



The Evangelical Covenant Church

Date: January 2023

To: Retirees

From: Scott Hanson, Director of Pensions

The following resolution was passed November 17, 2022 by the Board of Pensions and Benefits regarding housing allowance for ministers and missionaries and applies to 2023:

RESOLUTION ON MINISTERS' AND MISSIONARIES' HOUSING ALLOWANCE

"RESOLVED, that the retirement benefits paid to a retired Covenant minister or missionary from the Covenant Pension Plan and the Covenant Long Term Disability Plan shall constitute a housing allowance to rent or otherwise provide a home, within the meaning of section 107 of the Internal Revenue Code and the regulations there under, and Revenue Rule 75-22, provided that the portion of such benefits paid in any year which shall constitute a housing allowance shall not exceed the lesser of (a) the amount of such benefits plus any other housing allowance received by the minister or missionary, or (b) the amount actually used by the minister or missionary to rent or otherwise provide a home."

Note for Tax Reporting

While 100% of your Covenant Pension payments are eligible for designation as a "Housing Allowance", remember that in your IRS tax filing, if actual eligible housing expenses are lower than the designated allowance, you may only claim the lower, actual expenses as housing allowance. The remainder of your pension payment not used for housing expenses is taxable. Please make sure you are getting good tax advice on how to report your pension.