

Tax Status of Retired Clergy Hired by Church

A retired clergy hired by a local church (i.e., visiting pastor) but not appointed, is a LAY EMPLOYEE. They have no rights to housing exclusion or cash housing allowance and the church should be paying their half of the social security and withholding federal and state taxes. They still have their housing exclusion as the amount they receive from the General Board of Pensions. They have no more rights to clergy tax status for the salary paid by the church than the secretary or janitor. In fact this policy applies to any clergy who is not appointed - whether they are retired or not.

I do not know how many are out there still being treated as clergy but it is my experience that most of them that I know about are not being treated as lay employees. Basically we need to inform those who have a housing exclusion already approved by charge conferences that it should not be used and any cash housing allowances should be treated as regular salary. They are eligible for accountable reimbursement just as any lay employee is.

Please let me know if you have any questions about the above information. It came straight from David Ullrich at GCFA.

Jim Branscome