

Suggested Guidelines for Rabbi's Discretionary Funds (RDF)
Rabbi Richard Hirsh, Executive Director, RRA.
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Important Note: These Guidelines are only a suggestion. Each Congregation and Rabbi should have a tax consultant to guide the implementation of a specific policy.

1. The purpose of a RDF is to allow a Rabbi to support needy congregants and other individuals, as well as other charitable [501(C) 3] organizations, including the synagogue (see below, # 3). Because disbursements from such funds deal with the personal and private lives of those in need, confidentiality is imperative. People need to know that in approaching the Rabbi to discuss personal needs, their privacy will be protected.

2. The Rabbi's Discretionary Fund is under the sole control of the Rabbi, but it should be identified as a fund *of* the synagogue. There should be a policy that guides the use of the RDF. The policy should be approved by both the Rabbi and the Board and recorded in Board minutes. If a policy already exists, it should be provided to a new Rabbi as soon as she or he begins work at the congregation. The policy should reflect high ethical standards and legal compliance. IRS guidelines and regulations for such funds should be reviewed on a regular basis.

3. In addition to 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 or professional benefit of the Rabbi or his/her family. The RDF should not be used, directly or indirectly, for payment of the Rabbi's professional association dues, or for the Rabbi's attendance at professional conferences. The congregation should account for payment of those expenses as benefits recorded in the rabbi's contract.

Expenses incurred by the rabbi on behalf of the congregation as part of her or his job should be part of the congregation's budget (example: if the rabbi hosts an annual Sukkot reception for new members at the Rabbi's home, the cost of the food). The Fund can be used to purchase items for use in the synagogue that will remain with the synagogue should the Rabbi at some point leave (for example, library books) or that support activities of the congregation (for example, paying for subscriptions to Jewish magazines for congregational college students).

4. Some congregations budget an annual contribution to the RDF to help the Rabbi support people with needs and/or charitable causes. Individual donations to the RDF cannot be designated by the donor for a specific cause, person or expenditure. (See # 10 below) All checks deposited into the Fund should be made out to the Fund and not made out to the Rabbi personally to comply with IRS regulations on deductions for charitable contributions.

5. The RRA Ethics Code states that a discretionary fund should be reviewed yearly with confidentiality being preserved. Optimally, this should occur as part of a full annual audit. The auditor should not be a member of the synagogue. In the absence of an audit, the Rabbi and president should agree upon an individual competent to insure that the Fund is being used in accordance with the prevailing tax laws and the Discretionary Fund policy. Whether by audit or individual review, a report of review and compliance should be entered into Board minutes.

6. The Rabbi should keep a record of all disbursements but should not disclose the names of recipients when a review of the account is done. The Rabbi should indicate the nature of the disbursement (i.e., emergency shelter for family, payment of utility or medical bill, supplement for child for a program, legal consultation for a member, donation to a charitable cause, etc.).

It is recommended that the Rabbi voluntarily report twice a year to the Board the number of disbursements in the prior six-month period, some or all of the categories, the total amount disbursed, and the number of individuals who were assisted.

7. When providing for a service (example: addiction counseling) or paying a vendor (example: heating bill) the preference is for the Rabbi to issue a RDF check payable to the agency, professional or vendor, and not directly to the person in need. This helps ensure that the money is going to the right place, and avoids potential tax liability for the recipient.

8. It is advisable for a Rabbi to have an accountant or a lawyer knowledgeable in tax matters to whom he/she can turn when questions regarding the Fund arise.

9. The checks should be imprinted with the following notation: Rabbi's Discretionary Fund, Congregation xxxx, Rabbi xxxxx xxxxx. The checks should be single-signature for the Rabbi to sign. It is recommended that a Board officer (normally the treasurer) be a co-signer to the account, in case the rabbi becomes incapacitated or dies. This would allow the congregation to have access to the RDF. To ensure that under normal circumstances the Rabbi remains in control of the RDF, the policy about the RDF should clearly state that unless the Rabbi becomes incapacitated or dies, the Board officer co-signer may not have access to the RDF.

10. 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.