

**538-02N REMUNERATION AND COST OF LIVINGC
NEW POLICY**

VOTED, To adopt a new policy, NAD X 10 Remuneration and Cost Of Living, which reads as follows:

X 10 Remuneration and Cost Of Living

X 10 05 Remuneration Factor--NADCOM determines the remuneration factor for the division territories in terms of local currency and in harmony with the remuneration philosophy and practice of the General Conference. The division will approve the remuneration factor effective July 1 of the following year adhering to the CPI-U in the United States and the Bermuda Islands, and to the CPI in Canada. These remuneration factors will constitute the base for the calculation of salaries.

X 10 10 Remuneration Scale--The remuneration scale of the North American Division will serve as the basis for the compensation of ministerial, educational, and administrative personnel of the church in the division territory, for the administration of local conferences, unions, division, higher education institutions, K-12 education, and institutions administered by the division. Amendments to the remuneration scale shall be approved by the Year-end Meeting of the North American Division Committee.

X 10 15 Community Wage Scale--Where it is feasible, and where it is considered prudent, employing organizations may elect to compensate non-exempt employees according to community rates. Such implementation should be carried out only after careful studies have been undertaken and by action of the respective governing committees.

The organizations that elect to compensate non-exempt personnel by using community rates, may develop a community wage scale. Appropriate consultation with experts and with the next higher organization may help provide the necessary support for its implementation.

X 10 20 Alternate Remuneration Factor--Employers may, with the approval of the next higher organization, set a lower remuneration factor for non-exempt employees who are paid in harmony with community rates (see Z 35, Seventh-day Adventist Retirement Plan for Seventh-day Adventist Employees). This plan shall be monitored to make sure that employees who are paid according to the lower remuneration factors do not have a higher percentage and thereby a higher yearly rate factor than employees who are paid according to the regular NADCOM-approved remuneration

factor.

X 10 25 Cost Of Living Assistance - The North American Division implements a cost of living assistance in addition to the remuneration by the application of the studies compiled by the Economic Research Institute, Inc. (ERI), Redmond, Washington, for the United States and the Bermuda Islands, and Statistics Canada for the territory of the Seventh-Day Adventist Church in Canada.

The calculation will be based on the following factors (except for community wage employees under X 10 15):

1. One wage factor for all NAD exempt employees to be determined by the North American Division Committee.
2. Based on the annualized earnings of the remuneration factor at 100%-- (Currently US\$3,468 times 12 months = \$41,616 in the United States and Bermuda, and C\$3,859 times 12 months = \$46,308 in Canada).
3. The ERI/Statistics Canada cost of living component will include the following factors:
 - a. The use of ownership, instead of renting, as a determining factor.
 - b. Use of 1,800 square feet (organizations may go up to 2,200 square feet if there is no basement or other circumstances warrant, and as approved by the respective union committees).
 - c. A family size of four with one car valued at \$20,000.
 - d. The number of 10,000 personal miles driven per year.
 - e. The house payment assumption modified to reflect a mortgage loan at 90% financing, with all other assumptions remaining as indicated in the default.
 - f. Employing organizations will not pay salaries that are below the established Remuneration Factor and will appropriately maintain the amount of the salaries in cases where the ERI Cost-of-Living factor is below the national average.
 - g. Employing organizations may develop a phase-in plan that will allow the implementation of this policy within their financial parameters.

The application of ERI/Statistics Canada will be approved by the Union Committee upon the recommendation of the local conference. The union conference will oversee and advise the implementation of the ERI within its territory. In cases

**538-02N REMUNERATION AND COST OF LIVING—
NEW POLICY - 3**

where church-owned rental property is involved, the local organization will, in consultation with the union, be responsible to adapt the implementation if ERI/Statistics Canada to their local situation.

The cost of living for the following July 1 for the USA or September 1 for Canada will be determined by the use of the ERI release of the fourth quarter of the year prior to the increase. Organizations may select the application of the ERI or Statistics Canada to a geographic area using a composite of cities and counties. The amount of the ERI applicable cost of living will be the actual dollar amount indicated as the difference between average city USA and the user defined area. The amount of the ERI applicable cost-of-living differential shall be added to the remuneration factor and multiplied by the individual's salary percentage. Specific models and assumptions illustrating the application are available through the treasury office of the union and division.

In no case will the total remuneration of a worker in the same area be less than the previous year, unless the North American Division reduces the Remuneration Factor.