



EMPLOYER COSTS FOR HIRING LAY STAFF

While creating your budget statement for the Our Faith-Our Hope: Re-Imagine Church Grants from the Diocese, please ensure that you have taken into account the employer cost of each staff member.

This includes the following costs:

- **Vacation Pay:** The minimum standard of Vacation Pay according to the Employment Standards Act in Ontario is 4%. The employer can choose to either pay 4% vacation on each pay cheque (recommended for hourly employees or short-term contracts), or provide a minimum of 2 weeks' paid vacation (recommended for salaried or ongoing employees). For budgeting purposes, add 4% to the annual salary amount.
- **Canada Pension Premiums:** CPP premiums are mandatory government deductions. Contributions are made by both the employee and employer and remitted to the Canada Revenue Agency (CRA). There is a [formula](#) that must be followed that can be found on the CRA website. For 2017, the CPP rate is 4.95% based on a maximum pensionable earning of \$55,300.00. There are no contributions made on the first \$3,500 of earnings. The maximum employer's contribution per employee is \$2,564.10 in 2017.
- **Employment Insurance Premiums:** EI premiums are mandatory government deductions. Contributions are made by both the employee and employer and remitted to the Canada Revenue Agency (CRA). There is a [formula](#) that must be followed that can be found on the CRA website. For 2017, the EI Rate is 1.63% per \$100.00 of the employee's insurable earnings, while the employer rate is 1.4 times the EI rate (or 2.282%). The maximum insurable earnings is \$51,300.00 for 2017. Therefore, the maximum employer's contribution per employee is \$1,170.67 and the maximum employee contribution is \$836.19.
- **Cost of Living Adjustments (COLA):** While it is not required to provide lay employees a cost of living adjustment, as just and fair employers the Churchwardens should apply the annual cost of living adjustment to lay staff compensation levels, otherwise they do not keep pace with inflation. The 20 year average COLA is 2.1% and it is recommended that the parish use 2% for budgeting purposes.
- **Pension and Benefits:** While it is not required to provide pension and benefits to lay employees of the parish, the parish should consider this. If the parish is a participating employer of the National Church lay pension and benefits program then these benefits must be offered to all qualifying employees. Employees must work a minimum of half-time to qualify for benefits, and the National Church can provide the annual premium rates. The pension plan requires both employee and employer contributions at a rate of 5%.
- **Other Considerations:** As an employer you must also deduct the appropriate federal and provincial taxes from each pay cheque and ensure the taxes are remitted to the CRA. The CRA provides a guide for payroll, deductions, and making remittances which can be found at: <http://www.cra-arc.gc.ca/tx/bsnss/tpcs/pyrll/menu-eng.html>.

If your parish needs assistance with setting up payroll, making remittances and issuing tax forms there are a number of payroll service providers which can be found online.