

# News & Notes

Spring 2019

## Clergy Housing Allowance Exclusion Upheld on Appeal

By Jerry Rich

*Seventh Circuit Court found the housing allowance to be one of many instances where religious resources are properly exempted from taxation.*



On March 15, 2019, the Seventh Circuit Court, based in Chicago, issued its decision in a case challenging the provision of housing allowance for ministers. The three-judge panel ruled unanimously that the housing allowance is constitutionally permissible, overruling a 2017 decision of the Wisconsin U.S. District Court.

Putting aside the argument that the housing allowance exclusion amounts to sponsorship of religion, the three-judge panel found that the provision in Section 107(2) instead is designed to prevent excessive entanglement with religion. In the decision it was noted that the exclusion does not unfairly favor ministers but can be considered sound tax policy that limits government interference with religion, provides a level playing field regarding housing expense benefits, and

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## Prepare Today **\$1,000 Match Is Available** for Pastors Newly Enrolling in Retirement Plan

In February, FCMM launched a retirement matching grant program in partnership with the National Association of Evangelicals and the Lilly Foundation. EFCA/FCMM church pastors who newly enroll in the FCMM Retirement Plan and complete some financial education curriculum will receive a deposit of \$1,000 into the new account after \$1,000 has been contributed. Please see the FCMM website, which includes more information and steps for applying.

## Connect with FCMM at EFCAOne June 2019

The biennial national conference of the EFCA meets June 18-20, 2019, at Compass Church in Naperville, Illinois. FCMM representatives will be available for information and consultation.

In addition, FCMM will offer several workshops on church benefits and retirement planning. Please note the following

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## Stay Alert - Scammers are Scheming!

The annually published IRS Dirty Dozen List, which outlines the worst of the worst tax scams, is a good reminder of why one must stay vigilant to protect sensitive information. Although these scams are known to peak during tax filing season, it is necessary to be watchful year-round. There are several ways your personal data could become vulnerable to criminals who want to steal your money, your identity, or both. Here are just a few:

### Phone scams

Phone scamming has been around for some time, with criminals posing as employees of the IRS or another organization demanding payment of a “debt”, followed up with threats of legal action if the debt is not paid immediately over the phone. It is important to note that phone scams have evolved with the use of “spoofing” in order for the fraudulent caller to appear legitimate. When a caller uses this tactic, your caller ID displays the actual name and correct phone number of the organization of which they claim to be

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## Stay Alert

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associated. The most recent phone scam reported by the IRS is one whereby criminals fake calls from the Taxpayer Advocate Service (TAS). The telephone number is “spoofed” and then the caller requests personal information from the victim.

### Phishing

Phishing scammers generally send an email or text, using a logo and branding similar to that of a legitimate company, to fool you into clicking a link or opening an attachment. Clicking the link or opening the file can lead you to a phony website asking you to “login to your account”, malware being installed on your device, and your account being hacked – providing the scammer access to your login IDs and passwords, account numbers, and other sensitive information.



### IMPORTANT REMINDER!

When sending FCMM documents that contain sensitive information, please make it a priority to do so using LeapFILE, our secure file exchange tool.

### Non-secure Wireless Networks

For those who like to enjoy a latte at the coffee shop while you work, be cautious before sending sensitive information over the public wireless network of the establishment. Many public venues do not offer secure WIFI. These non-secure networks do not protect data sent via your laptop or smartphone, making the information vulnerable to being intercepted.

Keeping your information safe in a digital age where schemes continue to evolve can be daunting. Knowing what to watch for is a step in the right direction. The websites of trusted organizations, such as the Federal Trade Commission or your local Attorney General’s office, can be excellent resources to learn of best practices that minimize data vulnerability as well as how to respond if you become a victim of a scam.



## Clergy Housing Allowance

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gives suitable deference to religious organizations.

It would not be surprising if an appeal is filed for Supreme Court review, or if other actions are taken in other district or appellate courts. But the Seventh Circuit’s ruling serves as a solid foundation for the continuation of the provision.

In addition to the benefit of the housing allowance exclusion from income during years of employment as a minister, the benefit also extends to retirement distributions from a church retirement plan, like FCMM. Funds that were contributed to the FCMM Retirement Plan while qualified for housing allowance may be received as non-taxable housing allowance retirement income. FCMM designates 100% of these distributions as housing allowance-eligible.

## Connect with FCMM at EFCAOne

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topics that will be covered during the “Deeper Learning” and “Learning Labs” hours of the conference schedule:

- Basics for New Participants in the FCMM Retirement Plan
- FCMM Long Term Disability Insurance
- FCMM Payroll Service and Benefits Made Easy
- Financial Health for Pastors
- Investing and Planning in the Middle Years
- Long Term Care Insurance: What to Consider
- Overview of the FCMM Retirement Plan for Churches
- “Retirement” as a Process: Navigating Employment, Retirement Distributions, Social Security, Medicare
- Starting Early: How to Plan When You’re Younger
- Structuring Retirement Income
- What the Pastor’s Spouse Needs to Know About Benefits (offered twice)

## Is Your Retirement Plan Beneficiary Designation Current?

The FCMM Beneficiary Designation (Form 02) is used to designate the individuals whom you wish to receive your FCMM Retirement Plan account balance upon your death. It is important to periodically review these designations. It is not unusual for a significant life change, such as a marriage or the birth of a child, to occur after your original beneficiary form was submitted. If you have changes to report, please complete a new Beneficiary Designation (Form 02) found on our website: [FCMMbenefits.org/documents](http://FCMMbenefits.org/documents).

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Retirement Plan: [fcmmbenefits.org](mailto:fcmmbenefits.org)  
Long Term Disability Insurance, Payroll Service: [benefits@fcmmbenefits.org](mailto:benefits@fcmmbenefits.org)

FCMM serves as the church benefits organization of the Evangelical Free Church of America

