

ARF DEDUCTIONS ON EMPLOYEE PAYMENTS

As you know, ARF contributions are composed of 5% deducted from the employees' earnings and another 5% match paid by the employer. The employer is usually a church in the C&MAC, however, also includes associated schools, camps, and district offices.

WHAT EARNINGS ARE SUBJECT TO ARF DEDUCTIONS?

In most cases, it's salary and wages, (wages are defined as per-hour pay rates).

Salary is sometimes composed of two amounts: salary and clergy residence. Both are subject to ARF deductions.

Other payments considered earnings and are also subject to ARF contributions include:

- Payments for OVERTIME.
- Payments for STATUTORY HOLIDAYS.
- Payments made in lieu of VACATION days.
 - Some contracts include an hourly pay rate plus a percentage for vacation. Both are subject to ARF contributions.
 - Sometimes when employees don't take their vacation allotment, they are paid for the vacation days not taken. Those payments are subject to ARF contributions.
- SALARY CONTINUANCE paid after termination of employment.
- SEVERANCE PAID AS A SALARY CONTINUANCE after termination of employment.

Employees can choose to make further voluntary contributions of up to 8% on those amounts if they don't contribute to an RRSP. If they do contribute to an RRSP, they should contact their tax advisor before making any voluntary contributions. The employer does NOT match voluntary contributions.

WHAT EARNINGS ARE **NOT** SUBJECT TO ARF DEDUCTIONS?

- BONUSES (including gift cards)
- SEVERANCE PAID AS A LUMP SUM at termination of employment.
- TAXABLE BENEFITS including, but not limited to:
 - Personal use of organization's automobile.
 - Prescribed interest on low or interest free loans made to employees by the employer.
 - Those arising from certain insurance premiums paid for the employee by the employer.

If you have questions about ARF contributions not reviewed in this memo, please contact us at: arf@cmacan.org.