

RS 501 2017 RENTAL/HOUSING ALLOWANCE FOR RETIRED CLERGY  
AND/OR DISABLED CLERGY

(Adopted 06/11/2016)

The Western Pennsylvania Conference of The United Methodist Church (the "Conference") adopts the following resolutions relating to rental/housing allowances for active, retired, or disabled clergy persons of the Conference:

WHEREAS the religious denomination known as The United Methodist Church (the "Church") of which this Conference is a part, has in the past functioned and continues to function through ministers of the gospel (within the meaning of Internal Revenue Code section 107) who were or are duly ordained, commissioned or licensed ministers of the Church ("Clergypersons");

WHEREAS the practice of the Church and of this Conference was and is to provide active Clergypersons with a parsonage or a rental/housing allowance as part of gross compensation;

WHEREAS pensions or other amounts paid to retired and disabled Clergypersons are considered to be deferred compensation and are paid to active, retired and disabled Clergypersons in consideration of previous, active service; and

WHEREAS the Internal Revenue Service has recognized the Conference (or its predecessors) as the appropriate organization to designate a housing/rental allowance for Clergypersons who are members of this Conference and are eligible to receive such deferred compensation;

THEREFORE BE IT RESOLVED that an amount equal to 100% of the pension or disability payments received from plans authorized under *The Book of Discipline of The United Methodist Church* (the "*Discipline*"), which includes all such payments from the General Board of Pensions and Health Benefits ("GBOPHB") during the year of 2017, by each active, retired, or disabled Clergyperson who is or was a member of the Conference or its predecessor, be and hereby is designated as a rental/housing allowance for each such Clergyperson;

BE IT FURTHER RESOLVED that the pension or disability payments to which this rental/housing allowance applies will be any pension or disability payments from plans, annuities, or funds authorized under the *Discipline*, including such payments from the GBOPHB and from a commercial annuity company that provides an annuity arising from benefits accrued under a GBOPHB plan, annuity, or fund authorized under the *Discipline*, that result from any service a Clergyperson rendered to this Conference or that an active, a retired or a disabled Clergyperson of this Conference rendered to any local church, annual conference of the Church, general agency of the Church, or other institution of the Church, former denomination that is now a part of the Church, or any other employer that employed the Clergyperson to perform services related to the ministry of the Church or its predecessors, and that elected to make contributions to, or accrue a benefit under, such a plan, annuity, or fund for such active, retired or disabled Clergyperson's pension or disability as part of his or her gross compensation.

NOTE:

The rental/housing allowance that may be excluded from a Clergyperson's gross income in any year for federal income tax purposes is limited under Internal Revenue Code section 107(2) and regulations there under to the least of: (1) the amount of the rental/housing allowance designated by the Clergyperson's employer or other appropriate body of the

## VII Legislation

Church (such as this Conference in the foregoing resolutions) for such year, (2) the amount actually expended by the Clergy person to rent or provide a home in such year, or (3) the fair rental value of the home, including furnishings and appurtenances (such as a garage), plus the cost of utilities in such year.

Gary Grau, Chair, Board of Pensions

### RS 502 2017 COMPREHENSIVE BENEFIT FUNDING PLAN SUMMARY (Adopted 06/11/2016)

WHEREAS ¶ 1506.6 of *The Book of Discipline of The United Methodist Church* 2012 requires each annual conference to develop, adopt, and implement a formal comprehensive funding plan or plans for funding all of its benefit obligations;

WHEREAS this funding plan must result in the retirement of the respective annual conference's pre-82 pension obligations between December 31, 2021 and December 31, 2025;

WHEREAS this funding plan shall identify funds designated by the Annual Conference and protected for the exclusive purpose of retiring its pre-82 pension obligations;

WHEREAS the Western Pennsylvania Conference ("WPAUMC") Board of Pensions has submitted the following funding plan, which shows that, as of January 1, 2015 (the actuarial valuation date for determining 2017 Contributions due), the WPAUMC's pre-1982 obligations have been fully funded:

WHEREAS in the opinion of Wespath Benefits Investments ("Wespath"), formerly the General Board of Pensions and Health Benefits of The United Methodist Church, the funding plan described above meets the comprehensive funding plan requirements of ¶ 1506.6 of *The Book of Discipline of The United Methodist Church* 2012; and

WHEREAS The WPAUMC Board of Pensions is in receipt of a written opinion from Wespath that this funding plan meets the funding requirements of ¶ 1506.6 of *The Book of Discipline of the United Methodist Church* 2012;

THEREFORE BE IT RESOLVED that the Western Pennsylvania Conference approve the following Western Pennsylvania Conference 2017 Comprehensive Benefit Funding Plan Summary:

#### **Western Pennsylvania Conference 2017 Comprehensive Benefit Funding Plan Summary**

The 2012 *Book of Discipline* ¶ 1506.6 requires that each annual conference develop, adopt and implement a formal comprehensive funding plan for funding all of its benefit obligations. The funding plan shall be submitted annually to Wespath for review and be approved annually by the annual conference, following the receipt and inclusion of a favorable written opinion from Wespath. This summary document is only a portion of the information contained in the actual signed funding plan. As such, it might not contain all the information required for a comprehensive view of the benefit obligations of the conference. You may request the full contents of the 2017 comprehensive benefit funding plan from your conference benefit office.

Following is the summary of the Comprehensive Benefit Funding Plan (CBFP) for 2017 conference benefit obligations:



## **Procedural Aspects of the Exclusion**

Most local churches or other employing units of The United Methodist Church do not include the amount of the housing allowance (e.g., the fair rental value of a parsonage or housing allowance payments provided to a clergy person) on informational returns such as W-2s, 1099s, etc. Therefore, most active clergy never need to show the exclusion of the housing allowance when filing their federal income tax returns.

The retired clergy person faces a different situation. Because distributions from pension programs must be reported to the IRS, the General Board of Pension and Health Benefits of The United Methodist Church (General Board) reports the full amount distributed to the retired clergy person during the year. The clergy person must take the responsibility of actually excluding the housing allowance from his or her reported gross income.

The retired clergy person will receive from the General Board an *IRS Form 1099R*. A copy of the form should be attached to the federal income tax return (and likewise, to any state or local return) filed by the clergy person. This form reflects the amount of money received from the General Board. When calculating total (gross) income, the clergy person must report all pension payments on line 16a "Total Pensions and Annuities" (*IRS Form 1040* for 2001). The retired clergy person should then report on line 16b (*IRS Form 1040* for 2001) the taxable amount of his or her retirement income, i.e., the total amount of the retirement income minus the sum of: 1) the portion of the retirement income attributable to after-tax personal contributions (if any), and 2) the portion being excluded in accordance with section 107 of the Internal Revenue Code.

The retired clergy person who is taking a housing allowance exclusion should also add an explanatory note. Next to Line 16b (*IRS Form 1040* for 2001), the clergy person should write "See note," and, on a separate sheet of paper, should designate a "Note to Line 16b." The note should include language similar to the following: "I received \$xxx from the General Board of Pension and Health Benefits of The United Methodist Church, Incorporated in Missouri as reported by the attached 1099R. I did not include \$yyy of this amount on Line 16b, because it has been excluded under the provisions of section 107 of the Internal Revenue Code as a housing allowance exclusion. As a retired United Methodist clergy person, I am entitled to take this housing allowance exclusion." An explanation of this type should be sufficient in most situations.

Please note that the *IRS Form 1040* is revised annually. Accordingly, the references to specific lines may change from year to year.