

**879 LETTER OF UNDERSTANDING TEMPLATE**

[This template is provided to give guidance to the drafting of Letters of Understanding. It is to be adapted to accurately express the employment relationship between a congregation and its pastor.]

Date \_\_\_\_\_, 20\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

CONFIDENTIAL

Dear (name): \_\_\_\_\_

We are pleased to confirm our offer of employment and your acceptance of your appointment as XXXXXXXXXXXXXXXX with the XXXXXXXXXXXXXXXX Free Methodist Church. A copy of the current job description for this position is attached. Please be sure that you fully understand the key elements of the job and the performance requirements of the position before you sign this employment agreement.

In order to guide our relationship today and into the future, we have agreed to operate under the terms of the following employment agreement.

**Position Title, Hours, Accountability, Starting Date**

As the XXXXXXXXXXXXXXXX, your position is regarded as [full-time, part-time (hrs/week)]. You will commence work formally on XXXXXXXX, 20\_\_ and report to the Official Board and your Network Leader. [For staff positions insert... report to your Lead Pastor and to the Official Board when requested.]

**Compensation**

*Salary (choose paragraph a. or b.)*

a. [use this section only if XXXXXX Free Methodist Church is offering salary and a Housing Allowance– otherwise delete this paragraph]

We have agreed that your salary will be XXXXXXXXXXX per annum paid semi-monthly. Of this amount, a portion may be designated as a tax-free housing allowance because you are a member of the clergy as per the Canada Revenue Agency formula (Par. 878.1.3). Beyond normal government programs (CPP, E.I.), the XXXXXXXX Free Methodist Church will contribute to The Free Methodist Church in Canada Defined Contribution component of the Minister’s Pension Plan. You will be required to contribute a minimum of 3% of salary and XXXXXXXX Free Methodist Church will match 100% of your contributions to a maximum of 6% of your salary. You may voluntarily contribute up to an additional 6% of your salary to the Minister’s Pension Plan. XXXXXXXX Free Methodist Church will not match any voluntary pension contributions above 6%. This is a mandatory plan for all churches that have pastors in full time employment (35 hours or more per week). (Par .878.2.1)

b. [use this section only if XXXXXX Free Methodist Church is offering salary and a Manse, and the pastor agrees to live in the Manse – otherwise delete this paragraph]

We have agreed that your salary will be XXXXXXXX per annum paid semi-monthly (inclusive of the fair market rental value of providing a Manse and related utilities to you). The value of the Manse, per Canada Revenue Agency, is considered a taxable benefit and is determined by XXXXX Free Methodist Church.

**Taxable Benefits**

a. *Pension*

Beyond normal government programs (CPP, E.I.), the XXXXXX Free Methodist Church will contribute to The Free Methodist Church in Canada Defined Contribution component of the Minister's Pension Plan. You will be required to contribute a minimum of 3% of salary and XXXXXX Free Methodist Church will match 100% of your contributions to a maximum of 6% of your salary. You may voluntarily contribute up to an additional 6% of your salary to the Ministers' Pension Plan. XXXXXX Free Methodist Church will not match any voluntary pension contributions above 6%. This is a mandatory plan for all churches that have pastors in full time employment (35 hours or more per week). (Par. 878.2.1).

**b. Group Benefits**

As a pastor with 20 or more paid hours per week, you are required to participate in those benefits made available by The Free Methodist Church in Canada, which includes Group Life Insurance, Long Term Disability, Extended Health and Dental coverage. (**Note: Pastors pay 100% of the LTD premiums and 50% of the premiums for the other group benefits. These premiums are amended from time to time by the benefit provider.**) You may opt out of Extended Health and Dental if you document that you have spousal coverage with another provider. You may not opt out of Group Life and Long Term Disability coverage. Group benefits apply one month after your official start date once your application has been received by the Ministry Centre. If no application is received before the one-month wait period expires, a late entrant form will also be necessary for completion. A booklet describing the current benefit plan is found in *The Manual of The Free Methodist Church in Canada* (Chapter 8, Par 878). Holiday pay and sick time guidelines will be in accordance with organizational policy. The current policy is set out in *The Manual*.

**Professional Development and Sabbatical**

We agree that XXXXXXXXXX funds are available for professional development and the purchase of books and periodical subscriptions. The sabbatical policy of our congregation is XXXX (see Par 878.6.3 for guidelines.)

**Vacation**

As agreed, you will be eligible for XXXX weeks of paid vacation in 20\_\_ and XXXXX weeks of vacation every year thereafter. Vacation days are accrued as outlined in *The Manual*. (See ¶878.6.1.) Beyond the terms outlined in this employment agreement, all decisions will be guided by the vacation policy in force at the time of the review.

**Expenses**

All normal expenses associated with the fulfillment of your duties will be covered by the XXXXXXXXXXXX Free Methodist Church. Expenses associated with travel to and from your home to the office are not considered eligible expenses. They are expenses you must cover personally.

Reasonable expenses with regard to the office, internet access and a cell phone will be covered. Travel, lodging and entertainment expenses associated with your work will also be paid. The policies governing these expenses will be reviewed with you during your orientation period.

**Performance**

The effective performance of the duties of this position requires the highest level of integrity and our complete confidence in your relationship with other staff, employees and members/adherents of the XXXXXXXXXXXX Free Methodist Church and with all persons dealt with by you in the course of employment. You are required to ensure that you at all times conduct yourself in a professional manner, appropriate to a positive Christian testimony and to the core values of The Free Methodist Church in Canada.

Your performance will be evaluated on an ongoing basis and a formal evaluation will be discussed with you on an annual basis.

### **Employee Conduct Policy**

Employees of XXXXXXXXX Free Methodist Church are expected to adhere to general standards of behaviour consistent with the teaching of Jesus Christ and his followers as recorded in the New Testament and as outlined in *The Manual of The Free Methodist Church in Canada*. XXXXXXXXX Free Methodist Church does not accept conduct such as: extra marital sexual relationships (adultery); pre-marital sexual relationships (fornication); homosexual sexual relationships; substance abuse; use of pornographic material; theft, fraud; breach of trust or confidence; abusive behaviour; sexual assault/harassment; lying, deceit and dishonesty; criminal activity.

Such conduct may be grounds for just cause termination.

### **Confidentiality Agreement**

You acknowledge that in the course of your employment you may work with and/or acquire confidential and personal information pertaining to staff, members and adherents of the XXXXXXXXXXXXX Free Methodist Church. You agree to hold this confidential information in trust and you shall not (except as required in the performance of your duties), at any time, during your employment or following your employment, use or disclose or make available to anyone for use outside of the organization any of this personal or confidential information, without prior written consent of your superior. Violation of this confidentiality agreement may be cause for culpable termination.

### **Termination of Employment**

It is always difficult to consider termination issues during the employment agreement sign-off process. However, we have agreed on the following:

- In the event your employment is terminated by the XXXXXXXXX Free Methodist Church for just cause, you will receive no notice or pay in lieu of notice.
- In the event of a termination not for just cause (request for transition by the church), you will be entitled to the greater of:
  - a. 8 weeks notice or pay in lieu of notice, and for each year of completed service beyond 8 years an additional 2 weeks notice or pay in lieu thereof; OR
  - b. the minimum required by applicable provincial employment standards/labour legislation.

Should you decide at any time to request to transition from this position, you agree to comply with the guidelines of The Free Methodist Church in Canada as outlined in chapter three (Par. 340) of *The Manual of the Free Methodist Church in Canada*.

**Important Documents to be filed:** Before your first paycheque can be processed, the following four documents need to be received by the Administrative Services Department of the FMCiC c/o Roseline Isaac: [roseline.isaac@fmcic.ca](mailto:roseline.isaac@fmcic.ca)

**1. Employee Information form:**

<http://media.fmcic.ca/images/stories/administration/Accounting%20Forms/centralpayroll/EmployeeInformationForm.pdf>

**2. Federal and Provincial TD1 forms**

<http://www.cra-arc.gc.ca/formspubs/frms/td1-eng.html>

**3. Group Benefits Enrollment form:**

<http://media.fmcic.ca/images/stories/administration/Accounting%20Forms/groupbenefits/GroupBenefitsEnrolmentFormSunlife.pdf>

\*MEGaP

Revised Jan 25, 2015

**4. A Void Personal cheque:** This is needed so that your payroll is deposited directly into your account.

**5. Pension Plan Booklet:** Upon receipt of the above four documents, a Pension Plan Booklet will be sent to you by Administrative Services. The application form included in the booklet must be completed and sent to Administrative Services.

**Terms of Agreement**

The terms contained in this employment agreement will continue on a year to year basis, without accrual, unless modified by the employer in writing.

As part of this employment agreement you will be required to give your signature of agreement to the terms of this letter.

We believe that the Lord Jesus Christ has guided the process that has brought about this employment relationship. We look forward to having you join us at XXXXXXXXXXXX Free Methodist Church.

Sincerely,

\_\_\_\_\_

(Official Board Chair)

*Please sign below indicating your agreement with the above terms.*

I have read, understood and agree with the foregoing. I accept employment on the above terms and conditions.

Date: \_\_\_\_\_

Signature: \_\_\_\_\_