



You are eligible to participate in the Pension Plan of the Pension Fund of the Christian Church (Disciples of Christ) ("Pension Plan") and the Tax-Deferred Retirement Account of the Pension Fund of the Christian Church (Disciples of Christ) ("TDRA") if you are either:

- (i) a credentialed minister of the Christian Church (Disciples of Christ) with standing or
- (ii) a credentialed minister of a church that is part of the Stone-Campbell (Restoration) Movement.

If you are not employed by a church or church-related entity in the Christian Church (Disciples of Christ) or Stone-Campbell (Restoration) Movement, you can still participate in the Pension Plan and/or TDRA in the following circumstances:

- **501(c)(3) employment.** You can participate if you are employed by a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code ("Code") and you are performing services for that organization in the exercise of your ministry.
- **Government and for-profit employment.** You can participate if you are employed by an organization other than an organization under Code Section 501(c)(3) and you are performing services for that organization in the exercise of your ministry (*e.g.* a chaplain in a state prison, the U.S. Armed Forces, or a for-profit hospital).
- **Self-employment.** You can participate if you are self-employed and you are performing services in the exercise of your ministry.

In each of the above circumstances, dues to the Pension Plan and/or contributions to the TDRA can be paid only on salary or earned income received for performing services in the exercise of ministry. Additionally, housing allowance can only be declared on distributions that are related to service in the exercise of ministry. It is, therefore, very important to understand what is meant by services performed "*in the exercise of ministry*" for each of these purposes.

I. GUIDANCE ON SERVICES IN THE EXERCISE OF MINISTRY

Guidance from the Internal Revenue Service ("IRS") indicates that services by a credentialed minister "in the exercise of ministry" generally include the following:

- The ministration of sacerdotal functions such as baptisms, communion, marriages, funerals, and prayer for the sick, regardless of whether or not performed for a religious organization.
- The conduct of religious worship, regardless of whether or not performed for a religious organization.
- The control, conduct, and maintenance of religious organizations (including the religious boards, societies, and integral agencies of such organizations) under the authority of a church or denomination, including directing, managing or promoting the activities of such organization. This includes credentialed ministers who are administrators or executives of a religious organization controlled by or affiliated with a church or denomination.
- The performance of teaching and administrative duties at a theological seminary.

- Service performed by a minister pursuant to a specific assignment or designation by his or her church, for an organization which is neither a religious organization nor operated as an integral agency of a religious organization, even if the services do not involve performing sacerdotal functions or conducting religious worship. The assignment or designation must be issued prior to the minister obtaining the employment and must be directly related to the accomplishment of the purposes of the church.
- Services performed by a minister as an employee of the United States, a state, territory or possession of the United States, or a political subdivision of any of the foregoing, or the District of Columbia, if the services performed are ordinarily the duties of a minister.¹
- Writing religious books or articles.
- Service at a church-related or tax-exempt hospital or retirement home as a chaplain.
- Service performed as a member of a religious order in the exercise of duties directed and required by the order.

IRS guidance indicates that the following are not services in the exercise of a minister's ministry:

- Services performed for non-religious organizations other than sacerdotal functions or religious worship, unless the services have been assigned or designated by the minister's church.

The IRS looks at both the nature and the quantity of the activities in assessing whether services are in the exercise of ministry. These are very fact sensitive determinations and the IRS, Tax Court, and courts are not always consistent in determining whether a minister is providing services in the exercise of ministry. **Pension Fund encourages you to consult with a tax professional to determine whether the services you are performing qualify as in the exercise of ministry.**

II. EXAMPLES OF SERVICES IN THE EXERCISE OF MINISTRY

The following are examples of services performed in the exercise of ministry:

- A credentialed youth minister who regularly performs sacerdotal duties and conducts religious worship.
- A credentialed minister who performs marriages, baptisms, and funerals in addition to his full-time secular job (but only with respect to such sacerdotal functions).
- A credentialed minister who serves as a chaplain of a university and whose duties as chaplain include the conduct of religious worship, offering spiritual counsel to university students, and teaching a class in religion.
- A credentialed minister who is engaged by a religious organization's board to serve as director of one of its departments, where the board is an integral part of the religious organization operating under the authority of a denomination.

¹ Note that while ministers performing services in the exercise of ministry are generally subject to SECA tax, ministers in government service as described in this paragraph, commonly referred to as chaplains, are subject to FICA tax, not SECA tax. *See* Treas. Reg. § 1.1402(c)-5(c)(3). Note further that while a chaplain in the Armed Forces can participate in the Pension Plan and TDRA, such service is not considered service in the exercise of ministry for purposes of housing allowance. *See* Treas. Reg. § 1.107-1(a).

- A credentialed minister who is assigned by her church to advise a company in connection with the publication of a book outlining the history of the church.
- A credentialed minister who serves as an administrator of a church and whose duties relate to the administration and maintenance of the church and its integral agencies, including supervising the church's finances, fundraising program, plant and equipment, kitchen operations, and housekeeping.
- A credentialed minister who serves as a chaplain in a religious, nonprofit or for-profit hospital.
- A credentialed minister who teaches theology at a church-operated seminary.
- A credentialed minister who serves as a faculty member or administrator of a university that is an integral agency of the church.
- A credentialed minister who works in an administrative capacity for a general ministry of his religious denomination.

III. EXAMPLES OF SERVICES NOT IN THE EXERCISE OF MINISTRY

The following are examples of services that are not performed in the exercise of ministry:

- A minister of music for a church who is not credentialed by a church or denomination and who directs the church choir, oversees the music program at the church, and plays the organ during church services.
- A minister of visitation whose responsibilities include hospital visitation and visiting new church members, and who is not a credentialed minister.
- A credentialed minister who is a full-time counselor for an organization that helps recovery from addictive disorders through spiritual ministration and counseling.
- A credentialed minister who teaches history and mathematics at a non-religious university.
- A credentialed minister who is employed by a non-religious charitable organization to direct its advisory council and coordinate its cultural programs.
- A credentialed minister employed as an administrator by an interdenominational seminary.

Pension Fund of the Christian Church

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

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

E-mail: pfcc1@pensionfund.org • Website: www.pensionfund.org