



The Pension Boards

United Church of Christ, Inc.

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DATE: January 2025

TO: Authorized Representatives of Deceased Ministers Who Received Distributions from The United Church of Christ Lifetime Retirement Income Plan during 2024

FROM: Member Services, The Pension Boards-United Church of Christ, Inc. (Pension Boards)

RE: Reporting Payments on the 2024 Federal Income Tax Return of a Deceased Minister

Grace to you and peace in this New Year.

According to Pension Boards' records, you are the authorized representative of a minister member of The United Church of Christ Lifetime Retirement Income Plan (**Plan**) who died in 2024. This letter provides information about the reporting for federal income tax purposes of annuity benefit payments and any other distributions from the Plan received by or for the benefit of a deceased minister (**Deceased Minister**) in 2024 (**Plan Distribution**). The Plan Distribution is reported on **Form 1099-R, which will be mailed by The Northern Trust Company not later than January 31, 2025**. For your convenience, a sample copy of **Form 1099-R** is shown below.

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Gross distribution		OMB No. 1545-0119	
The Northern Trust Company 50 South LaSalle St. C5S Chicago, Illinois 60603-1003 As Paying Agent for: B1600 PBUCU PBUCU Ministers		\$		2024 Form 1099-R	
PAYER'S TIN 36-3048063		2a Taxable amount			
RECIPIENT'S TIN		\$		2b Taxable amount not determined <input checked="" type="checkbox"/> Total distribution <input type="checkbox"/>	
RECIPIENT'S name William K. Green 787 Adams Street		3 Capital gain (included in box 2a)		4 Federal income tax withheld	
Street address (including apt. no.) Anytown, NY 10002		\$		\$	
City or town, state or province, country, and ZIP or foreign postal code		5 Employee contributions/ Designated Roth contributions or insurance premiums		6 Net unrealized appreciation in employer's securities	
		\$		\$	
		7 Distribution code(s)		8 Other	
		IRA/ SEP/ SIMPLE <input type="checkbox"/>		\$ %	
		9a Your percentage of total distribution %		9b Total employee contributions \$	
10 Amount allocable to IRR within 5 years		11 1st year of desig. Roth contrib.		12 FATCA filing requirement <input type="checkbox"/>	
\$		\$		\$	
13 Date of payment		14 State tax withheld		15 State/Payer's state no.	
Account number (see instructions) B1600 7000072 1-312-557-9700		\$		\$	
		17 Local tax withheld		18 Name of locality	
		\$		\$	
				19 Local distribution	
				\$	

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

1099-R SAMPLE

How Plan Distributions are taxed

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 **on which income taxes have not previously been paid.**

Housing allowance

A Deceased Minister may not be taxed on that portion of the Plan distribution that is designated as eligible for a housing allowance paid to a retired minister. Generally, the entire Plan Distribution has been designated under provisions of the Plan as eligible for the housing allowance. **Under applicable federal income tax law, the Deceased Minister's housing allowance ends at the minister's death. IRS rules do not allow spouses or beneficiaries to claim it for the period of the year following the minister's death.**

If no after-tax contributions were made toward the Deceased Minister's Plan Distribution

The amount in **Box 5 of Form 1099-R** is recorded as "0" or left blank. If the Plan's records show that after-tax contributions were made to the deceased member's account, you will receive under separate cover a letter indicating the amount of deceased member's after-tax contributions.

Determining allowable housing expenses

Eligible housing expenses for the year may be subtracted from the gross Plan Distribution reported in **Box 1 of Form 1099-R.**

If the Deceased Minister owned their home, the allowable housing expenses are the **lesser of:**

1. The fair rental value of the Deceased Minister's home (furnished, plus utilities); **or**
2. The amounts the deceased minister actually paid in 2024 for:
 - Down payment on a home
 - Payments (including prepayments) on a mortgage loan to purchase or improve the home (including principal and interest)
 - Real estate taxes
 - Property insurance
 - Utilities (electricity, gas, water, trash pickup, local telephone charges)
 - Furnishings and appliances (purchase and repair)
 - Structural repairs and remodeling
 - Yard maintenance and improvements
 - Appurtenances
 - Maintenance items (household cleaners, light bulbs, pest control, etc.
 - Homeowners' association dues

If the Deceased Minister **rented** their home, the allowable housing expenses are the **lesser** of:

- The fair rental value of the home (furnished, plus utilities); **or**
- The total amount the Deceased Minister actually paid in 2024 for rent, plus the cost of utilities and furnishings during the year and any items from the above list paid as a renter.

Cautions

If the Deceased Minister had more than one home, only expenses from their primary residence may be used in computing allowable housing expenses.

If the Deceased Minister received a housing allowance from another source, the total of that housing allowance and the portion of their Plan Distribution designated as housing allowance cannot exceed the lesser of the applicable amounts above.

If they received more than one pension or other distribution, housing costs can only reduce taxes on the Plan Distribution or other distributions qualifying for the Housing Allowance. Please contact the payer of the other pension to determine taxability.

After computing allowable housing expenses

Use the enclosed Taxpayer Prepared Supplementary Sheet #1.

- Insert the gross amount of the Deceased Minister's Plan Distribution from **Box 1 of Form 1099-R in Line 5a (Pensions and annuities) of Form 1040 or Form 1040-SR.**
- Insert the Deceased Minister's 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 the Deceased Minister's Plan 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 Plan reporting the Deceased Minister's after-tax contributions (or if you wish to disregard them), and their only pension or other distribution was from the Plan, you may use a completed copy of the enclosed **Supplementary Sheet #1** as an attachment to the tax return. Be sure to retain a copy of the completed **Supplementary Sheet #1** for your records.

Any income tax withheld from the Plan Distribution, is shown in **Box 4 of Form 1099-R.** Attach **Copy B of Form 1099-R** to the tax return to show the amount of tax withheld.

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 the Deceased Minister was disabled and under age 55

If the Deceased Minister was receiving disability pension benefits and was under age 55 prior to death in 2024, **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 prior to when the Deceased Minister reached age 55, the minimum non-disability retirement age for the Plan.

For Deceased Ministers who elected a Partial Withdrawal Option

Amounts distributed in 2024 under the Partial Withdrawal Option (as defined in the Plan) are considered an eligible rollover. If the Deceased Minister elected to have this distribution made as a direct rollover, no income tax was withheld, and a separate **Form 1099-R** will be issued for that distribution with distribution **Code G** 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 a Plan Distribution.

Electronic filing

If you choose to file the Deceased Minister's tax return electronically, please confirm that the tax preparation program provides that 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 regarding the taxability of any transactions related to the Plan or preparation of tax returns. This material is purely for informational purposes and individuals may consult their legal, accounting, or tax advisor related to the preparation of tax returns.

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

If you have questions, please contact the Pension Boards Member Services Department at **1.800.642.6543**, or **info@pbucc.org**.