

## 2018 Housing Allowance for Retired Ministers Worksheet

=> Retain this sheet and a copy of your for your tax records. <=

**Under current law**, retired ministers may request Pension Fund designate all or a portion of their church retirement pensions as housing allowance. To qualify for a **housing allowance designation**, the following rules apply:

- The retirement distribution must be made from the Pension Plan and/or Tax-Deferred Retirement Account (TDRA), and the distribution must represent contributions made while you were performing services in the exercise of your ministry. If you have both a pension and a TDRA, the designation must be taken from the pension first.
- You must be recognized in official records of the denomination as a retired minister (**Note:** *If your standing has been removed for cause, you must have it reinstated by your Regional Commission on Ministry to be eligible for housing allowance.*)
- You must request a housing allowance designation annually IN ADVANCE of the year to which it applies, and the request must be approved by the Board of Directors of Pension Fund and noted in its official minutes.

Your housing allowance designation is an estimate of your expected housing expenses in 2018 and may differ from the actual **housing allowance exclusion** that you are permitted under the tax code. When filing your tax return, you may exclude from income the lesser of: (1) the amount you actually spent for owning, operating, or renting your principal residence; **OR** (2) the fair rental value of your home furnished, plus the cost of utilities; **OR** (3) the default amount designated as housing allowance in advance by Pension Fund if the amount accurately reflects the costs associated with your housing.

Retired ministers are responsible for maintaining accurate records to support their housing allowance exclusion in the event of an IRS audit.

Housing allowance is limited to the **primary** residence of a retired minister and may include the items listed below. Items that cannot be included in housing allowance are cell phones and electronic devices (*i.e.*, computer, tablets), food and regular cleaning/maid service. **Note:** Retired ministers living in continuing care facilities should request from the facility a breakdown of monthly fees. Expenses for meals, housekeeping, custodial care, and medical supervision must be subtracted from the monthly fees to determine a housing allowance designation.

**Use the following to estimate an appropriate housing allowance designation for calendar year 2018:**

1.	Rent on leased premises	\$	
2.	Mortgage payments to purchase home	\$	
3.	Garage rental (if not included in above)	\$	
4.	Utilities (gas, electricity, water, telephone, trash, sewer)	\$	
5.	Home owner, renter, or other property insurance	\$	
6.	Structural repairs and remodeling expenses	\$	
7.	Maintenance items (household cleansers, light bulbs)	\$	
8.	Furnishings and appliances (purchase or repair)	\$	
9.	Yard maintenance and improvements	\$	
10.	Property/real estate taxes and homeowner's association fees	\$	
11.	Other allowable expenses ( <i>e.g.</i> , annual cleaning)	\$	
12.	<b>TOTAL estimated costs (add 1 through 11)</b>	\$	*
13.	<b>Fair rental value of home furnished, plus utilities</b>	\$	*

Use the lesser of the amount under (12) or (13) in requesting your housing allowance designation.

*Converting dollar amount to percentage—Take estimated housing costs (lesser of line 12 or 13) and divide by annual gross pension. Example: Estimated housing costs \$28,800 divided by \$35,000 annual pension = 82%. By resolution, the Pension Fund Board designates 60% as the default for housing allowance. If you would like to designate a higher percentage, you must complete and return the Housing Allowance Request.*

### Pension Fund of the Christian Church

P.O. Box 6251, Indianapolis, Indiana 46206-6251

Toll Free: 1.866.495.7322 • Phone: 317.634.4504 • Fax: 317.634.4071

E-mail: [pfcc1@pensionfund.org](mailto:pfcc1@pensionfund.org) • Website: [www.pensionfund.org](http://www.pensionfund.org)