

SNU Policy: Minister's Housing Allowance

SNU Policy ID: Benefit Information D-15

Policy Reviewed by: Director of Human Resources & University Controller

Approval Authority: Vice President for Business and Finance

Approval Date: May 1, 2025,

Next Review Date: May 1, 2030

Policy Statement

The University offers special benefits to ministers who perform “qualified services.” Qualified services include services performed in the exercise of ministry or in the exercise of duties as required by the religious order as well as administrative duties and teaching. You meet the definition of “qualified services” if you as a minister direct, manage, or promote the University’s activities and are full-time faculty or salaried pastoral staff.

Housing Allowance

Ordained, commissioned, or licensed ministers of the gospel in the Nazarene denomination may be able to exclude the rental allowance or fair rental value of housing that is provided to them as pay for their services.

The University must designate the payment as a housing allowance *before the payment is made*. Each year, ministers will be asked to fill out a form claiming the housing allowance for the following year. A definite amount must be designated in writing. The rental allowance excluded may not be more than the fair rental value of the home, including furnishings, plus the cost of utilities. Note that any excess of the rental allowance claimed over the fair rental value of the home plus utilities or the amount used to provide a home, must be included on the employee’s tax return. The excess amount should be reported on Form 1040, line 7.

The University considers a minister who performs qualified services as a common-law employee, and income is considered wages for income tax purposes.

Income Tax Withholding

Qualified Service pay is not subject to income tax withholding. If your salary is not subject to withholding, or if you do not pay enough tax through withholding, you might have to pay estimated tax to avoid penalties. The University will enter into a voluntary withholding agreement with the minister, upon request. All earnings, including the housing allowance, are subject to Self-Employment taxes unless the minister previously claimed the one-time exemption from social security taxes available to ministers.

The University will reimburse each minister for the employer’s share of FICA that the University would have paid if the minister were covered under FICA. This will be done on a each payroll for the biweekly or monthly salary and included with monthly wages.

For more information see IRS Publication 517, *Social Security and Other Information for Members of the Clergy and Religious Workers*.