

## Worksheet for Calculating Housing Allowance Exclusion for Retired Ministers

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

**Under current law**, retired ministers may exclude all or a portion of their church retirement pension from gross income as housing allowance if the pension represents contributions made while performing services in the exercise of ministry.

The Pension Fund Board has made a **100% housing allowance designation** with respect to the following amount:

- the retired minister's pension under the Pension Plan

If the retired minister has elected recurring distributions under the Tax-Deferred Retirement Account (TDRA), the recurring distributions under the TDRA are also eligible for a housing allowance designation of up to 100%. The designation must be submitted to Pension Fund in advance of the upcoming tax year. It is a one-time designation that can be changed in the future if needed by contacting Pension Fund.

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 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.

**You can use the following worksheet to assist you in determining your housing allowance exclusion for the calendar year:**

### STEP ONE: Enter housing expenses

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)	\$ _____
	<b>TOTAL</b>	\$ _____

**STEP TWO: Enter fair rental value of home furnished, plus utilities** \$ \_\_\_\_\_

**STEP THREE: Enter Pension Plan payments plus TDRA recurring payments** \$ \_\_\_\_\_

**Your housing allowance exclusion is the lesser of the results of STEP ONE, STEP TWO or STEP THREE.**

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