

# Guidelines for Rabbis' Discretionary Funds

([Central Conference of American Rabbis](#) – 03/23/2017)

Important Note: These Guidelines are only a suggestion. Each Congregation and Rabbi needs to have a tax consultant whose advice will guide them in the implementation of a specific policy.

1. As the Rabbi's Discretionary Fund is under the control of the Rabbi but is a fund of the synagogue, there should be a policy that guides the use of the Fund. This policy could be proposed by the Rabbi, the Board, or could already be in place. The policy should be approved by both the Rabbi and the Board. In addition to the policy stating that the Fund should comply with all relevant tax laws, the policy should specifically mention that the Fund cannot be used for the personal benefit of the Rabbi and his/her family.
2. The Fund should be reviewed yearly by an individual, not necessarily a member of the synagogue, such as an attorney or accountant or other appropriate person. This individual should be jointly agreed upon by the Rabbi and the synagogue President/Board to insure that the Fund is being used in accordance with the prevailing tax laws and the Discretionary Fund policy. Confidentiality is of prime importance and must be maintained by the individual performing the review.
3. In order to keep individual names confidential, the Rabbi should annually report only the general categories disbursed by the Fund to the synagogue Board and/or to the synagogue membership through a bulletin article or other appropriate means.
4. The Rabbi should have an accountant or a lawyer knowledgeable in tax matters to whom he/she can turn when questions regarding the Fund arise.
5. The checks should be imprinted with the following notation: Rabbi's Discretionary Fund, Congregation xxxx, Rabbi xxxxx xxxxx.
6. All checks deposited into the Fund should be made out to the Fund and not made out to the Rabbi personally. (A reminder about this point should regularly be placed in the synagogue bulletin).
7. Even though the Fund can be used for many worthy purposes, caution should be exercised to prevent the Fund from being used as a mere "pass through". If a donor wants to support a particular program in the synagogue it would be better to make the

contribution directly to the synagogue, rather than through the Rabbi's Discretionary Fund.

8. While these Suggested Guidelines attempt to deal with some of the legal considerations, it is recommended that in the creation of the agreement between the synagogue and the Rabbi, that moral and ethical issues should be considered, such as appropriate priorities for disbursing funds.

### *Categories*

It is recommended that the following specific items might be placed in the Rabbi-Congregation policy, providing they are agreed upon by the Rabbi and the synagogue Board. When making an agreement between the Rabbi and the Congregation regarding the use of discretionary funds, the following areas should be considered. This list is only a suggestion and each congregation and Rabbi should structure the policy with the advice of a competent tax advisor. The specific items listed in categories B, C, & D are merely examples and are not to be considered as all-inclusive.

#### *Category A* – Generally considered to be appropriate

1. Funds to needy congregants and other individuals
2. Funds to other 501(C)3 organizations, including the synagogue

*Category B* – Use of the Fund to supplement customary synagogue expenses. Best practice would suggest that the Rabbi issue a check to the synagogue and the synagogue then cover the related expenses or reimbursement, even back to the Rabbi.

1. Cover the honorarium and expenses of a guest speaker or educational program
2. Rabbi's expenses to visit synagogue college students
3. Rabbi's expenses to visit congregants who live in different locations such as the "sunbelt" during the winter
4. Rabbi's expenses to entertain synagogue Board at Rabbi's house
5. Expenses for Rosh HaShanah reception, Yom Kippur breakfast, dinner honoring a guest lecturer or other event in which congregants are invited to Rabbi's house

*Category C* – Items to be used by the Rabbi but remain the property of the synagogue when the Rabbi leaves. Best practice would suggest that the Rabbi issue a check to the synagogue and the synagogue then cover the related expenses or reimbursement, even back to the Rabbi.

1. Books, CD's, DVD's and other materials used by the Rabbi
2. Purchase of a computer, furniture, art work used by the Rabbi

*Category D* – Items that have been questioned by some tax experts which others believe are appropriate if approved by the synagogue Board. Best practice would suggest that the Rabbi issue a check to the synagogue and the synagogue then cover the related expenses or reimbursement, even back to the Rabbi.

1. Payment of CCAR Dues
2. Payment of Convention and other programs (not expenses for spouse/partner)
3. Payment for community dinners benefiting a charity (not expense for the spouse/partner unless the Congregation indicates that the spouse/partner's presence is necessary)