



Clergy Benevolence Funds

Common Pitfalls and Best Practices

Clergy Benevolence Funds

A discretionary/benevolence fund ***considered taxable income to the clergy*** is any account which:

- Is within the total control of a clergy person,
- Can be used by the clergy person for personal expenses, e.g., books, journals, clergy clothing or vestments,
- Has no oversight from the church, and
- Is outside the internal controls of the church's regular accountable expense reimbursement plan.



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Best practices that will keep you, and your clergy, out of trouble with the IRS:

- Hold funds for benevolence use in the church's bank account, not a separate bank account. Separate accounts are discouraged.
- Establish an equity (designated) fund as the rector or clergy person's benevolence fund. All contributions and disbursements will go to or from this fund.
- Disburse funds from this account by means of a check request which will be approved in the normal manner.
- Should a Vestry nevertheless establish such a separate checking account, it is to be established in the church's name, using the church's Federal Employer Identification Number, with the rector as one of the authorized signers along with at least two others such as the Treasurer and Sr. Warden.



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To download the PDF version of the DOMA
Benevolence Fund Policy go to:

<https://www.anglicandoma.org/benevolence-fund-policy>

