

**Alliance Retiral Fund (ARF) and Approved Leave of Absences**

‘Approved Leave of Absences’ vary by provincial statute but normally include:

Pregnancy, parental, sick, family responsibility, bereavement, declared emergency, family caregiver, family medical, critical illness, organ donor, domestic or sexual violence, child death or crime-related child disappearance leave.

An employee has the right, not obligation, to continue to participate in ARF when on one of those leaves.

**Temporary Layoffs**

Temporary layoffs are not considered Approved Leaves and therefore no member or employer contributions will be made to the pension plan while on a temporary layoff (5% of zero earnings = zero contributions).

**Approved Leave of Absence ARF Calculation (No SUBP)**

*(Some churches have a Supplemental Unemployment Benefit Plan “SUBP”. Those churches will want to see the next section, “Approved Leave of Absence ARF Calculation (With SUBP)” for the calculation)*

If an employee goes on approved leave, the employee is not required to make an ARF contribution (as 5% of their C&MA salary is $0). However, the employee can choose to continue to make ARF contributions during the leave. If the employee decides to continue ARF contributions, the contributions are calculated as if the employee was receiving the same salary during the leave as the employee received immediately prior to the leave. The employee does not have the option of choosing another higher or lower amount.  If the employee decides to contribute, the employer is obliged to match that contribution. If the employee chooses not to make an ARF payment, the employer contributions are nil for this employee. **Please see the appendix for a sample calculation**.

As participating during an Approved Leave is optional workers can stop making contributions then start again during the Leave.

**The Employee:**

The onus is on the employee to provide post-dated cheques payable to the church for the employee portion of the contributions to initiate this benefit. The church will include those contributions on your T4 slip.

If the employee terminates their job during or after the leave, they are no longer an employee.  In that case contributions should stop immediately, and the funds moved out of the ARF plan.

**The Church or Employer:**

The employee’s cheque is payable to the church, not to ARF.  The church will cash the cheques, not send them to the NMC.  Those contributions and the matching employer portion will be included with the normal contributions and remittance form sent to the NMC each month.

The contributions will be included on the employee’s T4 as normal ARF contributions (box 52 employer and employee combined contribution amount and box 20 employee contributions).

Normally the combined employee and employer contributions to ARF cannot exceed 18% of the earned income. However, CRA has made exceptions where the reason for the excess is contributions for Approved Leaves.

The church (employer) is never permitted to cover both costs of the contributions – cannot pay the employee’s contributions part (like a gift).

**Approved Leave of Absence ARF Calculation (With SUBP)**

If the church provides a Supplementary Unemployment Benefit Plan (SUBP) when an employee is on an Approved leave, those earnings are treated like other earnings paid by the employer and are subject to mandatory ARF contributions.  ARF contributions are due on payments made from the SUBP only.  No ARF contributions are due on the employment insurance payments made by the government to the employee. However, the employee has the option of contributing to ARF on the portion of earnings not covered by the SUBP according to the calculation described above underApproved Leave of Absence ARF Calculation (No SUBP). **Please see the appendix for a sample calculation.**

Ken Board

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**APPENDIX**

**An Example of Approved Leave of Absence ARF Calculation (No SUBP)**

* An employee is going on Parental leave for a year, an approved leave under the province’s Employers Standards Act.
* She makes $5,000 per month.
* She has been given the choice of contributing to ARF while on leave with the understanding she needs to provide the church with the employee’s contribution of $250 (5% of $5,000) each month.
* She has chosen to do so and writes 12 post dated cheques to the church in the amount of $250 each.
* Each month the church cashes a cheque and includes the funds with the employer’s matching amount in the regular monthly ARF contributions it sends to Ken Board at the NMC.
* If the employee chooses not to contribute while on leave, the church owes nothing for that employee.

**An Example of Approved Leave of Absence ARF Calculation (With SUBP)**

* An employee is going on Parental leave for a year, an approved leave under the province’s Employers Standards Act.
* She makes $5,000 per month.
* The church’s SUBP includes ‘topping-up’ the employee’s wages when on Parental Leave to 80% of the employee’s normal salary.
* The employee receives 55% of their normal salary from the government in employment insurance (EI) or $2,750 per month (55% of $5,000).
* 80% of the employee’s normal salary is $4,000 (80% of $5,000)
* Under the SUBP the church will pay the employee $1,250 ($4,000 - $2,750).
* The required ARF contributions to be deducted from the employee’s pay are $62.50 per month (5% of $1,270)
* Each month the church will send to the NMC for this employee’s ARF $62.50 for the employee’s contributions and $62.50 for the matching employer share.

Then the employee has the option of making ARF contributions on the difference between their normal salary and the SUBP benefit or $3,750 ($5,000 - $1,250).

* She will need to know that if she chooses to do so, she must pay the church for the employee’s contribution of $187.50 per month.

* She has chosen to do so and writes 12 post dated cheques to the church in the amount of $187.50 each.
* Each month the church cashes a cheque and includes in the regular monthly ARF contributions and sends to Ken Board at the NMC:
  + The employee’s SUBP deductions of $67.50
  + The employer’s matching portion of the SUBP of $67.50
  + The employee's contributions on amounts above the SUBP of $187.50
  + The employer's matching portion on amounts above the SUBP of $187.50
* If the employee chooses not to contribute while on leave, the church owes the NMC:
  + The employee’s SUBP deductions of $67.50
  + The employer’s matching portion of the SUBP of $67.50

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