DATE: January 22, 2025

TO: All Diocesan Priests

FROM: Chad Ryan, Finance Officer

RE: Retirement and Housing Allowance

The following motion was passed at the January 22, 2025, meeting of the Benefits Committee of the Priests' Pension Plan of the Roman Catholic Diocese of Crookston.

> WHEREAS the Internal Revenue Code allows a priest to keep part of his housing allowance as non-taxable income,

> AND WHEREAS the Benefits Committee must designate the housing allowance and the amount so designated as the housing allowance can be based on the monthly market rental rates,

> AND WHEREAS the retired priests live in widely separate sections of the country with significantly different rental values,

> AND WHEREAS the Benefits Committee considers the purpose of the normal retirement allowance (cash benefit) that is paid to the retired priests to be the provision of housing since, at retirement, housing is no longer provided by a parish; all of their other expenses being covered by the payment from social security,

> Now THEREFORE, BE IT RESOLVED THAT; the Benefits Committee of the Priests' Pension Plan of the Roman Catholic Diocese of Crookston does hereby designate 100% of the normal retirement allowance (cash benefit) for housing allowance.

The pension plan will issue an IRS form 1099-R to all priests receiving a retirement allowance, The cash benefit paid to the retired priest wilt be recorded in box 1 of the form: *Gross distribution.* The amount recorded in box 2a, *Taxable amount,* will be O. However, the following caveat is extremely important.

A retired priest <u>may</u> be able to deduct from his taxable income the amount of his cash benefit or his actual expenses for housing whichever is less. Each individual's tax situation is unique so you should consult with your tax adviser regarding the deductibility of the housing allowance.

You may want to take a copy of this memorandum to your tax adviser. If you or your adviser have any questions concerning this memorandum, please contact the Diocesan Finance Officer.