



Retired Ministers

A retired minister may receive part of his or her pension benefits as a designated parsonage allowance based on past services. Trustees of a minister's retirement plan may designate a portion of each pension distribution as a parsonage allowance excludible under IRC § 107. (Rev. Rul. 63-156, 1963-2 C.B. 79, and Rev. Rul. 75-22, 1975-1, C.B. 49) The "least of" rules should be applied to determine the amount excludible from gross income.

The retired minister may exclude from his/her net earnings from self-employment the rental value of the parsonage or the parsonage allowance received after retirement. The entire amount of parsonage allowance received is excludible from net earnings from self employment, even if a portion of it is not excludible for income tax purposes. In addition, the retired minister may exclude from net earnings from self-employment any retirement benefits received from a church plan. Rev. Rul. 58-359, 1958-2 C.B. 422.

NOTE: The above section is taken from the IRS website at <http://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Minister-Audit-Technique-Guide#Retired>. This document is not an official pronouncement of the law or the position of the Service and cannot be used, cited, or relied upon as such.