

CHECKLIST

Before you roll over your 403(b)

Some rollover decisions are hard to undo. Run this list first.

Most pastors roll over a 403(b) because someone said it would make things simpler. Often it does. But a church 403(b)(9) isn't an ordinary account, and one of its features generally doesn't survive the move. Walk through this before you sign anything.

RUN THIS BEFORE YOU SIGN

- ☐ **Confirm what kind of plan you have.** Generally, only a qualifying church plan, usually a 403(b)(9) or denominational pension, can designate a retired minister's distributions as housing allowance. If you aren't sure, ask the plan administrator to confirm in writing.
- ☐ **Understand what an IRA rollover gives up.** A traditional IRA has no church or denominational body to designate a housing allowance. Move church-plan dollars there and the retirement housing allowance generally doesn't come with them.
- ☐ **If you must move it, look at keeping it in a church plan.** A direct transfer into another qualifying church plan that accepts the funds as ministerial money may preserve housing allowance eligibility. Confirm with both plans in writing first. A move into an IRA or an ordinary 401(k) generally does not, and an indirect rollover adds risk.
- ☐ **Check your required minimum distribution timing.** If you still work for the employer that sponsors the plan and the plan allows it, you may be able to delay RMDs past the usual starting age of 73 or 75, depending on your birth year. A traditional IRA has no still-working exception.
- ☐ **Make sure the housing allowance is designated in advance.** The exclusion depends on a designation made before the distributions, and it is capped by the lesser of the amount designated, your actual housing costs, or fair rental value.
- ☐ **Read the fine print on annuities and surrender charges.** A rollover into an annuity can carry surrender costs and may not preserve the housing allowance either. Ask what you are paying and what you are giving up.
- ☐ **Name what you are solving for.** Simplicity and consolidation are real goals. So is a housing allowance that may be excludable from income tax for years to come. Decide which matters more before you move a dollar.
- ☐ **Ask whether your helper knows the clergy rules.** Many capable advisors and tax preparers rarely see the retirement housing allowance. A gap here usually shows up years later, when it is much harder to fix.

THE ONE THAT IS HARD TO UNDO

Once church-plan dollars land in a traditional IRA, the retirement housing allowance generally no longer applies to them. The IRS has also declined to issue rulings on retirement housing allowance treatment, which is one more reason to make this decision on purpose and with your plan's written confirmation in hand.

This isn't about fear. It's about knowing what a decision costs before you make it. A rollover can still be the right move. Just make it on purpose, with the housing allowance counted in the math instead of discovered after the fact.

IF YOU WANT A SECOND SET OF EYES

The **Pastor Retirement Checkup** is a one-time review of your retirement picture by a fee-only fiduciary who works with pastors. A written summary and about ninety minutes by video. One engagement, one flat fee, no ongoing commitment.
legacypathadvisors.com/pastor-retirement-checkup