

# Retiree Housing Allowance

One unique benefit of The Alliance Retirement Plan is that official workers may be eligible to reduce taxable income—even after retirement.



## Tax-Free Income in Retirement

The Internal Revenue Service (IRS) allows retired official workers to designate withdrawals from 403(b) accounts as housing allowance. This benefit is exclusive to 403(b)(9) church plans and is not available with other retirement plans, even other 403(b) plans or IRAs.

### How it Works

Retired official workers may claim the lesser of the following as non-taxable income:

- ▶ Actual housing expenses
- ▶ Fair market rental value of your home (including furnishings and utilities)
- ▶ Up to 100% of withdrawals from the 403(b) account in the same tax year as the housing expenses were incurred

*It is the retiree's responsibility to justify the amount used as housing allowance if ever questioned by the IRS.*


*This is general information and is not intended as legal or tax advice. Please consult your tax attorney or accountant regarding your particular situation.*


### Eligible Expenses


Retired official workers may include housing allowance expenses, such as:

- ▶ Down payment on a house, rent or mortgage payments, home equity loan payments, real estate taxes, and property insurance
- ▶ Utilities, furnishings, and appliances, repairs, remodeling, and improvements
- ▶ Pest control, snow removal, yard maintenance, and trash pickup

*Housing-related expenses can only be included in the housing allowance for the year in which they are incurred.*

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 Monday-Friday  
9:00 a.m.-5:00 p.m. (ET)

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*To ensure this benefit applies to you, please contact Alliance Benefits. When making withdrawals from a 403(b) account, Empower will withhold 20% federal tax, even if the retiree is eligible for housing allowance. Retirees who are eligible for housing allowance may receive back any applicable portion of the withholding when filing their taxes, based on their overall tax situation.*