



Presbyterian Church of Aotearoa New Zealand

24 August 2020

TO: Presbyterian ministers
Parish and Co-operative Venture treasurers and clerks
Presbytery/UDC clerks
Convener Te Aka Puaho Property & Finance
Synod of Otago and Southland
Assembly Executive Secretary

MINISTERS STIPEND AND ALLOWANCES FROM 1 JULY 2020

The increase to minister's stipend, seniority allowance and Beneficiary Fund contributions, has been calculated and is presented below. The new stipend payment will need to be backdated to 1 July 2020.

These calculations include two scenarios:

- 1. The minister lives in a home provided by the parish (either a church-owned manse or a property rented for him by the parish):*
In this scenario, the parish must include in his taxable income a "notional rent" – this is a requirement from the IRD. The figure suggested in this calculation is a straight 10% of stipend plus seniority allowance. The amount is not actually paid to the minister, it is ONLY included in the calculation for the purpose of arriving at the correct tax on income.
- 2. The minister lives in their own home:*
For this scenario, the parish pays the minister a housing allowance. **This forms part of the minister's taxable income.** In our calculation, we have used an annual amount of \$26,000 (which equates to \$500 per week), however this is an example only. Appropriate rates will vary between geographical locations and each parish is free to arrive at their own fair and reasonable amount to pay, based on the market rentals in their area. However, it's important to note that changes to this figure WILL change the PAYE payable. Parishes MUST recalculate PAYE if they decide to pay a different quantum of housing allowance.

I have not included information for part-time or shared ministry, but I have advised treasurers that this office can check and verify any church stipend and tax calculations if required. Please direct enquiries to Rowena Janes rowena.janes@laurensos.co.nz. Or call our payroll hotline on 0800 567 957.

Key points of the above are summarised at the end of this letter.

Melville Jessup Weaver (MJW), the administrator for the Beneficiary Fund has requested we please advise all treasurers as follows:

- MJW will adjust all direct debits to apply the new stipend level.
- Treasurers should advise MJW of any seniority allowance increases so MJW can further adjust the direct debits.
- MJW should also be advised of any other changes.
- Parishes that are paying by automatic payment should adjust the amounts as required.

Basic Stipend

The basic stipend increases to **\$53,838.04** for full-time ministry from 1 July. This represents a 2.1% increase based on the Labour Cost Index as published by Stats NZ.

Seniority Allowance.

Seniority allowance is not really an allowance, but an increment to stipend that ministers are entitled to based on length of service:

| Ministers years of service | Basic stipend | Seniority as a percentage of stipend | Seniority Allowance | Gross stipend |
|-------------------------------------|---------------|--------------------------------------|---------------------|---------------|
| 1 year | 53,838.04 | Nil | - | 53,838.04 |
| 2 nd to 5 th | 53,838.04 | 6% | 3,230.28 | 57,068.32 |
| 6 th to 10 th | 53,838.04 | 12% | 6,460.56 | 60,298.60 |
| 11 th and over | 53,838.04 | 18% | 9,690.85 | 63,528.89 |

Beneficiary Fund Personal Contributions

Minister's contributions to the revised Beneficiary Fund are now calculated at 5% of the gross stipend, so the amount deducted from gross stipend and payable to the fund will vary depending on the seniority entitlement to the minister:

| Ministers Years of Service | 1 year | 2 nd to 5 th | 6 th to 10 th | 11 th and over |
|---------------------------------------|-----------|------------------------------------|-------------------------------------|---------------------------|
| Gross Stipend as above | 53,838.04 | 57,068.32 | 60,298.60 | 63,528.89 |
| Contribution to Beneficiary Fund (5%) | 2,691.90 | 2,853.42 | 3,014.93 | 3,176.44 |

Housing Allowance

For ministers living in a manse owned by the church or rented from a third party, a notional tax amount of 10% of the gross stipend may be applied:

| Ministers years of service | 1 year | 2 nd to 5 th | 6 th to 10 th | 11 th and over |
|------------------------------------|-----------|------------------------------------|-------------------------------------|---------------------------|
| Gross stipend | 53,838.04 | 57,068.32 | 60,298.60 | 63,528.89 |
| Notional taxable housing allowance | 5,383.80 | 5,706.83 | 6,029.86 | 6,352.89 |

This is added to the gross amount, and then deducted from the after-tax amount to satisfy IRD tax requirements. This amount can be adjusted down if part of the manse is used for church purposes.

For a minister living in their own home, a market rental evaluation of a property in close proximity to the parish is used for calculating the taxable values of the housing evaluation. The amount used in the analysis is \$500 per week (\$26,000 per annum). This is an example only as rental values will vary depending on the region.

Pulpit Supply Fees

Adjusted supply fees for a minister or theological student leading services are based on Gross Stipend. Pulpit supply fees paid to a lay person or elder are at the discretion of the parish. Pulpit supply fees should not exceed the rates to a PCANZ minister or theological student.

| Ministers years of service | 1 year | 2 nd to 5 th | 6 th to 10 th | 11 th and over |
|-------------------------------------|-----------|------------------------------------|-------------------------------------|---------------------------|
| Gross stipend | 53,838.04 | 57,068.32 | 60,298.60 | 63,528.89 |
| 1 service (0.52% of gross stipend) | 279.96 | 296.76 | 313.55 | 330.35 |
| 2 services (0.7% of gross stipend) | 376.87 | 399.48 | 422.09 | 444.70 |
| 2 services – same congregation (1%) | 538.38 | 570.68 | 602.98 | 635.29 |

Reimbursing Allowances (unchanged)

Reimbursing allowances will remain unchanged at \$2,623 per annum as follows:

- Hospitality \$665.00
- Books \$803.00
- Clothing (Vestments) \$159.00
- Other Expenses \$996.00

Deductions from stipend

Many ministers have loan repayments or IRD or kiwi saver / superannuation deductions made from their stipend. These are not included in the analysis but should be considered after PAYE has been deducted from the gross stipend.

Yours sincerely



Sandra Kennerley

Finance Manager

Presbyterian Church of Aotearoa New Zealand

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2020-21 Ministers Stipend and Allowance Calculation (Annualised)

Scenario 1: Minister living in manse owned by parish or rented by parish from a third party on the minister's behalf.

| | Minister's Years of Service | | | | Note |
|---|-----------------------------|------------------|------------------|------------------|------|
| | 1 year | 2-5 years | 6 to 10 years | 11 and over | |
| Seniority Allowance (% of Basic Stipend) | 0% | 6% | 12% | 18% | |
| Current Stipend | 52,730.70 | 52,730.70 | 52,730.70 | 52,730.70 | |
| LCI Increase 2.1% | 1107.34 | 1107.34 | 1107.34 | 1107.34 | 1 |
| Revised Basic Stipend from 1 July 2020 | 53,838.04 | 53,838.04 | 53,838.04 | 53,838.04 | |
| Seniority Allowance | - | 3,230.28 | 6,460.56 | 9,690.85 | |
| Gross Stipend plus Seniority Allowance | 53,838.04 | 57,068.32 | 60,298.60 | 63,528.89 | |
| Notional Rent (assumed rented accommodation) | 5,383.80 | 5,706.83 | 6,029.86 | 6,352.89 | 2 |
| Gross taxable income | 59,221.84 | 62,775.15 | 66,328.46 | 69,881.78 | |
| PAYE | (11,608.92) | (12,724.92) | (13,840.32) | (14,955.12) | 3 |
| Net Stipend payable | 47,612.92 | 50,050.23 | 52,488.14 | 54,926.66 | |
| Less Ministers contribution to the beneficiary fund | (2,691.90) | (2,853.42) | (3,014.93) | (3,176.44) | 4 |
| Less adjustment for notional rent | (5,383.80) | (5,706.83) | (6,029.86) | (6,352.89) | 2 |
| Plus reimbursing allowance | 2,623.00 | 2,623.00 | 2,623.00 | 2,623.00 | |
| Net Stipend and Allowances | 42,160.22 | 44,112.98 | 46,066.35 | 48,020.33 | |

Payable by the Parish

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|-------------------------------------|-----------|-----------|-----------|-----------|
| Net stipend payable to the minister | 42,160.14 | 44,112.98 | 46,066.35 | 48,020.25 |
|-------------------------------------|-----------|-----------|-----------|-----------|

Beneficiary Fund

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|--|----------|----------|----------|----------|
| 5% personal contribution deducted from stipend | 2,691.90 | 2,853.42 | 3,014.93 | 3,176.44 |
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|----------------------------------|----------|----------|----------|----------|
| Parish contribution 5% less ESCT | 1,884.33 | 1,997.39 | 2,110.45 | 2,223.51 |
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|-----------------------------|-----------------|-----------------|-----------------|-----------------|
| Payable to Beneficiary Fund | 4,576.23 | 4,850.81 | 5,125.38 | 5,399.95 |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|

Paid to IRD

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|------|-----------|-----------|-----------|-----------|
| PAYE | 11,608.92 | 12,724.92 | 13,840.32 | 14,955.12 |
|------|-----------|-----------|-----------|-----------|

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|------|--------|--------|--------|--------|
| ESCT | 807.57 | 856.03 | 904.48 | 952.93 |
|------|--------|--------|--------|--------|

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|--|-----------|-----------|-----------|-----------|
| | 12,416.49 | 13,580.95 | 14,744.80 | 15,908.05 |
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|-----------------------------|------------------|------------------|------------------|------------------|
| Total Cost to Parish | 59,152.94 | 62,544.74 | 65,936.53 | 69,328.33 |
|-----------------------------|------------------|------------------|------------------|------------------|

Scenario 2: Minister living in own home

| | Minister's Years of Service | | | | Note |
|---|-----------------------------|------------------|------------------|------------------|------|
| | 1 year | 2-5 years | 6 to 10 years | 11 and over | |
| Seniority Allowance (% of Basic Stipend) | 0% | 6% | 12% | 18% | |
| Current Stipend | 52,730.70 | 52,730.70 | 52,730.70 | 52,730.70 | |
| LCI Increase 2.1% | 1107.34 | 1107.34 | 1107.34 | 1107.34 | 1 |
| Revised Basic Stipend from 1 July 2020 | 53,838.04 | 53,838.04 | 53,838.04 | 53,838.04 | |
| Seniority Allowance | - | 3,230.28 | 6,460.56 | 9,690.85 | |
| Gross Stipend plus Seniority Allowance | 53,838.04 | 57,068.32 | 60,298.60 | 63,528.89 | |
| Housing Allowance | 26,000 | 26,000 | 26,000 | 26,000 | 2 |
| Gross taxable income | 79,838.04 | 83,068.32 | 86,298.60 | 89,528.89 | |
| PAYE | (18,376.20) | (19,486.92) | (20,597.64) | (21,708.36) | 3 |
| Net Stipend payable | 61,461.84 | 63,581.40 | 65,700.96 | 67,820.53 | |
| Less Ministers contribution to the beneficiary fund | (2,691.90) | (2,853.42) | (3,014.93) | (3,176.44) | 4 |
| Plus reinbursing allowance | 2,623.00 | 2,623.00 | 2,623.00 | 2,623.00 | |
| Net Stipend and Allowances | 61,392.94 | 63,350.98 | 65,309.03 | 67,267.09 | |

Payable by the Parish

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|-------------------------------------|-----------|-----------|-----------|-----------|
| Net stipend payable to the minister | 61,392.94 | 63,350.98 | 65,309.03 | 67,267.09 |
|-------------------------------------|-----------|-----------|-----------|-----------|

Beneficiary Fund

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|--|----------|----------|----------|----------|
| 5% personal contribution deducted from stipend | 2,691.90 | 2,853.42 | 3,014.93 | 3,176.44 |
|--|----------|----------|----------|----------|

| | | | | |
|----------------------------------|----------|----------|----------|----------|
| Parish contribution 5% less ESCT | 1,884.33 | 1,997.39 | 2,020.00 | 2,128.21 |
|----------------------------------|----------|----------|----------|----------|

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|-----------------------------|-----------------|-----------------|-----------------|-----------------|
| Payable to Beneficiary Fund | 4,576.23 | 4,850.81 | 5,034.93 | 5,304.65 |
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Paid to IRD

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|------|-----------|-----------|-----------|-----------|
| PAYE | 18,376.20 | 19,486.92 | 20,597.64 | 21,708.36 |
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| ESCT | 807.57 | 856.03 | 994.93 | 1,048.23 |
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| | 19,183.77 | 20,342.95 | 21,592.57 | 22,756.59 |
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| Total Cost to Parish | 85,152.94 | 88,544.74 | 91,936.53 | 95,328.33 |
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Assumptions made:

- 1 2.1% average wage index increase in the year to June 2020
- 2 Notional Tax of 10% on Stipend. No deduction for the proportion of manse used for church purposes.
- 3 PAYE calculation presumes tax code "M" and includes ACC
- 4 Beneficiary Fund ministers' contributions are 5% of stipend (including Seniority Allowance) i.e. NOT based on taxable income.
- 5 Housing allowance calculated as \$500 per week (assumed market rental). This is indicative only. Regional variations will vary.