation is received after December 31st, 2018, the synod will not be able to date it for the 2018 taxation year.***

The fourth quarter statements for 2018 will be mailed to congregational treasurers and chairpersons in early February, 2019. When these arrive, please check your statement closely as these figures will be included in the year-end audit of the synod's financial statements. Should you note any discrepancies from your records please report these to:

Sue Heimpel, Assistant to the Treasurer
Telephone: (519) 743-1461 or 1-877-373-5242 (toll free)
email: sheimpel@elcic.ca

B. LOOKING AHEAD TO 2019

Most congregations are currently in the process of developing and/or approving budgets for 2019. As you finalize your budget for the upcoming year, Bishop Pryse and I request that you and your church council prayerfully consider the benevolence goal challenge that was presented in the letter that you received from us several weeks ago. Considering that registration fees for rostered and lay delegates to Synod Assembly will not be required until 2021 and that costs for delegates attending the National ELCIC convention are now a synodical rather than a congregational responsibility, we encourage you to consider supplementing your 2019 benevolence budget with an additional amount representing these fees that will not need to be incurred as an expense in your congregation next year. Thanks to each of you for the important role that you play as an advocate for the ministries of the wider church. As a reminder of some of the synod's ministries that are supported by your benevolence dollars I refer you to the [Our Ministry Story 2019](#) document, copies of which have been sent to your congregation for distribution to your members.

Pastors, please keep in mind that you are responsible for ensuring that your congregation's 2019 "Commitment Amount" to Regular (General/Undesignated) Benevolence, along with other items in the annual parochial report, are submitted by the March 31st, 2019 deadline. The ELCIC national office has significantly simplified reporting requirements for the parochial report and will provide more information early in the new year.

When submitting your 2019 remittances to the synod office, please use the 2019 version of the Congregational Remittance form to accompany your cheque. As these forms change from year to year, using the current version of the form will help to ensure that your offerings are recorded accurately. Note that one of the changes made to the 2019 form reflects the renaming/rebranding of Waterloo Lutheran Seminary to Martin Luther University College, the name this institution is now known by. For the convenience of congregational treasurers, a copy of the 2019 form has been included in your copy of this communication - please photocopy it or obtain additional copies from the synod website (www.easternsynod.org) by clicking on the orange Treasurer and Financial Information button and scrolling down to the "Forms" section. As in previous years a fillable PDF version is also be available on the website.

C. OTHER 2019 BUDGETING AND FINANCIAL ADMINISTRATION CONSIDERATIONS

A copy of the synod's [Compensation Schedule for 2019](#) is posted on the synod's website in the Treasurer/Financial section. This information provides guidance for budgeting salaries/benefits for rostered ministers and/or pastoral supply. Questions about the information in this schedule should be referred to Assistants to the Bishop, Rev. Riitta Hepomaki (rhepomaki@elcic.ca; 1-877-373-5242) or Rev. Doug Reble (dreble@elcic.ca; 1-877-373-5242).

ELCIC Group Services Inc's November 9th communication [Treasurers' Report Fall 2018](#) was sent to all congregational treasurers and included details on the following important items:

- Increases to the extended health and dental premium rates for 2019.
- Advance notification of design changes for extended health and dental plans that will become effective in 2021
- An increase to the employer premium for life, disability, AD&D, parental leave supplemental pay and short-term counselling benefits (from 3.5% in 2018 to 3.75% in 2019).
- Updated policies and procedures related to the short term disability benefit
- A reduction to the premiums for the basic life, dependent life and accidental death insurance coverages as well as a corresponding reduction to the employee taxable benefit.
- Increases to Canada Pension Plan contribution requirements beginning in 2019, and
- other important information.

I would also draw your attention to a couple of items that were included in ELCIC GSI's "[Treasurer's Information Update \(Spring 2018\)](#)" issue as you may have missed them:

- Reducing CPP Due to Clergy Residence Deduction
- Travel Expenses of Rostered Employees – note in particular the requirement to provide pastors and other rostered ministers with a completed "T2200 Declaration of Conditions of Employment" form at the end of the year.

Several years ago ELCIC Group Services Inc. began to encourage congregations whose pastor resides in a congregationally owned parsonage to establish a rental agreement with the pastor and provide a housing allowance in return. If you have not yet considered such an arrangement I encourage you to contact ELCIC Group Services Inc.

The ELCIC national office and ELCIC Group Services Inc. provide excellent resources for congregational treasurers and others involved in congregational finances:

- [The ELCIC Treasurer's Information Booklet](#) – The most current version is posted on the ELCIC website (www.elcic.ca - under "Resources - Treasurer's Resources"). This booklet is updated periodically as required.
- **Payroll, Pension and Benefit Information** – Detailed guidance on these matters, including several calculation worksheets, is available on the ELCIC Group Services Inc. website (www.elcicgsi.ca – under the "Employers" section). Information is updated on a continual basis throughout the year.

D. UPDATE FROM CANADA REVENUE AGENCY (CRA)

Please take note of the following updates issued by Canada Revenue Agency over the past year:

- CRA's website address has changed. As of March 31st, 2019 all donation receipts need to include the new address: Canada.ca/charities-giving. For more information refer to: [New Requirement for Donation Receipts](#)
- CRA's mailing address for the T3010 Registered Charity Information Return has changed. Effective immediately, your completed T3010 must be mailed to:

Charities Directorate
Canada Revenue Agency
105 - 275 Pope Road
Summerside PE C1N 6E8

Note that there is no address change for other correspondence sent to CRA.

- Once again the introduction of CRA's new on-line service for completing and filing T3010 Registered Charity Information Returns has been delayed, this time until June 1, 2019. Prior to this date you will need to continue to complete and mail a hardcopy version of this form to CRA.

To prepare for CRA's new e-service it will be necessary to register for a "My Business Account". For more information, refer to: [Charities IT Modernization Project \(CHAMP\)](#)

E. DONATIONS OF SECURITIES

Did you know that donations of securities and mutual funds provide a very tax-efficient way for donors to make charitable donations because tax on capital gains can be avoided? To accept these types of donations a brokerage account is required. The Evangelical Lutheran Foundation in Eastern Canada ([ELFEC](#)), a charitable foundation that serves congregations in the Eastern Synod, offers assistance to congregation by providing brokerage services to facilitate these types of donations. And although organizations such as CanadaHelps.org, offer the same services, ELFEC offers these services at much lower fees.

Because the volume of these in-kind transfers tend to peak towards the end of the calendar year, to ensure that a donation receipt is dated in the current year a transfer authorization form for stocks or bonds must be received no later than December 10th. (The corresponding date for in-kind transfers of mutual funds is November 26th.)

For further information email ELFEC's Director of Finance and Marketing, Krista Kuehnbaum (kkuehnbaum@elfec.ca) or call toll-free (1-888-308-9461).

F. ELCIC-GSI AND CRA DEDUCTIONS FOR SUPPLY PREACHERS AND INTERIM PASTORS

In addition to pension deductions/contributions that congregations are required to make for pastors and other congregational employees enrolled (or eligible to be enrolled) in the ELCIC Group Services Inc. (GSI) pension plan, government regulations require that employee and employer contributions be made to this plan in the cases of those plan members who provide occasional service to a congregation (or other ELCIC employers).

Pastors: If you are enrolled in the ELCIC GSI pension plan and doing supply preaching and/or interim ministry in another ELCIC congregation, you will want to ensure that the congregational treasurer deducts 7% from any payments you receive and that this (along with the 8% congregational contribution) is credited to your ELCIC GSI account.

Congregational Treasurers: If your congregation uses the services of a supply preacher or interim pastor who is enrolled in the ELCIC GSI pension plan, ensure that you deduct the 7% employee contribution from any remuneration received by the pastor and remit this, along with the congregation's 8% contribution, to the pastor's ELCIC GSI account. The usual deductions for Canada Pension Plan contributions and Employment Insurance premiums are also required. For those registered with the ELCIC GSI pension plan,

regardless of total earnings during the year, a T4 must be issued at the end of the year showing employer/employee contributions to the ELCIC Registered Pension Plan (RPP).

The article entitled "Travel Expenses of Rostered Employees" in ELCIC GSI's "[Treasurer's Information Update \(Spring 2018\)](#)" also includes suggestions on how a rostered minister who is serving one or more congregations in an interim or supply basis should be compensated in those situations where significant travel between home and these congregations is required.

G. AUTHORIZED APPEALS FOR 2019

The synodical constitution stipulates that "special appeals to congregations for the raising of funds shall require the consent of the convention or the synod council". Unfortunately, this approval is not always requested; as a result, congregations often receive numerous solicitations from church and community related organizations.

Although some members prefer giving to specific causes, a proliferation of special appeals can be counter-productive to the support of synodical ministries that are funded through regular benevolence dollars. These ministries are prioritized by synod council and approved by delegates to Assembly as part of the budgeting process.

It has been the practice of Synod Council to provide some guidance to congregations by designating a limited number of authorized synodical appeals and by communicating these priorities to each congregation on an annual basis. (Congregations retain the freedom to support additional appeals as they deem appropriate.)

In addition to ELCIC approved ministries (e.g. Canadian Lutheran World Relief, ELCIC Praise Appeal), Synod Council has authorized the following appeals for 2019:

- ***Outdoor Ministry General Appeal*** – in support of Camp Lutherlyn and Camp Mush-a-Mush
- ***St. Peter's Lutheran Church, Kitchener*** – CTV Television Ministry Appeal

It is understood that offerings for special appeals such as these are expected to be above and beyond, not in lieu of, regular benevolence offerings.

H. OTHER UPDATES AND MISCELLANEOUS INFORMATION

In 2019 I am hoping to conduct a series of workshops across the synod aimed at congregational treasurers and others involved in congregational financial matters. These workshops would consist primarily of material that I presented in my 2014 road show as well as any updates that have occurred since then. Please let me know if you or others would be interested in a workshop in your geographic area or if there are topics that would be of special interest to you.

Information for congregations that own and operate cemeteries was communicated earlier this year and is posted on the synod website. Link: [Cemetery Regulations](#).

This final paragraph highlights various pieces of information from my previous year-end communications that are of ongoing importance. In the interest of saving paper and postage costs, I have not repeated these details, but you can access more information about any of the following topics from the synod website (www.easternsynod.org), clicking on the orange “[Treasurer/Financial Information](#)” button on the centre of the home page and scrolling down to the “Other Financial References” section until you see the link to the “[Helpful Reminders](#)” document. Once there, you will find information on the following topics:

- Restrictions on transferring church property to other organizations
- The church is not a club – membership does NOT have its privileges
- Restrictions on transferring or borrowing from restricted funds
- Congregational investments
- Worker compensation - requirements and other considerations
- Employee gift regulations
- Registered Charity Information Return (T3010)
- Monthly Remittances to the Synod Office
- Pre-authorized remittance option for benevolence remittances
- Eastern Synod undesignated donations/bequest policy
- Summary of financial information posted on the Eastern Synod website
- Protecting congregational financial assets
- Assistance available to congregations receiving a bequest

If you don't have internet access and would like a copy of the above Helpful Information topics, please leave your name and mailing address with Sue Heimpel at the synod office (Toll Free Telephone: 1-877-373-5242) and she will mail a printed copy to you.

