

REFLECTIONS

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A monthly source of information for beneficiaries of the Adventist Retirement Plans.

Parsonage Exclusion for Clergy Retirees

The minister's parsonage allowance (also known as housing allowance) is an essential tax benefit accessible to the clergy. Section 107 of the United States tax code (Internal Revenue Code) grants "ministers of the gospel" a partial or entire exclusion from ministerial income designated by their church-related employer as parsonage allowance from income for federal income tax purposes.

Housing allowance exclusion from federal gross income cannot exceed the lesser of:

- The amount designated by the Adventist Retirement Board
- Actual housing expenses
- Fair rental value of the home (plus utilities)

Hence, the Adventist Retirement Board designates up to 100% of your retirement

benefits as eligible for parsonage allowance exclusion. A 1099-R is issued with box 2b marked as "Taxable amount not determined" allowing you to determine and justify (if challenged by the IRS) the taxability of the distributions. Those eligible for the benefit should hold one of the following credentials:

- Ordained- (Ministerial Credential)
- Commissioned Minister Credential
- Ministerial License

Since the Adventist Retirement Board is the one designating your retirement benefits as eligible for parsonage allowance exclusion, your eligibility for exclusion is **ONLY** good through the church plan. If you choose to rollover your funds into an external retirement plan (outside the church plan), **YOU WILL FORFEIT** your parsonage allowance exclusion.

Payroll Bulletin Board

Checks/EFT Released

This Month: May 25

Next Month: June 27

SHARP Corner

SHARP DVH (dental, vision, hearing) Claims

Please remember that all SHARP dental, vision or hearing claims should be submitted to the Adventist Risk Management, Inc. claim department. The correct address and contact information can be found on the back of your SHARP ID card.

Adventist Risk Management, Inc.
P O Box 1928
Grapevine, TX 76090-1928

Please call the SHARP DVH Customer Service department at 1-800-447-5002. They can answer your questions about what benefit is available and the status of your claim.

Housing Allowance Litigation Update

As you may be aware, the constitutionality of the housing allowance has been under litigation since November 2013 when the Wisconsin District Court ruled that Code's housing allowance exemption is unconstitutional. Here is a recount of what has transpired since then:

- November 2014 -Seventh Circuit issued a decision to "Remand to District Court with instructions to dismiss for lack of standing."
- The Freedom From Religion Foundation filed another similar lawsuit in Wisconsin district court on April 6, 2016, alleging that the housing allowance exemption is unconstitutional.
- August 2016-FFRF has legal standing on code section 107(2) claim- "cash" parsonage allowance (ex. exclusion from federal income of owned housing), however, no standing on code section 107 (1) exclusion- "in kind" parsonage exclusion (ex. exclusion from federal income of provided housing).
- On June 19, 2017, the trial court judge entered an order to show cause why the case should not be dismissed for lack of subject-matter jurisdiction, raising the question of whether the plaintiffs lacked standing when their complaint was filed in April 2016. The Justice Department, in its response to the show cause order, asserted that the plaintiffs did have standing to sue and urged the Court to decide the case on its merits and rule in favor of the defendants.
- On October 6, 2017, Judge Barbara Crabb entered an order declaring that clergy "cash" housing allowance violates the Establishment Clause of the U.S. Constitution and is therefore unconstitutional. • Judge Crabb's October 6 order requested the parties to file supplemental briefs on whether additional remedies are appropriate and whether relief should stay pending a potential appeal. • On December 13, 2017, Judge Crabb entered her final order in the District Court litigation. Judge Crabb confirmed her determination that the "cash" housing allowance is unconstitutional but delayed her injunction against its enforcement until 180 days after the conclusion of any appeals filed in the case.
- The Department of Justice and the defendant-intervenors filed appeals with the Seventh Circuit Court of Appeals on February 8, 2018. Appellant (government and intervenors) briefs are due on April 19, 2018. The amicus brief being filed by the Church Alliance is due April 26, 2018. We anticipate full briefing will be completed by early June 2018. • Oral argument will be set after all briefs have been filed, probably in the fall of 2018.

Are you moving?

About this time each year we receive 1099-R forms back from the postal service due to a bad/undeliverable address. Keeping a clean address list here in our office can be a challenge. If you are receiving this newsletter, we apparently have a good address for you! But please help us keep you on our list by correcting your address if you move. Remember you also need to make an address correction with the Social Security Office.

If you have moved to a new state or county and need to update your address for your MediGap, Medicare Advantage or Medicare Part D insurance carrier please remember **you must call Aon Retiree Health Exchange first**. They will help you choose a new insurance carrier in the state or county you have moved to. If you don't call Aon Retiree Health Exchange first, you could unintentionally disenroll yourself from the Aon Retiree Health Exchange plans and thus lose you HRA (Health Reimbursement Account) money for the future.

Aon Retiree Health Exchange phone: 1-844-360-4714.

Send changes of address info to:

Adventist Retirement Plans
9705 Patuxent Woods Drive
Columbia, MD 21046

Email your change of address to NADRetirement@NADAdventist.org

Call: 1-443-391-7300



Adventist Retirement Plans

www.adventistretirement.org

Raymond Jimenez
Administrator

Lyn Wick
Associate Administrator

Lisa Turpen
Associate Administrator

Beth Roberts
Associate Administrator

Edwin Romero
Associate Administrator

Lisa Sharpe
SHARP Manager

Aon Retiree Health Exchange:
1-844-360-4714

SHARP: 443-391-7338
Email: SHARP@nadadventist.org
Healthcare Eligibility Queries

Submit DVH claims to:
Adventist Risk Management
SHARP, PO Box 1928
Grapevine, TX 76099-1928
1-800-447-5002

Payroll: 443-391-7343
Bulletin Board of Payroll Information

NAD Retirement Department
Reporting a death, change of address, disability reviews

Phone: 443-391-7300
Fax: 443-259-4880
Email: NADRetirement@nadadventist.org
9705 Patuxent Woods Drive
Columbia, MD 21046

Barbara McLaughlin: 443-391-7345
Lost checks, direct deposits, 1099R, tax withholding, verification of benefits for loans, housing, Medicaid