**Housing Allowance Resolution Template**

Key Points

* A church cannot designate a housing allowance retroactively. It may adjust the amount during the year, but it would only apply from that point in time forward.
* Retired clergy are eligible for a housing allowance exclusion if a portion of pension income to “compensate them for past services to the local churches of the denomination or to the denomination” is designated as a housing allowance by the pension board. Retired clergy who receive Church Pension Fund benefits have them designated as a housing allowance (including payments received from 403b plans). This often means a congregation with a retiree should NOT designate any portion of compensation as a housing allowance as it might exceed that allowed by law.
* The diocesan Clergy Minimum Compensation and Benefits Schedule must still be observed. For clergy in church-owned housing, a small portion of stipend may be designated as housing allowance for those housing expenses not paid for by the church (such as furniture).
* The value of housing is liable to the cleric’s self-employment tax. It is helpful for the Treasurer to include that value or amount in Box 14 (information only) of the W-2
* If you have a special situation (e.g. a cleric who lives part-time in a rectory and part-time in their own home), contact the Diocesan Office for guidance.

*The templates provided are intended to be copied and pasted to a blank document, edited with the pertinent information, then printed to provide a verification document for the church and cleric’s file of the housing allowance designation.*

***For clergy in their owns home***

The following resolution was duly adopted by the vestry of [CHURCHNAME] Episcopal Church, [CITY] at a regularly scheduled meeting held on [DATE] a quorum being present:

Whereas, Section 107 of the Internal Revenue Code permits a minister of the gospel to exclude from gross income (in computing federal income taxes) a church-designated allowance paid as part of compensation to the extent used for actual expenses in owning or renting a home; and

Whereas, the Rev. [FULLNAME] is compensated by [CHURCHNAME] Episcopal Church, [CITY] exclusively for the services as a minister of the gospel; and

Whereas, the Church does not provide the Rev. [FULLNAME] with a [vicarage / rectory], therefore, it is hereby

Resolved, that the total compensation paid to the Rev. [FULLNAME] for calendar year [YEAR] shall be a total of $[FULLSTIPEND], of which $[AMOUNTFORHOSUSING] is hereby designated to be a housing allowance; and it is further

Resolved, that the designation of $[AMOUNTFORHOSUSING] as a housing allowance shall apply to calendar year [YEAR] and all future years unless otherwise provided.

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Clerk Signature Date

***For clergy in a church-owned home***

The following resolution was duly adopted by the vestry of [CHURCHNAME] Church, [CITY] at a regularly scheduled meeting held on [DATE] a quorum being present:

Whereas, Section 107 of the Internal Revenue Code permits a minister of the Gospel to exclude from gross income the rental value of a [vicarage / rectory] furnished as part of compensation, and a church designated housing allowance paid as part of compensation to the extent used for actual expenses incurred in maintaining the [vicarage / rectory]; and

Whereas, the Rev. [FULLNAME] is compensated by [CHURCHNAME] Episcopal Church, [CITY] exclusively for services as a minister of the gospel; and

Whereas, the Church provides the Rev. [FULLNAME] with rent-free use of a church-owned [vicarage / rectory] as compensation for services rendered to the church in the exercise of ordained ministry; and

Whereas, as additional compensation to the Rev. [FULLNAME] for services rendered to the church in the exercise of ordained ministry, [CHURCHNAME] Episcopal Church, [CITY] also desires to pay the Rev. [FULLNAME] for expenses that incurred in maintaining the [vicarage / rectory], therefore it is hereby

Resolved, that the annual compensation paid to the Rev. [FULLNAME] for calendar year [YEAR] shall be a total of $[FULLSTIPEND] of which, $[AMOUNTFORHOSUSING] is hereby designated to be a housing allowance pursuant to Section 107 of the Internal Revenue Code, and it is further

Resolved, that the designation of $[AMOUNTFORHOSUSING] as a housing allowance shall apply to calendar year [YEAR] and all future years unless otherwise provided by the vestry; and it is further

Resolved, that as additional compensation for calendar year [YEAR] and for all future years unless otherwise provided for by this vestry, the Rev. [FULLNAME] shall be permitted to live in the church owned [vicarage / rectory] located at [ADDRESS,CITY,STATE], and that no rent or other fee shall be shall be payable by the Rev. [FULLNAME] for such occupancy and use.

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Clerk Signature Date