

2019 Housing Allowance for Retired Ministers Worksheet

=> **Retain this sheet for your tax records.** <=

Under current law, retired ministers may request Pension Fund to designate all or a portion of their church retirement pension 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.
- The Board of Pension Fund designates 60% of your pension as housing allowance. If you want to designate more or less of your pension as housing allowance, you must request a housing allowance designation **IN ADVANCE** of the distribution to which it applies, and the request must be approved by the Board of Pension Fund in its official minutes.

The housing allowance designation is an estimate of your expected housing expenses for the year, 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 tax 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 amount properly designated as housing allowance in advance by Pension Fund.

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, etc.), 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 2019:

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

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

To convert a dollar amount to a percentage, divide your estimated housing costs (the lesser of the amount under (12) or (13)) by your total annual pension. For example: if your estimated housing costs are \$28,800 and your total annual pension is \$35,000, then $\$28,800/\$35,000 = 82\%$. Since the Board of Pension Fund designates 60% of your pension as housing allowance, you will need to complete and return the Housing Allowance Request to Pension Fund requesting a higher designation in order to exclude from income tax the full amount of your estimated housing costs.

Pension Fund of the Christian Church

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