**Information Regarding ACC Supplemental Retirement Plan Parsonage Reporting Procedures**

As you may be aware, the American Conference of Cantors recently changed its parsonage reporting procedures for distributions under the American Conference of Cantors Supplemental Retirement Plan. This summary outlines the new procedures.

The Board of the ACC will now designate in advance of each calendar year 100% of the following year’s Plan distributions as eligible for parsonage.

If a participant takes a Plan distribution, they will receive a Form W-2 from the Plan’s administrator reflecting the amount of the distribution in Box 1. A Participant must work with you, as their accountant or tax preparer, to determine the actual amount of the Plan distribution that was attributable to parsonage and, therefore, excludable from the participant’s gross income for the year. The maximum amount a participant can exclude from their gross income is the lesser of:

* The amount officially designated as parsonage by the ACC (i.e., the full amount of the distribution);
* The amount actually used to provide or rent a home; or
* The fair market rental value of the participant’s home (including furnishings, utilities, garage, etc.).

The participant should include any amount of the Plan distribution that they can’t exclude as wages on Line 1 of Form 1040 on their individual income tax return. They can enter “excess allowance” and the amount on the dotted line next to Line 1.

It’s up to the participant and you, as their accountant or tax preparer, to determine the correct amount to exclude from gross income on the participant’s individual income tax return.

If you have any questions, you can contact us at 847-781-7800.