CENTRAL
ATLANTIC
CONFERENCE



UNITED
CHURCH OF
CHRIST

2027
CLERGY COMPENSATION GUIDELINES

INTRODUCTION

The Central Atlantic Conference recommends the following guidelines to local churches of the Central Atlantic Conference UCC when calling a pastor and setting up the compensation package. The Conference also recommends using the guidelines updating the compensation package of a pastor who has been with a congregation for years.

These guidelines focus on the total cost of funding the position and include recommendations around specific parts of the package. We recommend that you start with the minimum total needed to fund the position adequately and then work with the best allocation of that total to meet the needs of your pastor.

Conversations on salary considerations need to be grounded in the following:

The Covenantal Relationship: When a church calls a person to assume responsibility as pastor and teacher, it covenants with that person, with God, and with the wider church to care, support, and grow in love and fairness. An important part of the covenantal relationship is an annual review of what the Church is doing and how it compensates those who are its workers, and these guidelines should be seen in that context.

The Concept of Stewardship: We are the stewards of God's resources as they are present in our lives and the life of the Church. In seeking to best use the resources entrusted to its care, a local church should be sensitive to its mission statement and aware of the needs of its staff members. Being good stewards implies that we are trying to act as God wants us to. Being good stewards means struggling with issues like how God is calling us to compensate our employees, to care for our volunteers, and to give to the wider mission and ministry of the denomination.

The Concept of Justice: The concept of justice calls us to provide fair and adequate support for those who labor in the local church. This support means providing adequate salaries, uninterrupted times for rest and relaxation, and providing for the staff's continued growth. Pastors are entitled to be treated equitably for payment of services, and their working conditions should be reviewed annually.

We propose these guidelines for ministerial compensation for all authorized ministers serving as pastors in the Central Atlantic Conference.

The CAC recognizes the challenges local congregations face in meeting operating budgets while continuing to do God's work. We urge local churches to prayerfully consider how they can meet the compensation guidelines outlined in this document to the best of their abilities.

The Conference intends that this handbook be made available to:

- Local church governing bodies
- The clergy of the Conference
- Committees on Ministry
- Local Church Search Committees
- Potential candidates

The guidelines are also available on the CAC website (www.cacucc.org).

There are two major situations where these guidelines can be useful:

- When a pastor is called initially to a church, the compensation guidelines should assist both the pastor and the congregation by providing a CAC-wide frame of reference for salary, housing, and benefits.

- While developing a church's annual budget, the guidelines should continue to provide ongoing guidance for appropriate compensation packages for the church's pastoral staff.

The Conference recognizes the unique challenges faced by small churches. We will be happy to partner with them to suggest ways to use the guidelines in compensating pastoral staff.

The CAC ministry team and Association Committees on Ministry remain ready to help church leaders develop and understand appropriate compensation packages for both new and current pastors. Consultation with conference staff and this document should help to enable all CAC churches to work together in implementing these guidelines.

As we move forward in ministry, our goal is to provide resources to support you in your ministries, including this updated document. Please continue to share your ideas on ways we can give that support most effectively.

Compensation Philosophy
The conference is sensitive to the evolution of multiple paths of preparation for ordained ministry. These guidelines are designed to acknowledge both the size of a church's congregation and the number of experienced years an ordained minister holds, regardless of their path to ordination. This handbook assumes that pastors, given their years of graduate education and the significant responsibilities of parish leadership, will be adequately compensated by CAC churches. Indeed, the philosophy of this handbook is that churches will aim to provide pastors with a standard of living relatively free of financial stress and a salary that is comparable to other professional occupations requiring post-graduate degrees, other educational certification, and significant experience in ministry. Several major factors have been used by the CAC (and many other UCC Conferences) to establish minimum guidelines for pastoral compensation. These factors include 1) the number of church members and 2) the number of years of relevant pastoral experience. The grid provides only cash salary payments and is separate from costs for housing and other benefits.

THE PASTOR'S COMPENSATION PACKAGE

There are several models of Pastor Leadership, including full-time pastoral leadership in one local setting, full-time pastoral leadership serving in more than one local setting, and bi-vocational pastoral leadership serving in one local setting and a secular setting. Our compensation guidelines should be employed to ensure equitable compensation for each model.

The pastor's compensation package includes cash salary, housing (**either a parsonage or a housing allowance based on local market conditions)**, benefits including pension, insurance, vacation, and other leave (including sabbatical), and Social Security offset.

CASH SALARY

Cash salary is money provided for services rendered, exclusive of housing and other benefits. Clergy who rent or own their own home typically receive from the church a housing allowance equivalent to an additional 30% of their base salary. Please note, however, that the IRS guidelines can allow a higher percentage of housing allowance based upon the rental value of property, utilities, etc., in a higher cost of living area.

The Central Atlantic Conference gives minimum cash salary recommendations for clergy based on church size and the person's total years in ministry. Congregations may also review the compensation levels of other professionals in their community, such as those in the area of education, to determine equitable compensation for your community.

Salary Grid: The Conference recommends that all churches attempt to meet the minimum cash salary grid below. The salary grid is based on the number of members in the congregation and years of experience the pastor has in the ministry. The first column in the grid represents an entry-level salary recommended for persons with no prior pastoral experience. Other columns show the recommended minimum salaries for different levels of experience, using a factor of a 1% increase in salary for each year of experience.

This grid contains information regarding the cash salary component of the compensation package only. Compensation for housing based on local market conditions (assuming the church does not provide a parsonage). Churches will need to add benefits to these dollar figures.

These recommendations are based on a modest three percent increase over the previous year's guidelines. If the church is able to exceed the recommendations to maintain compensation with the rate of inflation they are encouraged to do so.

Associate Pastor - The recommended salary for Associate Clergy is 85% of Senior Pastors for comparable experience and education. The ministry of a clergy associate should be highly valued and compensated equitably. An Associate, Assistant, Minister of Christian Education, or ordained clergy employed to serve in any other role is treated as a full staff member and entitled to fair and equitable compensation. Use the minimum guidelines to establish a salary range for additional professional staff. The compensation package should consider the church size, the person's education, and total years in ministry.

Interim Pastors - Churches normally hire an interim minister for the time between the departure of a pastor and the calling of a new pastor or a "sabbatical interim pastor" when a pastor is granted sabbatical leave. Full-time, interim ministers should be paid on the same scale as other full- time clergy. For part-time service,

the percentage of time served dictates the percentage of full-time salary in addition to benefits and expenses. These arrangements may be negotiated with the aid of the Conference Ministry Team.

Supply Pastors - The local church should establish adequate salary compensation for supply and interim ministers. It is recommended that occasional pulpit supply pastors receive a minimum of $175 plus mileage for conducting a worship service. If your church holds more than one service per day, consider increasing your honorarium to $225 plus mileage.

CAC UCC Pastor's Minimum Salary Grid 2026

No. of church members	Entry Level	5 yr. Exp.	10 yr. Exp.	15 yr. Exp.	20 yr. Exp.	20+ yr. Exp.
<100	47,291	49,743	52,113	54,484	56,850	
100-199	54,118	56,764	59,468	62,170	64,873	
200-299	57,655	60,567	63,076	65,784	68,495	
300-399	58,055	60,949	63,862	66,852	69,669	Add
400-499	61,851	65,041	68,135	71,233	74,331	1.00%
500-599	65,191	69,109	72,412	75,700	78,992	for
600-749	69,316	74,217	77,802	81,361	84,817	each
750-949	75,994	80,960	84,382	88,668	92,629	additional year
>950	82,652	88,487	92,704	96,918	101,131	experience

1. Part-time Compensation - Congregations who call pastors to less than full-time service should use the salary grid to determine the recommended minimum salary. Locate on the grid the salary for a full-time pastor for their church and the pastor's experience and

then multiply that salary by the percentage of full-time service worked by the part-time pastor. [Example: A church with 200 members hires a part-time minister with 10 years of experience for half-time. The recommended cash salary is $63,076 (Salary Grid) x .5 (50%) or $31,538

Alternatively, a part-time pastor may be compensated on an hourly rate if the number of hours varies from the normal quarter-time or half-time basis. Whether a church uses a part-time FTE or an hourly rate, the grid serves as a useful tool to assess a living wage cash salary. Clergy employed 24 hours or more per week should receive housing/housing allowance and all benefits.

HOUSING

1. Housing Allowance- When the pastor owns or rents a home, the church should pay a housing allowance based on local market conditions. The Housing Allowance should be determined in keeping with IRS guidelines including maintenance and utilities. The minimum recommended housing allowance is the fair rental value (furnished) of suitable properties in the local market plus utilities and maintenance, but not less than 30% of the pastor's cash salary. Local housing can be the greatest variable in costs from region to region within the CAC. This is of particular concern in high cost of living areas, where special attention should be given to ensure that the housing allowance reflects market conditions. Please see the appendix for a housing allowance worksheet.

   Please Note:
   The congregation benefits from the equity built up in their parsonage. Ministers living in parsonages are unable to build home equity and may find it difficult to purchase a house at retirement. The church should consider contributing to a "Parsonage Equity Plan" for the minister to be used at the time of his/her retirement.

2. Resources to Assist in Deriving Local Market Housing Information – see Appendix 2

3. Procedures for Qualifying Housing-Related Income as Tax-Free – For federal tax reporting purposes, clergy who rent or own their own homes can designate a portion of their cash salary as a "housing allowance." The amount of this allowance is not limited by a percentage of the base salary, but rather by the actual cost of housing-related expenses such as utilities, repairs, interest, taxes, and furnishings. According to the IRS, the actual housing allowance for the pastor is the smallest of the following:
   a. The percentage designated before the beginning of the year.
   b. The actual amount spent on housing; or
   c. The fair market rental value of the house (FURNISHED).

   Before the beginning of the calendar year, the church and pastor designate a percentage of the pastor's cash salary as a housing allowance. Normally this is not more than 50% of the total compensation. To satisfy IRS requirements the salary and parsonage allowance is listed as a line item in the church's annual budget. To protect against the loss of this tax benefit due to the inadvertent failure of the church to designate an allowance, churches can adopt a "safety net" allowance. A safety net allowance is a financial support system for individuals

or families facing financial hardship. This allowance may include cash assistance, insurance coverage, housing subsidies, or other forms of support to ensure that the pastor and their family have access to a minimum standard of living. Please see the appendix for a housing allowance worksheet.

4. Parsonage - If a pastor chooses to live in the parsonage, the parsonage should be attractive, comfortable, and well-maintained. It should be spacious enough for adequate sleeping quarters and a guest room. Appliances should be modern and in good working condition. All utilities (heat, light, water, garbage collection, yard maintenance, and basic telephone service) should be provided by the church. Other expenses of maintaining a home may be excludable from income under IRS regulations. The parsonage should be regarded as the pastor's private home.

Clergy living in a parsonage are advised to designate a portion of their cash salary as a "furnishings allowance." To the extent that it is used to pay for parsonage-related expenses, this allowance is not subject to income taxes. This allowance is normally not more than 10% of their salary.

5. Home Equity Fund for Pastors Who Rent or Live in a Parsonage - To compensate for the loss of home equity by pastors who live in a parsonage and those who rent, the church should establish a home equity fund. It is recommended that $2,500- $4,500 be placed in this fund each year, to be held in trust and given to the pastor at the time that he or she leaves the parish. The pastor may choose another means to receive the home equity funds.

EXAMPLE OF A HOUSING ALLOWANCE RESOLUTION

Resolved, that the designation of _% or $__ as a Housing Allowance shall apply to the calendar year 2027 and all future years unless otherwise provided.

BENEFITS

1. Pension - The UCC Annuity Fund, a tax-sheltered annuity offering both fixed and variable annuities, is excellent and every church is strongly encouraged to participate. The recommended level of participation is 14% of the salary base. Salary base equals 130% of cash salary plus social security offset if the pastor lives in a parsonage. For a pastor who receives a housing allowance, the salary base is the cash salary plus the housing allowance plus the social security offset. Pastors are allowed to make tax-sheltered contributions to the same annuity plan within the restrictions of the applicable IRS guidelines. UCC pension contributions are not reported as current income for tax purposes.

2. Insurance - The comprehensive insurance program of the United Church of Christ for clergy includes health insurance, dental insurance, group term life insurance, short- and long-term disability insurance (family protection plan). This insurance is available through the UCC Pension Boards for congregations.

3. Health Insurance - The UCC Health Insurance Program, operated by the UCC Pension Boards provides medical and dental insurance for pastors and their families. It is recommended that

churches pay 100% of the premiums for the most comprehensive medical and dental insurance offered by the UCC program for pastors and their families.

4. Life Insurance and Disability Income Benefit Plan - This Plan provides disability income and decreasing term life insurance to aid families in case of disability or death. It is recommended that churches pay the premium for this Plan which is 1.5% of cash salary and housing allowance. In case of disability or death, it is recommended that a local church continue to pay the pastor's salary for three months until the Life Insurance and Disability Income Benefit Plan becomes effective.

5. Professional Malpractice Insurance - It is recommended that all churches purchase professional malpractice insurance to protect pastors in the event of a lawsuit due to pastoral counseling. Churches insured through the UCC Insurance Board already have this insurance as a component of the Program.

6. Tenant's Insurance - It is recommended that all churches provide tenant's insurance for all pastors who live in a parsonage.

7. Vacation and Other Leave
   a. Vacation – Pastors receive at least four weeks of annual paid vacation. In addition, eight days within each month should be regarded and granted as personal time for the purpose of rest and renewal.

   b. Sick Leave – During periods of temporary illness, salary and benefits will be paid. After one month and six months respectively, the Pension Boards Short- and Long-Term Disability Plans will provide coverage as indicated in the Life and Disability Plan documents provided by the Pension Boards.

   c. Family Medical Leave – Churches should make every effort to comply with the Family Medical Leave Act of 1993 in instances of need such as childbirth, adoption, elder care, or other crises covered under this Act.

   d. Parental Leave – Parental leave with pay up to eight weeks may be taken by arrangement with the church. An ordained minister who is the parent of a newborn and/or newly adopted child or who is pregnant, or a single parent may take, in addition to the paid leave, up to three months total leave, the last month of which is either accrued vacation time or leave without pay.

   e. Continuing Education – Annual leave of at least two weeks and an annual allowance of $1,200 for continuing education should be given to every pastor. Pastors should report the results of their educational endeavors to the Pastoral Relations Committee. Whatever the dollar amount the church provides, it should be used in its entirety each year and not accrue.

   f. Sabbaticals – It is recommended that every church have in its written contract with the pastor the provision of a three to four-month sabbatical leave every five years with full pay and benefits. The sabbatical should be a time of study, travel, or experience of personal renewal for the pastor. Pastors should plan on continuing to serve the same church for at least one year after taking such sabbatical leave. Churches should plan for the resources necessary to

provide continued ministerial coverage during a pastoral sabbatical.

8.Social Security Offset - For Social Security purposes, pastors are classified as self-employed. In contrast to other workers, pastors must pay all of their own social security tax. **The rate for 2026 is 15.3%** on self-employment income up to **$176,100**. They do not pay Social Security taxes on earnings above that amount. Congregations are urged to share this burden by providing an allowance equal to approximately one-half the pastor's social security tax **(7.65%).** Pastors must report this income for tax purposes.

9. FAMLI- Family and Medical Leave Insurance-**For Employees in Maryland** Starting January 2028, eligible employees in Maryland will be able to take up to 12 weeks of paid, job-protected leave. Employees will be able to welcome a new child, tend to a serious health condition, care for a loved one, or manage urgent family needs related to deployment. (more information) Deductions of **0.9%** of wages up to the Social Security wage cap will be collected to fund the program. The contribution amount is **split equally between employers and employees (0.45% each**). This rate will apply to wages paid from January 1, 2027 through December 31, 2027.

PROFESSIONAL EXPENSES

A pastor's professional expenses are not included in the base salary. Expenses such as the use of the pastor's automobile, books, and periodicals, etc. are costs to the church of providing pastoral services and should be reimbursed. Professional expenses are a part of the operating costs of the church and should not be considered as additional tax-free salary. Churches have many business/professional expenses which ministers incur as they carry out the work of the church.

Tax law allows the deduction of business expenses only after the minister has spent more than 2% of adjusted gross family income on such expenses. THEREFORE, it is important that churches reimburse or pay directly all costs which the pastor incurs for "doing business" for the church, so that the pastor is not paying income tax on reimbursement for church expenses. These should include at least the following:

1. Automobile. Churches may want to consider leasing an automobile for the pastor's professional use. Even in this situation, insurance, gasoline, and maintenance expenses should be reimbursed. If the church does not provide an automobile, an automobile allowance should be provided that it at least equals the annual IRS per mile deduction (***effective 07/01/26-12/31/2026: 76 cents/mile***. irs.gov) Pastors need to submit detailed expense records to the church.

2. Books and Periodicals. In order to encourage the continuing education of pastors and to provide literary resources for preaching and teaching, all churches should provide a minimum allowance of at least $300 annually for the purchase of books and literature. Pastors need to submit detailed expense records to the church.

3. Conference/Association Expenses. All non-reimbursed expenses for attending Conference and Association meetings should be paid by the church. The time involved for attending these meetings and also serving on Conference or Association committees is considered part of the local church's participation in the church's wider ministry and not as vacation time or personal

leave.

4. Background Check Reimbursement. When a Pastor is called to a church or other setting, the cost of the required criminal background check shall be reimbursed to the Pastor by the calling body.

5.Community of Practice Vocational support makes a tremendous difference in the mental and leadership heath of a pastor. It curbs isolation and provides a web of collegial care. The church should offer to cover the fee for and encourage participation in a Community of Practice. (2025 rates are $250 a year.)

6. Other Professional Expenses. Churches should pay all other expenses including stationery, telephone, computer or word processor maintenance, postage, and dues for professional organization membership. Pastoral expenses for official entertainment of parishioners or prospective members should be paid by the church.

7. Reimbursement Plans. Reimbursement plans have a distinct advantage for ministers in that the money is not taxable as income. Many churches use a reimbursement plan to pay for the pastor's professional expenses described above. Alternatively, a Flexible Spending Account may be set up. Using a written plan that meets the requirements of the income tax regulations, the church may set aside money for additional expenses not covered by health and dental plans, or the pastor may elect to set aside part of his/her salary for this purpose. It may cover eye, dental, drug and any non-covered health expenses for the minister or the minister's family.

Reimbursement plans must abide by the following rules:

A. A specific amount of money is set at the beginning of the year.
B. The money is paid according to submission of expenses.
C. Unused money must remain in the church account.

If the money is being set aside from the minister's salary, it is advisable that the estimate at the beginning of the year be low to minimize the risk of having money left unused at the end of the year.

CONSIDERATIONS FOR SMALLER CHURCHES

While the salary grid should be appropriate for a majority of the CAC churches, there are at least three situations that require additional comment.

1. Annual Church Budget of more than $195,000 per year and fewer than 200 members - For churches with annual budgets of more than $195,000 per year with fewer than 200 church members, it may not be equitable to pay the pastor strictly according to the Salary Grid. In such unusual situations, it is recommended that the pastor's salary reflect the complexity of the pastor's workload (e.g., people other than members served by the church, large physical plant), the church's total financial resources (including endowments and other special funds) and the size of the church's annual budget. Churches in this situation are encouraged to consult with their Associate Conference Minister.

2. Annual Church Budget less than $120,000 per year - Churches in this situation are encouraged to consult with their Associate Conference Minister.

   The CAC recognizes that churches with small congregations and annual budgets less than $120,000 per year face challenges in meeting the minimum salary and benefit recommendations in these guidelines. Churches in this situation are encouraged to explore ways to allow for clergy coverage of the congregation. while still providing salary and benefits at or above the minimum levels in these guidelines.

   One option is to have a part-time pastor, allowing the clergy person to supplement his or her income by way of another job. It is important that health insurance coverage be provided through at least one of the positions. Another option for churches to consider is a yoked parish. Yoked parishes pool their financial resources to provide salary and benefits for a pastor whose duties are shared with another congregation.

3. Very Small Churches with Part-time Pastor - For churches with part-time ministers, the salary grid can be useful both in determining the compensation of the minister and comparing what they can pay with the cash salary grid in these guidelines. Moreover, as the example (see Appendix No. 1) of a church with 60 members and a total budget of $41,000 shows, the grid can be used to determine how closely the compensation meets the conference guideline. An hourly rate, while not very exact, can be one way of projecting out the pastor's salary to what they would be paid if employed on a full-time basis.

PASTORAL RELATIONS COMMITTEE

In compensation and other ministry concerns, it is recommended that each church have a Pastoral Relations Committee. This Committee should meet periodically with the pastor, advise the pastor of the concerns of the congregation, and act as an advocacy group for the pastor's leadership in the church. Constructive evaluation of a pastor's performance and concern for the pastor's compensation might begin with this committee. Local churches are encouraged to consult their Associate Conference Minister for support in developing a Pastoral Relations Team.

SEARCH COMMITTEE

The Conference recognizes the challenges congregations face in periods of pastoral transition. When in search for a pastor, congregations are strongly encouraged to contact their Associate Conference Minister for resources relating to the UCC Search and Call process, pulpit supply, consultation regarding types of transitional pastors, and exploring options for meeting the spiritual, emotional, and financial needs of the

church both during the time of transition and when calling a new pastor, providing equitable pay for their clergy. The CAC understands and appreciate the challenges local churches face in responding to their spiritual, missional, and evangelical calls. The Conference is always willing to engage with local churches in prayerful discernment and deliberation with Search Committees and/or leadership bodies during these important transitions in the life of local churches.

COMPENSATION PACKAGE WORKSHEET

Cash Salary	
Furnishings Allowance (if parsonage is provided is 10% of cash salary	
Housing Allowance (if no Parsonage)	
Social Security Off-set (7.65% of total of Cash Salary and either Furnishings or Housing Allowance)	
Pension (14% of cash salary plus Furnishings Allowance or Housing Allowance and SS offset)	
IF the employer is in Maryland: FAMLI Family and Medical Leave Insurance (0.45%)	
Total Compensation & Benefits **	
** *This total should be at or above the Conference Minimum Guideline*	
Insurances:	
Medical & Dental	
Family Protection Plan	
Disability + Life Insurance (1.5%)	
Worker's Compensation	
Professional Costs:	
Continuing Education & Sabbatical	
Mileage Reimbursement	
Professional Expenses	
Conference/Association Expense	

APPENDICES

APPENDIX No. 1

Estimate of Minimum Recommended Salary and Benefits Package for the year 2026-2027

Part-time Pastor
Very Small Church, 5 years of Pastoral Experience – with Housing Allowance
(with fewer than 60 members)

Cash Salary

Item	**Annual Cost**		
Cash Salary	$12,435.75	(a)	(10 hours/week)
Housing Allowance	$3,730.73	(b)	(minimum)
Social Security Offset	$1,236.74		
MINIMUM BENEFITS			
Health Insurance	$4,279.82		(25% of Pastor's total)
Pension (14%)	$2,436.45	(c)	
EXPENSE REIMBURSEMENT			
Professional Expenses (est.)	$975		
ESTIMATED TOTAL COST	**$25,094.49**		
Est. Minimum Church Budget	$50,000	(d)	

(a) Assuming this pastor has five years of experience, the full-time equivalency (FTE) for this size church, salary for 2026 would be $47,968, at 10 hours per week (calculated as 25% time, the grid calls for a 25% cash salary of $11,992

(b) See Housing section (p. 6) for ideas for setting housing costs – This estimate is based on 30% of the base salary. This number may be adjusted for the factors listed on page 6. This number should not exceed 50% of base salary.

(c) For pension, based on 14% of total of cash salary, SS offset, and housing allowance = $17,403.22

(d) For this church, the pastor's package is 50.19% of the total church budget.

Last revised: 9/26

MINISTER'S HOUSING EXPENSES WORKSHEET

ANNUAL HOUSING EXPENSES

Rent (if a primary residence was rented for all or part of the year) $_____

Down payment on a home $_____

Remodeling and improvements $_____

Installment payments on a mortgage loan to purchase or improve your home (include both principal and interest) $___

Furnishings and appliances (purchase and repair) $____

Utilities connected with the dwelling (gas, water, sewer, electricity, trash service, telephone charges, internet, etc.) $____

Property insurance $_____

Real estate taxes $_____

Homeowners association dues $_____

Repairs $___

Maintenance (household cleaners, light bulbs, pest control, yard service, etc.) $_____

Miscellaneous home expenses $_____

TOTAL HOUSING EXPENSES $ 0.00

MINISTER'S HOUSING ALLOWANCE

In order to claim Minister's Housing Allowance exemptions for federal income tax purposes on your retirement distributions, you must:

- Have been credentialed during the time the contribution was made
- Have earned the income for the contribution from ministry
- Be retired
- Consider the expenses on your primary residence only

A minister can only claim Minister's Housing Allowance on the lesser of the two amounts listed below:

Actual annual housing expenses for this year (see Total Housing Expenses) $

Actual annual Fair Rental Value (home + furniture + utilities) $

Internal Revenue Code 107, Treasury Regulation 1.107-1(b), and other IRS guidance state that ministers may exclude from their federal taxable income an amount of their pay that is designated as housing allowance pursuant to official action taken by the employing church or other qualified organization before the payment is made.

The following description is intended to provide guidelines under which a minister may declare housing on retirement account disbursements: What constitutes retirement for purposes of these rules regarding SECA tax and the housing allowance depends on an individual's particular facts and circumstances. Ministers with questions about whether they are retired for this purpose should consult their tax advisors. Ultimately, the minister must make this decision. Many facts and circumstances may be relevant in determining whether retirement has occurred. For example, if a minister is receiving retirement benefits from a plan and is making contributions to the same plan, the IRS may not consider that minister retired for purposes of the housing allowance and the favorable SECA tax treatment. Similarly, the IRS may view ministers as not retired if they have not had a meaningful break in service or

change in work duties. Additionally, the IRS may not view you as retired if you are RMD age and have filed the paperwork to delay a required minimum distribution from your retirement account. Ministers and their tax advisors should work together to address the relevant facts and circumstances of each individual case.

Always keep receipts or other records of your actual housing expenses. Keep this document for your records

APPENDIX No. 3
REFERENCE AND RESOURCES

Resources to Assist in Deriving Local Market Housing Information

Below are listed websites that provide information on median owner-occupied and rental housing costs by state or locality in the following areas:

I. rental housing cost data by zip code, area, and type of housing. www.huduser.gov
II. rental housing market data. www.statista.com
III. median single-family home prices by metropolitan area. http://www.zillow.com/
IV. median home prices by state. http://www.zillow.com/
V. U.S. Census Bureau: median rental housing cost data by state. http://www.census.gov/topics/housing.html
VI. U.S. Census Bureau: median housing costs for owner-occupied housing with a mortgage. http://www.census.gov/topics/housing.html

McMahill, David R. ***Completing the Circle, Reviewing Ministries in the Congregation.*** Alban Institute, 2003.

Fisher, Roger,Ury, William & Patton, Bruce (Editor). ***Getting to YES: Negotiating Agreement Without Giving In***. Penguin Books, 1991.

Holck, Manfred. ***Money Management for Ministers***. Augsburg Press, Minn. 1966.

Holck, Manfred. ***Housing for Clergy*** *(NY Times Article)***.**

Holck, Manfred. ***Tax Planning for Clergy***.

The Pastoral Relations Committee. **United Church Resources.** 800-325-7061

The Pension Boards - UCC 475 Riverside Dr., Room 1020 New York, NY 10115	**800-642-6543**	www.pbucc.org
Stewardship and Church Finances Ministry 700 Prospect Avenue Cleveland, OH 44115-1100	**216-736-3858**	www.ucc.org
Pilgrim Press and United Church Resources 230 Sheldon Road Berea, OH 44017-1234	**800-537-3394**	

Federal Income Tax Information	800-424-1040 www.IRS.gov
Social Security Tax Data	https://www.ssa.gov/pubs/EN-05-10003.pdf
State Income Tax Information	https://www.tax.virginia.gov/ https://www.marylandtaxes.gov/ https://revenue.delaware.gov/ https://www.nj.gov/treasury/taxation/