



November 18, 2008

To: Incumbents, Wardens and Treasurers of All Parishes

From: The Synod Office

Re: Financial Information Update

Following is financial information that will be of use at the parish level as we prepare for year end 2008 and work on our budgets for 2009. You are urged to study this information carefully.

The Year to Date 2008:

Parish Mission Outreach contributions and payments on Assessment are critical to the funding of our Shared Ministry Budget. The Bishop and Diocesan Council express their appreciation to all parish corporations for the efforts being made in that regard. It is good to see many parishes are responding fully, but of course, some parishes are struggling and may indeed fall short of the requested level of support.

Included in this package is a report to October 31st, showing the budget support results for each parish. Each Warden, Treasurer and Incumbent is asked to review the situation in your respective parishes and bring it to the attention of your next Corporation meeting. We urge each parish to make every attempt to provide the funding requested in support of the important and shared ministry that has been so widely endorsed throughout the Diocese.

It is only through parish financial support for the budget that we can ensure our collective vision of ministry can continue to move forward.

PREPARING FOR 2009 - WHAT'S NEW

Employment Costs (Clergy and Laity)

Clergy Minimum Stipend Scale: The Diocesan Council has approved an increase of 3% in the scale. A copy of the new scale is included herein. You are reminded this is a minimum and that parishes may pay a stipend above the scale, where deemed appropriate.

The Travel and Car Replacement Allowances: The Travel Allowance will increase by \$400 (to \$4,600) Car Replacement Allowance remains at \$4,200.

The Travel Pool Assessment: Normally this assessment would be \$250. However, due to the favourable financial position of the Travel Pool, the assessment is again being waived in 2009.

NOTE: The basic reimbursement rate for use of automobile where no travel allowance applies, is will increase to 41 cents per kilometer in 2009.

Parish Pension Premium: In 2009 the employer (parish) contribution rate will remain at 10% of Pensionable Earnings.

Long Term Disability Premium: The employer premium rate for 2009 remains at 2.2% of Pensionable Earnings.

"Pensionable Earnings" for clergy is calculated by adding the stipend and car replacement and multiplying the total by 1.5 (to factor in the value of the housing component of clergy remuneration)

Sample calculation: (Stipend \$32,000) + (Car Rep \$4,200) X 1.5 = \$54,300 of pensionable earnings

Resulting Parish Pension Premium at 10% = \$5,430

Resulting Parish L.T.D. Premium at 2.2% = \$1,196

NOTE For parish lay employees who are participating in the lay pension and disability plans, the rates are unchanged in 2009 (5% and 2.2% respectively, applied to salary.)

Parish Benefits Assessment: The Human Resources Committee decided to take our medical and dental plan to market this past Spring and arising from that was a renewed plan with a slight reduction in rates. In addition the renewed plan provides a 16 month rate guarantee to run to October 2009. As a result there will be no change to the employer share of the medical/dental plan premium (remaining at \$3,600). This item forms part of the Parish Payroll Assessment.

Continuing Education Plan: In 2009 the Employer share of this item will remain at \$450.

NOTE: Parishes employing retired clergy on a part-time, stipendiary basis are required to provide an Education Allowance in the amount of \$300, which is to be paid to the Incumbent at his or her request, for educational endeavors.

Pension Bonus Assessment: This assessment amount will be unchanged in 2009.

Legislated Withholdings: We do not yet have the CPP or EI rates for 2009. For budget purposes it is suggested that parishes plan for a CPP rate of 4.95% (maximum of \$2,170) and an EI rate of 2.4% (maximum of \$1020).

Diocesan Shared Ministry Budget 2009:

Diocesan Council has approved the budget for the coming year, with total expenditures of \$1,633,550, a reduction of \$20,000 (1.2%) from the budget for 2008. This budget represents a continuation of the current course with ministry priorities firmly established.

Great care has been taken by Council and the Finance Committee to work within a no-growth budget stance. To accomplish that:

- the allocation for Mission Grants is eliminated (unused for the past 2 years)
- the allocation for Clergy Relocation is reduced by \$8,000
- funding for the Curacy program is reduced by \$15,000

Many other budget items were either reduced or frozen at current levels. While there are some items with increases, the reductions had the effect of maintaining a static budget bottom-line.

Even with the effort being made to hold expenditure increases to nominal levels, both Diocesan Council and the Finance Committee are concerned over the possibility of a deficit in 2009. As all are aware, Synod has called for a new model for allocating the Shared Ministry Budget among the parishes. In the course of developing that model Finance and Council have adopted a "status quo" approach.

Parishes are advised that in 2009 individual parish amounts for Mission Outreach and Parish Assessment in support of the Shared Ministry Budget will again be frozen at the 2006 amounts.

Since Parish support for the Budget provides 85% of the required funding, we must maintain a strong level of response to those Mission Outreach and Assessment requests. In 2009 the response would need to be in the 91% range (compared to 92% in 2006 and 90% in 2007).

A line-item Budget for 2009, along with necessary supporting documents is on the Diocesan web site and included herein. Work is being done on a narrative explanation of the 2009 Budget, which will appear in *the New Brunswick Anglican* and posted on the web site.

This year the narrative look will assist the Parishes in viewing the Budget from their own perspective. It will identify key ministry support and administrative services that are enabled by the Shared Ministry Budget and provided for the benefit of the parishes in efforts to become (as the Shared Ministry Plan states) - *"A Diocese of healthy, mission-focused, welcoming and growing parishes"*.

Parish Assessment Statements For 2009:

The key to the production of this important statement is the stipend information for clergy and salary information for any lay employees the parish may have. To that end we have developed a form which lists, for each parish, those persons who are on the central payroll system, the stipends and salaries as they are for 2008 and requires an update of that information for 2009. This form is to be signed by an authorized officer of the corporation. (warden, treasurer or incumbent) A sample of form is included herein. A hard copy will be sent to Parish Treasurers.

Incumbents, Wardens and Treasurers are asked to work together to ensure this request is answered. The form itself shows the various options for responding.

Payroll Processing 2009:

The first pay run for 2009 needs to be submitted to our service provider by January 12th. To allow for time for input and balancing, we must have the information by Jan 7th.

The Diocesan Consolidated Investment Fund (DCIF):

Investments and economics have taken on a very high profile in recent months, for obvious reasons. Our DCIF has been affected by those recent developments and this has led to some important decisions. Included in this mailing is an update from the Investment Committee which provides the information needed

The Diocesan Group Property/Liability Insurance Plan:

We now have 73 of 84 parishes in the program. More and more we are realizing the benefit of participating in a group plan as a viable way to ensure adherence to the Diocesan Minimum Insurance Standards and doing so at a cost better than that available elsewhere.

We continue to cultivate our strong relationship with Ecclesiastical Insurance. They are continuing their inspection program which benefits all of us in assessing our insurance and risk management needs.

Included in this information package is an update on the Group Plan and more specifically, the December 1st renewal terms.

As mentioned, there is much information in this correspondence. It has been forwarded via email to those with that capability. You are urged to study it carefully and to bring it to the attention of the parish corporation and others in the Parish.

L. F. Scott, Treasurer

Attachments Follow

October Mission & Assessment Results and 2009 Shared Ministry Budget on Website

Scale of Minimum Cleric Stipends and Travel Reimbursement for 2009

Approved by Diocesan Council November 7, 2008

Year of Ordination	Years of Service	2008 Approved Scale	Approved Scale For 2009	Related Pension Plan Premium	Related Disability Plan Premium
2008 or 09	1	29,688	30,578	5,217	1,121
2007	2	30,252	31,159	5,304	1,140
2006	3	30,817	31,742	5,391	1,160
2005	4	31,381	32,323	5,478	1,179
2004	5	31,947	32,905	5,566	1,198
2003	6	32,511	33,486	5,653	1,217
2002	7	33,076	34,068	5,740	1,236
2001	8	33,640	34,650	5,827	1,256
2000	9	34,206	35,232	5,915	1,275
1999	10	34,771	35,814	6,002	1,294
1998 or earlier	11	35,336	36,396	6,089	1,313

Notes re Stipend Scale:

Scale reflects 3.0% increase in each scale step

First level of stipend applies up to the end of the year following the year of ordination

Individuals who have less than 11 years of service will receive an incremental increase of \$581 over and above the noted change to the scale

Travel Reimbursement Allowances:

	2008	2009
Car Replacement	4,200	4,200
Basic Travel *	4,200	4,600

* Under the phase-in provisions of the travel reimbursement system, some clergy allowances exceed the basic. The basic applies in all new appointments

Per Kilometer Travel Reimbursement Rates

For taking Sunday (or other day) services:

Layreaders from another parish or clerics who are not in receipt of travel reimbursement arising from appointment to another ministry 41 cents

Clerics in receipt of travel reimbursement from appointment in another ministry 21 cents

For parish volunteers, or for part time cleric or lay appointees where there is no travel allowance or car replacement allowance provided 41 cents

STIPEND/SALARY INFORMATION FORM 2009

Parish of: **X-SAMPLE**

The following shows the names and 2008 remuneration for the Parish incumbent and any other employees you may have on the Diocesan Central Payroll system . Please use this to report the 2009 remuneration which will apply for each of these individuals.

<u>Incumbent</u>	<u>2008 Stipend</u>	<u>2009 Stipend Per Scale</u>	<u>2009 Stipend that will apply</u>
N CUMBENT	35,336.00	36,396.00	As per scale? Check here if yes []
If 2009 stipend will be above scale, please indicate amount			\$ _____

Other Employees: (If Applicable)

<u>Name</u>	<u>2008 salary</u>	<u>2009 Salary that will apply</u>
OR GANIST	8,800.00	No change [] or \$ _____

The Diocese is authorized to process payroll for 2009 with the stipends and salaries as listed above.

Signed: _____
(On Behalf of the Corporation)

Date: _____

Instructions: Form is required by January 7, 2009, in order to allow time for processing the first pay run for January 15th. Form can be submitted by mail to 115 Church St, Fredericton E3B 4C8 or by FAX (460-0520). You may submit the 2009 stipend/salary amounts by email, but the signed form will still be required for our files

If we do not have the required information by the processing date, all stipends / salaries will remain at their current amounts.

The Diocesan Consolidated Investment Fund (DCIF)
Information Update
November 2008

A meeting of the Investment Committee, a sub-committee of Finance, was held on November 18th. Naturally a significant focus of the meeting was a review of our portfolio performance in light of the events of the past couple of months.

Since early September the investment markets have been in a free-fall resulting in a rapid fall in market values that is unprecedented. The causes of this are many and have been reported ad nauseam through all of the various media. This of course is causing concern throughout the investment community, especially since the downturn has continued unabated through October and into November. While markets historically do recover from these downturns, this particular situation will require a much longer recovery period.

Our DCIF, like all investment funds, is impacted severely by the effect of this market downturn. Our investment return to September 30th is a negative 7.9% (a decline of \$1.7 million in the market value of the portfolio). Indications are that we will see a further reduction through to the end of the year.

We are all concerned in the face of this situation and the impact it has on finances and that is quite understandable, but the Committee wishes to remind parishes that our DCIF has been managed on the most sound of investment principals.

To that end:

- By Canon, the equity portion of the DCIF is limited to 50% of its total value
- The other 50% is invested in high-quality government and corporate bonds
- Holdings in particular industry sectors and individual companies are limited
- The DCIF is professionally managed, under the terms of an Investment Policy Statement
- The work of the managers is overseen by the Finance Committee through an appointed Investment Sub-committee.
- Our investment policy is and has been, highly conservative in nature, thus minimizing risk exposure.

These measures and policies are important in both the good and the not so good investment markets, and while there has been loss of market value, but our conservative approach has served us well in the past and will continue in that regard as we move forward.

Rates of Return on Funds in the DCIF:

In spite of a general decline in interest rates in recent years, the DCIF rate has remained at 4.5% for several years, including 2008. Last year at this time a caution was issued that this rate would likely be lower in future years. While the 4.5% return for 2008 will be honoured, there will need to be a reduction in 2009.

The Investment Committee is recommending to the Finance Committee that the rate of return for 2009 be set at 3.25%. on November 18th.

The recommendation will very likely be approved when Finance meets on December 2nd.

Although the significance of the decrease is recognized, it is minimal in light of what the markets are providing.

Year End Bonus Interest Addition:

This is a critical aspect of the overall rate of return on funds invested in the DCIF, as it provides a hedge against inflation by adding to the principal balance of each parish account. It is based primarily on capital gains realized in the trading of securities. In years where there were few such gains, distributions were made possible by the use of reserves from previously undistributed capital gains.

With recent developments, it is impossible to recommend a year end bonus addition for 2008. While there is still a reserve of undistributed gains, it must be maintained as a hedge against future losses that may occur in the ongoing management of the Fund in the years ahead.

For this reason, the Investment Sub-committee, in its report to Finance, is recommending that there be no year end bonus addition for 2008.

It is of course disappointing to see these steps, but the reality is the world-wide economic picture has shifted dramatically and the effect is clear and far reaching. The Investment Committee and our fund managers are monitoring the situation carefully and taking steps where necessary. In the long run, there will be a return to a new "normal" but in the meantime we must live in today and respond accordingly.

We will keep you posted on any further developments.

L. F. Scott, Diocesan Treasurer
For the Investment Committee

Norm McLeod (Chair), Clyde Spinney, Kelly Hall, Christopher Waldschutz, Murray Arnott,
Martha Jo Hoyt

Ex-officio: The Rev'd Dr. Claude Miller

Resource persons: The Ven. Geoffrey Hall and L. F. Scott

RENEWAL OF THE DIOCESAN GROUP INSURANCE PROGRAM

Our insurance advisor, together with our broker, Marsh Canada Limited, has secured commitment from Ecclesiastical Insurance to renew our Group Insurance Program for the December 1, 2008 to December 1, 2009 policy period.

In short the agreed renewal terms are:

BUILDINGS AND CONTENTS:

The values for all buildings and contents owned by parish corporations are increased by five percent to account for the normal inflationary increase in costs of labour, materials and supplies. Such increased costs apply whether the loss incurred is a partial, major or total loss. At the same time, the applicable rates are reduced by five percent. This will result whereby each location's insured limit is increased by five percent without incurring any additional premium.

ALL OTHER SECTIONS

The remaining coverages/sections of the program are renewed at the same terms and conditions as expiring and applying to:-

- C Equipment breakdown
- C Commercial General Liability
- C Third Party Pollution Liability
- C Employee/volunteer dishonesty
- C Loss of money & securities
- C Tenants Package

For those participating in the Group Plan, your coverage is bound under the negotiated terms and with the appropriate effective dates. You will receive your documentation in due course, but it will likely not arrive until after December 1, 2008.

This delay is due to the installation of a new data management program at our brokerage office. This new system will require a great deal of manual transfer of information from one system to another. Any changeover to a new system can result in errors. Therefore when you do receive your renewal documents please examine them carefully and report any errors to our Insurance Advisor, Jarvis de Condé and he will arrange for correction.

It is highly likely that you will receive the documentation before our Insurance Advisor or the Synod Office does, so please be patient.

Mr. Condé can be reached at 1-866-727-8855 (toll free) or by email at jdeconde@eastlink.ca.
