



**The Pension Boards**  
United Church of Christ, Inc.

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**DATE:** January 2024  
**TO:** Clergy Who Received Annuity Payments from the Pension Boards During 2023  
**FROM:** The Pension Boards-United Church of Christ, Inc.  
Member Services  
**RE:** Reporting Payments on Your 2023 Tax Return

Grace to you and peace in this New Year.

This letter contains information on how the federal government taxes your distributions. **Form 1099-R**, which reflects annuity income and other distributions, if any, paid to you by the Pension Boards in 2023, **will be sent to you directly by our bank, The Northern Trust Company, by January 31, 2024.** For your convenience, a sample copy of **Form 1099-R** is shown below.

| <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED  |                                     | OMB No. 1545-0119   |  | Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. |  |
|---|-------------------------------------|---|--|---|--|
| PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.<br>The Northern Trust Company<br>50 South LaSalle St. C5S<br>Chicago, Illinois 60603-1003<br>As Paying Agent for: B1600<br>PBUC<br>PBUC Ministers |                                     | 1 Gross distribution<br>\$ 15,000   | 2023<br>Form 1099-R  |   | Total distribution <input type="checkbox"/>        |
| PAYER'S TIN<br>36-3046063   |                                     | 2a Taxable amount<br>\$   |  |   |  |
| RECIPIENT'S TIN<br>36-3046063   |                                     | 3 Capital gain (included in box 2a)<br>\$   | 4 Federal income tax withheld<br>\$                          |   | Copy 1<br>For State, City, or Local Tax Department |
| RECIPIENT'S name<br>William K. Green  |                                     | 5 Employee contributions/ Designated Roth contributions or insurance premiums<br>\$ | 6 Net unrealized appreciation in employer's securities<br>\$ |   |  |
| Street address (including apt. no.)<br>787 Adams Street   |                                     | 7 Distribution code(s)  | IRA/SEP/SIMPLE <input type="checkbox"/>                      | 8 Other <input type="checkbox"/> %  |  |
| City or town, state or province, country, and ZIP or foreign postal code<br>Anytown, NY 10002   |                                     | 9a Your percentage of total distribution <input type="checkbox"/> %                 |  | 9b Total employee contributions<br>\$   |  |
| 10 Amount allocable to IRR within 5 years<br>\$   | 11 1st year of desig. Roth contrib. | 12 FATCA filing requirement <input type="checkbox"/>                                | 14 State tax withheld<br>\$                                  | 15 State/Payer's state no.  | 16 State distribution<br>\$                        |
| Account number (see instructions)<br>B1600 7000072 1-312-557-9700   |                                     | 13 Date of payment  | 17 Local tax withheld<br>\$                                  | 18 Name of locality   | 19 Local distribution<br>\$                        |

Form 1099-R www.irs.gov/Form1099R Department of the Treasury - Internal Revenue Service

1099-R SAMPLE

|  |   |
|--|---|
| <b>How distributions are taxed</b>                                 | In general, distributions made to a U.S. taxpayer are subject to federal income tax if contributions were not taxed at the time they were made. Thus, an individual generally pays income tax on any part of their distribution attributable to regular employer contributions, investment earnings and their pre-tax contributions <b>on which income taxes have not previously been paid.</b>   |
| <b>Housing allowance</b>   | You may not be taxed on that portion of the annuity or other distribution, if any, that is designated as eligible for a housing allowance paid to a retired minister.   |
| <b>If no after-tax contributions were made toward your annuity</b> | The amount in <b>Box 5 of Form 1099-R</b> is recorded as “0” or left blank. If the Pension Boards’ records show that you made after-tax contributions to your account, you will receive under separate cover a letter indicating the amount of your after-tax contributions.  |
| <b>Determining allowable housing expenses</b>                      | Eligible housing expenses for the year may be subtracted from the gross distribution reported in <b>Box 1 of Form 1099-R.</b>   |
|  | If you <u>own</u> your home, your allowable housing expenses are the <b>lesser</b> of:  |
|  | <ol style="list-style-type: none"> <li>1. The fair rental value of your home (furnished, plus utilities); <b>or</b></li> <li>2. The amounts you actually paid in 2023 for: <ul style="list-style-type: none"> <li>• Down payment on a home</li> <li>• Payments (including prepayments) on a mortgage loan to purchase or improve the home (including principal and interest)</li> <li>• Real estate taxes</li> <li>• Property insurance</li> <li>• Utilities (electricity, gas, water, trash pickup, local telephone charges)</li> <li>• Furnishings and appliances (purchase and repair)</li> <li>• Structural repairs and remodeling</li> <li>• Yard maintenance and improvements</li> <li>• Appurtenances</li> <li>• Maintenance items (household cleaners, light bulbs, pest control, etc.</li> <li>• Homeowners’ association dues</li> </ul> </li> </ol> |
|  | If you are <u>renting</u> your home, the allowable housing expenses are the <b>lesser</b> of:   |
|  | <ol style="list-style-type: none"> <li>1. The fair rental value of the home (furnished, plus utilities); <b>or</b></li> <li>2. The total amount you actually paid in 2023 for rent, plus the cost of utilities and furnishings during the year and any items from the above list paid as a renter.</li> </ol>   |
| <b>Cautions</b>  | If you have more than one home, only expenses from your primary residence may be used in computing allowable housing expenses.  |

If you are receiving a housing allowance from another source, the total of that housing allowance and the portion of your Pension Boards annuity payments designated as housing allowance cannot exceed the lesser of the applicable amounts above.

If you receive more than one pension or other distribution, if any, your housing costs can only reduce taxes on your benefit payments from the Pension Boards. Please contact the payer of the other pension to determine taxability.

**After computing allowable housing expenses**

Use the **Taxpayer Prepared Supplementary Sheet #1**.

- Insert the gross amount of your Pension Boards annuity from **Box 1 of Form 1099-R in Line 5a (Pensions and annuities) of Form 1040 or Form 1040-SR**.
- Insert your allowable housing expenses in **Line 2 of Supplementary Sheet #1** and complete the remainder of that sheet.
- Transfer the amount in **Line 3 of Supplementary Sheet #1 to Line 5b (Pensions and annuities—Taxable amount) of Form 1040 or Form 1040-SR**, with the words, “**SEE SUPPLEMENTARY SHEET #1**.” This is the portion of your annuity or other distribution, if any, that is in excess of the allowable housing expenses and therefore subject to federal income tax.

If you did not receive information from the Pension Boards reporting your after-tax contributions (or if you wish to disregard them), and your only pension or other distribution is from the Pension Boards, you may use a completed copy of the enclosed **Supplementary Sheet #1** as an attachment to your tax return. Be sure to retain a copy of the completed **Supplementary Sheet #1** for your records.

Any income tax withheld from your Pension Boards annuity or other distribution, if any, is shown in Box 4 of **Form 1099-R**. Attach **Copy B of Form 1099-R** to your tax return to show the amount of tax withheld.

**If after-tax pension contributions were made**

If you have made after-tax pension contributions and your housing expenses exceed your annuity or other distribution, if any, under law you may be able to lower your taxes because the portion of your annuity provided by after-tax pension contributions is not taxed. Please consult a tax advisor familiar with clergy tax rules if this situation applies to you.

**Supplementation and Ministerial Assistance**

Ministerial Assistance payments are not taxable. This income is not included in **Form 1099-R** and does not need to be reported.

**If you are disabled and under age 55**

If you are receiving disability pension benefits and were under age 55 during the entire 2023 year, **Distribution Code 3 appears in Box 7 of Form 1099-R**. These payments should be reported (with other wages, salaries, tips, etc.) on **Line 1 (Wages, salaries, tips, etc.) of Form 1040 or 1040-SR**. Disability benefits should not be reported as pension or annuities until you reach age 55, the minimum non-disability retirement age for the Annuity Plan. Disabled ministers also may be eligible for the housing allowance exclusion.

**For members whose annuity commenced in 2023 and who elected a Partial Withdrawal Option at retirement**

Amounts distributed in 2023 under the Partial Withdrawal Option (as defined in the Annuity Plan) are considered an eligible rollover. If you chose to have this distribution made as a direct rollover, no income tax was withheld, and you will be issued a separate **Form 1099-R** for that for that distribution with distribution **Code G** appearing in **Box 7 of Form 1099-R**.

**Self-employment (Social Security) tax**

No self-employment tax (Social Security/SECA) is required to be paid on any part of your Pension Boards annuity or other distribution, if any.

**Electronic filing**

If you choose to file your tax return electronically, please confirm that the program permits supplementary documentation to be included with the tax return.

**The Pension Boards does not provide tax advice**

The Pension Boards does not provide any legal, accounting, or tax advice to its members regarding the taxability of any transactions associated with your retirement funds or preparation of your tax returns. This material is purely for informational purposes and members should consult their legal, accounting, or tax professional before making any retirement decisions that could result in a taxable event, engaging in any transactions concerning their retirement funds, or the preparation of your tax returns.

Detailed information on income tax issues may be obtained from your attorney, accountant, tax advisor, or IRS publications and forms, which may be ordered by calling toll-free **1.800.829.3676**, or downloaded online at **www.irs.gov**.