

## HOUSING EQUITY SALARY PROGRAM

The housing equity salary program provides funds for a priest to use for the purchase of a home upon his retirement from the active priesthood. It is offered to clergy who are living in a parish-owned home (on-site or off-site) while assigned to a parish, and therefore are not accumulating equity in a home which they own. If a priest is transferred from his current parish, all accumulated equity salary payments which he received, and all interest earned on such payments, will remain with him and are his personal property.

### Key Elements of the Program:

- Housing equity salary payments are made monthly to the priest.
- Housing equity salary payments are paid in addition to the required priest salary/housing value calculation required by the OCA. They do not count toward meeting the area household median income requirement.
- The priest must establish a separate IRA-type account for his housing equity salary payments. Upon receipt each month, the priest must deposit the housing equity salary into this account. This type of account should allow for the one-time purchase of a home, and for withdrawal at age 59 ½.
- The housing equity salary payment is increased each year by the same amount as the priest's regular salary increase.

### Amount of Monthly Payment:

The starting amount for the housing equity salary payment would be dependent on the financial capacity of the parish. However, it is recommended that a payment of at least \$250/month be considered. For evaluation purposes, the following examples are provided, using a presumption of thirty years of monthly payments, and investment earnings of 3% annually.

- With monthly payments of \$300, the total accumulated payments and earnings after 30 years would be approximately \$175,000.
- With monthly payments of \$400, the total accumulated payments and earnings after 30 years would be approximately \$234,000.

It should be noted that the amount of the monthly payment will be increased each year, and that the earnings rate for any year will fluctuate. Starting at \$250/month and increasing every year for 30 years, the average monthly payment would be over \$300/month for the 360 months.