



## MEMORANDUM

To: Retired UU Ministers Receiving a Form 1099-R  
From: Tim Brennan, UUA Interim Chief Financial Officer  
Subj: Reporting 2023 Income from the UU Organizations Retirement Plan (UUORP)  
Date: January 2024

Happy 2024 to all of you. I wish you the very best for the upcoming year.

I'm writing today to review some details around the tax treatment of 2023 UUORP distributions.

If you were a participant in the Unitarian Universalist Organizations Retirement Plan during 2023 and you took distributions from the Plan during the 2023 tax year, then by the end of January, Empower will produce a Form 1099-R. Consistent with the UUA Board of Trustees' designation that up to 100 percent of the distribution from the UUORP may be a qualified housing allowance, the 1099-R produced by Empower may show that the taxable amount of the pension income is "not determined." If your 1099-R does not use that language, you can still claim housing allowance on your taxes. If you have a question about the accuracy of your form 1099-R, please call Empower: 833-UUA-2023 (833-82-2023) or TIAA: 800-842-2829.

**The amount you can exclude is limited.** We provide this letter to help you determine how much, if any, of your 2023 distribution may be excluded from taxable income as an allowable housing expense. You may attach this letter, after completing the worksheet on the reverse side, to your income tax form 1040.

**Remember:** your permitted exclusion is the *lesser* of: Actual Expenses or "Fair Rental Value." If you are a retired minister, you may exclude from the gross income reported on your tax Form 1040 all or a portion of any income received from our denominational retirement plan **only** to the extent that the contributions to the account were earned for services performed in the exercise of ministry and **only** if:

- You can document that the monies were spent on actual, qualified housing-related expenses during the tax year, **and** you are claiming no more than the **LESSER** of:
  - a. those actual expenses or
  - b. the "Fair Rental Value (FRV) of your primary residence, furnished, plus utilities, and appurtenances such as a garage.
- You must **not** claim the higher of the two amounts.

If you have any questions about the tax implications of your retirement plan distribution, please contact your financial advisor. If you have any other questions about the UUORP, contact the UU Retirement Plan Team at [retirementplan@uua.org](mailto:retirementplan@uua.org) or phone (617) 948-6421.

Sincerely,

Tim Brennan  
Interim Chief Financial Officer

*See Worksheet on reverse*



## CLERGY HOUSING EXPENSE-RELATED EXCLUSION WORKSHEET FOR TAX PREPARATION

- |  |          |
|--|----------|
| 1. Total distribution amount listed on Form 1099-R | \$ _____ |
| 2. Less: Your allowable exclusion amount           | \$ _____ |
| 3. Taxable amount                                  | \$ _____ |

On the appropriate line\* of the U.S. Individual Income Tax Form 1040:

- Enter the total distribution amount (reference 1. above)
- Enter the taxable amount (reference 3. above)

*\*To avoid mistakes when logging income on appropriate lines of your U.S. tax form, please make sure to use and refer to the final tax form 1040 and instructions from the IRS' website (<https://www.irs.gov/individuals/tax-forms-and-publications>).*

Remember, the Unitarian Universalist (UU) Organizations Retirement Plan is an IRS qualified 401(a)/401(k) defined contribution, multiple employer, church retirement plan.

Be certain that you are complying with the IRS' rules and are claiming only the LESSER of your actual qualified housing expenses OR the FRV – again, whichever is LESS.

**Important:** It is up to the taxpayer to substantiate their claimed income exclusion amount if questioned by the IRS.

Expenses that may qualify for the clergy housing allowance exclusion, subject to the Fair Rental Value and Actual Expenditure limits, include such categories as:

- Mortgage Payments or Rent
- Homeowner's & Contents Insurance
- Down Payment on Primary Residence
- Real Estate Commission, Escrow Fees
- Homeowner's Association or Condo Fees
- Utilities (gas, power, water, base phone service, trash)
- Home Maintenance, Furnishings, Decorating

*Staff of the UUA Office of Church Staff Finances and the UUA Treasurer and CFO do not provide tax advice. We encourage you to consult with your own financial advisor.*