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 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.

One Alliance Place
Reynoldsburg, OH 43068

(800) 700-2651

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

retirement@cmalliance.org

To ensure this benefit applies to you, please contact Alliance Benefits. Eligible retirees must complete the Housing Allowance Distribution Form so their Form 1099-R is coded with "taxable amount not determined." Participants may choose whether to have taxes withheld from their distributions or not, but actual tax liability will not be determined until they file their tax return. Participants who do not elect withholding may be responsible for additional taxes at filing. Please consult a qualified tax professional regarding your specific tax situation.