



H.R. 227, Clergy Act

Rep. Vince Fong (R-CA), Rep. Mike Thompson (D-CA)

Background:

- Income from ministerial services is generally considered self-employment income subject to Social Security *Self-Employment Contributions Act* (SECA) taxes.
 - Under current law, **members of the clergy may apply for an exemption from paying Social Security SECA taxes** on income associated with their performance of ministerial services.
 - Generally, members of the clergy must file for this exemption within four years of beginning their ministerial services.
 - Roughly 2,000 members of the clergy receive an exemption every year.
- As a result, members of the clergy with an exemption do not contribute to, or receive benefits from, the Social Security programs based on their own ministerial work histories.
- A member of the clergy's **decision to opt out of Social Security is irreversible**.
- **However, previous Congresses have provided members of the clergy with temporary windows to opt back into paying Social Security taxes** and receiving subsequent benefits.
 - Most recently, in 1999, the *Ticket to Work and Work Incentives Improvement Act* established a two-year window during which members of the clergy could opt back into the program.

H.R. 227, Clergy Act:

- Creates a **time-limited, voluntary open season for members of the clergy to revoke their Social Security exemption** and opt into Social Security coverage.
- Members of the clergy who revoke their exemption would generally begin paying SECA taxes on their ministerial income beginning in tax year 2028 and be subject to the same eligibility rules as other Social Security participants.
- The Internal Revenue Service, in consultation with the Social Security Administration, would report to Congress on its plan to inform members of the clergy of their option to revoke their Social Security exemption.