Introduction

In early 2020, the Reform Rabbis of Canada (RROC), Canadian Council for Reform Judaism (CCRJ), the URJ, and the CCAR commissioned David Baskin to look at the question of how we compare US and Canadian rabbinic salaries. Baskin is a lawyer and wealth management professional in Toronto with deep ties to our Canadian Reform Jewish community. We are grateful that he threw himself deeply and enthusiastically into this challenging puzzle.

For years, rabbis and congregations have confronted the issue that while both Canada and the United States refer to their respective currencies as “dollars”, the purchasing power of those dollars differs greatly because of their relative value to each other and the structural differences in the social and economic systems of both countries.

The enclosed document lays out the areas that should be considered when comparing compensation packages in the US and Canada.

As David points out, "A very common error is taking a US package of, for example, US$ 150,000 and saying, well, that’s equal to CDN$ 200,000, so those are comparable salaries. This ignores a lot of nuance and complexity."

A slightly better approach is to compare after-tax packages, which will vary from state to state and province to province. This is easy to do with online resources. Even better, if more complex, is to look at after-tax and after-healthcare costs. The RPB and the CCAR do not have comprehensive data on US health care benefits, and this can be a major component of the cross-border comparison.

Finally, it is a mistake to ignore “soft” factors such as purchasing power, employment standards, parental leave, human rights protections, and child-related expenses.

The following document is a first of its kind and a long overdue attempt to help both rabbis and congregations make better use of the CCAR Rabbinic Compensation study data and comparisons as it relates Canadian congregations and their rabbis. (The CCAR is currently at work on the next iteration of the compensation study.)

A huge thank you to David Baskin for his diligent work on this project, and to Pekka Sinervo, Sandy Pelly, Rabbi Rick Jacobs, Rabbi Ron Segal, Rabbi Hara Person, and Rabbi Cindy Enger for their help and support for this project.

Rabbi Dan Moskovitz
Chair, Reform Rabbis of Canada
It has long been recognized that rabbis, cantors, and education professionals seeking employment that involves a relocation across the Canadian-US border face a challenge in comparing compensation and employment conditions between the two countries. This memorandum seeks to identify the principal differences in laws, taxes, and work arrangements, and to provide a checklist for job applicants in order to assist them in making a meaningful comparison. It must be recognized at the outset that this is a highly complex undertaking and that there are many factors beyond those identified here which may be important factors depending on the individual circumstances of each person and her/his family. The aim is to ensure that important issues, some of which are not obvious, are brought to the attention of the applicant so that they can be further investigated as and when appropriate. Certainly those who do move across the border will need the services of a tax professional who is qualified to advise on these matters.

In general, movement across the border involves American citizens moving to Canada either temporarily or permanently. Accordingly this memorandum will chiefly address the situation of a US person who is seeking or is offered employment in Canada.

Finally, this memorandum will not address issues related to immigration, permanent residences, or paths to citizenship. These are matters that require consultation with professionals who specialize in this area of law.

—David Baskin
1. **POLITICAL AND STRUCTRAL ISSUES**

Canada is a democratic country organized as a constitutional confederation of ten provinces and three territories. The Federal government is a bi-cameral body governed by a Prime Minister who generally commands the largest party in the House of Commons of Federal Parliament, which is composed of 338 members, each of whom has been elected in a geographical constituency (or riding). Elections are held a minimum of once every five years, or whenever it is determined that the Government has lost the confidence of Parliament. The senior body of Parliament is the Senate, which is composed of members appointed by the governing body until age 75. The Senate is an advisory body and does not have the authority to propose legislation. While the Prime Minister is the Head of government, there is in addition a Governor General, appointed by Parliament, who is the Head of State and the representative of the Queen in her capacity as Queen of Canada. The role of the Governor General is largely ceremonial.

Parliament has broad taxing authority and the main taxes paid by individuals are set by Parliament. The tax situation is discussed in detail below.

Each province and territory has a legislative assembly. The head of government of a province is generally called a Premier to differentiate her/him from the Prime Minister of Canada. Provincial legislatures are uni-cameral, and like the Federal parliament, have regularly scheduled elections.

Matters of employment, human rights, working conditions, and related matters are largely within the authority and jurisdiction of the provinces and accordingly can vary considerably from province to province. Provincial legislatures have taxing authority and all provinces have an income tax which is usually (but not always) computed as an add-on to the Federal income tax. In addition, provinces have sales tax which can vary from zero to as high as nine percent.

Finally, each province has delegated authority to municipal governments, most of which have some form of the familiar Mayor and City Council form of government. No city in Canada has an income tax or a sales taxes. Municipal revenues come overwhelmingly from taxes on real estate, and from user and license fees.
2. INCOME AND OTHER TAXES

Federal income tax is assessed on the income earned by each individual through employment, investment, or otherwise. There is no joint filing available in Canada. The Federal income tax currently has five brackets:

<table>
<thead>
<tr>
<th>2020 Taxable Income</th>
<th>2020 Marginal Tax Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Other Income</td>
</tr>
<tr>
<td>first $48,535</td>
<td>15.0%</td>
</tr>
<tr>
<td>over $48,535 up to $97,069</td>
<td>20.5%</td>
</tr>
<tr>
<td>over $97,069 up to $150,473</td>
<td>26.0%</td>
</tr>
<tr>
<td>over $150,473 up to $214,368</td>
<td>28.0%</td>
</tr>
<tr>
<td>over $214,368</td>
<td>33.0%</td>
</tr>
</tbody>
</table>

There are a very wide variety of deductions and tax credits available to filers. The most important ones for most employees are these:

- Each person is entitled to a basic exemption, currently $13,229
- Payments made by an employee or her/his employer into a registered pension plan are deducted from salary up to a limit, generally 18% of gross salary (further detail provided in Section 8 below)
- Parents are entitled to tax credits for child care expenses
- Mortgage interest and other interest paid on loans, except for loans incurred to earn investment income, is not deductible

Taxation of investment income earned outside of registered pension plans is quite different in Canada compared to the US. For those who have substantial savings outside of pension plans it would be wise to get advice early on in the process.

Provincial income tax, as noted, varies from province to province. As the great majority of Reform professionals are employed in Ontario, Canada’s most populous province, we have used the Ontario tax structure for example purpose. The Ontario income tax is added to the Federal income tax, producing a combined tax structure as follows:
3. SOCIAL SAFETY NET CHARGES

All earned income in Canada is subject to deductions for the Canada Pension Plan (CPP) which is the functional equivalent of Social Security in the US, subject to some important differences, and for employment insurance, a national scheme which provides benefits to persons who become involuntarily unemployed.

The maximum employee deduction for CPP in 2020 is $2,898 or roughly 5% on the first $60,000 of earned income. All employed persons must also contribute to the Employment Insurance (EI) program at a rate equal to 1.6% of earnings on the first $55,000 of earnings. As a result, the maximum deduction for EI is about $870 in 2020. In all, safety net charges in Canada will be a maximum of $3,768 or about 3% of a salary of $125,000.

Most professionals in the US will be subject to the Self-Employed Contributions Act (SECA) which will require payment of 15.3% on the first $137,000 of earned income before parsonage. On a salary of $125,000 this amounts to $19,125, or $15,350 more that the equivalent Canadian charge. This largely balances off the tax loads in the two countries.

Many employers in Canada offer a package of supplemental health and insurance benefits to employees. In some cases these packages are mandatory. They generally include basic life insurance, long term disability insurance, pharmaceutical and dental coverage, and other items not covered by Canada’s comprehensive medical care system. In general the deductions for such programs will not exceed 2% of earned income.
4. **FILING REQUIREMENTS, FATCA, FBAR AND TAX RESIDENCE, CANADA-US TAX TREATY**

Americans moving to Canada will generally wish to make Canada their residence for income tax purposes. Under the provisions of the Canada-US Tax Treaty, income taxed in one jurisdiction will not be taxed in the other, and to the extent that taxes have been withheld by one jurisdiction, a tax credit in an equal amount will be made available in the country of tax residence. In addition, US citizens residing abroad can take advantage of the Foreign Income Tax Exclusion which excludes the first US$ 105,000 earned outside the US from American taxation. Generally speaking, those with employment income only will not be subject to double taxation on ordinary earned income.

None the less, Americans who become Canadian tax residents and who have retained their US citizenship, are subject to the provisions of the US Foreign Account Tax Compliance Act (FATCA). Pursuant to this legislation it is a requirement that all American citizens and any Canadian financial institution with which they have dealings file comprehensive annual reports detailing all financial assets held outside of the US (FBAR Report). It will also be necessary for American citizens residing in Canada to complete annual US tax returns, even if there is no amount owing. As a result, most persons in this situation engage an accounting firm with expertise in cross-border matters.

5. **HARMONIZED SALES TAX**

In Ontario and six other provinces, the Federal and Provincial governments have agreed to levy a combined sales tax, known at the Harmonized Sales Tax or HST. In Ontario the HST is currently 13% (5% Federal, 8% Provincial), but for example in Alberta where there is no provincial sales tax, the rate is only 8%. The HST is levied on all goods and services with the following important exceptions:

- Most food and beverages with the exception of alcohol and snack foods
- Rent on long term residential accommodation
- All medical services, including prescribed pharmaceutical products and medical devices
- Child care
- Financial services
- Children’s clothes and shoes

6. **SPECIAL BENEFITS AVAILABLE TO EMPLOYEES OF RELIGIOUS INSTITUTIONS**

Rabbis, cantors, educators, and full time administrators to congregations will generally be able to deduct from their income either the actual amount of rent and utilities paid by them, or if they own a home, the fair rental value of the accommodation as well as utility costs, up to a maximum of 33% of the income earned. In high housing cost areas this is a very substantial benefit, and depending upon the level of remuneration, could effectively reduce the amount of rent or housing costs paid by up to 50%.

For example, imagine a rabbi employed in Toronto has a taxable income of $150,000. Using the tables above we can see that the income tax payable before the residence deduction would be about $45,000. If the rabbi has rental payments or housing costs of $40,000 per year (not an unlikely event in Toronto) this would reduce the taxable income to $110,000, and taxes payable would fall to about $28,000.
Note that as the clergy allowance is a tax deduction, it does not reduce the amount of the rabbi’s earned income for purposes of calculating maximum pension contributions or pensionable earnings upon retirement.

7. **HEALTH CARE COSTS**

All persons who are lawfully resident in Canada and intend to make it their residence are entitled to comprehensive health care free of charge. In general this includes (for example):

- The services of a family doctor who will likely be part of a family health team providing a range of primary care services
- Any medical specialists to whom the primary care physician might refer the patient
- Use of an emergency room, walk-in clinic, or other unscheduled medical need, including ambulance transportation and the services of paramedical staff
- Any in-hospital procedures with the exception of certain cosmetic and fertility related procedures
- In Ontario, for persons under 24 and over 65, all prescribed pharmaceuticals on the Province’s published formulary
- Substantial non-repayable grants for prosthetic devices, mobility aids, etc.

Medical services not covered include dentistry, elective procedures, eye glasses (although the services of optometrists and ophthalmologists are covered), and non-prescribed treatments such as massage. Mental health services provided by psychiatrists are covered, but not services provided by psychologists.

Most employers provided supplementary coverage that includes many of the excluded services.

8. **RETIREMENT PLANS**

All persons employed in Canada must contribute to the Canada Pension Plan (CPP) or the Quebec Pension Plan to the extent that income is earned in Quebec. As noted above, contributions are deducted at source at the rate of about 5% on the first $60,000 of income to a current maximum of $2,898/year. Payments to retirees can start at a date specified by the retiree after age 60, and the amount of the annual payment is determined by the retiree’s lifetime Canadian earnings and the age at which payments commence. For a person who has worked in Canada for 35 years and paid the maximum amount, at age 65 the current annual pension is about $20,000.

In addition to CPP, persons over age 65 with income below $65,000/year are entitled to the Old Age Security payment (OAS) of about $8,000/year.

Most Canadian clergy and educators are participants in the Canadian Rabbinic Pension Plan, the Canadian functional equivalent of the RPB. This Plan is a defined contribution plan in which the employer makes annual payments into the plan on behalf of the employee, up to a maximum amount equal to 18% of gross salary. The Plan is overseen by a board of volunteer Trustees operating under the auspices of the Canadian Council for Reform Judaism.
The Plan has employed Sun Life, one of Canada’s largest insurance companies, to administer the Plan. Participants are offered a wide menu of investment options, mostly mutual funds run by third party providers.

Upon retirement, participants in the plan are required by the Government to make annual withdrawals starting no later than age 72, in amounts based on the value of the participant’s holdings and the age of the participant. These withdrawals are taxable at the same rate as employment income.

Although married persons are not permitted to file jointly nor to share employment income (so as to take advantage of lower tax brackets for lower earners), pension income can be split between spouses in order to equalize taxable income. This can be an important tax benefit when one spouse has a higher employment income or has more pension income than the other.

For those who choose not to participate in the rabbinic pension plan, the alternative is the Registered Retirement Savings Plan (RRSP) which operates very much like a 401 plan does in the US. Participants can contribute up to 18% of earned income into their own plan each year up to an annual maximum, currently about $27,000, in all years up to and including the year in which they turn 71. Starting at age 72, withdrawals must be made in the same way as a pension plan. Unlike the rabbinic plan, it is possible for an employed person to make pension contributions into a spousal plan which will result in the assets and the resulting income being in the spouse’s name.

When a participant in the Rabbinic Pension Plan ceases to be employed by an eligible employer, the participant’s holdings are transferred into a Locked-In Retirement Account, where they must remain until the former employee turns 65. Under some circumstances, amounts can be withdrawn but will be subject to income tax.

At this time the Canada-US Tax Treaty does not allow balances in pension plans of any kind to be transferred across the border. As a result, a rabbi formerly employed in the US who participated in the RPB must leave those holdings behind in the US, where they will only be sourced upon retirement. Similarly, an American rabbi working in Canada will not, upon retirement, be able to transfer assets over the border to the US. They will remain in Canada and must be managed and dealt with in Canada.

9. EXCHANGE RATES

Canada issues its own currency, the Canadian Dollar (CDN$), issued by the Bank of Canada. The CDN$ is a freely traded and convertible currency and is easily exchangeable in all countries, including the US. The value of the CDN$, measured in US$ is currently about US$.753, but the exchange rate has fluctuated widely over the past twenty years:
In 2008 and 2012 the CDN$ rose to over US$1, but for most of the past thirty or so years the CDN$ has been worth between 75 and 85 US cents.

There are a wide variety of factors that influence exchange rates. Some of these are:

- Government budget deficits. Canada’s federal government currently has a budget deficit equal to about 1% of GDP, compared to about 4% in the US. In general this is positive for the value of the CDN$;
- Balance of Trade. Countries which have a positive balance of trade tend to have stronger currencies. Canada currently has a mildly negative balance of trade, which is closely linked to the prices of commodities.
- Perception of safety. Canada is a small country on the world scene. Its currency is not considered a major reserve currency as are the US$, Yen, British Pound, Euro, and the Chinese Yuan.

An American accepting employment in Canada who has debt or obligations measured in US$ (such as student loans) must be aware that there is an inherent risk that the amount of the debt, when measured in CDN$, could rise if the value of the CDN$ goes down against the US$. Conversely, of course, there is the chance that the CDN$ could rise, making the payment of such debts and obligations less onerous.
10. PURCHASING POWER

Official exchange rates are not always revealing about the value of money in a country. What is important is what money will buy, or to put it another way, how much purchasing power money has in any given country. *The Economist* magazine invented the “Big Mac Index” as a quick way of comparing the purchasing power of currencies by examining the local price for an item that is virtually identical and widely available in many countries.

A Big Mac costs US$6.71 in Switzerland when purchased with Swiss francs. This compares to a price of US$5.67 in the United States. In other words, the purchasing power of the Swiss currency is 18% less than the US$. A person working in Switzerland would need to make 18% more than she or he was making in the US to have the same purchasing power; so that a Swiss salary of $118,000 would be functionally equivalent to a salary of $100,000 in the US. Another way of saying this is that the Swiss franc is 18% over-valued vs. the US$.

Conversely, Canada’s currency is more valuable than the exchange rate suggests. A Canadian Big Mac costs only US$5.18, meaning that each CDN$ has the purchasing power of US$1.09. A salary in Canada of $100,000 would have as much purchasing power as a salary of $109,000 in the US. By this measure the CDN$ is under-valued by 9% against the US$. Over the last twenty or so years, most economists have calculated that the CDN$ has traded at a discount of around 10% to its true purchasing power.

**Global prices for a Big Mac in January 2020, by country (in U.S. dollars)**
11. HOUSING COSTS, MORTGAGES, AND PROPERTY OWNERSHIP

Home ownership in Canada is very similar to the US. Homes may be owned by one person or by spouses jointly. The most common forms of residence are free standing homes, condominiums, and row or townhouses. Here are some considerations for recent arrivals who may wish to purchase real property in Canada.

- Housing prices in Toronto and Vancouver are very high compared to most American cities with the exception of New York and the S.F. Bay area. Newly built condominiums in well regarded neighbourhoods are currently selling for up to $1,300 per sq. ft. and there is limited availability of free standing homes.
- Transaction costs can be quite high, meaning that home ownership over a period of say less than five years may be more expensive than imagined. Real estate commissions paid by the seller are typically around 5%, and in Toronto sales are subject to a Land Transfer Tax of about 3%, paid by purchasers. Adding in legal fees, the cost of buying and then selling a home would typically be about 10% of the purchase price.
- In Canada any capital gains resulting from the sale of a principal residence are tax free, even if the proceeds of sale are not used to buy another home. However, US citizens will not be afforded this tax treatment and will pay tax on the capital gains on their US tax return, and this amount will not be a credit on their Canadian return. This causes some dual citizens to renounce their American citizenship, a serious and generally irrevocable act.
- Mortgages are available from a wide variety of sources and interest rates on good quality residential property are currently in the range of 2.3% to 2.6%. Mortgages will generally not exceed 85% of the cost of the property and the mortgage holder may require that the mortgage be ensured by the Canadian Mortgage and Housing Corporation, at a cost to the borrower of about .25%.
- As noted above, mortgage interest is not tax deductible in Canada.
- Property taxes vary widely from city to city. All homes in Ontario are appraised and valued by a government agency on a rolling four year schedule and property taxes are levied as a percentage of assessed value. Currently in Toronto property taxes are about .5% of assessed value annually.
- Utility costs all vary from city to city. Heating is a major consideration as is air conditioning.

12. PROGRAMS, EXPENSES, AND BENEFITS RELATED TO CHILDREN

The Government of Canada provides tax relief to parents through the Child Tax Credit. This allows an employed person to deduct expenses incurred for children under 7 years old of up to $8,000/year, and for those under age 16, up to $5,000/year. The Government of Ontario has a similar plan which allows deduction of 75% of such costs, but this credit is geared to income so as to benefit families with lower earned income.

Ontario provides full-day kindergarten programs starting at age 4 at no cost to parents.
School fees at institutions which have religious affiliations are tax deductible to the extent that the fees are for religious instruction. This might make as much as 25% of the fees deductible depending on the school.

All children in Canada may be enrolled in a Registered Educational Savings Plan (RESP) which is very similar to the American 529 Plan with some important exceptions. Contributions to an RESP will generate a maximum annual non-taxable non-repayable grant of up to $500 per child per year, paid at the rate of 20% of the amount of the contribution, up to a lifetime maximum of $7,200 per child. Investment income earned inside an RESP is not taxed. Funds may be used to pay for any post-high school full-time course of study, and money that comes out of the plan will be taxed in the hands of the child, usually at a zero or very low rate.

University tuition in Canada for full-time Canadian residents is generally much lower than in the US. The following costs were published by Statistics Canada and are an average of surveyed institutions.

![Graph showing average costs of various fields of study in Canada]

13. MATERNITY AND PATERNITY POLICIES

Employers in Canada are required to allow parental leave of up to 63 weeks. Employers are required to hold jobs open or provide equivalent employment upon return. Employees are allowed to claim employment insurance benefits equal to 55% of salary, up to a maximum of $573/week or $29,796/year. Many employers top up employment insurance benefits to 75% of salary.

Either parent is allowed to claim the parental level employment insurance, but the combined entitlement cannot exceed the maximum for one parent.
14. EMPLOYMENT STANDARDS AND HUMAN RIGHTS

Each province has legislation establishing minimum standards for employment. These standards include such items as;

- Paid vacation
- Maximum working hours
- Severance pay (when a job is discontinued)
- Termination pay in the event of firing without just cause (a very high standard in Canada)
- Workplace safety standards
- Workplace conduct standards

In addition to legal enforcement of the employment standards legislation by the provincial ministries of labour, every province has a Human Rights Agency. Any employee may, without cost, lodge a complaint that her/his human rights have been violated. Charges are investigated and heard by a tribunal.
15. Summary: Comparing US and Canadian Compensation

Appended are two examples. The first (Example 1) shows one rabbi making US$ 125,000 in Florida and one in Ohio with the same salary, compared to a rabbi making CDN$ 125,000 in Ontario. Adjusting for parsonage, taxes, social safety net charges, exchange rates, and purchasing power, it seems clear that the rabbi working in Ontario will have about 10% to 12% less purchasing power than a colleague working in the US (depending on state).

Example 2 attempts to equalize purchasing power for the rabbi in Canada, and in order to do so, the base salary must be increased from $125,000 to $135,000.

However, this comparison does not make any allowance for the following less readily quantifiable differences in employment conditions that are noted in the preceding pages. To summarize them briefly:

- Social safety net provisions are likely more favorable in Canada for lower income employees, but probably more favorable for higher income employees in the US due to higher post-retirement social security payments. Much will depend on longevity, length of employment, salary while employed, and other pension income. For most rabbis there is likely a small advantage to working in the US.
- Depending on the state and province being compared, sales taxes in Canada might be more, sometime considerably more, than those in the US.
- Parsonage benefits should generally be comparable.
- Health care costs will likely be a major factor depending on contract provisions and will generally favor those working in Canada, sometimes by a very large amount.
- Pension plan provisions are broadly similar, but those who have worked on both sides of the border will usually find themselves with two separate pension plans in retirement.
- Because mortgage interest and property taxes are not tax deductible in Canada, housing costs will generally be lower in the US. Capital gains treatment of principal residences will depend on individual circumstances and will favor those who make Canada their permanent residence.
- Child care and education will be major factors for those with young children. Canada has generally more generous tax treatment of child related expenses and has public schools which, depending on location, may be more highly rated than those in some US cities. University costs for Canadian permanent residents at universities rated among the best in the world, such as University of Toronto and McGill College, will generally be about half the cost of quality state universities and one-quarter to one –third the cost of the most selective US universities and colleges.
- Civil rights legislation in Canada governing parental leave, employment standards, termination and severance pay, and human rights, is in general considerably more generous than similar provisions in most states.
### EXAMPLE 1: IDENTICAL BASE SALARY

<table>
<thead>
<tr>
<th>Description</th>
<th>Ontario</th>
<th>Florida</th>
<th>Ohio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rabbi’s Base Salary in CDN$ before Tax</td>
<td>125,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rabbi’s Base Salary in US$ before Tax</td>
<td>125,000</td>
<td>125,000</td>
<td></td>
</tr>
<tr>
<td>Less: Parsonage Allowance at 30% of Gross</td>
<td>37,500</td>
<td>37,500</td>
<td>37,500</td>
</tr>
<tr>
<td>Basic Taxable Income</td>
<td>87,500</td>
<td>87,500</td>
<td>87,500</td>
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<tr>
<td>Income Tax: Combined Federal/State/Province</td>
<td>15,800</td>
<td>5,323</td>
<td>8,092</td>
</tr>
<tr>
<td>In Canada: CPP and EI</td>
<td>3,758</td>
<td></td>
<td></td>
</tr>
<tr>
<td>In US: SECA (self-employed contribution act)</td>
<td></td>
<td>19,125</td>
<td>19,125</td>
</tr>
<tr>
<td>Net after Tax and Social Welfare Costs</td>
<td>105,442</td>
<td>100,552</td>
<td>97,783</td>
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<tr>
<td>In US$ at 0.75</td>
<td>79,082</td>
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</tr>
<tr>
<td>Adjusted for Purchase Power at +10%</td>
<td>86,990</td>
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<td></td>
</tr>
<tr>
<td>Less: Health Insurance at 50% of Cost*</td>
<td>200</td>
<td>5,000</td>
<td>5,000</td>
</tr>
<tr>
<td><em>(Assumes US congregation pays half of cost)</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NET CONSUMABLE INCOME</td>
<td>86,790</td>
<td>95,552</td>
<td>92,783</td>
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</table>
**EXAMPLE 2: IDENTICAL NET CONSUMABLE INCOME**

<table>
<thead>
<tr>
<th>Description</th>
<th>ONTARIO</th>
<th>FLORIDA</th>
<th>OHIO</th>
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<tbody>
<tr>
<td>Rabbi’s Base Salary in CDN$ before Tax</td>
<td>135,000</td>
<td></td>
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<td>Rabbi’s Base Salary in US$ before Tax</td>
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<td>40,500</td>
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<td>37,500</td>
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<tr>
<td>Basic Taxable Income</td>
<td>94,500</td>
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<td>87,500</td>
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<td>Income Tax: Combined Federal/State/Province</td>
<td>19,000</td>
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<tr>
<td>In Canada: CPP and EI</td>
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<td>In US: SECA (self-employed contribution act)</td>
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<td>19,125</td>
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<td>Net after Tax and Social Welfare Costs</td>
<td>112,242</td>
<td>100,552</td>
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<tr>
<td>In US$ at 0.75</td>
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<td>84,181</td>
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<td>Adjusted for Purchase Power at +10%</td>
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<tr>
<td>Less: Health Insurance at 50% of Cost*</td>
<td>200</td>
<td>5,000</td>
<td>5,000</td>
</tr>
<tr>
<td>*(Assumes US congregation pays half of cost)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>NET CONSUMABLE INCOME</td>
<td>92,400</td>
<td>95,552</td>
<td>92,783</td>
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