

Selecting a Professional Financial Planner

Organizational Resources

The following organizations can provide you with names of qualified planners in your area:

- Certified Financial Planner Board of Standards: 800-487-1497 or cfp.net
- The Financial Planning Association: 800-322-4237 or fpanet.org
- National Association of Personal Financial Advisors: 800-366-2732 or napfa.org

Questions to Consider

1. Interview several planners and ask them about their education, professional experience, and evidence of professional designations such as:
 - i. Certified Financial Planner® (CFP®)
 - ii. Chartered Life Underwriter (CLU)
 - iii. Chartered Financial Consultant (ChFC)
2. Determine the planner's specialty areas to be sure they match your situation.
3. Ask for references of clients whose situations and objectives are similar to yours and contact them.
4. Ask for a sample of a written plan of the type you might receive.
5. Take into consideration how you and the planner get along. Choose one with whom you feel comfortable.
6. Ask the planner how he or she expects to be compensated. Planners are typically compensated in one of the following ways:

Fees:	A fee is based on an hourly rate, flat rate per plan, or a percentage of the value of your assets/income.
Fees and Commissions:	Fees are based on the amount of work to be done. If you wish to implement the program through the planner, he or she may also receive commissions from the products you purchase.
Commissions:	No fee is charged; the planner is compensated based on products purchased when the plan is implemented.

Note: Additional financial resources are available through the Enhanced Financial Services of the Board's Employee Assistance Program administered by Cigna Behavioral Health at 866-640-2772. See the Benefits Overview section.

Information to Give to a Financial Advisor

Special Rules for Clergy

1. **Experience Apportionments**

Periodic increases to the benefits of all plan members—retired, active, and terminated—are made at the discretion of the Board of Directors, based on established guidelines. Any experience apportionment granted by the Board of Directors is a permanent increase in the pension benefits for the life of the plan member and their surviving covered partner.
2. **Housing Allowance (IRS Publication 525)**
 - a. It is excluded from federal income tax to the extent it meets IRS Housing Allowance rules. You may exclude from taxable income the **least** of the amounts that are:
 - i. designated by your employer in advance;
 - ii. actually spent to provide housing (primary residence); or
 - iii. not in excess of the “fair rental value of the house, furnished plus utilities.”[§]
 - b. Distributions from your pension **and** 403(b)(9) Retirement Savings Plan of the Presbyterian Church (U.S.A.) are designated as housing allowance; they must meet the above rules to be excluded from taxes. The survivor benefit is not housing allowance.
 - c. Even though excluded from income tax as part of the expenses attributable to your housing allowance, the interest on your mortgage and the property tax on your home are deductible from your federal income, if you itemize using Schedule A.
 - d. State laws vary on the treatment of housing allowance. Know the law in your state.
3. **Self-Employed Status (IRS Publication 517)**
 - a. It is for SECA only (i.e., for income tax purposes you are treated as an employee and receive a Form W-2).
 - b. Housing allowance is included in SECA income while you are employed, but is not subject to SECA in retirement.
4. **403(b)(9) contributions are not subject to SECA (Revenue Ruling 68-395)**

[§] Court Action: *Warren v. Commissioner*, 114 T.C. 23 (2000) threw out this IRS annual “fair rental value (FRV)” test. When the IRS appealed, the Ninth Circuit Federal Appeals Court in California raised the issue of the constitutionality of the clergy housing allowance. Congress responded by enacting the FRV test into law (May 2002), eliminating the need for the IRS to continue its appeal.