



Presbyterian Church of Aotearoa New Zealand

FINANCE NEWSLETTER 203

TO: Parish Treasurers, Presbytery and Parish clerks
FROM: Sandra Kennerley, Manager, Financial Services
DATE: 28 May 2018

1.	Stipend Increase from 1 July 2018.
2.	Unidentified Deposits to Beneficiary Fund Account
3.	Beneficiary Fund - Missing Contributions

1. Stipend Increase from 1 July 2018

The increase to ministers stipend, seniority allowance and Beneficiary Fund contributions has now been calculated.

The Labour Cost Index published by the Department of Statistics shows a 1.8% increase in the year to March and this is the amount stipends should increase by from 1 July.

Stipend scenarios for ministers living in a church provided manse or their own home are provided in **appendix 1**.

The assumptions at the bottom of scenario two relate to both scenarios, and I have added a summary of cost that churches will incur from 1 July (assuming 1 full time minister), separating net stipend payments to the minister, Beneficiary Fund minister and church contributions and Tax (including PAYE and ESCT payments).

Melville Jessup Weaver, Beneficiary Fund Administrator, has asked if we could please advise all treasurers as follows:

- MJW will adjust all direct debits after 1st July 2018 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 (e.g. salary increases where remuneration is not linked to stipend).
- Parishes paying by automatic payment should adjust the amounts as required.

A reminder that this office can check and verify church calculations of stipend and tax payments. Please direct enquiries to Margaret Fawcett margaretf@presbyterian.org.nz.

2. Unidentified Deposits to the Beneficiary Fund Bank account.

Melville Jessup Weaver, the Beneficiary Fund Administrator, has advised us that several unidentifiable amounts have been credited to the Fund by automatic payment.

The amounts in question are:

- 2 amounts of \$237.22 on 14 February
- 2 amounts of \$237.22 on 14 March
- 2 amounts of \$242.11 on 13 April
- 2 amounts of \$237.22 on 14 May

MJW believe these are contributions for a Minister whose parish or employer uses the XERO system. The bank statement shows iPayroll, but there is nothing to identify which parish or which Minister they belong to. Please contact the administrator as soon as possible presbyterian@mjlw.co.nz if you know about the origin of these payments.

3. Beneficiary Fund - Missing Contributions

The Beneficiary Fund should have been receiving, since 1 July 2017, both member contributions and parish/employer contributions for all National Ordained Ministers who are engaged by a Church Body, who are in active ministry and who are in receipt of a stipend or other financial support.

The Fund Administrator and PCANZ have been working to identify any instances where contributions are not coming in and we believe this is exercise almost complete. However, it would be of great assistance if any treasurer who is aware that contributions have not been collected by the Fund for their Minister and parish get in touch with the Administrator urgently by emailing presbyterian@mjlw.co.nz

Appendix 1:

2018-19 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 ministers 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	50,832.51	50,832.51	50,832.51	50,832.51	
	50,832.51	50,832.51	50,832.51	50,832.51	
CPI Increase 1.8%	914.99	914.99	914.99	914.99	1
Revised Basic Stipend from 1 July 2018	51,747.50	51,747.50	51,747.50	51,747.50	
Seniority Allowance	-	3104.85	6209.70	9314.55	
Gross Stipend plus Seniority Allowance	51,747.50	54,832.35	57,957.20	61,062.05	
Notional Rent (assumed rented accommodation)	5,174.75	5,485.24	5,795.72	6,106.21	2
Gross taxable income	56,922.25	60,337.59	63,752.92	67,168.26	
PAYE	(10,887.76)	(11,959)	(13,032.00)	(14,104)	3
Net Stipend payable	46,034.49	48,378.59	50,720.92	53,064.26	
Less Ministers contribution to the beneficiary fund	(2,587.38)	(2,742.62)	(2,897.86)	(3,053.10)	4
Less adjustment for notional rent	(5,174.75)	(5,485.24)	(5,795.72)	(6,106.21)	2
Plus reimbursement allowance	2,623.00	2,623.00	2,623.00	2,623.00	
Net Stipend and Allowances	40,895.36	42,773.73	44,650.34	46,527.95	
Payable by the Parish					
Net stipend payable to the minister	40,895.36	42,773.73	44,650.34	46,527.95	
Beneficiary Fund					
5% personal contribution deducted from stipend	2,587.38	2,742.62	2,897.86	3,053.10	
Parish contribution 5% less ESCT	2,134.59	2,262.66	2,390.73	2,518.81	
Payable to Beneficiary Fund	4,721.97	5,005.28	5,288.59	5,571.91	
Paid to IRD					
PAYE	10,887.76	11,959.00	13,032.00	14,104.00	
ESCT	452.79	479.96	507.13	534.29	
	11,340.55	12,438.96	13,539.13	14,638.29	
Total Cost to Parish	56,957.88	60,217.97	63,478.06	66,738.15	

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	50,832.51	50,832.51	50,832.51	50,832.51	
	50,832.51	50,832.51	50,832.51	50,832.51	
CPI Increase 1.8%	914.99	914.99	914.99	914.99	1
Revised Basic Stipend from 1 July 2018	51,747.50	51,747.50	51,747.50	51,747.50	
Seniority Allowance	-	3104.85	6209.70	9314.55	
Gross Stipend plus Seniority Allowance	51,747.50	54,832.35	57,957.20	61,062.05	
Housing Allowance	26,000.00	26,000.00	26,000.00	26,000.00	5
Gross taxable income	77,747.50	80,852.35	83,957.20	87,062.05	
PAYE	(17,657.12)	(18,725.20)	(19,792.76)	(20,860.84)	3
Net Stipend payable	60,090.38	62,127.15	64,164.44	66,201.21	
Less Ministers contribution to the beneficiary fund	(2,587.38)	(2,742.62)	(2,897.86)	(3,053.10)	4
Plus reimbursement allowance	2,623.00	2,623.00	2,623.00	2,623.00	
Net Stipend and Allowances	60,126.00	62,007.53	63,889.58	65,771.11	

Payable by the Parish

Net stipend payable to the minister	60,126.00	62,007.53	63,889.58	65,771.11
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Beneficiary Fund

5% personal contribution deducted from stipend	2,587.38	2,742.62	2,897.86	3,053.10
Parish contribution 5% less ESCT	1,811.17	1,919.83	2,028.50	2,045.58
Payable to Beneficiary Fund	4,398.55	4,662.45	4,926.36	5,098.68

Paid to IRD

PAYE	17,657.12	18,725.20	19,792.76	20,860.84
ESCT	776.21	822.79	869.36	1,007.52
	18,433.33	19,547.99	20,662.12	21,868.36

Total Cost to Parish	82,957.88	86,217.97	89,478.06	92,738.15
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1 1.8% average wage index increase in the year to March 2018

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)

5 Housing allowance calculated as \$500 per week (assumed market rental). This is indicative only. Regional variations will vary.