

Housing Letter
October 1, 2008

Dear Member:

This letter is to inform you that effective 2009, MBA, as the General Council endorsed 403(b) retirement plan for AG ministers, no longer requires you to file a Housing Allowance form prior to MBA making designated clergy housing distributions to you. Rather, all distributions to ministers will be declared as housing (and tax will not be automatically withheld). This procedure change, approved by the MBA Board of Directors, will allow for quick and timely distributions. In addition, amendments to your housing allowance will no longer be needed.

You may elect to have MBA withhold federal taxes from your periodic distributions. Enter your desired percentage or dollar amount of withholding on line 3 of the enclosed W-4P form. If we currently have a W-4P on file for you we will continue to withhold at that rate until a new W-4P is filed. If we are currently withholding taxes from your distributions but we do NOT have a W-4P on file for you, withholding will be discontinued after December 31, 2008 unless you complete a W-4P.

You must be retired to claim distributions from MBA as eligible housing allowance on your tax return. Determination of retired status is dependent on your specific circumstances. If you have questions on what constitutes retirement, you should consult your tax advisor or you are welcome to contact our Customer Care representatives toll-free at 800.622.7526.

The maximum Housing Allowance exemption is the LESSER OF:

- 1) Your actual ANNUAL expenditures, OR
- 2) The ANNUAL fair rental value of your home, as furnished, plus utilities, OR
- 3) The total amount distributed by your retirement plan to you

It is your responsibility to retain proof of actual housing expenses. Enclosed is a worksheet to help calculate your actual annual housing expenses. This form is for your personal use. Do not send to MBA. If your 2009 actual housing expenditures or fair rental value (as defined in item 2 above) are less than the amount disbursed by MBA, it is your responsibility to include the excess amount as additional ordinary income when filing your income tax return. As always, consult your own tax advisor regarding proper tax reporting.

Sincerely,

Kerrie Jackson
Sr. Vice President, Customer Care Services
Enclosure

IRS Circular 230 Notice: United States Department of the Treasury Regulations require MBA to inform you that to the extent this communication or any attachment or link hereto concerns tax matters, it was not intended nor written to be used and cannot be used by a taxpayer for the purpose of avoiding penalties that may be imposed by United States Internal Revenue Code.
(08/08)