



Presbyterian Church of Aotearoa New Zealand

FINANCE NEWSLETTER 191

TO: Parish Treasurers, Presbytery and Parish clerks
FROM: Brendan Sweeney, Manager, Financial Services
DATE: 31 January 2017

1.	Changes to Ministers Beneficiary Fund – impact on stipend and assembly assessment
2.	2016 Statistics

1. Changes to Ministers Beneficiary fund – impact on stipend and assembly assessment

It was agreed at General Assembly that the defined benefit section of the Beneficiary Fund would be wound up at 30 June 2017 and replaced with a defined contribution scheme. A summary of the decision is posted on the PCANZ website:

<http://www.presbyterian.org.nz/for-parishes/church-property-trustees/the-beneficiary-fund/general-assembly-decision>

This change will have an impact on both ministers stipend calculations and assembly assessment:

- From 1 July 2017 AA will decrease by about 40%. This is because the bulk funding arrangement of the church contribution to the Fund will come to an end and contributions will no longer form part of the AA calculation.
- National Ordained Ministers are required to participate in the defined contribution section of the Fund. They will continue to contribute 5% of the basic stipend (excluding seniority allowance) and from 1 July, churches who have called a minister will commence a matching contribution of 5%.
- If a church does not have a minister, there will be no requirement to contribute to the fund.

- There will be a one-off increase of 6% to the ministers stipend. This recognises the discontinuation of the non-super benefits associated with the defined benefit section. The Beneficiary Fund review group is currently investigating options of a group life, health and income protection insurance cover for ministers and others, funded by members. Membership, policy and premium options will be communicated to ministers in the next few months.
- There will be no change to ministers seniority, housing or other allowances.

As a result in the discontinuation of the beneficiary fund portion, Assembly Assessment will be used entirely for the funding of General Assembly operations. The Council of Assembly has asked the Resource Subcommittee to review the AA calculation, currently based on membership and income data supplied by churches, to make it more equitable. This may mean a weighting towards church income only, the consideration of factors other than membership and income, or no change at all. Churches will be invited to have input into this review and any changes are planned to be implemented from July 2018.

A stipend calculation for 2017-18, with sceniority and housing allowance scenario's is attached as an appendix. This is an estimation as wage cost and tax changes are unknown. Note that for each full time minister, the church will be required to contribute an estimated \$2,539 per annum (5% of the estimated revised basic stipend of \$50,782) to the revised defined contribution scheme in addition to stipend and allowance payments.

2. 2016 Statistics

Further to the November newsletter, over half of churches have still not completed 2016 statistics:

	# churches	No 2016 Statistics	% not returned
Northern Presbytery	71	38	54%
Kaimai Presbytery	28	12	43%
Central	49	22	45%
Alpine	36	20	56%
Southern Presbytery	64	34	53%
Pacific Island Synod	10	9	90%
Te Aka Puaho	15	15	100%
	<hr/> 273	<hr/> 150	<hr/> 55%

I will be publishing statistics on the PCANZ website in February and using this data for 2017 – 18 AA calculation in May.

2017-18 Ministers Stipend and Allowance Calculation (Annualized)

Scenario 1: Minister living in manse (owned by parish) or rented by the parish on the ministers behalf

	Minister's Years of Service				Note
	1st	2nd - 5th	6th - 10th	11 and over	
Seniority Allowance (% of Basic Stipend)	0%	6%	12%	18%	
Current Stipend	47,200	47,200	47,200	47,200	
GA16 Increase 6%	2,832	2,832	2,832	2,832	1
	50,032	50,032	50,032	50,032	
CPI Increase 1.5% (estimate)	750	750	750	750	2
Revised Basic Stipend	50,782	50,782	50,782	50,782	
Seniority Allowance	-	3,047	6,094	9,141	
Gross Stipend plus Seniority Allowance	50,782	53,829	56,876	59,923	
Notional Rent (assume rented accomodation)	5,078	5,078	5,078	5,078	3
Gross taxable income	55,860	58,907	61,954	65,001	
PAYE	(8,960)	(11,511)	(12,466)	(13,424)	4
Net Stipend payable	46,900	47,396	49,488	51,577	
Less Ministers contribution to beneficiary fund	(2,539)	(2,539)	(2,539)	(2,539)	5
Less adjustment for notional rent	(5,078)	(5,078)	(5,078)	(5,078)	3
Plus reimbursing allowance	2,623	2,624	2,625	2,626	
Net Stipend and Allowances	41,906	42,403	44,496	46,586	

Scenario 2: Minister living in own home

	Minister's Years of Service				Note
	1st	2nd - 5th	6th - 10th	11th and over	
Seniority Allowance (% of Basic Stipend)	0%	6%	12%	18%	
Current Stipend	47,200	47,200	47,200	47,200	
GA16 Increase 6%	2,832	2,832	2,832	2,832	1
	50,032	50,032	50,032	50,032	
CPI Increase 1.5% (estimate)	750	750	750	750	2
Revised Basic Stipend	50,782	50,782	50,782	50,782	
Seniority Allowance	-	3,047	6,094	9,141	
Gross Stipend plus Seniority Allowance	50,782	53,829	56,876	59,923	
Housing Allowance	26,000	26,000	26,000	26,000	6
Gross taxable income	76,782	79,829	82,876	85,923	
PAYE	(17,325)	(18,373)	(19,421)	(20,469)	4
Net Stipend payable	59,457	61,456	63,455	65,454	
Less Ministers contribution to beneficiary fund (5%)	(2,539)	(2,539)	(2,539)	(2,539)	5
Plus reimbursing allowance	2,623	2,624	2,625	2,626	
Net Stipend and Allowances	59,541	61,541	63,541	65,541	

Notes

- 1 Stipend adjustment agreed at 2016 General Assembly
- 2 CPI increase in the year to March 2017 (estimate)
- 3 Notional Tax of 10% of Stipend. No deduction for proportion of manse used for church purposes.
- 4 Tax calculation presumes tax code "M". Includes ACC Levy
- 5 Beneficiary Fund minister contributions are 5% of stipend (including Seniority Allowance)
- 6 Housing allowance calculated as \$500 per week (assumed market rental)