

# Long Service Leave

## Termination Payments

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### 1. How much do I need to pay?

- It is your obligation to calculate this amount according to the Long Service Leave Act; this will probably be different from the amount that you receive as a reimbursement from the BCSA LSL fund.
- This difference may be due to a change in any one of the following:
  - **Pastoral Level** – The BCSA stipends are based on a series of levels from 1 to 4. It is likely that a pastor will change levels during their appointment.
  - **FTE** - A pastor may increase or decrease the number of days per week that they work during their appointment.
  - **Multiplier** – You may adjust the BCSA stipend amounts for any reason, and this may also change during the pastor's appointment.
- You may get more than you owe your pastor or you may get less.

### 2. Superannuation on LSL Termination Payments

- The LSL fund currently adds superannuation to the amount calculated as a reimbursement to the church.
- For a termination payment the church does not have a legal obligation to pass this on to the terminating pastor, but you may choose to.

### 3. Managing your liability

- It would be a problem if your pastor resigned or retired and you then

found out that there wasn't enough money in the bank to cover the difference between how much you have to pay your pastor and how much you are going to be reimbursed from the LSL fund.

- It is good stewardship therefore to set aside funds to cover this eventuality if the possibility exists.
- One way to do this is to calculate your potential shortfall once a year (maybe as part of your end of year processing) and then update the balance in your own internal fund accordingly.
- Remember that you may also have a LSL obligation to staff that are not covered by the BCSA LSL fund.
- Also remember that you may have an annual leave obligation as well.

### 4. Appointing a new pastor

- When you appoint a new pastor they may not be on the same conditions that they had been at their previous church, or they may have changed condition at that or previous churches, which means that you have an obligation as soon as they are appointed.
- While it is true that you may take on a liability when you appoint a pastor you may also pass on a liability if you have a pastor called to move on to another church. This is how we as the Baptist family share the load and make sure that we look after our pastors.
- As LSL is a state based system, and the Baptist LSL funds are as well, appointing a pastor from interstate is more complicated and should be looked into more closely with the BCSA accountant.
- It is important that your appointment contract is clear on what your LSL obligation is.

## Taking Long Service Leave

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- If a pastor takes Long Service Leave rather than being paid out when they resign or retire things are a little bit simpler.
- In this case you continue to pay the pastor at the same rate.
- There still may be a difference between how much you pay your pastor and how much the LSL Fund reimburses you.
- If a pastor takes Long Service Leave (as opposed to being paid out) then superannuation is required to be paid on their salary.

## Legal v Moral Obligations

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- While it is a given that we all want to abide by our legal obligations this areas will often lead to us pondering questions about our moral obligations. There are not always clear answers to these questions.
- These questions may include :
  - My reimbursement from the LSL fund is more than my obligation to my pastor, what do I do?
  - Do I pass on the superannuation portion of the reimbursement with my termination payment?
  - How do I handle a liability which comes with a pastor from another church?
- In these cases there is need of wisdom and an attitude of generosity.