



Tithing Statement Q&A

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Oak Grove Restoration Branch - Aaronic Priesthood

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First Tithing Statement Questions

Q: What is the specific purpose of the inventory or first stewardship accounting?

A: First of all, it provides a tangible way to acknowledge (to church and self) one's stewardship under God. Second, it provides a beginning point for accounting to God by determination of the tangible increase accumulated (the net worth) up to the time of the first accounting. It is to be noted that the first accounting is not an accounting of total increase since the intangible increase, by definition, can never be included. Intangible increase is represented by expenditures for recreation, entertainment, cultural pursuits, gifts, contributions to the church and community, etc. These items are obviously not a part of tangible increase which, by contrast, has accumulated and can be inventoried.

Q: What formula is used for determining increase in the inventory for first stewardship accounting?

A: Assets minus Liabilities equals Net Worth (Accumulated Increase).

Q: I paid tithing for thirty years before submitting a first tithing statement. When I filed this statement, my tithing previously paid multiplied by nine exceeded my net worth by a considerable amount. I want to apply this overpayment of tithing against the tithing I shall owe as I file annual tithing statements in the future. Is this permissible?

A: No. In the first place, it is very unlikely that there has been an actual overpayment of tithing. When a member begins to comply with the financial law by filing his first tithing statement, he is required to pay tithing only on his net worth at that time. That portion of the increase which has been spent in previous years for purposes other than the acquiring of assets is ignored, unless of course the person wants to make an adjustment to cover these items. In many situations the greater part of the increase over the years has been used for purposes other than that of acquiring assets. An annual tithing statement filed over the thirty years would have resulted in a much greater amount of tithing being due because the total increase would have been ascertained for the entire period and not just that portion converted into tangible increase. In most cases, we suggest that if the amount tithed previously equals or exceeds the net worth shown on the first statement, the statement be completed showing no tithing due, and tithing be paid from that time forward on the annual increase as shown by the annual tithing statement.

Q: Should I hold the making of the first tithing statement until any certain time of the year?

A: No. It is our observation that the most opportune time in the life of anyone is right now – TODAY. Subsequently, adjustments in the accounting date may be made to fit individual preference and convenience. Either calendar or fiscal dates are acceptable, although calendar years are preferable for most stewards.

Q: When submitting the first tithing statement (the inventory), should possessions be listed at the cost price or at the present value?

A: List possessions at an estimate of present value which you feel is fair to God and fair to you. The inventory or First Tithing Statement is made primarily to determine the present net worth which is the basis for computing tithing due. It is important to record such estimates, whether itemized in detail or



not, so that when replacements are made, some reasonable judgment can be made to determine if an actual increase has resulted. Such increase, whether it is the result of increase in quality, quantity, or inflation, is subject to tithing.

Q: In case a member filed his First Tithing Statement (the inventory) several years ago, owed tithing which he did not pay, and has not filed a tithing statement since the first one and now desires to bring his accounting up-to-date, what should he do?

A: Unless he has kept an account of his income and basic living needs during the interim so he could make the regular annual tithing statement, it will be necessary for him to file a “New Start” tithing statement. This will enable him to ascertain his present net worth, the tangible portion of increase. To account for intangible increase which is represented by expenditures for gifts, contributions, pleasure travel, hobbies, luxuries, etc., one tenth of such expenditures should be entered on the new start line of the First Tithing Statement. If no record of such expenditure is available, he should complete the “New Start” tithing statement showing his inventory of possessions as best he can under the circumstances and arrange to account for income and expenditures in the future.

Q: Suppose a member has spent \$40,000 on a college education before submitting a First Tithing Statement. How is this accounted for on the First Tithing Statement?

A: It normally is not included on the First Tithing Statement, for several reasons:

- A large portion of such expenditure may have been spent for basic living needs (room, board, etc.) and is thus exempt from tithing.
- The portion spent on tuition and fees can be considered as intangible increase, which is normally deliberately omitted from the First Tithing Statement.
- Although the disbursement for tuition and fees can be considered as an investment, the actual value of such investment is difficult to evaluate. The authentic value of such investment will probably be reflected in increased income over a lifetime. Such income will be accounted for in annual tithing statements.
- Books and professional equipment acquired during such schooling would of course be included as assets in the first accounting.



Annual Tithing Statement Questions

Q: How often should the tithing statement be submitted? How often should tithing be paid?

A: The scriptures have always indicated that an annual accounting is required by the Lord. This is the tradition of the Restoration church. Most stewards have discovered it advisable to pay tithing regularly and systematically as income is received. Since giving is an act of worship, as one worships weekly he should give weekly. Offering envelopes are available in every congregation for this purpose.

Q: What formula is used to determine annual increase on the regular tithing statement form?

A: Annual Income minus Basic Living Needs equals Annual Increase.

Q: What is the specific purpose of the annual tithing statement?

A: To provide a methodical way to determine annual increase and thus the amount of annual tithing due. It is to be noted that completion of the present annual tithing statement form provides merely the total amount of annual increase and does not delineate between tangible increase (gain in net worth) and intangible increase.

Q: Should an attempt be made to pay tithing separately on each tithing statement?

A: No. Each year the amount shown from the previous statement should be carried forward to the new statement and credit taken for all tithing paid during the period covered by the statement. The amount therefore always reflects the accumulated tithing due at the end of the last accounting period. There is no need to be concerned about paying tithing separately for each year.

Q: About what percentage of income is usually due as tithing?

A: The percentage of income due as tithing may range from a zero amount to 10 percent of the total income. No tithing is owed by a person who uses all his income in order to meet the expenses required to maintain himself and his dependents in physical health and well-being. On the other hand, a person may have all his basic living needs met by others and then all his income would qualify as increase and he would owe 10 percent of his entire cash income. A number of studies of sample groups show that increase usually averages about 25 percent of income and tithing due is therefore 2.5 percent of income. No hard and fast percentage should be used, however as the genius of our tithing system is that it requires one tenth of increase, which permits reasonable variations from year to year in the same family and between families of comparable income. The goal of Restoration stewards, of course, is to be as productive as possible and produce increasing amounts of increase. Since many of the more important matters of life are reflected in increase, it is reasonable to conclude that good management can result in increase well beyond the average 25 percent shown by current studies of tithing statements. The church and its families will greatly benefit from such good stewardship practice.



Q: How should a person be answered who insists that he wants to pay one tenth of his income rather than one tenth of his increase as a tithe?

A: Such a person should have the Law of Temporalities explained fully enough that he understands that although tithing is a traditional primary source of support for the church, many activities of the church are supported by other major contributions such as surplus, consecrations, and freewill offerings. These latter contributions could easily add up to a sum much greater than 10 percent of current income. It should be explained to him that the payment of tithing does not fulfill his obligations to care for the poor, or to support local operating and building objectives, campground needs, the church institutions, or many other worthwhile projects. If he still desires to pay one tenth of his income, permit him to do so. It would not be out of order, however, to remind him that he is putting his private interpretation of the law against that accepted by the church.

Q: My wife and I pay tithing every month. At the end of some years when we have filed our tithing statement, we have found that we have paid more tithing than our statement calls for. Is it permissible to consider this as tithing paid in advance and apply it on next year's tithing?

A: Yes. In an attempt to keep your tithing current (which greatly assists in financing the church), you have overestimated the monthly payments necessary to complete your tithing by the end of the year. It is perfectly acceptable to carry over this credit on next year's tithing. This would apply only if a person is filing a statement each year and actually knows the amount of his increase.

Q: Should gifts that have value be included in the annual accounting?

A: It all depends. Gifts that have material or practical value can be added as "Other Income" if they represent true increase in net worth. If they represent replacements in clothing or household furnishings, for example, they can be omitted from the accounting and this no tithing is calculated. Gifts, per se, are not tithable unless they represent true increase.

Q: Between the demand of the government and the church for financial reports, I've "had it." Can you lighten the load imposed by the church?

A: Yes! The church has never intended that record keeping and reporting be excessively burdensome. There are, however, certain minimum requirements if one is to make a reasonably intelligent accounting to the Lord through the church. There is no way to calculate the annual tithing due without some degree of record keeping, however small. As a minimum, to calculate tithing due, simply keep a record of annual basic needs and deduct them from annual income. Forget, for the time being, what you spent from increase – such expenditures will not affect the difference between income and basic living needs. If you wearied of record keeping after three months, multiply the total of those three months by four and you have at least an estimate for the full 12 months. Remember, an estimated statement is better than none at all! Hopefully, as you mature in your stewardship you will want to develop a more comprehensive system of record keeping so that you can be in more complete control as a steward, but by then it will not be a burden. Inability to keep comprehensive books does not disqualify you as a steward – accurate accounting is a maturing process much like the growth toward perfection in other phases of stewardship. The redeeming of Zion requires stewards who are able to cope successfully with the spiritual and temporal problems of life. Financial accountability to God is indispensable to Zion. And in the process, your economic affairs will benefit from your improved knowledge and control of them.



Q: I borrowed \$3000 this year to pay for medical expenses, and plan to pay off the loan at the rate of \$1000 per year. How do I handle this on my annual statement?

A: First of all, like all borrowed funds, do not post the borrowed money as income. Also, the expenditure of borrowed funds should not be posted as the debt is incurred. The repayments of the debt should be posted according to its use (either basic living need or increase). In this instance, the expenditure should be posted as medical expense (basic living need). The annual accounting will determine the proper increase and tithing due.

Q: I spent \$2000 this year on a vacation trip to Hawaii. Do I owe \$200 tithing?

A: You owe \$200 tithing only if your annual accounting shows \$2000 increase. You do not owe tithing on any one transaction of the year. Simply post your expenses for the trip in the proper category. Some of the \$2000 spent on the trip will have been used for basic living needs, some will have been used in the area of increase. The annual accounting, and this only, will determine how much tithing is due.



Miscellaneous Questions

Q: Should depreciation be allowed on cost of homes, household furnishings, equipment, etc?

A: On the First Tithing Statement, depreciation is effectively allowed by the use of current values at the time of accounting. On the Annual Tithing Statement, replacements of household furnishings and equipment and clothing are placed in the category of Basic Living Needs to exempt them from tithing, assuming that depreciation has made replacements necessary. This is a simple mathematical solution to a potential complex accounting system for allowing depreciation. Upgrading of a given item, of course, should be considered as an increase in assets and therefore tithable.

Q: Is a disbursement for the purchase of a computer (or other piece of equipment) for the replacement of one included in the inventory deductible from income as a basic living need in determining the annual increase?

A: Yes, to the extent that it is a replacement of equal value. If the cost of the computer or other piece of equipment replacing the old has increased above that which was claimed in the former inventory, then the difference only is subject to tithing. Thus the amount of deduction as a basic living need should be the same amount as was included in the former inventory.

Q: If one should purchase a new car or a newer used one, replacing his old car on which tithing has been paid (or computed), is the purchase price deductible as a basic living need?

A: Yes, but only the amount on which tithing was paid or computed on the old car is deductible. The additional cost would be subject to tithing.

Q: The cost of repairs to my house which was damaged by fire exceeded the insurance coverage by \$1000. Can I list this as a basic living need?

A: The simplest way to handle this situation is to enter the insurance settlement as income and the total cost of repairs as a basic living need, and the increase for the year will be reduced by \$1000. This solution also contains the important advantage that it completely records the entire transaction and provides for easy analysis at a later date.

Q: In any year in which my basic living needs exceed annual income, can I deduct the deficit from the income of the succeeding year?

A: No. The law and intent of the annual accounting is that one should make his statement yearly and pay his tithing on the increase for that particular period. Enter "none" on the line on the statement which computes tithing due for the year. This will not affect the balance of tithing due on increase from previous years or any future increase.



Q: A person owned equity in a piece of real estate and included this equity in his first tithing statement (inventory) of which the tithing due was computed but not paid. Subsequently, before the tithing due was paid, he lost the equity in the property. Should the tithing previously shown as due be paid?

A: Ordinarily yes. However, it is always important to remember that the purpose of the law basically is to help the individual steward. Therefore there are times when adjustments may be made in the filing of tithing statements to give the individual a new start. The individual in the final analysis must make the decision and should, to the best of his ability and understanding, discharge his responsibility as fully as possible.

Q: If a member pays his tithing, has a reserve of \$1000 on which he has paid (or computed) tithing, then is compelled to use the reserve for basic living needs, how should he account for it on the next tithing statement?

A: All of the items spent for basic living needs should be listed for deduction from income regardless of whether the expenditures are from current income or from previous year's accumulation. If the total basic living needs of any one year are greater than the income for the same year, there is no increase (enter "none") and consequently no tithing payable.

Q: Are the premiums on life, fire and accident insurance subject to tithing?

A: We consider only the cash surrender value of the life insurance subject to tithing because only that portion of the premium paid represents an investment from which the payee may realize increase. The balance of the premium payments are considered protection and therefore a basic living need. Fire and accident insurance are considered protection and consequently a basic living need. The payment of premiums on any insurance which does not create "cash surrender value" may be listed with basic living needs. The foregoing interpretation is made on the basis of the principle that one is entitled to reasonably adequate protection for his family. Premiums on life insurance purchased for investment purposes, however, should be tithed.

Q: How should life insurance be listed on the inventory of possessions on the first tithing statement? On the annual statement?

A: Only the actual accumulated cash surrender value of the policy should be listed with the resources. Annually, tithing should be paid only on the cash surrender value accrued from the annual premium payment. That portion of the annual premium payment which does not increase the cash surrender value should be listed as a basic living need.

Q: If tithing has been paid (or computed) on the cash surrender value of an insurance policy, should tithing be paid again when the cash value is surrendered? In other words, should this amount received be then stated as income received on the annual tithing statement?

A: Only that amount, if any, of cash received from the policy which exceeds the amount on which tithing has been computed should be entered as income.



Q: If a member carries a policy for years and has included the cash surrender values in the increase upon which he has paid (or computed) tithes, should his beneficiaries at his death pay tithes on the amount of insurance they receive?

A: If the beneficiary of the policy is the husband or wife of the policyholder, only that portion of the insurance received which is in excess of the total cash surrender value of the policy previously considered in tithing computations should be included in income for the purpose of determining increase. This is based on the practice that a tithing statement of a husband or wife is accepted as a joint report of both unless there are reasons to do otherwise. Should the beneficiary be any person other than the companion of the deceased tithepayer, the entire amount should be included in income in computing the increase for the year in which received.

Q: How should social security payments be handled?

A: Social security payments are basic living needs because they are mandatory in nature rather than optional. It is to be remembered that gross annual income should be recorded on the tithing statement and Social Security payments should be shown as a basic living need (miscellaneous). Benefits received from the Social Security Administration would be recorded as income in the year received. Whether or not tithing is due on the benefits depends entirely upon the purposes of expenditures (either basic living needs or increase). Tithing is of course due only if increase is achieved in that year.

Q: How should payments for private pension or retirement plans be handled?

A: Payments on pension or retirement plans which are optional in nature and which accrue annually as increase should not be posted as basic living needs, but included as a portion of the gross annual income. Benefits need not be recorded as income when received if they have been recorded completely as income in prior tithing statements.

Q: Why do we multiply tithing previously paid by nine, when filing a first tithing statement?

A: This question has troubled many good supporters of the Financial Law, but the answer is surprisingly simple. We need to remember that tithing is part of the increase. Specifically it is one-tenth part of the increase. When you keep the Financial Law by filing a First Tithing Statement, and paying the tithing due, you have given on tenth of your net worth to the work of God. This means that you keep nine tenths in your possession, or nine times the amount you pay as tithing. If your First Tithing Statement shows a net worth of \$1000 and you pay the \$100 tithing due, you have reduced your assets to \$900 or nine times the amount tithing paid. This explains why we multiply by nine to ascertain the amount of net worth previously tithed. Failure to do this would mean that the Financial Law would not apply equally on all church members.