CHURCH PENSION GROUP
Passionate About Our Purpose

Clergy Taxes (Retired Clergy): Understanding the Clergy Housing Allowance



Toni Marie Sutliff
Director
Financial Education and Training

Larry Dresner
Senior Financial Education
Client Specialist

October 29, 2026

Housing Allowance Basics for Taxes



Designate in advance

The vestry or governing body must designate the allowance before the tax year or employment begins.

Amendments apply prospective only.



Income tax

May be excluded from federal income tax

Some states allow the exclusion



SECA taxes

Paid on income from wages, not clergy pension benefits



Allowance cap

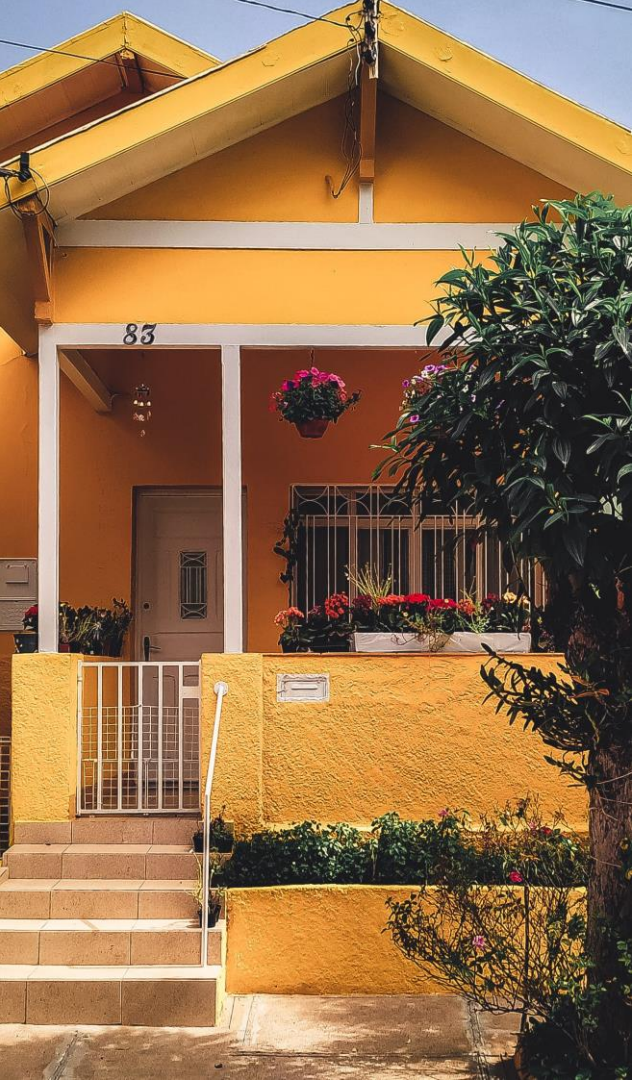
A three-prong test caps the amount



Eligibility

A cleric's surviving spouse is not eligible

Differs from CPG's housing calculation for Church-provided housing



Housing Allowance Exclusion*

For federal income taxes**

Cash housing allowance

(home owned or rented by clergy person)

- Lowest amount of:
  - CPF Resolution – Form B, OR
  - actual cash spent, OR
  - fair market rental value, furnished plus utilities
- Used to “provide, furnish, and maintain” your primary home

*You may be eligible for other exclusions. Contact your tax professional.
**Some states also recognize the housing allowance exclusion.



Housing Allowance Exclusion*

For federal income taxes**

Cash housing allowance
(CCRC or assisted living facility)

- Lump-sum entrance fees in the year paid
- Monthly fees tied to independent or assisted living residential unit (property taxes, utilities, maintenance)
- Ineligible: food, housekeeping, medical or nursing care, entertainment
- Request an itemized breakdown!
- Limited to lower of the amounts noted on prior slide

*You may be eligible for other exclusions. Contact your tax professional.
**Some states also recognize the housing allowance exclusion.

Housing Allowance Exclusions Example

Retired



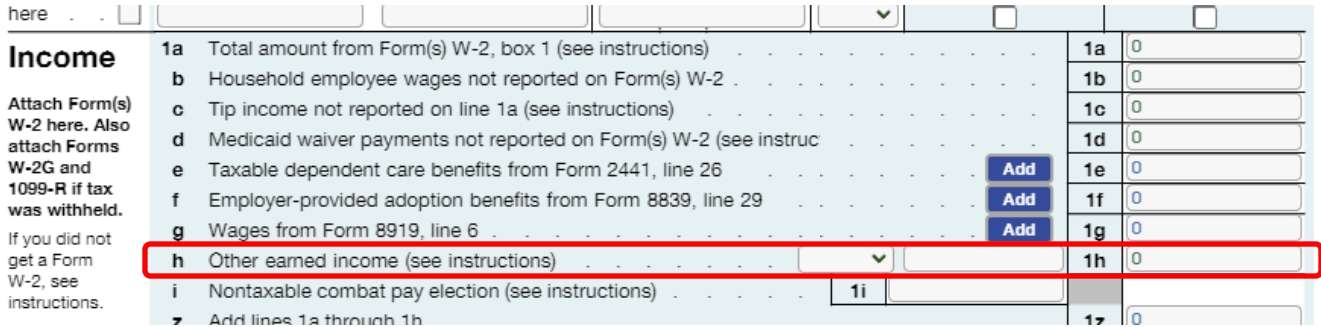
The Rev. John Smith is retired.

Income from The Church Pension Fund (CPF) sponsored retirement plans (100% designated for housing)

CPF pension	$45,000
RSVP withdrawal*	$ 5,000
Total designated for housing	$50,000
Actual cash spent: mortgage payments, utilities, home maintenance and new furniture**	**$40,000**
Fair rental value of the home, as furnished, plus utilities***	$48,000

*Pre-tax contributions and tax-deferred earnings
**This is not an exhaustive list. Be sure to track expenses, keep receipts, and work with a tax professional.
***Work with your tax preparer to calculate this amount.

Filing Your Tax Return



here

Income

Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.

If you did not get a Form W-2, see instructions.

1a	Total amount from Form(s) W-2, box 1 (see instructions)	1a	0
b	Household employee wages not reported on Form(s) W-2	1b	0
c	Tip income not reported on line 1a (see instructions)	1c	0
d	Medicaid waiver payments not reported on Form(s) W-2 (see instruc	1d	0
e	Taxable dependent care benefits from Form 2441, line 26 Add	1e	0
f	Employer-provided adoption benefits from Form 8839, line 29 Add	1f	0
g	Wages from Form 8919, line 6 Add	1g	0
h	Other earned income (see instructions)	1h	0
i	Nontaxable combat pay election (see instructions) 1i		
z	Add lines 1a through 1h	1z	0

If you cannot exclude the total amount declared as housing allowance, enter the excess on, **Form 1040, line 1h** and write excess allowance on the dotted line

- Use IRS Schedule SE to calculate your SECA tax obligation if you earned income as a cleric
- Consult a tax professional!

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, JD, LLM, CPA

2026 Church & Clergy Tax Guide
- Comprehensive, non-denominational guide to US tax law for ministers and churches. May be purchased online at store.churchlawandtax.com

2026 Clergy Tax Return Preparation Guide for 2025 Taxes
- Available through MyCPG Accounts

2026 Federal Reporting Requirements for Episcopal Institutions
- Available through MyCPG Accounts

CPG Resources

Clergy Housing Allowance eLearning Course



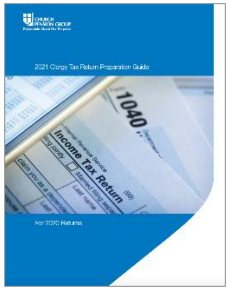
Online at:
cpg.org/learningcenter

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



Michele Racusin, CPA
833-270-0795

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

Disclaimer

This material is provided for informational purposes only and should not be viewed as investment, tax, or other advice. It does not constitute a contract or an offer for any products or services. In the event of a conflict between this material and the official plan documents or insurance policies, any official plan documents or insurance policies will govern. The Church Pension Fund (“CPF”) and its affiliates (collectively, “CPG”) retain the right to amend, terminate, or modify the terms of any benefit plan and/or insurance policy described in this material at any time, for any reason, and, unless otherwise required by applicable law, without notice.

Investing involves risk, including risk of loss. Fees and other terms and restrictions may apply. The information presented here is not investment advice, and does not take into account the investment objectives, financial situation, or retirement needs of particular individuals. It is important that you consider this information in the context of your personal risk tolerance, investment objectives, and financial and retirement goals. You should not rely on this information in making any investment or other decision that will affect your personal financial, retirement, or tax situation. You should contact your own professional advisor prior to making any such decision.

Neither The Church Pension Fund nor any of its affiliates (collectively, “CPG”) is responsible for the content, performance, or security of any website referenced herein that is outside the cpg.org domain or that is not otherwise associated with a CPG entity.