

November 26, 2018

PARSONAGE ALLOWANCE IN RETIREMENT

Dear Retired Cantors and Rabbis:

Each year the Board of Trustees of *The Joint Retirement Board for Conservative Judaism, Amutah* adopts a Resolution with respect to a parsonage allowance for retired clergy for the upcoming calendar year. The Resolution is adopted in accordance with the rules governing a housing allowance under Section 107 of the Internal Revenue Code and Revenue Ruling 75-22 issued by the Internal Revenue Service. Enclosed you will find the Resolution for 2019 which was adopted by the JRB's Board of Trustees on September 6, 2018.

In general, the designation of a pension distribution as a parsonage allowance for retired clergy can be made only by a "church" or a **church pension board**, such as The Joint Retirement Board. By contrast, distributions paid to a retired minister from a different retirement arrangement (such as from a Traditional IRA) generally are not eligible for the favorable tax treatment afforded under the parsonage rules.

When claiming a housing allowance exclusion, the JRB recommends keeping accurate records of the expenses incurred to maintain your home. Generally, these include: rent, mortgage payments to purchase or improve a home, real estate taxes, utilities, structural repairs and remodeling, furnishings and appliances, yard maintenance, homeowners insurance, maintenance items such as household cleansers and, if applicable, homeowners association dues. Also, you should be aware of the limit on the exclusion amount. In general, the amount that can be excluded from income as a housing allowance if you own your home is the lowest value among: a) the amount designated in advance with the JRB as a parsonage allowance; b) the actual expenses incurred to maintain a home; or, c) the fair market rental value of a furnished home, plus utilities. If you rent your home, the allowance generally is limited to the actual rent paid plus utilities. Please note, pursuant to IRS regulations, a parsonage allowance only can be declared on your primary residence.

The JRB cannot guarantee that the IRS will accept its Resolution. In addition, a minister – rather than an employer or the JRB – is responsible to the IRS for substantiating a parsonage allowance exclusion. Accordingly, you or your tax advisor may want to review IRS Publication 517 (Social Security and Other Information for Members of the Clergy) in order to help ensure your parsonage allowance designation is within the prescribed limits.

(over)

Mitchell J. Smilowitz, CPA, *Chief Executive Officer*

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Going forward, for withdrawals to be taken in 2019, you are required to designate a parsonage allowance with the JRB for the coming year in order to avoid having your distribution from the JRB reported as taxable income. Therefore, **please complete, sign and date** the enclosed Parsonage *Memorandum* and return it to the JRB by **December 28, 2018**.

Please note that the JRB cannot provide tax or legal advice and we urge you to discuss the Resolution and any amount you designate as a parsonage allowance in 2019 with a competent tax or legal advisor experienced in the housing allowance rules available to clergy.

We hope this information is helpful. Should you have any questions, please let me know.

Sincerely,

A handwritten signature in blue ink that reads "Mitch".

Mitchell J. Smilowitz, CPA
Chief Executive Officer

RESOLUTION ADOPTED BY THE JOINT RETIREMENT BOARD FOR
CONSERVATIVE JUDAISM ON SEPTEMBER 6, 2018.

RESOLVED, that from and after September 6, 2018, the retirement benefits paid to a retired Rabbi or Cantor from the program administered by The Joint Retirement Board for Conservative Judaism shall constitute a housing allowance paid to him/her to rent or otherwise provide a home, within the meaning of Section 107 of the Internal Revenue Code and Rev. Ruling 75-22 and the regulations thereunder, provided that the portion of such benefits paid in any year which shall constitute a housing allowance shall not exceed the least of (a) the amount officially designated as housing allowance, in writing, in advance; or (b) the actual parsonage-related expenses of operating the home; or (c) the fair rental value, furnished, plus utilities.

RESOLVED, that this resolution shall in no way be deemed to supersede or impair any arrangements with respect to housing allowances that may now or hereafter exist between any Rabbi or Cantor and his/her employer.

09/18