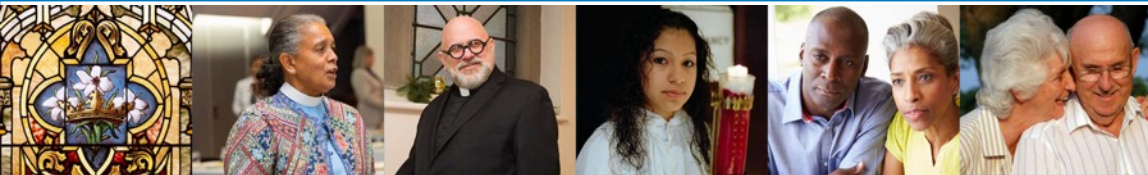


Clergy Tax Talk 2024



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February 22, 2024

≡ Today's Presenters



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Financial Education Client Specialist
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≡ Clergy Taxes



- Clergy have dual tax status
 - Clergy are employees for federal income tax reporting purposes and are self-employed for social security purposes
- Receive Form W-2, not Form 1099-Misc
- Exempt from withholding—make quarterly estimated tax payment to cover both income and self-employment (SECA) taxes anticipated for the current year
- Can voluntarily have tax withheld
 - Include enough to cover estimated self-employment (SECA) tax liability

Federal Income Tax (tax rate based on income)

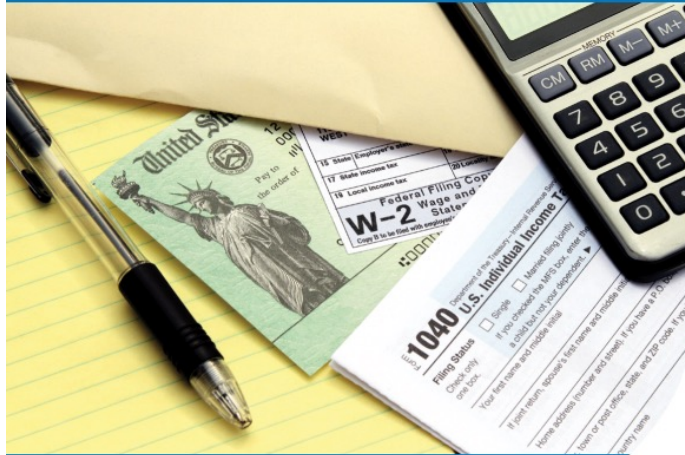
- General Government Services

SECA (15.3%)

- Social Security
- Medicare

2024 Clergy Tax Return Preparation Guide

2024 Clergy Tax Return Preparation Guide for 2023 Returns



Income While Working*

Federal: Taxed as Employee

- Cash salary
- Additional taxable items
 - Non-accountable expense allowance
 - Employer-paid group life insurance > \$50,000
 - Unused portion of your housing allowance
 - Social Security offset
 - Bonuses/special offerings
- Other (self-employment income)
 - Consulting, counseling, or supply service fees

SECA: Taxed as Self-Employed

- Federal taxable earned income
- Housing allowance exclusion



*There may be other income for each category. Contact your tax professional.

Federal Income Tax Exclusions*

- Pre-tax contribution to 403(b) & traditional IRA (within IRS limitations)
- Housing Allowance
 - Cash housing allowance (cleric provided)
 - Lowest amount of: vestry resolution, actual cash spent, or fair market rental value, furnished plus utilities
 - Used to “provide, furnish, and maintain” your primary home
 - Church-provided housing
 - Fair market rental value of church-provided housing as furnished, with utilities if paid by the church



Accountable Reimbursable Business Expense Plan

Travel and other business expenses

- Should be paid directly by the employer, or
- Reimbursed through an Accountable Plan
 - Document usage/expense
 - Condition reimbursement of expense on adequate substantiation (e.g., written evidence of expenses of more than \$75*)
 - Submit for reimbursement within 60 days of incurring expense
 - Not taxable as income
 - Not reported on W-2

*Some employers may require lower amounts and/or receipts for any expense.



Potential Reimbursable Business Expenses



Must be necessary or enhance your job as a cleric

- Books, trade journals, newspapers and publications
- Professional organization dues
- Dues to chambers of commerce and similar organizations
- Continuing education
- Meals and entertaining with a clear business purpose
- Non-commuting transportation (i.e., travel from church to the hospital)
- Business use of cellular phone
- Cost of purchasing and dry cleaning clericals

Federally Taxable Income in Retirement



Salary
(work after
retirement)



**Pension
payment**
in excess of
housing allowance



**Retirement
plan
distributions*
and / or other
investment
earnings**



**RSVP
distributions***
(may be used
for housing
allowance)

Federally Taxable Income in Retirement



Traditional IRAs
fully taxable



Roth IRAs
non-taxable after
age 59½ and if
opened for 5 years



Social Security
may be taxable



Other
(self-employment)

Federal Income Tax Exclusions in Retirement

Housing



Lower of actual cash spent, fair rental value furnished plus utilities, or declared housing allowance (pension benefits and RSVP withdrawals)



If church-related income is earned during retirement, obtain a separate housing allowance resolution from employer

Federal Income Tax Exclusions in Retirement

Non-cash benefits



Post-Retirement Health Subsidy



Up to \$50,000 CPF Life Insurance Benefit
(if you have no other group life insurance from an employer)

Church Pension Group

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NY, NY 10016
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Website: cpg.org

Client Services

Monday – Friday
8:30 AM – 8:00 PM ET
866-802-6333

Email: benefits@cpg.org

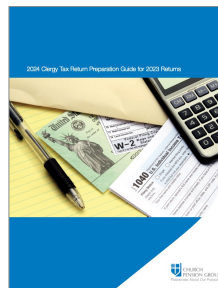
Complimentary Individual Financial Discussions

Committed to helping you retire with more financial security. Our dedicated specialists understand the unique needs of those who serve the Episcopal Church.

Schedule online: cpg.org/letschat



Tax Hotline



Mary Ann Hanson, CPA
877-305-1415

Dolly Rios, CPA
833-363-5751
(Spanish and English)

Take Advantage of Your Resources



Consult a tax advisor/ accountant who understands clergy tax rules

Need a recommendation?
Ask fellow clergy or your
Diocesan Financial Officer

Tax resources by Richard R. Hammar, J.D., LL.M., CPA

2024 Church & Clergy Tax Guide

- Comprehensive, non-denominational guide to U.S. tax law for ministers and churches. May be purchased online at store.churchlawandtax.com

2024 Tax Guide for Episcopal Ministers (for 2023 Taxes)

- Specially edited by The Church Pension Fund to meet the needs of The Episcopal Church
- Available to active and retired clergy free online at cpg.org/taxpubs

2024 Federal Reporting Requirements for Episcopal Churches (for 2023 Taxes)

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