

Guide to Providing Severance Settlements



In some situations it may be necessary or appropriate to negotiate severance with a pastor. The following points are set out as guidelines recognizing that every situation is different. If in doubt, it may be cost effective for the church to seek legal advice prior to the situation becoming a difficult one.

1. By law, you must provide reasonable notice for termination of employment. The following chart outlines the **minimum** notice period required: (please refer to Ontario Employment Standard Act)

<u>Employment period</u>	<u>Ontario</u>	<u>Quebec</u>
less than 3 months	-----	-----
3 months to 1 year	1 week	1 week
1 to 3 years	2 weeks	2 weeks
3 to 4 years	3 weeks	2 weeks
4 to 5 years	4 weeks	2 weeks
5 to 6 years	5 weeks	4 weeks
6 to 7 years	6 weeks	4 weeks
7 to 8 years	7 weeks	4 weeks
8 to 10 years	8 weeks	4 weeks
10 years or more	8 weeks	8 weeks

2. Employment insurance benefits may be available to the pastor (refer to “Guide Regarding a Pastor’s Resignation and Completion of the Record of Employment” available from CBOQ website: www.baptist.ca)
3. It may also be necessary to negotiate a severance settlement especially when the pastor’s employment has been terminated or a resignation has been sought. In almost all situations it is more appropriate for the pastor to resign than for the church to terminate employment. In case of a suggested resignation, it is often still warranted for the congregation to provide some transition funding consideration for the pastor, similar to the severance settlement.
4. Termination requires consideration of two items:
 - Under legislation termination requires written notice of termination for full or part-time employees who have been employed for three months or more. One week’s notice period for each year of service up to a maximum of 8 weeks, or pay in lieu of notice, must be given. Vacation must not be included in this notice period.
 - Churches do not meet legislated requirements for mandatory severance payment; however, it has become normal practice for most employers to make some additional payment beyond the notice period.

A number of factors need to be taken into consideration including the age of the pastor, reasonable expectation for further employment, loss of position in the community, reasons for separation, etc. In general, a reasonable transition funding amount would be in the range of 3-5 weeks per year served.

5. Severance/transition funding negotiations should include not only the amount, but also how the

payments will be structured. Depending on how the payments are structured, they may or may not be pensionable and insurable. If paid before termination, severance is insurable for EI and pensionable for CPP. If paid on termination, it is insurable but not pensionable because it is considered as income from another source. If paid after termination, it is insurable and is used to top-up EI insurable earnings to their maximum but it is not pensionable.

Payments of a predetermined fixed amount made by pay period or in several payments over a determined period of time are treated the same as one lump sum payment except the deductions, when required, are made from each payment.

6. CBOQ benefits (group life and health) will be maintained during the severance/transition support period. The church is required to pay the benefit premiums during this period.

Following the severance period, long term disability will continue for six months and will then be terminated but other benefits will continue for a period of up to one year in total (severance + non-severance period). If placement or alternate employment has not been found at the end of one year, benefits will be terminated.

If the reason for termination/resignation is a matter to be referred to the Director of Leadership Development (such as a disciplinary action), benefits will be extended or terminated according to the suggestion of the Director.

DISCLAIMER: This guide is provided for information purposes only and is not intended as advice to the local church. Information is current only as of the date that the guide was prepared. Readers are advised to seek professional advice for their particular situation.