

A CENTURY OF SERVING  
THOSE WHO  
SERVE



100 YEARS OF PENSIONS

AND BENEFITS USA

1919-2019

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# Introduction

Those who study such things say a baby born today has a life expectancy in the eighties. Mortality was much different in the 19<sup>th</sup> and early 20<sup>th</sup> centuries, when folks rarely lived beyond their 50s. In the Pensions and Benefits office, we are happy to note that in the first two decades of the 21<sup>st</sup> century, many retirees are living well into their 80s, and it's not unusual for them to reach the centenary mark. In fact, the Association of Retired Ministers and Missionaries in Bethany, Okla., has groups—one in their 90s, the other 100 and above—whom they honor on an annual basis for their longevity. What a difference time, advances in health care, and nutrition make!

Perhaps, in the early days of the Church of the Nazarene, it was a blessing that people did not live longer, since many did not have reserves to fall back on in retirement. The Board of Ministerial Relief, what is today Pensions and Benefits USA, was officially established on October 3, 1919, as Nazarenes sought to do something to assist the servants of the church who were ill, disabled, retiring, or who passed away, leaving behind a spouse and sometimes children. In the firebrand determination of most ministers, these men and women figured the Lord would take care of them, and He did, although many doubtless suffered severe financial hardship. Being a struggling, young denomination, there were no endowments to provide for these needs, so there were regular appeals to churches and individuals to help.

The Church of the Nazarene has never been considered a church of the wealthy, but it has been one of dedication and faithfulness, by both ministers and parishioners. The following is an overview of the work that is today embodied within Pensions and Benefits USA. As you read, you will notice starts and stops, and hills and valleys in the efforts to provide for our ministers. But you should also observe that there has been no lack of effort on the part of Nazarenes, who have from the earliest days of our history, attempted to do the best they could for those who serve Christ and His church.

The development of this book began in the early 1990s as P&B editor John Oster began researching the history of the department's ministry in preparation for its 75<sup>th</sup> anniversary. With our 2019 centennial, we chose to amend John's original work to include changes that have occurred over the last 25 years. While it is not comprehensive, it does strive to present an overview of the church's efforts to assist her ministers with retirement, insurance, benevolence, compensation, and other financial information to help them make the most of their income. Additionally, it should be noted that while these services have been coordinated and administered by P&B USA and its previous iterations, the work has always been and continues to be dependent on the faithfulness of those in the pews who express their support and appreciation for Nazarene ministers through contributions to the P&B Fund.



# 1

## Traditions in Transition

Delegates arriving at Kansas City's Union Station on Wednesday, September 24, 1919, for the Fifth General Assembly of the Pentecostal Church of the Nazarene brought their railway certificates to General Secretary E. J. Fleming for validation. This entitled them to a one-third reduction in the return fare.<sup>1</sup>

Rev. Fleming had just been appointed general secretary for the church following the death of Rev. Fred H. Mendell, but he was already familiar to the arriving Nazarenes, because he had served as secretary for the Third General Assembly in Nashville in 1911 and the Fourth General Assembly in Kansas City in 1915.

Prior to his appointment as general secretary, he pastored in Racine, Wisconsin; Stockton,



E. J. Fleming

Illinois; Chariton, Iowa; and Grand Rapids, Michigan. He had been ordained to the ministry in 1903 by the Apostolic Holiness Union but united with the Church of the Nazarene in 1909, one year after the national church's birth in Pilot Point, Texas.<sup>2</sup>

The detail of validating railway tickets was just one of thousands of details that would occupy Fleming's energies over the next 20 years that he served as general secretary. His role in bringing legal and organizational form into a rapidly expanding religious movement would prove valuable in the years ahead. Another important characteristic of Fleming's remarkable ministry was his interest in caring for the needs of retired Nazarene ministers and their spouses. In one way or another, he expended his efforts in their behalf for most of his life.

As a pastor in Grand Rapids, he was involved in the Minister's Mutual Aid Society which was started in January 1916, by Rev. A. H. Kauffman. There were two mutual aid societies—one for ministers and one for laymen. Both were located on the Michigan District but appealed to a national constituency through advertisements in the Herald of Holiness.<sup>3</sup> The approximately 900 members each paid one dollar every time one of their number passed away, and the funds were presented to the bereaved family to help defray funeral and attendant expenses. It was a primitive form of life insurance and represented a first attempt within the church to provide system and organization toward relief of distressed ministers and laymen.

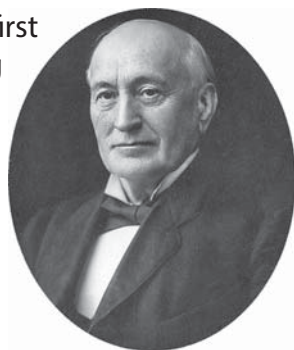
The same issues of the Herald that promoted the mutual aid societies, also carried advertisements

for annuity bonds issued by the General Foreign Missionary Board of the Pentecostal Church of the Nazarene. Intended as a means of raising funds for the missionary cause, these bonds also were presented as safe investments which would bear interest to provide needed retirement income for ministers and laymen. When the holder of an annuity bond died, the principal of the investment became the property of the General Foreign Missionary Board.

These early attempts to assist retired ministers and widows were soon to be affected by changes made in the church's structure by the delegates who came to Kansas City for the Fifth General Assembly.

### **First Assembly Held Without Bresee**

The Fifth General Assembly was the first to meet following the death of founding General Superintendent Phineas F. Bresee in 1915. As a result, the general superintendents were very conscious that, for the first time, major decisions would have to be made without the benefit of Bresee's counsel. The senior general superintendent was Hiram F. Reynolds who had served with Dr. Bresee from the beginning. Joining him were John W. Goodwin and Roy T. Williams.



P. F. Bresee

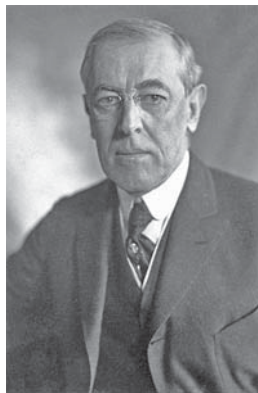
In announcing the assembly, the three leaders had urged delegates to arrive Wednesday evening for the "great religious meeting" at Kansas City First Church of the Nazarene

at 24th and Troost, and to be in their seats and ready for business at 9 A.M. Thursday morning. "Be prepared," the general superintendents said in a notice published in the Herald of Holiness "to make the coming General Assembly a great success and a world-wide blessing."<sup>4</sup>

The world they hoped to bless was one in uncomfortable peace. While the 500 delegates were assembling for the Friday evening service at Kansas City First Church, a few blocks away at Union Station, President Woodrow Wilson's blue-painted private rail coach was being refurbished for its high speed journey back to Washington, D.C.<sup>5</sup> The President had suffered a stroke while speaking at Pueblo, Colorado, on behalf of the Treaty of Versailles. Late Friday afternoon, the President's personal physician reported only that the President was suffering from "nervous exhaustion" and that, while his condition was "not alarming," he would require a period of rest.<sup>6</sup>

The Treaty of Versailles, which ended World War I, was supposed to provide a structure for enduring peace called the League of Nations. Before year's end however, the United States Senate rejected both the treaty and U.S. participation in the League.

Not only was the world scene uncharted, but the citizens of the United States were in a period of cultural transition. As the delegates worshiped on Sunday, September 28, an angry crowd just 200 miles north in Omaha, Nebraska, stormed the new high-rise courthouse



Woodrow Wilson



demanding the release of a black prisoner. Rioting and setting fires, they forced their demands and promptly lynched the prisoner. The U.S. Army at Ft. Omaha was called in to help restore order. The Kansas City Times gave full coverage to the event.<sup>7</sup>

Just one month later, on October 28, the National Prohibition Act was passed by Congress outlawing the sale of beverages with alcoholic content above a certain level. This act had been supported fully by the Nazarene assembly delegates and was one of the few social shifts that met with their approval. Women's fashions—especially short dresses, low necklines, and high heels—were sternly condemned.<sup>8</sup> Movies, dances, and painted faces also were denounced. While they often looked at their changing world with a disapproving eye, the gathering Nazarenes nevertheless kept intact their own emerging tradition of joyous Christian fellowship.

### **A Joyful Spirit Prevails**

As the Assembly got underway, a joyful spirit prevailed. B. F. Haynes, founding editor of the Herald of Holiness, noted that “We have shown ourselves as delegates [to be] appreciative eaters, and First Church has furnished caterers fully equal to the occasion.... We are just born to love, and we are sanctified to keep on loving and we just can't stop and don't want to stop.” He continued, “The Assembly is a happy body. We have yet to see a frown or a cloud on a face or to hear a growl or a grumble from a member. The shouting is genuine, happy, free, and of the Spirit.”<sup>9</sup>

Amid the obvious good feelings, Haynes was careful

to “thank [God] also for the absence of any symptom or tendency toward fanaticism or excesses of any kind, for the absence of the fault-finding or censorious, or super-sensitive spirit.”<sup>10</sup>



B. F. Haynes

The legislative sessions were characterized by serious debate, but there was good will in accepting the vote of the majority. Reporting on the Assembly in the *Herald of Holiness*, Haynes wrote, “Retrospecting, we may correctly say, that this session just passed, has been an epochal General Assembly. This is a fact, from every viewpoint we may review the Assembly.”<sup>11</sup>

## **The Name Is Changed**

One major change made by the delegates was to shorten the organization’s name to “Church of the Nazarene,” dropping the word “Pentecostal.” This was done partly for convenience, but mostly to separate the Church of the Nazarene from other groups who claimed the name “Pentecostal” and who observed speaking in “tongues”—a practice that the Nazarenes eschewed. Haynes wanted everyone to be sure to know, however, that “as a Church we have always been and are still, and are determined always to be tremendously Pentecostal. It is our sole and joyful mission to spread the Pentecostal fire as far as be in our power, until Jesus comes.”<sup>12</sup>

There were other changes voted by the Assembly that were of equally far-reaching impact. The various general

boards which comprised the national governance of the denomination were asked to meet jointly in Kansas City, forming the Correlated Boards of the Church of the Nazarene. This represented a first attempt at drawing together the various departmental interests of the church which, up to that time, had been governed by more or less autonomous "general boards." Each of these boards had made its own financial appeals to the church. They proved unwilling to surrender this independence and, four years later, stronger action would be necessary.

NO. 5. MINISTERIAL RELIEF

I. MUTUAL AID

1. We recommend the creation of a General Board of Mutual Aid (Benefit), which Board shall take over the Ministers' and the Laymen's Mutual Aid (Benefit) Societies now under the supervision of the Michigan District.

Another change made by the 1919 General Assembly was that the Mutual Aid Societies were transferred from the Michigan District and were brought under the overview of a General Board of Mutual Aid. Appointed to the General Board of Mutual Aid were:

A. H. Kauffman  
F. M. Messenger  
David Anderson  
Dr. C. E. West  
E. J. Fleming.<sup>13</sup>

The same men were named to the General Board of Ministerial Relief. Fleming became the chief communicator for both boards in addition to his being secretary for the Correlated Board. These actions were the first to begin focusing denominational attention on the problems of aging and ailing ministers.

### **The Correlated Boards Meet**

The Correlated Boards met for the first time on February 18, 1920, in Kansas City. At that meeting, the General Board of Mutual Benefit (previously called the General Board of Mutual Aid) submitted a report which was adopted by the larger body. The General Board of Mutual Benefit then was asked to prepare a plan for accident and sickness benefits that was to be similar to that of the Mutual Benefit Societies (formerly called the Mutual Aid Societies).<sup>14</sup>

Also reporting to the Correlated Board was the General Board of Ministerial Relief which had adopted legislation to include deaconesses in the list of those eligible for assistance from the General Ministerial Relief Fund, provided the deaconess received proper recommendation from her District Board of Ministerial Relief.<sup>15</sup>

These actions were not approved universally as was evident from a letter which appeared in the Herald of Holiness commenting that "It looks like the brethren were set upon relieving us of any dependence upon God except for the bare saving of our soul." The writer preferred that church organizations commit time and funds only to "get folks saved

and sanctified and so ready for the coming of our blessed Lord.”<sup>16</sup>

## F. M. Messenger Replies

F. M. Messenger of Chicago, president of the General Board of Mutual Benefit, responded to the charge of self-reliance which had been expressed in the letter. The General Board of Mutual Benefit, he pointed out, was not an entity of its own creation. It was brought into being by action of the General Assembly and assigned responsibility for the Minister’s Mutual Benefit Society and the Layman’s Mutual Benefit Society. These organizations already were operating within the church and, if they were to continue operating within the church, they should be controlled by the church. Although agreeing with the letter writer’s assertion that only such boards as are necessary to enable us in the propagation of scriptural holiness and the raising up of a holy people should be encouraged or tolerated, Messenger questioned who, if not the General Assembly, should be able to determine the function and purpose of such boards. Messenger wrote:



F. M. Messenger

We wish that our church was made up of one hundred percent men of the faith of Elijah, that we could read in the Herald of Holiness of ravens feeding—through faith—Nazarene preachers whose membership were either too poor or too stingy to give them a comfortable support. But we are not seeing many miracles of that kind in these last days, therefore we ask, which is the better, to

stand by with folded hands and say to the widows and orphans, "Be ye warmed and filled," while with dry eyes and sanctimonious looks [we] behold their unalleviated distress, or make our church responsible for some kind of corporate action whereby these distresses may be relieved?<sup>17</sup>

While the Mutual Benefit Societies depended upon their membership for funding, the Board of Ministerial Relief depended on funds collected from churches and active ministers. According to the plan adopted in 1919, each active minister and each deaconess was asked to send in \$1 each year, and each church was asked to contribute 10 cents per member. The amount of money available for relief always depended on the amount which had been submitted by the churches.

### **A Beginning Is Made**

F. M. Messenger was himself the publisher of a line of religious calendars, and offered \$500 toward printed material for distribution among the ministers. On October 8, 1921, Fleming wrote to Messenger recalling that promise and requesting \$75 for the purchase of 100 copies of Dr. J. B. Hingeley's book, *The Retired Minister*. He intended to distribute this compendium of information on ministerial relief to Nazarene district superintendents and other leaders. Although Messenger originally had intended for his offer of \$500 to be taken out in trade in his own printing plant, he graciously agreed to the purchase.<sup>18</sup>

A year later, Fleming wrote to M. C. Mann of Hallsville, Texas, that the number of persons helped since 1919

had been 21. Some of these were for temporal needs (emergency needs of the moment), but he said,

At present we have discontinued granting temporal assistance. We now have 7 men receiving from \$13.75 to \$25.00 per month, 3 women receiving from \$10.00 to \$12.50 per month, and three widows receiving from \$5.00 to \$15.00 per month. Three of the men are blind, one is in an old peoples' home, one is paralyzed. Two women are not far from death's door, one having four well-developed cancers, the other an uncerated [sic] kidney. One widow has four children to support. We have three applications on file but have not been able to make a grant on them till we see a fair hope of funds to cover the cases. Two are widows. There are other widows who would be eligible for assistance but we have not attempted to seek information until we have more income at our command.<sup>19</sup>

For Fleming, this theme would recur through all the years he was to serve as relief secretary. Always there were pathetic pleas for help; always he was constrained by lack of funds. Early on, the decision was made not to encumber the Board of Ministerial Relief with debt. Therefore, only such funds as were collected were available for distribution, and many worthy requests had to be denied on the grounds that no funds were available. Fleming was aware that denominations with longer histories had amassed reserve funds and had invested them in order to provide for future needs of retirees, but the young Church of the Nazarene had no history during which it could have collected such funds.

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On April 7, 1922, Fleming began a long series of letters to George A. Huggins, a consulting actuary in Philadelphia, concerning the operation and funding of an adequate pension program for Nazarene ministers. This correspondence quickly established the need for reserve funds and discouraged relying exclusively on current offerings for pension and relief operations.<sup>20</sup>

In a major article in the September 20, 1922, issue of the Herald of Holiness, Fleming summarized the Board's progress since 1919.

On August 1 we were rendering assistance in 13 cases: Two were widows receiving \$5.00 and \$11.66 per month respectively and one widow with four children receiving \$15.00 per month; three ministers are nearly or wholly blind, one is disabled with paralysis, one is in an old people's home; two women preachers are hopelessly sick, one severely crippled; two other men are receiving old age assistance. There are two applications on file from widows and one from a disabled man.

The assistance granted is based upon service rendered to the Church since 1907, at the rate of \$30.00 per year of service ministers, and \$20.00 per year of service (husband's) for widows. The remittances are made monthly.<sup>21</sup>

Fleming noted that the 1919 General Assembly did "one of its best works when it took action looking to the care and relief of the wornout ministers of the Church, as well as the care of the widows and orphans of ministers who died in the service of the Church." He further noted that this effort had proven "very inadequate to the necessities of the cases," and said that the Board of Ministerial Relief was therefore devoting "much time



and effort to finding the best possible plan for the work of Ministerial Relief," with the intention that such a plan would be submitted to the Sixth General Assembly when it met in 1923.<sup>22</sup>

## **Stress Levels Are High**

The United States in 1923 was a nation in distress, rocking from one scandal to another in the administration of President Warren G. Harding. In July, he left Washington for a nationwide speaking tour, but suffered a heart attack and died in San Francisco on August 2. Calvin Coolidge took the oath of office the following day at his father's home in Plymouth, Vermont. His father, a notary public, administered the oath. Coolidge's first message to Congress was the first presidential message to be broadcast by radio. It also was in 1923 that Nevada and Montana established laws for America's first old age pensions at the state level.

In the church, stress levels were high also. The church was growing rapidly as a national organization, and such growth brought inevitable problems. The earlier attempt to establish financial control over the general boards had proven ineffective. Then, just as delegates to the 1923 General Assembly were coming together in Kansas City, they heard murmurs about what came to be called the "North Dakota land deal" involving speculation with church funds.<sup>23</sup> When the



Calvin Coolidge

Assembly finally convened, its attention clearly was not on the problem of establishing an adequate pension program. Rather, the Assembly

demolished with one blow the Boards of Home Missions, Foreign Missions, Publication, and Church Extension, and took away all discretionary authority over financial matters from other boards as well. These powers were then placed in the hands of six ministers and six laymen, elected at large, to serve under the chairmanship of the Board of General Superintendents in what was first called a General Council, soon renamed the General Board.<sup>24</sup>

The office of E. J. Fleming, general church secretary, became the clearing house for the entire operation. His administrative excellence smoothed the way for the reorganization at every step. He made certain that "communication was full and deliberation possible on every issue."<sup>25</sup>

The 1923 General Assembly was able to report that 33 persons had been assisted with relief payments ranging from \$5 to \$25 per month.

### **Ministerial Relief Left in Limbo**

In 1924, the General Board asked for a budget of \$7,500 for ministerial relief. This equaled three percent of the General Budget and represented 15 cents for each of the 50,000 Nazarenes. The governing policies for ministerial relief, however, were left in limbo. In early 1924, Fleming was to write to a questioner,

I do confess that we are somewhat doubtful just how to proceed in view of the attitude of the General Assembly.

However, I think you will agree that the attitude taken by the General Assembly in its closing moments, when there were present but a hand full of delegates, was not a good criterion by which to judge what undoubtedly would have been done had the entire delegation been present.<sup>26</sup>

Lacking clear direction from the General Assembly regarding "the whole Mutual Benefit proposition," the new General Board authorized a committee to make an "exhaustive investigation" and to report back.<sup>27</sup>

In 1925, grants for relief were based on the following schedule: \$25 per year for each year of active service up to 12 years; an additional \$5 per year for each year of active service from 13 to 20 years. Relief was payable monthly, unless otherwise stated in the application, if funds were available.

Although the situation was under study, there remained too many needs and too little money. Still, in a letter to a district superintendent explaining the denial of requested assistance for one of the district's ministers, Fleming was able to add a cheery closing, "We trust that the air is getting clearer up your way, and the sun is shining brighter, and the stars are twinkling with more glory, and the road is getting smoother, and you are seeing some gracious results from the labors which you are undertaking in His precious name."<sup>28</sup> In a more somber vein, Fleming wrote to an applicant in 1925, "I cannot tell you how deeply this work presses upon my heart, but I am utterly unable to respond to the urgent appeals that reach me except as finances are provided by the general church."<sup>29</sup>

In 1928, the Ministers' Contributory Reserve Pension Plan was authorized by the General Assembly. It was to begin as soon as at least 500 ministers notified the Department of Ministerial Relief in writing that they intended to pay contributions of 2.5 percent of salary and that their church intended to pay contributions of 10 percent of salary. Relief annuities were granted at the rate of \$15 annually per year of service, but not to exceed \$300 annually in any case, provided funds were available. In 1930, the General Board lowered the requisite membership to 300. But the Minister's Contributory Reserve Pension Plan never began because the Great Depression ruined the economy, and neither the ministers nor the churches were able to make the necessary contributions.

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**The decade of the 1920s found the Church of the Nazarene, like the nation itself, struggling to find itself.**

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The decade of the 1920s found the Church of the Nazarene, like the nation itself, struggling to find itself in the midst of cultural diversity, technological change, and uncertain resources. In this mix, the church also was trying to find the organizational structure that would best suit its mission as a holiness denomination.

### BOOKKEEPER WANTED

A bookkeeper is wanted at the Publishing House. Although our bookkeeping is light at present, it will grow into a fine position for a competent man. He should thoroughly understand double entry bookkeeping. We prefer one who has had charge of a set of books and has proven his ability and efficiency. A man who understands and is in sympathy with the mission of the Pentecostal Church of the Nazarene and who is consecrated to the Lord's work can have a permanent position if he is fitted for it. In writing, please state age and experience and salary expected.

## 2

# Dedicated Duo and Providential Partnership

In the early summer of 1907, E. J. Fleming was called to the pastorate of the Racine, Wisconsin, Independent Holiness Church on College Avenue, where he enjoyed the regular attendance of the Lunn family, which consisted of the father, two sons, and a daughter. The mother had died some years before. The older son, then about 21 years of age, was named Mervel.

One Sunday, Pastor Fleming asked Mervel Lunn to meet with him later that week at the church. At that meeting, the two spent a few minutes talking about current happenings. Then the pastor asked young Lunn about his spiritual welfare. Years later Lunn recalled, “the fact that a busy pastor would spend one evening and walk quite a distance to talk about my salvation made an indelible impression. From that hour I knew that he was a good and godly man.”<sup>1</sup> Mervel Lunn not only accepted the Lord as his saviour under the leadership of Pastor Fleming, but also began a life-long friendship with him. Their relationship was to have a profound influence on the emerging Church of the Nazarene.



Mervel Lunn

At the time of his conversion in 1907, Lunn had been working for the J. I. Case Threshing Machine Company for three years and was well-liked in the company. In short order, he was transferred to a branch office in Amarillo, Texas; and then to Dallas, Texas; Kansas City, Missouri; Winnipeg, Manitoba; and Denver, Colorado.



Nazarene Publishing House (L) and Kansas City First Church of the Nazarene, ca 1912

In 1912, he had occasion to be in Kansas City, Missouri, as a representative of the J. I. Case Company. One evening he set out walking, looking for a holiness church in which to worship during his stay. He turned south on Troost Avenue at 15th Street and, at about 21st and Troost, he saw a sign that read "Nazarene Publishing House." A Sunday bulletin was posted announcing the services of the Church of the Nazarene. He attended the services and met Rev. C. J. Kinne, manager of the newly established Nazarene Publishing House. Before he left Kansas City, Lunn was a subscriber to the *Herald of Holiness*.<sup>2</sup>

When the J. I. Case Company transferred M. Lunn to their offices in Denver, he promptly looked up Denver First Church of Nazarene. He became a member there, teaching a Sunday School class and becoming church secretary. In May, 1913,

however, he read in the Herald of Holiness that the Nazarene Publishing House needed a bookkeeper.<sup>3</sup> He contacted Rev. Kinne who urged him to come to Kansas City. In the midst of struggling with the decision, Lunn received the news that the J. I. Case Company was transferring him to Kansas City immediately. Feeling divine providence and God's guidance, the issue was settled. Until he completed his obligation to J. I. Case, he worked for them during the daytime and worked on the Nazarene Publishing House books in the evening.<sup>4</sup>

### **M. Lunn Becomes NPH Manager**

The following years were difficult ones for the Nazarene Publishing House. Despite inadequate capitalization, the young publishing company extended its services across an emerging national denomination.

By 1921, this had resulted in indebtedness of \$103,000. Determined action was necessary to keep it from going under. The general superintendents asked M. Lunn to become manager of the publishing house. He spent a night in prayer, knowing that some people were looking for an individual to blame for the apparent financial failure of the NPH).

Finally, Lunn committed himself to what he believed to be the Lord's will. "I told the Lord that if He wanted me to be the goat in this situation...I was willing to be that...for Him! But I just suspected that God had a real interest in getting His printed Word out, so I decided to invest my life in something bigger than myself!"<sup>5</sup>

That investment prospered. In just 18 months, the new manager was able to report at the General Assembly of 1923



that the entire indebtedness of the Nazarene Publishing House had been paid in full.

M. Lunn was to bring stability to other areas of the church as well.

From 1926 to 1945, he served as general treasurer of the Church of the Nazarene and was executive secretary of the Department of Ministerial Benevolence from

1940 to 1956. Both jobs were

accomplished in addition to his full-time responsibilities as Publishing House manager. Although he carried many responsibilities, there was no doubt about where his heart was. In 1936, upon reelection as manager of the Nazarene Publishing House, he said, "I'd rather do that than anything else under the sun."<sup>6</sup> In contrast, upon reelection as general treasurer the same year, he said, "I still insist you folks have made a mistake in electing your General Treasurer. When I am placed in this situation all I can promise is that I will be true and faithful to the trust you have imposed upon me."<sup>7</sup>

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## **God's Servants**

For nearly 20 years, E. J. Fleming and M. Lunn served together at Nazarene Headquarters. They were twin forces for orderliness and proper procedure in a denomination growing like Topsy. Both were convinced that they were advancing the cause of holiness as much as any preacher in the field. During the difficult years of the Great Depression, 35 percent of Publishing House profits were dedicated to the cause of ministerial relief. Lunn and

Fleming were a dedicated lifesaving duo, not only for the church but also for hundreds of old and needy Nazarene ministers who had no other resource. They kept alive and on track the dream of a funded retirement plan for ministers that would be a more adequate compensation for the years of sacrificial service that they had given the church. It was a dream often dimmed during their years of service, but their determination kept it alive.

Both Fleming and Lunn worked long hours, driven by the need to accomplish maximum results for the church with a minimum expenditure of the money that had been contributed sacrificially by Nazarenes across the country for the cause of advancing holiness. Along with this heavy commitment of time and energy to their professional calling, both men found time to serve their community and their church. For one noteworthy example, Fleming was the founding president of the Kansas City Rescue Mission. This ministry to the homeless of the city continues its service to this day.<sup>8</sup>

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**Fleming was the founding president of the Kansas City Rescue Mission.**

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Dr. Albert Harper, executive editor for the Department of Church Schools from 1945 to 1974, recalls a conversation with M. Lunn about golf. Lunn told him:

I bought a set of golf clubs some years ago and used them for a while. But it was just at the time when my boys were growing up. I decided I could better spend my time with them and the other boys of the church. So I sold my golf clubs, accepted a position as scoutmaster for the church troop, and spent my spare time out of doors with the boys.<sup>9</sup>

Harper adds, "Mr. Lunn never perfected his golf game, but there are men today who attribute their salvation to the time and interest that he invested in them when they were boys."<sup>10</sup>

Mr. and Mrs. M. Lunn presided over a family of seven children and, usually, one or more permanent house guests. One son, M. A. (Bud) Lunn, succeeded his father as manager of the Nazarene Publishing House. Another, Vernon, served for many years on the Board of Pensions and Benefits USA. They extended their father's dedication to these areas of ministry far beyond his own lifetime.

Three of the Lunn children served in the armed forces during World War II. A letter written to Vernon Lunn upon his enlistment aptly describes not only M. Lunn's dream for his family, but also the pattern he set for them.

Mother just phoned that she received a letter from you telling of your new location. You, undoubtedly, will have many tasks and assignments that will be disagreeable and sometimes hazardous. There is but one thing to do: Make the most of it. Be a soldier in every sense of the word. Face your task courageously. Put all that you have into this business of soldiering. Being a soldier means more than drilling, marching, and fighting. It means holding or standing by certain standards of conduct that you were taught at home and also in church and Sunday School.

There will be a tendency on the part of many, once they are in the army, away from the influences of home, family, and reputation, to cut loose and forget the precepts that they were taught as youth.

In the army, as well as in civilian life, you are given the choice of maintaining or lowering your standards. At any cost...make no compromise with sin and evil. If you will let them know how you stand, it will make it easier for you.

Likewise, they will respect you.

There is a Friend who will never forsake you. Keep the faith and trust God. Don't fail to read the Bible. In it you will find the words of eternal life, comfort in sorrow, succor in the hour of temptation, help in situations that will test your manhood, companionship in the lone watches and hours of the night, and last, but not least, the guide to your journey through life. May the Lord watch over you and keep you until that day...and may He speed the day when we can have a family reunion. We are praying for you and the others. God bless you, we love you.

— Dad<sup>11</sup>

Fleming and Lunn were two of God's servants and providential partners in the work of the church. As dedicated duo, they will be linked forever with the beginnings of ministerial relief in the Church of the Nazarene.



Memorial medallion provided to families of deceased Nazarene ministers.

### 3

## Called for Life

There is no worthier title under heaven than that of “Nazarene minister.” While humble in origin, the title represents a powerful, dedicated, singular service to God through the Church of the Nazarene. None bear the title quite so well as the growing body of retired Nazarene ministers.

Since 1987, the Board of General Superintendents, through the Board of Pensions and Benefits USA, has made available to the families of deceased ministers a bronze medallion of the emblem of the Church of the Nazarene with the words “Minister—Church of the Nazarene.” These medallions are received with a touching sense of holy pride and gratitude. The daughter of a deceased Nazarene minister wrote that her father’s grave was near a major intersection in the cemetery. She rejoiced that, even after her father had gone to be with the Lord Jesus whom he had loved and served on earth, the bronze medallion on his gravestone would provide a continuing witness proclaiming to all, “Holiness unto the Lord.”

It is this quality of fidelity to the calling that has made the issue of ministerial relief and pension so important in the Church of the Nazarene. In nature, the lion is called the “King of the Beasts.” Throughout its life, at whatever age, it displays the dignity and bearing that reminds

everyone of a king. Likewise, a Nazarene minister is always a Nazarene minister. He no longer may be serving a particular parish as pastor, but he still is serving God, and God is interested in his welfare.

### **A Unique Responsibility**

E. J. Fleming, a minister, and Mervel Lunn, a layman, were given the responsibility of directing ministerial relief in the Church of the Nazarene for the first 37 years of the work. Both recognized that the church was the custodian of a unique responsibility to those ministers who were called by God to service through the Church of the Nazarene.

In ordaining men and women to the official and more public work of ministry, the church was giving formal recognition to the call of God upon the life of that particular minister. This call, and the office to which they were ordained, was for 24 hours a day, seven days a week. The relationship did not cease for holidays, vacations, or even retirement. It was for life, and so long as the ordained minister maintained his or her observance of that call, the church maintained a responsibility for the temporal care of that minister.

This did not mean, of course, that the minister did not need to take time off from official ministerial duties for physical, mental, and spiritual renewal. These times of renewal were necessary for effective life and service. But the minister did not cease to be a Nazarene minister during those "times off." He was not free to pursue a secular career or to make extra cash to lay away for the

future. The ordained minister remained a servant of the church even in moments of recreation or ease.

This lifetime commitment is explicit for ministers in the Church of the Nazarene. Paragraph 534.2 of the Manual states, "The church expects that one called to this official ministry should be a steward of the Word and give full energy through a lifetime to its proclamation."<sup>1</sup>

Fleming wrote, "If [the minister] devotes his entire life and service to the work of his office as elder, until the infirmities of old age shall disqualify him for further active service, his right to an old age support is inherent and scripturally and economically proven."<sup>2</sup>

To establish the responsibility to help the minister in need was one thing, but Fleming found it harder to inspire the church to provide the necessary funds for an adequate pension. He observed,

...too often the old minister has been listed as an object of benevolence and a charity bestowed upon him because of his poverty and need. The plan of God gave him an office—the eldership—and provided him a lifelong service and laid upon the Church an obligation for his lifelong support. Therefore, his old age support should not take the form of a benevolence or charity—a recognition of poverty and need—but the form of a pension—a recognition of service faithfully performed.<sup>3</sup>

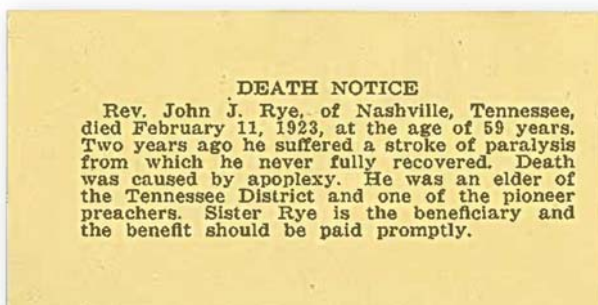
The church, Fleming believed, should "lay by in store" while the minister serves, to provide for his old age. "[The church] should use every honorable method for increasing its pension funds."<sup>4</sup>



## Little Thought To Retirement

While the need was obvious to some, the ministers themselves gave little thought to this responsibility of the church. Their eyes were fixed on other goals. Undoubtedly, P. F. Bresee was speaking for the majority of ministers then active when he said, "We went in poverty, to give ourselves—and what God might give us—determined to forego provision for the future and old age, in order to see the salvation of God while we were yet here."<sup>5</sup> As Fleming also observed,

The call to be a minister is usually accepted in the colorful anticipation of youth. Here the activity of preparation, the smoke and noise of battle, and the glory of conquest—for every God-called man expects only to conquer—cause him to overlook the facts of that ultimate condition to which he must eventually come, namely, the disability of old age. Usually he does not give serious attention to the what and wherefore of old age disability until he has passed life's meridian.<sup>6</sup>



Cards like this were used in the early days of the Church of the Nazarene to help raise support for the families of ministers.

Typically, the destitute minister would not be the one to initiate any claim for charity from his denomination. This usually was undertaken by a friend who observed the minister's sad situation and brought it to the attention of a district superintendent or to the Board of Ministerial Relief. By then, the situation often was critical, and immediate funds often were unavailable. Even when aid was granted, the recipients often accepted it only for a few months and then informed the Board that they were "better" and could make it on their own for a while.

There is a remarkable continuity of spirit between the retired ministers of the early days and those of the present. The following letters, written more than 50 years apart, one to E. J. Fleming, director of ministerial relief, and the others to Dean Wessels, a later director of the Board of Pensions and Benefits USA, illustrate that common spirit.

God only knows how much of a Godsend your check of \$15 was to me. We have not been able to meet all our bills and just that morning before the check came, the rent collector stood at our door, and I had not a cent for him. He urged us to get it right away, but God had it on the way already. Bless His dear name! I surely thank you Bro. Fleming for your great interest and kindness to me. God is helping me, but my zeal is greater than my strength and I can't accomplish what I want to for the kingdom.—June 8, 1936.<sup>7</sup>

I truly thank you for providing the Basic Pension to the retired ministers' families. I have been a widow for 13 years; my husband pastored for 23 years. It seems like each month as my Social Security runs out, the pension check comes just in time to pay the bills that come due the last

of the month. I so appreciate getting the check and don't know what I would do without it.—November 1, 1989.<sup>8</sup>

Thank you so much. We love our church as we have been in it since 1926. Although many changes have come in the church we still love it. We took our first church in 1935. We received no salary, but the Lord supplied our needs and they were the happiest times of our lives because we were doing what the Lord wanted us to do. I must stop. Just wanted you to know how much we have appreciated you and our church.—March 1990.<sup>9</sup>

In retirement, it has not been unusual for Nazarene ministers to continue to find positions of service within God's Kingdom. This has ranged from occasional pulpit supply to interim pastoral assignments. Some have found reward in volunteering as ministers of visitation for churches or in conducting services at nursing homes or hospitals. The wonderful result has been that many have continued to experience the joy of being able to answer God's call to ministry beyond their active careers.

### **Goal: An Adequately Funded Retirement**

As the decade of the 1920s neared its end, the goal of an adequately funded retirement plan for Nazarene ministers became increasingly central to the thinking of church leaders, but financing such an endeavor always was a roadblock. Nevertheless, with each General Assembly, a new study committee reported and a new plan was approved. The Ministerial Retirement plan that finally emerged is recognized today as a great improvement over the old "benevolence" days, but the road of progress was long and hard.

We now turn to those difficult years in American history—the Great Depression and World War II. They bent the American psyche in unexpected ways. And in ways unimagined by early church leaders, they impacted how Nazarenes were to care for their retired ministers.

## 4

# Tested by Trauma

The broad pen of a historian may cover centuries in a sentence and eras in a subordinate phrase. However, the actual course of life events is a second-by-second, task-by-task, lived-out experience. As the world turned from the 1800s to the 1900s, it also turned from a farming society to an industrial one, and it did so with little regard for the welfare of its inhabitants.

Those hurt the worst were the elderly. They moved from the top of the economic pyramid to the bottom, as it were, almost overnight. When the value placed on land ownership and production

experience was supplanted by the value of a monthly paycheck, the worth of the person became identified closely with that paycheck. But that worth dropped suddenly and drastically the minute the paycheck stopped. Those without a paycheck became expendable, forgotten; they became poor.

Those who were more capable managers of their money did find a way, with great discipline, to save some money for their retirement years, but even they suffered when long-term inflation eroded the value of what they had saved. When security became dependent on a fragile



A worker builds a diesel engine in an increasingly industrial America.

paycheck, insecurity was only one payday away. When the last paycheck arrived, many found poverty was not far behind.

One by one, the countries of the newly industrialized world began to grapple with this new social problem. Early evidences of a fragmentary social welfare system can be seen in Prussia in the 1850s. Germany passed The Old Age and Invalidity Insurance Law in 1889. Denmark and New Zealand had non-contributory pensions programs in place around the turn of the 20<sup>th</sup> century, and Austria instituted a system prior to 1910. England decided on a pension program rather than an insurance program for the aged.<sup>1</sup>

The United States was slower in responding. The vast expanse of available farmland in the west cushioned family hardship by providing almost unlimited financial opportunity. A fiercely individualistic frontier attitude made many Americans antagonistic toward “the dole” and “welfare.” They truly were afraid that, if the government took over responsibility for their old age, they would lose the incentive to work hard and save—highly valued qualities that defined the American way.

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**A fiercely individualistic, frontier attitude made many Americans antagonistic toward “the dole” and “welfare.”**

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Rather than turn responsibility for their welfare over to the government, Americans preferred to address the situation through voluntary associations. For example, Nazarene ministers and laymen banded together in Mutual Benefit Societies to provide financial aid to bereaved families. But while Americans looked

to voluntary associations to provide solutions, those associations were not volunteering adequate funds to make the solutions work well.

### **Plight of Impoverished Ministers**

Nazarene ministers were among those whose last years on earth were threatened with poverty and worry. Many times the small churches they had pastored had been unwilling or unable to pay adequate salaries. The minister's sense of answering God's call did not allow him or her to refuse to serve, even when such service proved a hardship. Generally, the only benefit that they received, in addition to salary and some garden produce, was the use of a parsonage during the years of active pastoral assignment. Normally, they lost that benefit at the same time they lost their income.

Nazarene leaders, aware of these facts, made many plans to address the issue. Unfortunately, their plans made little progress because of inadequate funding from the churches, and because of the distrust of funding from any other source.

### **The Great Depression**

Running generally from the mid-1920s through much of the 1930s, nothing impacted the way Americans lived or thought about living so much as the Great Depression. On Thursday, October 24, 1929, called "Black Thursday," the New York Stock Market collapsed. Thousands of investors, most of whom had been operating on borrowed money, were wiped out. The repercussions spread quickly

across the nation and the world.

Ironically, 1923 to 1933 were years of significant growth for the Church of the Nazarene. In the United States, Canada, and the British Isles, aggregate Nazarene church membership increased by almost 10 percent.

However, the Church of the Nazarene certainly felt the financial impact. Annual per capita giving by Nazarenes had peaked at \$50.66 in 1926 but, despite increasing membership, fell to \$23.55 for 1933.<sup>2</sup>

In 1931, the maximum yearly relief benefit for ministers had to be reduced from \$300 to \$240. When the General Assembly met in 1932, funds still were insufficient to meet relief needs. With 67 persons on the roll, plans were underway to lower benefits again. Ministerial relief was cut an additional 10 percent, and during one month, 50 percent. It was during this time that the Nazarene Publishing House began forwarding 35 percent of its net income to the Department of Ministerial Relief until normal funding could become more adequate.



A bread line in 1931

In 1932, Franklin D. Roosevelt was elected President of the United States. Although he had ambitious plans to get the country's economy moving again, he met with only nominal



initial success. Meanwhile, the Church of the Nazarene faced another financial crisis. The days of March 1933 were crucial ones.

The Fidelity National Bank of Kansas City, in which general funds had been deposited, closed March 3 and went into bankruptcy receivership. The church's small (\$8,593) but vitally important working fund was frozen. A mere 5 percent was made available within a week. General Superintendent [R. T.] Williams had foreseen the trouble coming, and on the eve of the national bank closing, Publishing House Manager M. Lunn had drawn out a substantial amount of publishing house money in cash which he was able to share with headquarters.<sup>3</sup>

## Social Security

The United States government finally enacted Social Security legislation in 1935, but ministers were not allowed to participate until 1954. That they were excluded was quite all right with many in the church during the early years. In 1939, General Superintendent J. B. Chapman expressed a widely held view when he wrote in "The Question Box" column of the Herald of Holiness,

Servants of the church are not included in the "Social Security" plans of the government, but we should be glad they are not. If they were we would have the beginning of union between the church and the state, which in reality would be the beginning of the end of free Christianity in this country. We must plan our own relief and pension



J. B. Chapman

matters for our ministers, and we must take care of them in the church that we may go on, as in the past, serving God with the protection, but without the interference of the state. The price for participation in the "Social Security" program is greater than we as a church and as ministers can afford to pay. The government is right in leaving out the servants of the church.<sup>4</sup>

## **Nazarene Minister's Benevolent Fund (NMBF)**

By the General Assembly of 1936, no pension plan existed and relief efforts were being supported by gifts, annuities, and profits from the Nazarene Publishing House.

However, after the worst of the Great Depression was past, and prior to the 1940 General Assembly, a commission was at work to consider a plan for pension relief for retired ministers. The commission members who had been appointed were R. T. Williams, L. A. Reed, T. W. Willingham, and M. Lunn.

Although T. W. Willingham was absent, the men met with E. J. Fleming on April 11, 1939, to consider what their report should be.

Rev. Fleming opened the meeting by reporting that the Committee on Ways and Means of the U.S. House of Representatives had decided not to extend Social Security coverage to ministers. R. T. Williams asked Fleming if he had any recommendations to make in the light of Washington's decision.

There followed a wide-ranging discussion of the options available to the church for providing care for the



R. T. Williams

retired ministers. Dr. Williams was careful to insist that no plan should create an obligation for the church to provide a specific amount. He preferred that funds should be raised and then divided as far as they went to meet the needs that were identified. Others suggested that, without some specific promise of return, the ministers would not want to send their money, but would opt instead for some other insurance plan. L. A. Reed said, "Personally, if I couldn't see anything secure, I would rather take my money and deposit it elsewhere." Williams replied, "That's what you are going to do anyway. Any minister who can afford to is going to play with this on the side, but he is going to make his own plan for the future.... We are only thinking out loud. I have come to no definite conclusions yet." Further discussions followed.<sup>5</sup>

The report that they eventually presented to the 1940 General Assembly did not propose a pension fund but rather a benevolent fund to be supported by contributions from local churches. The Nazarene Minister's Benevolent Fund (NMBF) was adopted. This fund was to be created by General Budget allotments, appropriations from the annual net earned surplus of Nazarene Publishing House, and from gifts and contributions from local churches equal to one percent of their total giving. However, church funds raised for buildings, improvements, and indebtedness on the church building and the parsonage were exempted from the one percent calculation.

The plan became effective on January 1, 1941. In less than two years, 1,359 churches were participating, raising almost \$30,000. Checks were being issued to 75 ministers and 83 widows. In addition, temporary relief was given to 26 individuals.

## World War II

Just as the nation stood on the verge of possible economic recovery, the United States became embroiled in international conflict. On December 7, 1941, the Japanese bombed Pearl Harbor and the U.S. was thrust, suddenly into full involvement in World War II.

The course of history for the rest of the 20th century was being set. The conflict was a world war in the geographical sense and also in the sense that it involved the total mobilization, not just of the military forces, but of the entire population. There was little division on the home front; all efforts were bent toward victory in Europe, and then victory in Japan. The only acceptable outcome was the unconditional surrender of America's enemies.

When surrender came, the U.S. and its allies were faced with the massive job of rebuilding a world torn apart by war. Before that rebuilding could begin however, the world found itself divided again. In a speech at Westminster College in Fulton, Missouri, British Prime Minister Winston Churchill observed that an "iron curtain," was descending across Europe and dividing it. A "cold war" between democratic nations and communist nations replaced the "hot" World War II between the Allies and the Axis. The so-called "Cold War" lasted into the 1990s.

Against these swirling currents of history, the Church of the Nazarene was establishing itself as a holiness denomination of world-wide dimension.

Additional progress toward establishing an adequate retirement income for Nazarene ministers was made during this time, and the major components of today's program took shape in the post-World War II years.



Winston Churchill

## 5

# Another Leader Emerges

In 1948, Harry S. Truman was elected president of the United States in a surprising upset over New York Governor Thomas E. Dewey. The Soviet Union initiated a land and water blockade of Berlin to protest a proposed West German state, and U.S. Secretary of Defense James T. Forrestal announced for the first time that the U.S. was engaged in an “earth satellite vehicle program.”<sup>1</sup>

In the midst of these events, the 1948 General Assembly, meeting in St. Louis, elected a commission to study and recommend a pension plan for Nazarene ministers. It was called the Commission on Ministerial Benevolence Revision. T. W. Willingham was named the chairman. Other members included M. Lunn, John Stockton, and S. T. Ludwig. The same year, the Department of Ministerial Relief was renamed the Department of Ministerial Benevolence.

During the next quadrennium, the General Treasurer’s Office undertook a survey of pastors that the pension commission would use in making their recommendations. The large amount of data collected was processed with



Using faulty polling data, the Chicago Daily Tribune mistakenly called the election for Dewey when Truman actually won.

the McBee Keysort System—a simple punched-card system. The equipment (punch, needle, and cards) cost only about \$10, yet it was a forerunner of today's sophisticated computer systems.<sup>2</sup>



The McBee Keysort System

Although the general church was trying to develop a plan, it was the Nazarene colleges that were leading the way in true pension programs. As early as 1948, the colleges started implementing defined contribution plans for their employees. Of course, complicating the general church's attempts were the facts that the ministers of Nazarene churches represented many hundreds of employers, were at locations scattered across the nation, and had many differing payroll policies. Nevertheless, the Commission took its assignment seriously and, by 1950, it recommended to the General Board the hiring of a competent actuary, the hiring of an executive secretary, and the asking of the local churches to raise Nazarene Minister's Benevolent Fund (NMBF) giving to two percent. The recommendations were adopted and T. W. Willingham was elected as the executive secretary to implement the new pension plan when approved by the General Assembly.

When the 1952 General Assembly met in Kansas City, the Commission on Ministerial Benevolence

Revision proposed a money purchase pension program. It recommended that each minister pay five percent of his salary into the program. This payment was to be matched by five percent paid by the local congregation. No monthly benevolence provision was made for those ministers who were eligible to participate but who failed to do so. For those who did participate, \$1,000 of life insurance coverage would be provided. The General Assembly approved the proposal and voted to establish the Contributory Reserve Pension Program for its ministers.

As the General Assembly met, the United States Congress was “considering” legislation which would include ministers in the Social Security program for the first time. This possibility was being monitored carefully by church leaders since such legislation could have a profound impact upon how the church structured retirement plans for its ministers.

Proceeding to implement the plan as voted, a Board of Pensions was incorporated in 1952 and members were elected by the General Board to work with T. W. Willingham in the administration of the new church pension plan for ministers.

In the fall of 1954, the U.S. Congress voted to extend Social Security coverage to ministers on an optional basis. Since the Social Security program offered greater benefits at a very greatly reduced cost compared to the Nazarene plan, the Board of Pensions felt that it was unwise and virtually impossible to attempt to carry out the Nazarene

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—1954—  
Congress votes to allow  
ministers to enter  
Social Security

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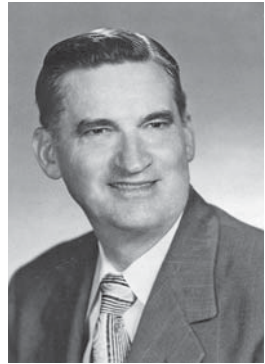
plan. Since deadlines for the Social Security option precluded deferring action to the next General Assembly, the board recommended to the Board of General Superintendents in January of 1955 that Social Security be supported in lieu of the church pension plan. Approval was granted and a massive campaign was launched at the general and district church levels to persuade all Nazarene ministers to participate voluntarily in Social Security.

The General Board authorized the Department of Ministerial Benevolence to underwrite a group life insurance plan for all ministers who gave evidence of their participation in the Social Security plan. In October 1955, the first Nazarene ministers were enrolled in the Basic Group Term Life Insurance Plan. The amount of coverage was \$1,000 to age 65, reducible to \$500 thereafter. The 1956 General Assembly received the Quadrennial Report of the Board of Pensions and adopted its recommendations, thus officially substituting the ministerial Social Security program for the church's pension program. Nazarene ministers were strongly encouraged to participate in Social Security since they would get better benefits for the dollars contributed. Furthermore, since ministers had to elect to participate in Social Security at the self-employment rate, the 1956 General Assembly took action encouraging the employing church or church agency to contribute to its covered ministers the equivalent of at least one-half of their Social Security tax. The existing benevolence program was continued in order to meet the immediate needs of retired and retiring ministers.

The campaign to get ministers to sign up for Social Security was so successful that the Church of the Nazarene led all other denominations of its size or larger in the percentage of its ministers enrolled in Social Security.

## **T. W. Willingham**

Over the years, many church leaders have been appointed to pension committees and commissions or elected to serve as members of legislative bodies such as the Board of Pensions and the Pensions Department of the General Board. However, T. W. Willingham deserves special mention, since his contributions to pensions work were multi-faceted and spanned 35 years (1937–1972).



T. W. Willingham

Theodore Weber (T. W.) Willingham, was born on January 20, 1893, in Sebree, KY, and served the church in a variety of capacities. From 1917 to 1922, he was pastor of Danville, IL, First Church. In 1922, at the age of 29, he began his association with Olivet Nazarene College (now Olivet Nazarene University). From 1922 to 1938 he served as its treasurer and concurrently held the office of college president from 1926 to 1938.

During 1937, he was elected as a member of the Department of Pensions and served as its recording secretary through 1940. He was a member of the commission studying pensions which reported to the 1940 General Assembly and which helped to establish the

Nazarene Minister's Benevolent Fund (NMBF). From 1940 to 1945 he was superintendent of the Missouri District and left that position to serve as executive director of the Nazarene Radio League at the general church's headquarters in Kansas City. He held this position until 1965.<sup>3</sup> During this time, he was appointed to serve as chairman of the Commission on Ministerial Benevolence Revision which was created by the 1948 General Assembly. It was following this Commission's report that the 1952 General Assembly voted the creation of a Board of Pensions to administer a money purchase pension plan. While holding his position with the Nazarene Radio League, he concurrently served as executive secretary of the Board of Pensions from the time of its incorporation in 1952 until 1960. He continued as chairman of the Board of Pensions until 1972, but in 1960 he relinquished his responsibilities as its executive director to Dean Wessels.

Wessels already had been elected executive secretary of the Department of Ministerial Benevolence replacing M. Lunn in 1956. Until his retirement in 1993, Wessels carried both responsibilities.

## **Dean Wessels**

Growing up in Dallas during the Great Depression taught Dean Wessels the value of a dollar and of hard work. At only eight years of age, his first job was selling magazines—a job he held until he met the 12-year-old age qualification necessary to get a newspaper route. By the time he was 17, he was driving a distribution truck for the Dallas Times Herald. George Wessels, Dean's uncle, ran an accounting business in

Tyler, Tex. Hoping to follow in his uncle's footsteps, Dean enrolled in Southern Methodist University in Dallas to study accounting.

Although raised in a Southern Baptist home, young Dean was destined for change when he met his high school sweetheart Roxie Ann Moore. She was the daughter of Rev. J. E. Moore, pastor of the Dallas First Church of the Nazarene. Certain he had found the love of his life, Dean followed Roxie to Bethany Nazarene College (now Southern Nazarene University) where they continued their studies: Dean in accounting and history, Roxie in English and history.

However, he set his personal plans aside after his junior year in college to join the war effort. During World War II, he trained extensively to be a pilot in the Naval Air Corps, but the war ended before he received his assignment. It was also during that time that he began to realize his purpose in the will of God.

Upon returning to civilian life, Dean and Roxie were married, and he completed his degree at Bethany, graduating in 1946. He worked for General Motors where his diligence was rewarded with an offer to participate in an elite management development program. To the amazement of his superiors, he declined the offer. Instead, he accepted God's call to preach. Soon thereafter, Dean and Roxie moved to Kansas City to pursue ministerial training at the newly opened Nazarene Theological Seminary.



Dean Wessels

During his seminary years, Wessels pastored Canaan Hill Church of the Nazarene in Lawson, Mo., and also worked as the assistant to John Stockton, General Treasurer of the Church of the Nazarene. Upon his seminary graduation in 1951, he accepted the pastorate at Coffeyville Central in Kansas. It was while serving in Coffeyville that he and Roxie had their children, Vickie and Mark.

The next pastoral assignment was at Abilene, Texas, First Church of the Nazarene. However, after only a few months in this assignment, leadership at the general church level asked that he return to Kansas City. Sensing God's hand at work, Wessels accepted the invitation and, in November 1955, he began to assist M. Lunn, Executive Secretary of the Department of Pensions, in getting ministers into Social Security. Because of M. Lunn's heavy responsibilities with the Nazarene Publishing House, most of the benevolence work was turned over to Dean Wessels almost immediately.

Dean Wessels took on the challenge of building Pensions and Benefits while the program was still in its infancy. Within a few months, the Board of General Superintendents requested that he attend every district in some kind of gathering once a quadrennium in order to present the work of the Department of Pensions to the ministers and churches. To do so meant a lot of traveling from coast to coast. Although funds were limited, the resourceful Wessels found that he could get free clergy passes for travel by train. Furthermore, for about eight years, he doubled as a book salesman for the Nazarene Publishing House during summer district

assembly seasons. Always of a very competitive spirit, he challenged himself not to slight the responsibilities to which he had committed himself. For example, in all the years that he represented NPH, he never sold less than had been sold the year before.

Early on, general church leadership recognized the character of this dedicated, hard-working man. The minutes of the June 1956 meeting of the Department of Ministerial Benevolence, signed by Harlan R. Heinmiller, chairman, and E. W. Snowbarger, secretary, record "Dean Wessels was nominated as executive secretary of the Department of Ministerial Benevolence with the understanding that the outgoing executive secretary of this department, M. Lunn, and T. W. Willingham, executive secretary of the Board of Pensions, serve as an advisory council."<sup>4</sup>

### **Wessels's First Report**

In January, 1957, Dean Wessels presented his first report to the General Superintendents and the General Board. The report indicated that on December 18, 1956, the Department was granting a monthly allowance to 506 individuals—325 elders and 181 widows. The elders had served an average of 25.3 years. The total service of the elders plus the deceased elders whose spouses were receiving monthly support was estimated to be 12,417 years.

In the report Wessels cautioned, as he was to warn again and again over the years, that while the Nazarene Minister's Benevolent Fund (NMBF) account balance

seems to be growing, it must be pointed out that an actuarial study of those presently on our rolls and at their present monthly benefit rates gives us an actuarial figure of nearly \$4,000,000 liability. Also, we are now insuring our ministers for a total of more than \$4,000,000. An adequate reserve must be set up to meet these potential obligations. In addition to this known potential liability of \$4,000,000, anticipated additions to the benevolent roll, increases in insurance premiums, and increased monthly benefits to those now on the roll will increase this potential liability by several million dollars.<sup>6</sup>

## **Church Pensions Conference**

Wessels's early training and aptitude for accounting were valuable in his direction of the church's long-term goal of an adequately-funded retirement program for ministers. In addition, from the first year in his pensions assignment, he started attending the annual meetings of the Church Pensions Conference. Now called the Church Benefits Association, CBA members today represent a variety of faith groups and manage more than \$60 billion in net assets of pension and health plans.

Wessels's active participation in the conference proved valuable not only in enabling the Church of the Nazarene to keep up to date on pension developments nationally, but also permitted a comparison of Nazarene programs with other denominationally-based church programs. Such interdenominational reporting, sharing of ideas, and cooperation allowed for continuous monitoring of the most successful efforts of church groups that were providing retirement benefits to ministers and their families. In 1979, Wessels served as president of the

conference. From such a broad exposure, he was able to gain valuable insights into pension theory and practice unique to church plans, adapting them to work within the structure and polity of the Church of the Nazarene.



## 6

# The Retirement Plans Finally Take Shape

From its earliest days, the Church of the Nazarene was concerned about assisting the ministers of the church to financially survive in retirement. In the beginning, the church did what it could through a system of “benevolences,” which were charitable relief-type programs. During its first few decades, many attempts were made to establish an adequate pension plan. In 1928, the General Assembly voted to create a Ministers Contributory Reserve Pension Plan, but the Great Depression prevented its starting. Lack of money for even the relief program caused benefits to be lowered several times during the Depression. It was at this time that NPH made provision for 35% of its net income to go to the Department of Ministerial Relief for the cause of retired ministers, until funding became more adequate.

The commission report adopted by the 1940 General Assembly did not propose a pension fund, but rather called for a Nazarene Minister’s Benevolent Fund to be supported by contributions from local churches.

The 1952 General Assembly’s adoption of yet another commission report set up a money purchase pension

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**It took decades of study and planning to establish a viable Nazarene pension program.**

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program for ministers, but it was never implemented because the U.S. government began allowing ministers to enroll in Social Security. This program provided better benefits at a lower contribution cost than the church plan. By action of the 1956 General Assembly, the church pension plan previously planned was officially laid aside, and all eligible ministers were urged to join Social Security. At the same time, every church was encouraged to reimburse at least one-half of the minister's Social Security cost.

While the inclusion of ministers in Social Security temporarily relieved the pressure to establish a denominational pension program, Social Security alone still did not provide adequate retirement income for ministers. Yet prospects for meeting the need began to improve as committees and commissions continued to do research. In 1959, a commission was even created to study retirement and benefit plans for ministers of other world areas.

### **The Nazarene Tax-Sheltered Annuity Plan**

By 1961, the General Church was able to establish optional defined benefit pension plans for its employees working in Kansas City. By 1963, an optional defined contribution pension plan (the Nazarene Tax-Sheltered Annuity) was offered to pastors.

This optional plan was structured under Section 403(b) of the Internal Revenue Code. Under such a plan, contributions and earnings on those funds are not subject to federal income taxes or Social Security taxes. And

since it qualifies by IRS definitions as an official church retirement plan, withdrawals may be designated as a tax-free housing allowance subject to IRS guidelines.

By the close of 1969, the number of TSA participants reached about 130. The name would eventually be changed to the Nazarene 403(b) Retirement Savings Plan. More about this in chapter 7.

## **The Basic Pension Plan**

Following 1963, even though the Social Security program and the Nazarene TSA Plan were in place, some pastors still could not benefit from them. In the late 60s, inflation began eating away at the dollar value of what Social Security retirees received. Also, many ministers did not have enough time before retirement to accumulate sufficient funds in a TSA account. As a result, the 1968 General Assembly authorized the creation of a commission on Ministerial Pensions and Retirement to bring recommendations to the General Board.

The commission's first report in 1970 recommended starting a new plan, but details were considered inadequate, so they were asked to continue to study the issue and report again the following year. At that time, it recommended a "defined benefit" plan which would provide monthly retirement benefits based on years of active service in the Church of the Nazarene. It would apply to those serving as far back as the beginning of the denomination in 1908. Called the "Basic Pension Plan," it created an immediate unfunded liability for the church, which would require districts and churches to pay an

apportionment. The plan was ratified by the U.S. districts and the first checks were mailed in April 1971.

In the first nine months, almost 500 people were enrolled in the plan. This, combined with the still operational benevolence roll, meant that more than 1,000 persons were receiving monthly checks. As the pension list grew, U.S. districts and local churches began to enable the success of the program by paying increased apportionments for the Pensions and Benevolence Fund. By June 1972, plans were being made to raise the benefit formula for the monthly payment to clergy from the initial \$2.00 to \$2.50 per month per credited service year. This was to be the first of a series of raises made possible by district and local church financial support.

The start of the Basic Pension Plan, based on years of service and funded through contributions to what is today called the Pensions and Benefits Fund, put one more important piece in place for the retirement income plan of Nazarene

ministers. It provided a basic safety net benefit—a minimum level of retirement income to all Nazarene ministers on participating districts—based

upon years of service rather than economic means. Since the Church of the Nazarene had such a large percentage of small churches, such a plan was vital.

The teamwork of churches joining together to contribute to the Pensions and Benefits Fund was a key element in its success. Underwriting a pension program has always been an challenge because such plans depend

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**The Basic Pension Plan provided a “safety net” level of income for retired ministers.**

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on establishing substantial reserves to guarantee that the payments promised will be paid.

One would think that after all these years, the plan would be fully funded, but as of this writing, that is not the case. Originally, it was hoped that full funding of the liability for crediting years of service back to 1908 would be accomplished in about 20 years. However, underwriting such an obligation is comparable to amortizing a large mortgage. So, the Basic Pension Plan remains dependent on the faithful giving of U.S. districts and churches. The money is invested with oversight by the Nazarene Investment Committee in consultation with actuarial consultants. Market swings, such as the Great Recession that struck in 2008, have affected the movement toward full funding, but the effort continues.

Since 1971, when it went into effect, a number of improvements have been made in the Basic Pension Plan making it more beneficial and inclusive. For example, persons

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**The Basic Pension Plan  
has seen almost 100  
improvements since it began  
in 1971.**

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previously on the Benevolence Roll began receiving a regular pension in 1974; the Basic Pension Plan policy was codified into a plan document in 1980 providing for a 100% non-forfeitable pension to all vested participants; service years required for vesting were lowered from 20 to 10; lay church employees having recognized district credentials and district roles, and who were earning their full livelihood by such ministry, became eligible for coverage; a 100% survivor's option was added; retirement at age 62 became possible; maximum benefits increased

steadily; and in the mid-1980s, when the investment climate was particularly favorable, “thirteenth” and even “fourteenth month” bonus checks were issued.

During 1992, nearly 3,900 retirees and widowed spouses received more than \$7.5 million in benefits from the Basic Pension Plan. During that quadrennium (1989-92) the total paid to participants was more than \$25 million. During the most recent quadrennium (2013-17), some 5,300 retired ministers and spouses received \$60 million in benefits from the Basic Plan.

### **Additional Improvements**

Following the 1971 inauguration of the Basic Pension Plan, the church did not fold its hands to rest. In 1971, a defined benefit retirement plan was established for missionaries of the General Board. By vote of the General Board in 1972, the Department of Ministerial Benevolence became the Department of Pensions and Benevolence and, in 1980, it was renamed Pensions and Benefits Services. These changes acknowledged the shift away from benevolence toward pensions, and also recognized the importance of other employee benefit type programs. In 1985, the name was changed again, this time to Pensions and Benefits Services USA. The Board of Pensions also changed its name to the Board of Pensions and Benefits USA. In addition to its work in the United States, the Pensions office, under the new work of Pensions and Benefits International, began to provide consulting services to Nazarenes administering pension and benefits plans in other world areas of the Church of the Nazarene.

The early years of the 1980s were characterized by many studies done by several different groups while the General Church tried to work its way through the restructure of the General Board Departments and General Church offices.

In January 1981, a pension review meeting was held with outside professional consultants and that February, the Finance Department of the General Board asked that a study be made of the four U.S. pension plans being administered at the General Church level. These plans included the General Superintendents and Directors Pension Plan, the Employee Pension Plan, the Missionary Pension Plan, and the Basic Pension Plan. It was hoped that some or all of the plans could be merged, or at least that their administration could be combined into one area of responsibility. In December of that same year, the Finance Committee established a committee to study the issue of pensions, particularly the administration of the Missionary Pension Plan.

In 1983, a special subcommittee on Pension Policy and Integration was asked to study the need for a new pension plan based on defined contributions rather than defined benefits. This had the potential of replacing the Basic Plan which was based on the latter.

In conjunction with the Evangelism Conferences in 1984, this subcommittee held Pension Policy symposiums with a group of district superintendents and pastors to gain perspective on the pension needs of ministers. In these grassroots meetings, strong expressions came from the pastors and district leaders that, in whatever pension plan was designed, some level of protection or a "floor"

plan like the Basic Pension Plan must be provided for pastors of small churches.

The same year, the General Board Executive Committee requested that the Board of General Superintendents appoint a committee to study all of the church's pension plans with the purpose of proposing one unified and uniform pension plan. Initially, it was hoped that the report could be submitted in February, 1986.

In 1987, General Board action merged the General Superintendent's and Director's Pension Plan with the Employee Pension Plan. The Board of Pensions was assigned the trustee function for the new General Church Pension Plan, which covered employees of Headquarters, Nazarene Publishing House, Nazarene Theological Seminary, and the Nazarene Bible College. The Board of Pensions also was given the trustee function for the World Mission Pension Plan. At the same time, the Board of Pensions asked the Board of General Superintendents to appoint a Pension Study Commission (1987-88) to study the future of the Basic Pension Plan and the similar plans available to Nazarene ministers and church employees in the United States. This commission was appointed and began its review.

Meanwhile, the General Board established a separate commission under Pensions and Benefits–International to explore the development of pensions on regular districts in other countries and world areas. In 1991, the International Contributory Retirement Plan was developed and implemented. Today, all of the regions outside of the USA and Canada are participants of this plan.



## Four Essential Sources

The Pension Study Commission of 1987-88 conducted research, surveyed church leadership, and held eight pre-PALCON meetings. It prepared its specific recommendations in consultation with the Board of General Superintendents. Most of these recommendations were adopted and implemented by April 1989.

Among the adopted recommendations of the Pension Study Commission of 1987-88 were the following:

That the "Basic" Pension Plan be immediately amended to meet the requirements of a pre-ERISA qualified church plan (IRC Section 401(a)) to avoid serious tax consequences due to recent tax law changes. This action will require the establishment of a trust for the pension assets.

...

That after reviewing numerous options, as well as input from both district superintendents and general superintendents..., the commission recommends that the most viable option is to continue the "Basic" Pension Plan on its course toward full funding and that the Board of Pensions and Benefits USA consider increases in benefits commensurate with the additional funding received.

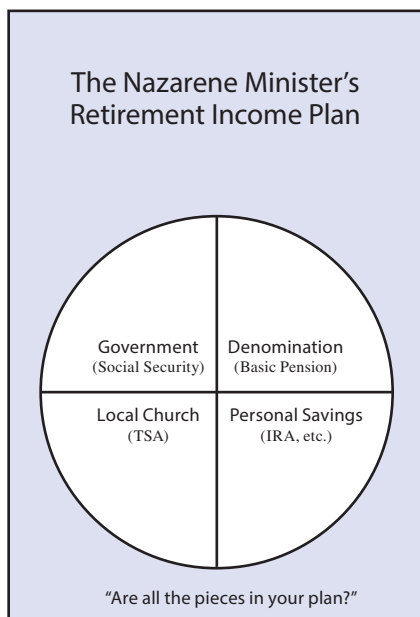
That in light of the continuation of the "Basic" Pension Plan beyond its original 20-year goal, as established in 1971, the Board of Pensions and Benefits USA move to prudently increase benefits even though this will increase current unfunded liabilities. Further, the Board should consider a restructuring of the benefit formula to give greater recognition to longer tenures of service.

...

That the Board of Pensions and Benefits USA should have a membership based on U.S. regional representation with one representative from each U.S. region plus one member at large.

That the Board of Pensions and Benefits USA implement changes in its philosophy, literature, and advertising to return to the concept that the TSA plan is “The Nazarene Retirement Plan” and that the “Basic” Pension Plan is a minimum pension or safety net plan.”<sup>1</sup>

Another direct result of the Pension Study Commission’s work was the call for promoting four essential sources for a Nazarene minister’s retirement. These included Social Security, the Basic Plan, the TSA Plan, and personal savings and investments. With the passage of time, adjustments would be made and there would be an increasing emphasis on a defined contribution program.



# 7

## Into a New Millennium: P&B USA 1993 to 2019

### The Fourth Director

With the departure of Dean Wessels in 1993 after almost forty years as director, church leaders faced a critical question: “Who will lead Pensions and Benefits into the next century?”

P&B USA had come of age under Wessels, having progressed largely from its role as a provider of benevolence and life insurance, to an agency offering ministers assistance with retirement and other financial services. In 1971, the department had initiated a system that provided regular monthly payments to retired ministers and widowed spouses for years of service extending back to the founding of the denomination in 1908. Beyond this, it offered an affordable group health insurance program to districts, along with basic and supplemental life and accident insurance, as well as information about taxes, housing allowance, compensation, and other financial matters of importance to ministers. With such a strategic position to fill, denominational leadership wanted time to consider who would become the next director of the organization, so they looked for an interim person to fill the slot.



Dean Wessels, 1993

That choice was no stranger to P&B. In fact, he had served alongside Wessels for more than a decade and—as office manager, administrative assistant, and assistant to the director—he was familiar with every facet of the work of Pensions and Benefits. That individual was 41-year-old Don Walter.

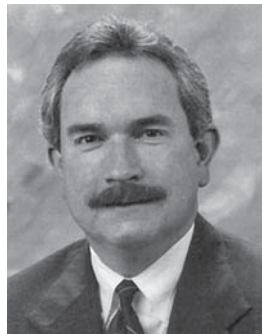
A native of Iowa, raised in the farming community of Ottumwa, Walter was the son of Hershel and Eloise Walter. This working-class couple modeled dedication and sacrifice to God as laypersons in their local Nazarene church. Don (their youngest child) attended and graduated from Mid-America Nazarene College and Nazarene Theological Seminary. After this, he and wife, Kathy, moved to pastor a home mission congregation in Ohio. They would eventually serve other pastorates in Pennsylvania and West Virginia.

In 1983, learning of an opportunity to serve in the Pensions and Benefits office, Walter applied for the position. Dean Wessels was impressed by the potential he saw in this young pastor: intelligence, actuarial aptitude, management skills, experience as an elder in the Church of the Nazarene, and, most importantly, a deep desire to serve ministers. Wessels lost no time in extending an offer of employment. Walter began confirming Wessels's faith immediately by demonstrating people skills as well as showing an aptitude for management. Within a short time, he had earned his second master's degree in human resources development from Webster University.

In 1993, ten years after first coming to P&B, Walter was considered the obvious candidate to fill the immediate vacancy by the Board of General Superintendents. On

August 4, 1993, Finance Director D. Moody Gunter announced the appointment of Don Walter as “acting director” of Pensions and Benefits USA.

His tenure in this post would not last long. Within two months, he was addressing the fall meeting of the Board of Pensions. At that time, Walter set forth his understanding of the responsibility of P&B as providing services that make “the work of the front-line ministry more effective and less stressful.” Four months later, at the annual General Board meeting in Kansas City, Gunter and General Superintendent Donald Owens submitted Walter’s name to the Finance Department as the candidate for P&B director. The department concurred and their action subsequently was approved by the Board of General Superintendents. Pensions and Benefits USA had its fourth director.



Don Walter, 1994

## **The Quest for Improvement**

In 1954, the advent of ministers being allowed to contribute to and receive benefits from Social Security considerably improved the retirement prospects of Nazarene pastors. But by the early '60s it was apparent something more was needed.

The church responded by creating the Nazarene Tax-Sheltered Annuity (TSA) Program in 1963. A TSA is a retirement savings program available to certain nonprofit groups, such as churches, which allows individuals

and their employers to set aside money tax-deferred until it is withdrawn for retirement. While a TSA could offer a useful means of investing for the future, it had drawbacks: first, it was voluntary—pastors might or might not participate; second, the accounts most often were funded by salary reduction contributions. With many Nazarene pastors serving small congregations, some found it difficult to set aside part of their salaries. The problem was compounded if churches were reluctant to contribute to the accounts of their pastors.

As mentioned earlier, in 1971 the church sought to do more for its pastors through the creation of the Basic Pension Plan—a defined benefit plan for ministers based on years of service. This created enormous liabilities in the millions of dollars for the denomination, but it was born out of faith and a deep desire to create a unified system of support for pastors. Its funding would be based on the belief that churches would willingly contribute 2% of their income to a trust fund to provide for aged ministers. Up until 1989, they would come close to this ideal by consistently giving an average of 1.8 percent of all monies spent.

As the 1980s drew to a close, P&B USA worked to further improve retirement benefits for Nazarene ministers. The formula for Basic Pension Plan payments was based on years of service, and, while upward adjustments were regularly made, benefits for Nazarene retirees were far less than those from plans offered by for-profit business and industry. The difference could be attributed to the fact that the Basic Pension Plan was newly created and was dependent on current and future payments by congregations, along with

investment income. With a continuing unfunded liability, the denomination could not fulfill its promises to future retirees if it did not adhere to sound and what might be deemed “conservative” guidance from actuarial specialists. The upshot was that while church leadership and P&B wanted to provide larger monthly retirement benefits to retirees, they had to proceed with caution if they wanted to assure the fund would be there to honor promises to future retirees.

### **Pension Plans Studied**

In 1989, the 22<sup>nd</sup> General Assembly decided to create the Commission to Study Church-related Pension Plans. In its subsequent report to the 23<sup>rd</sup> General Assembly in 1993, the commission stated, “significant contribution [has been] made to our ministers in the pioneering and developing of our multifaceted present pension program, but the time has come to establish a new direction in caring for the servants of the Church and their spouses” (Minutes of the General Board 1994, p. 41). The General Assembly responded by calling for a pensions subcommittee to continue the work of the commission and to report back to the USA National Board by January 1, 1995.

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**They had to proceed with caution if they wanted to assure the fund would be there to honor promises to future retirees.**

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A thorough examination of the commission’s report followed. It included deliberation involving the USA National Board, the staff of Pensions and Benefits USA, pastors, district superintendents, laity, and actuaries. As a result of this review, the Board of General Superintendents made recommendations to the Board of Pensions at its October 1994 session. At that meeting, the

superintendents proposed a retirement plan with what they termed three essential segments:

1. A *defined benefit* plan (Basic Pension Plan continued);
2. A *defined contribution* plan for every active and eligible participant (TSA); and
3. *Social Security* tax payments (by local churches).

The Board of General Superintendents also asked that existing general church participants be continued on their then-current retirement plan, but that new general church employees participate in a defined contribution plan, like the new one proposed for pastors and other eligible church employees.

The Board of Pensions reviewed these recommendations and charged Pensions and Benefits USA with the task of carrying them out. The staff of P&B USA had closely followed the work of both the study commission and the subcommittee and was prepared to act almost immediately. A proposal was drafted and submitted to the Board of Pensions for consideration at its October 1994 meeting. That body adopted the recommendations which were submitted to the USA National Board on February 28, 1995. In its action, the USA National Board endorsed the principle and concept of the idea to create a single defined contribution plan for Nazarene ministers which would include employees of Nazarene Headquarters. They then sent the matter back to the Board of Pensions for actuarial study.

On June 9 of that year, the USA National Board approved a proposal to create a single defined



contribution plan for church employees. This called for utilization of the existing TSA Plan. Each participant would have his or her own account into which contributions would be credited. The value accrued in the account at retirement could be used to purchase a monthly benefit or could be taken in qualifying lump sums.

Contributions to the account of individuals would be made as either salary reduction or salary addition, but would be paid to the retirement accounts of participants by a qualifying employer. Careful attention was given to assuring that the new plan would be equitable for both participants in the Basic Pension Plan and the General Church Pension Plan.

For active participants in the Basic Pension Plan, an amount would be contributed annually to the accounts of qualifying participants from Pensions and Benefits Fund receipts. The amount would be 3% of the average cash salary reported for all pastors (referred to as the "Average Pastors Salary" or APS) serving in the United States. In addition, local church or district employers would be encouraged to match any amount of voluntary salary reduction contributions up to, but not limited to, three percent of actual cash salary of the individual participant. No additional matching funds were proposed from the Pensions and Benefits Fund.

For participants in the General Church Pension Plan, the proposal called for the annual contribution to the account of each full-time employee of the General Church from operational funds. The amount would be a minimum of three percent of the average cash salary

reported for all pastors (APS) serving in the United States. No contributions would be provided for these participants from the P&B Fund.

The Basic and General Church pension plans and trusts would be merged. Participants in both plans would be assured that at the time of retirement the benefit payable from the new defined contribution plan would not be less than that payable from their current defined benefit plan had it continued in force until their retirement. Additionally, both active and retired participants in the Basic Pension Plan would receive a 20% increase in the formula.

The adopted proposals satisfied most of those who had expressed concern about the retirement plan for Nazarene ministers, but the solution would require a continuing commitment by local churches and districts to support the P&B Fund.

“The P&B Fund will remain vital since it will be the source of funds needed to pay the TSA contributions into all eligible active ministers’ accounts,” said P&B Director Don Walter, according to the Weekly Summary of the Nazarene News for March 3, 1995. “It will also continue to pay for any newly increased benefits now promised under the old Basic Pension Plan to all future and current retirees.”

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**Despite the merging of the plans, support of the P&B Fund remained vital.**

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Effective January 1, 1996, the Basic Pension Plan and the General Church Pension Plan were frozen to new entrants. Anyone eligible for a retirement program in the church (local, district, or general) after that date became part of the Single

Defined Contribution Pension Plan. In making these changes, the denomination was in the vanguard of a movement by both non-profit and for-profit organizations from defined benefit to defined contribution plans.

During 1995, action had been taken to create and fund an individual TSA "Option B" account for every U.S. pastor, eligible associate, full-time evangelist, and district superintendent. That action placed \$150 in individual TSA Option B accounts for every person earning a year of service credit under the Basic Pension Plan. Additionally, up to \$200 per account was made available to match dollar-for-dollar any participant's own or church contribution for 1995.

With the new year (1996), an amount equal to 3% of APS was contributed to Option B accounts for all active, eligible participants from P&B Fund receipts or from General Church funds, in the case of General Church employees. With the new plan, the level of retirement income would be determined by the amount accrued in an individual's account at the time of retirement.

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**Option B paid at least .5% more than Option A, but had more restrictive withdrawal rules.**

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For this reason, in addition to the base contribution made from P&B Fund receipts for local church and district-employed ministers, individual employees were encouraged to make contributions to their retirement accounts through salary reduction agreements with their employers. Likewise, employers were encouraged to match contributions by their employees.

## **Health Insurance**

P&B USA devoted much time and effort to the development of a group health insurance program for districts and churches. This effort bore fruit in 1983 with the creation of the Nazarene Health and Hospitalization Program (NHHP). It was designed to offer a consistent medical insurance plan with coverage that could be maintained by pastors and families as they moved from church to church or to other districts. A self-insured program, rates were affected by the size and health of the pool of insured persons.

Under the denomination's congregational polity, churches and districts had the freedom to join or reject the plan. Some chose to participate; others did not. The lack of an adequate pool of participants, coupled with the escalating cost of health care in the United States, finally led to the plan's elimination in 1995.

## **403(b) Retirement Savings Plan**

Begun in 1963, the Nazarene Tax-Sheltered Annuity (TSA) Program over nearly four decades evolved into the "Group Variable Annuity" (GVA). Issued by Minnesota Life Insurance Company, the GVA was begun in 1994. With the creation of the Nazarene Single Defined Contribution Program in 1996, the GVA became the repository for retirement contributions on behalf of Nazarene ministers and church-employed laypersons. By 1999, it offered participants nine mutual fund investment options for their retirement accounts and a modicum of access services, mostly via phone, but P&B wanted more.

With the advent of public access to the Internet, P&B USA began the search for a partner who could leverage the capabilities of this amazing resource to the advantage of Nazarene ministers. Consequently, in July 2000, the Board of Pensions announced plans to rebid the annuity program to several vendors to insure participants in the Nazarene TSA plan enjoyed “the most competitive products, services, and prices.” In September, the Investment Committee of the General Board announced Fidelity Investments® would be the new 403(b) service provider for the Nazarene Single Defined Contribution Program, effective December 1, 2000. A news release at the time noted Fidelity would provide: “more resources, more investment choices, more ways to access your account, and more flexibility.”

During the next few months, P&B USA would publicize a variety of products and services to help ministers with the sometimes daunting task of investing for their future. Since that time, the relationship with Fidelity has developed into a valued partnership that provides Nazarene ministers—active and retired—with continuing support for their retirement investments. Today, ministers have 24/7 access to a variety of options and educational resources for maintaining their Nazarene 403(b) retirement accounts.

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**In December 2000,  
Fidelity Investments became  
the service provider for the  
403(b) Plan**

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In 1996, Pensions and Benefits USA began contributing payments from P&B Fund receipts based on 3% of average pastors’ salary (APS) to the 403(b) accounts of eligible ministers and church-employed laypersons. To further encourage retirement savings, P&B dangled the carrot

of “bonus” fund payments to participants. This additional payment was based on churches being on a district that paid 100% or more of their P&B Fund allocation.

As of January 1, 2002, the words behind the acronym “APS” changed from “Average Pastors’ Salary” to “Annual Pension Supplement.” This meant contributions made to the 403(b) accounts of ministers from the P&B Fund would no longer be calculated based on a percentage of the average salary, but rather would be an amount determined by the Board of Pensions, as would any bonus amount. Additionally, a local church minister could receive the “bonus” if his/her church paid 100% of its allocation, regardless of the percentage paid by the district.

### **Continued Funding of the Basic Pension Plan**

Representatives of other denominations have expressed interest (and some amazement) in how the Church of the Nazarene managed to create and continue to offer monthly support to retirees through the Basic Pension Plan. The launch of such a system without personal contributions by participants essentially was without precedent among U.S. Protestant churches. And yet, this arrangement continues to provide regular financial support for more than 5,000 retired Nazarene ministers and widowed spouses. In 2018, the P&B Fund paid Nazarene retirees served by the Basic Pension Plan almost \$15 million dollars while \$9.5 million was placed in the Basic Pension Trust to assure future funding.

Indeed, there are retirement plans that pay more to participants, but it’s likely none is more appreciated than this one. Almost daily, we receive notes from ministers and widows expressing their thankfulness that the

church continues to provide a monthly benefit.

There are several reasons why the Basic Pension Plan has survived through more than a few recessions and stock market roller coaster rides. First, there is the careful supervision by the Board of Pensions to the operation of P&B USA. Second, there is the oversight of the fund's assets by the Nazarene Investment Committee with guidance from professional investment and actuarial consultants. Third, and most importantly, there are the congregations across the United States who express their love and appreciation for Nazarene ministers in a tangible way by regularly contributing to the full payment of P&B obligations.



Members of the Association of Retired Ministers and Missionaries (ARMM) in Bethany, Okla.

Giving to the Pensions and Benefits Fund during the first year of the Basic Pension Plan totaled \$1,166,051. With a goal of 2% of local church income to underwrite the fund, the first year's giving equaled about 93.2% of the allocation.

Over the years, giving to the fund remained between 90 and 93% until 1998, when it reached 94.27 percent of allocations. The following year, the percentage climbed to 95.8%, and, by 2004, rose to a record high of 96.59%. However, since then, giving has declined, dropping to an all-time low of 86.55% of allocations in 2010. It should be noted that the United States suffered severe economic problems in the latter part of the decade with collapses in business, banking, and the housing market, and significant increases in unemployment.

As mentioned earlier, giving to the P&B Fund diminished as the first decade of the 21<sup>st</sup> century rolled to a close. Besides a weakened economy, churches and districts appealed for modifications to the budget formula for funding denominational entities, which included the P&B Fund. The prevailing wind of change, accompanied by a concern about how such modifications would affect P&B giving, prompted the Board of Pensions to explore another incentive for P&B Fund support in 2009.

Whereas, since 1996, Annual Pension Supplements automatically had been deposited and APS bonus contributions made available to Nazarene 403(b) accounts, with the advent of 2009, all Annual Pension Supplements would be linked to a church's actual dollar contributions to the P&B Fund.

"With the current variations of budget formulas being adopted by districts, it is impossible to continue to base



supplemental payments on the percentages of P&B Fund paid," said David McClung, then chairman of the USA Board of Pensions, in December 2008. "The new (APS) formula was adopted, in part, to keep the Pension Trust viable for those under the Basic Pension Plan within this environment."

Further explanation for the needed changes was voiced by Don Walter: "In 2008, 45% of U.S. Nazarene churches paid 90% of the allocations to the Pension Fund. Conversely, this means 55% of our churches paid 10% of the allocations. While traditionally our larger congregations have been willing to contribute more than their share to assist pastors in smaller ones, the number of U.S. churches with weekly attendance of less than 100 has grown to 72%, and this is placing more of a burden on the bigger churches."

Indeed, the Basic Pension Plan is a wealth transfer system in which larger, financially stronger congregations pay larger apportionments to provide for the retirement of ministers in smaller churches with less income. But something needed to be done to encourage churches who contributed nothing to at least pay minimal amounts to the fund.

As adopted by the Board of Pensions, payments of APS today are based solely on the amount of P&B allocation contributed by each church. Current APS contributions and requirements may be found in the [APS FAQ](http://pbusa.org) at [pbusa.org](http://pbusa.org).

## **Continuing the Pledge to “Honor the Trust”**

In fiscal year 2018, giving by districts and churches to the Pensions and Benefits Fund totaled almost \$14 million. In that same year, P&B USA distributed more than \$48 million to ministers in insurance claims and retirement plan benefits. We consider this a remarkable accomplishment for such a relatively small denomination.

## **A Centennial and Change**

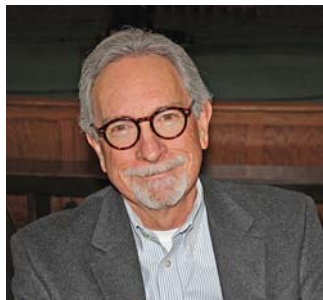
The year 2019 began with anticipation for celebrating the 100<sup>th</sup> anniversary (October 4) of the work of the ministry that is now called Pensions and Benefits USA. Early on, Don Walter announced there would not be much fanfare, but rather a simple acknowledgment of the event to honor the faithfulness of the ministers and spouses who have served the church through these many decades, and the churches who have underwritten the work.

But anticipation for the centennial turned to sadness early in the year. On March 26, one week after suffering a heart problem in his sleep, Don Walter passed away at the age of 66. In his passing, Nazarene ministers lost a great friend who had devoted much of his life to providing for them the best, most affordable benefits possible.

While his loss was sorely grieved, Don had taken great care to staff the office with experienced, qualified personnel who likewise have the best interests of constituents at heart. These men and women continue to carry on the work of serving those who serve. At this writing, a successor has not been announced, but whoever it is will have the unique

advantage of being part of a legacy that today touches the lives of almost 17,000 active and retired ministers and church-employed laypersons.

The next chapter for Pensions and Benefits USA remains to be written, but the prospects are hopeful. The past 100 years have had their ups and downs, but Nazarenes are a compassionate and determined people, who seldom allow adversity to hold them back. With the Lord's help, Pensions and Benefits USA will continue to serve those who serve God's church through the new century.



Don Walter, 2019



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# Appendix A

## The Board of Pensions History of Membership

The Board of Pensions was created and incorporated in 1952 by the General Assembly for the purpose of establishing and carrying forward a contributory pension plan for ministers of the Church of the Nazarene.

T. W. WILLINGHAM

Executive Secretary of the Board of Pensions 1952–1960

1952–1956

T. W. Willingham (Temporary Chairman/Executive Secretary)  
John Stockton (Secretary)  
W. E. Albea  
Harry Craddock  
O. J. Finch  
Paul Little  
I. C. Mathis  
Leonard Spangenberg  
John Wordsworth  
M. Lunn (Non-member serving as Treasurer)

1956–1960

T. W. Willingham (Chairman)  
John Stockton  
W. E. Albea  
Harry Craddock  
O. J. Finch  
Paul Little  
I. C. Mathis  
Leonard Spangenberg  
John Wordsworth

## DEAN WESSELS

### Executive Secretary of the Board of Pensions 1960–1977

#### 1960–1964

T. W. Willingham (Chairman)  
John Stockton  
Harry Craddock  
Oscar J. Finch  
Paul F. Little  
I. C. Mathis  
Leonard Spangenberg  
Otto Stucki  
John Wordsworth

#### 1964–1968

T. W. Willingham (Chairman)  
I. C. Mathis (Vice-Chairman)  
John Stockton (Secretary/Treasurer)  
Harry Craddock  
Oscar J. Finch  
Paul F. Little  
Leonard Spangenberg  
Otto Stucki  
John Wordsworth

#### 1968–1972

T. W. Willingham (Chairman)  
John Stockton (Secretary/Treasurer)  
Harry Craddock  
Oscar J. Finch  
Paul F. Little  
I. C. Mathis  
Otto Stucki  
John Wordsworth

Beginning in 1973, the Board of Pensions was nominated by the Board of General Superintendents and elected by the General Board.

February 22, 1973 – June 27, 1977

Gordon Olsen (Chairman)

L. S. Oliver (Vice-Chairman)

James Morsch (Secretary/Treasurer)

James Shaw (Executive Committee member)

Chesley Lewis

(Elected July 20, 1973, replacing J. Wesley Mieras)

M. A. Lunn

J. Wesley Mieras (Deceased Summer 1973)

Norman O. Miller

DEAN WESSELS

Executive Director of the Board of Pensions 1977–1981

June 27, 1977–1980

Howard Hamlin (Chairman)

Bill Burch (Vice-Chairman)

Chesley Lewis (Secretary/Treasurer)

M. Harold Daniels

Ralph Hodges

Ronald Mercer

Richard Schubert

Bill Sullivan

Gordon Wetmore

DEAN WESSELS  
Administrator of the Board of Pensions 1981–1989

1980–1985

W. M. Lynch (Chairman 1980)(Secretary/Treasurer 1984-85)  
Robert Wilfong (Vice-Chairman)  
Gordon Wetmore (Secretary/Treasurer 1981-83)(Resigned Fall 1983- President of NNC)  
Dudley Powers (Executive Committee member)  
Ponder Gilliland (Non-member serving as chairman 1981-85)  
(Elected to the board in January, 1984, replacing Gordon Wetmore)  
Talmadge Johnson  
Vernon Lunn  
Neil S. McKay  
Odie Page  
L. Thomas Skidmore

## BOARD OF PENSIONS AND BENEFITS USA

1985–1989

Ponder Gilliland (Chairman 1985; Resigned Fall 1985 – President BNC)  
Vernon Lunn (Vice-Chairman 1985; Chairman 1986-1989)  
Ron Mercer (Vice-Chairman 1986-1989)  
Homer Adams (Secretary/Treasurer)  
John Q. Dickey (Executive Committee member)  
Jim Diehl (Resigned 1985, changed zones)  
Richard Jones  
David McClung  
Melvin McCullough (Appointed/elected 1986 to replace Eugene Sanders)  
Odie Page  
Eugene Sanders (Appointed 1986 to replace Ponder Gilliland)  
(Resigned 10-86 to become D.S. in North Arkansas)  
Forrest Whitlatch (Appointed 1986 to replace Jim Diehl)

DEAN WESSELS

Director of the Board of Pensions and Benefits USA 1989–1993

1990–1993 \*L=Layperson; M=Minister

Central	L*	John Q. Dickey
East Central	L	James Couchenour (resigned 2-91)
	M	Carlton D. Hansen (elected 6-91)
Eastern	M	Clarence Jacobs
North Central	M	Hiram E. Sanders
Northwest	L	Robert Moench
South Central	M	Melvin McCullough
Southeast	M	James Bearden
Southwest	L	Robert Parker
At Large	L	Leon D. Doane (deceased 4-15-93)

DON WALTER

Director of the Board of Pensions and Benefits USA 1994–2019

1993–1997

Central	L	John Q. Dickey
East Central	M	Carlton D. Hansen
Eastern	M	V. Seymour Cole
North Central	M	Hiram E. Sanders (Resigned 8-94 to become the president of NBC)
	M	Jesse C. Middendorf (Elected 9-94)
Northwest	L	Robert Moench
South Central	M	Melvin McCullough
Southeast	M	James Bearden
Southwest	L	Robert Parker
At Large	L	J. David McClung

## 1997–2001

Central	L	John Q. Dickey)
East Central	M	Carlton D. Hansen
Eastern	M	Charles E. Zink
North Central	M	Jesse C. Middendorf
Northwest	L	R. Bruce Moore
South Central	M	Melvin McCullough
Southeast	M	J. Dennis Johnson
Southwest	L	Art Shingler
At Large	L	J. David McClung

## 2001–2005

Central	L	John Q. Dickey
East Central	M	Carlton D. Hansen
Eastern	M	Charles E. Zink (Resigned 3-1-04; Clergy Services Director)
	M	Bud Reedy Jr. (Elected 7-04)
North Central	M	James R. Spruce
Northwest	L	R. Bruce Moore
South Central	M	Melvin McCullough (Resigned 5-31-04; President, Nazarene Foundation)
	L	Ron Mercer (Elected 7-04)
Southeast	M	J. Dennis Johnson
Southwest	L	Art Shingler
At Large	L	J. David McClung



## 2005–2009

Central	L	John Q. Dickey
East Central	M	Carlton D. Hansen
Eastern	M	Bud Reedy Jr.
North Central	L	William G. Clair
Northwest	L	R. Bruce Moore
South Central	M	Stanley A. Toler (Resigned 3-08)
Southeast	M	D. Geoffrey Kunselman
Southwest	M	Woodie J. Stevens (Resigned 11-06)
	M	Byron E. Schortinghouse (Elected 1-07)
At Large	L	J. David McClung

## 2009–2013

Central	M	Carla Sunberg
East Central	M	D. Geoffrey Kunselman
Eastern	M	J. Phillip Fuller
North Central	L	Darrel Johnson
Northwest	L	Art Shingler
South Central	M	H. David McKellips
Southeast	L	Martha Stephens
Southwest	M	Byron E. Schortinghouse
At Large	L	J. David McClung

2013–2017

Central	M	Edward Heck (deceased 9-6-16)
East Central	M	D. Geoffrey Kunselman
Eastern	M	J. Phillip Fuller
North Central	L	Darrel Johnson
Northwest	L	R. Bruce Moore
South Central	L	Kevin Lewis (resigned 10-13)
	L	Rick Martin (elected 10-13)
Southeast	L	Martha Stephens
Southwest	M	Douglas Pierce
At Large	M	Rondalyn Smith (resigned 10-13)
	M	Kerry Willis (elected 10-13)

2017–2021

Central	L	Jill Rice
East Central	M	D. Geoffrey Kunselman
Eastern	M	J. Phillip Fuller
North Central	L	Darrel Johnson
Northwest	L	R. Bruce Moore
South Central	L	Rick Martin
Southeast	L	Mark Patrick
Southwest	M	Douglas Pierce
At Large	M	Kerry Willis

# Appendix B

## Basic Pension Plan Time Line (1971–2018)

1971	"Basic" Pension inaugurated at \$2.00 per month per Year of Service—maximum \$80 for 40 years.
1972	"Basic" Pension increase from \$2.00 to \$2.50 per month per Year of Service—maximum \$100 for 40 years.
1974	"Basic" Pension increases from \$2.50 to \$3.00 per month per Year of Service—maximum \$120 for 40 years. It was recommended and adopted that anyone on the Monthly Benevolence Roll who would benefit be transferred automatically to the "Basic" Pension beginning April 1, 1974.
1975	"Basic" Pension minimum years of full-time service reduced for eligibility, from 20 to 15 years. "Basic" Pension increases from \$3.00 to \$3.50 per month per Year of Service—maximum \$140 for 40 years.
1976	1,605 retired ministers and widows are served by the monthly "Basic" Pension and Benevolence checks.
1977	"Basic" Pension increased from \$3.50 to \$4.00 per month per Year of Service—maximum \$160 for 40 years. 1,716 retired ministers and widows served. "Basic" Disability Pension minimum Years of Service reduced from 10 years to 5 years. Provision for full-time service as pastor or evangelist for retired minister or widow over age 70 with no reduction of "Basic" Pension.

1978	<p>“Basic” Pension increased from \$4.00 to \$4.50 per month per Year of Service—maximum \$180 for 40 years. 1,821 retired ministers and widows served monthly Pensions and Benevolence checks.</p> <p>“Basic” Disability Pension benefits increased to allow one half Year of Service for years between date of disability and age 65.</p> <p>Minimum Years of Service needed for “Basic” Pension reduced from 15 years to 10 years.</p>
1979	<p>Nearly 2,000 retired ministers and widows receiving over \$200,000 each month in Pension benefits.</p>
1980	<p>The “Basic” Pension Plan Document was adopted providing a 100 percent non-forfeitable pension to all covered individuals.</p> <p>“Basic” Pension increases from \$4.50 to \$5.00 per month per Year of Service—maximum \$200 for 40 years.</p> <p>The amount of “Basic” Pension designated as housing allowance for retired ministers was increased to include the first \$2,400 received annually.</p> <p>Lay church employees having recognized district credentials and district roll as: Commissioned Minister of Christian Education, Commissioned Song Evangelist, Commissioned Minister of Music, Consecrated Deaconess, and who are earning their full livelihood by such ministry become eligible for the “Basic” Pension Plan.</p> <p>Pension applications from district-licensed ministers who are not ordained will no longer need case by case review by the Board of Pensions before the pension can be granted. Their application will be handled in the same way as ordained ministers.</p>

1982	<p>The Board of Pensions was assigned the responsibility for the administrative services of the missionary and denominational employee's pension plans. (Delayed)</p> <p>Amendments were adopted to the "Basic" Pension Plan Document providing an individual participant in the "Basic" Pension program an election at the time of retirement as to the surviving spouse's percentage of benefit. At the time of retirement, the participant may elect: 1) the "standard" pension with 60 percent of such "standard" pension payable to a surviving spouse, age 62 or over, in the event of the participant's death; or 2) a "reduced" pension with 100 percent of such "reduced" pension payable to a surviving spouse, age 62 or over, in the event of the participant's death.</p> <p>The amount of "Basic" Pension designated as housing allowance for retired ministers was changed from a fixed dollar amount to 100 percent of the pension received annually.</p>
1983	<p>The Administrator of the Board of Pensions was authorized to pay a "13th month" check to the members of the pension roll during October 1983. This extra month's check was given as a special bonus to commemorate the 75th anniversary of the Church of the Nazarene. The bonus was made possible due to favorable investment experience during the past year.</p> <p>The Board of Pensions appointed a study group to evaluate the current pension programs and to determine need for improvements. "Grass roots" meetings will be held with church leaders and pastors for input and evaluation.</p>

1984	<p>The "Basic" Pension Plan was improved by increasing the maximum Years of Service permitted to be credited from 40 years to 50 years. April 1, 1984, was the effective date for the change which raised the maximum pension a minister could receive from \$200 per month to \$250 per month. This also meant an increase in the maximum pension available to a widowed spouse.</p> <p>After receiving an overwhelming response to the "13th month" check issued in 1983, the Board of Pensions voted to pay another "13th month" check in 1984. It was issued in October to all members who were on the "Basic" Pension Roll as of October 1, 1984.</p> <p>The Board authorized its staff to study the possibility of offering an actuarially reduced pension at age 62.</p>
1985	<p>The "Basic" Pension Plan was modified to provide an Early Retirement Pension. This option became effective July 1, 1985, and allows a participant to apply for retirement benefits at or after age 62 with a percentage reduction in benefit for each month that the retirement precedes the participant's 65th birthday.</p> <p>The Board of Pensions and Benefits USA voted to pay a "13th month" check again this year. It was mailed in June. A "14th month" check was also issued in the early part of December. The two bonus checks were possible because of two factors that occurred in 1984. The denominational payment of the Pensions and Benefits Fund in the 1983-84 assembly year was the highest denominational average since the 1979-80 assembly year. The second factor was that during 1984, invested pension reserves received the second highest rate of return in their history.</p>
1986	<p>The Board of Pensions again paid "13th month" and "14th month" checks to those on the pension roll.</p>

1986	<p>The "Basic" Pension Plan Document was amended to allow a Participant who has taken the Early Retirement Option the opportunity to again accrue Years of Service with an adjustment for the amount of time the Early Retirement Option was in effect.</p>
1987	<p>The Board of Pensions and Benefits USA paid "13th month" and "14th month" checks again.</p> <p>Article IV-B was added to the "Basic" Pension Plan Document which would be effective only in the event that the terms and provisions of Section 457 of the Internal Revenue Code of 1986 should become applicable to the "Basic" Pension Plan.</p> <p>A Pension Study Commission was appointed by the Board of General Superintendents to review the need for the development of a possible new pension plan.</p> <p>The "Basic" Pension Plan Document was amended to make it a qualified plan under Section 401(a) of the Internal Revenue Code.</p>
1988	<p>The "Basic" Pension Plan Document was amended to include a standard indemnification clause.</p> <p>The "Basic" Pension Plan Document was amended effective July 1, 1988, in order to provide an Early Benefit Option for a widowed spouse at age 60.</p> <p>The Board of Pensions and Benefits USA paid "13th month" and "14th month" checks again.</p>
1989	<p>Article 6 of the "Basic" Pension Plan Document was amended to increase the benefit formula effective April 1, 1989, from \$5 to \$6 per month plus an adjustment factor of 0.005 added for each year above 10 Years of Service.</p>

1989	<p>The “Basic” Pension Plan Document was amended as follows:</p> <p>Section 1.11(a) The following sentence was added, “A Participant shall receive a full one Year of Service credit for the year in which the Participant terminates from full-time service.”</p> <p>Sections 9.5(d) and 10.1 were edited to reflect new title of director.</p> <p>Sections 11.3 and 11.13 were amended to make the Investment Committee of the General Board the Investment Manager of the Trust Funds.</p> <p>Section 11.3 was amended again with regard to the Investment Committee powers.</p>
1991	<p>April 1—a Participant may begin receiving a pension at age 65 regardless of ministerial assignment.</p> <p>April 11—The Plan Document was amended effective January 1, 1991, to allow for pooling of funds for investment purposes.</p>
1992	<p>Section 6.1 of the “Basic” Pension Plan Document was amended in order to pay a one time “13th month” bonus check in December 1992.</p> <p>The Board along with Canadian church leaders worked toward segregation of the Canadian Pension Plan from the “Basic” Pension Plan. The “Basic” Pension Plan Document was amended by adding Section 6.2 thereby making this segregation effective December 31, 1992.</p>
1993	<p>January 1—The “Basic” Pension Plan Document was amended by adding Section 11.16 in order to allow for the possible merger of the church’s qualified pension plans and the combining of the trusts.</p>



1993	October—The “Basic” Pension Plan Document was amended to pay a “13th month” check in November 1993. However, it was not applicable to retirees with frozen pension credits under Section 6.2.
1994	April 28—The “Basic” Pension Plan Document was amended effective June 1, 1994, to increase the benefit formula by 25 percent (i.e., from \$6.00 per month for each year of service to \$7.50 per month for each year of service).
1995	March 1—The “Basic” Pension Plan Document was amended to clarify “full livelihood.”
1996	January 1—The “Basic” Pension Plan Document was amended, effective January 1, 1996, to increase the benefit formula from \$7.50 to \$9.00 per month for each year of service.  January 1—The “Basic” Pension Plan and The general church Pension Plan were merged into the Single Defined Benefit Pension Plan.
1997	July 1—The grandfathered “Basic” Pension benefit base formula was increased from \$9.00 to \$9.25.
1998	January 1—The grandfathered “Basic” Pension benefit “bonus” factor of 0.005 for each Year of Service in excess of 10 was amended to include Years of Service under the World Mission Pension Plan for those who retire after December 31, 1997.  July 1—The grandfathered “Basic” Pension benefit base formula was increased from \$9.25 to \$9.50.  October—The grandfathered “Basic” Pension Plan was amended to provide a disability pension for inactive members.
1999	July 1—The grandfathered “Basic” Pension benefit base formula was increased from \$9.50 to \$10.00.

2000	<p>July 1—The grandfathered “Basic” Pension benefit base formula was increased from \$10.00 to \$10.50.</p> <p>July 13—The Single Defined Benefit Pension Plan Document was restated to comply with Tax legislation. In addition, other amendments included specific language for “full livelihood,” definitions for compensation, specific language for “full-time” for a retired participant, and the extension of the appeal process.</p>
2001	<p>January 1—The benefits payable for co-pastors and co-evangelists was changed.</p> <p>January 1—The definition of compensation was changed as required by IRS Notice.</p> <p>February—References were changed from TSA to 403(b) and to reflect the new name of the defined contribution plan. Also, Section 6.3 was updated and the floor amount calculation was removed.</p> <p>July 1—The grandfathered “Basic” Pension benefit base formula was increased from \$10.50 to \$10.75.</p>
2002	<p>January 1—The Single Defined Benefit Pension Plan Document was amended to comply with current tax laws relating to Required Minimum Distributions.</p> <p>February 21—The Plan was amended to pay a bonus benefit in July 2002 equal to one half of one month’s pension benefit.</p> <p>October 18—To meet IRS plan qualification guidelines, the plan was amended retroactive to January 1, 1997, allowing for direct rollovers of eligible rollover distributions and allowing for actuarially increased benefit payments for those reaching 70½ who have not yet begun receipt of benefits.</p>

2002	October 18—To reflect certain EGTRRA provisions, the plan was amended retroactive to January 1, 2002.
2003	<p>February 20—The Nazarene Single Defined Benefit Pension Plan Document was amended so that when a minister retires from active ministry and ceases to accrue years of service credit, but does not apply for a standard “Basic” Pension benefit until after age 65, that minister’s pension benefit will be increased to take into account the period after age 65 in which the minister was not receiving any benefit under the plan. This provision is effective for applications received after December 31, 2003.</p> <p>February 20—The Single Defined Benefit Pension Plan Document was amended, effective February 20, 2003, in order to (1) fine tune the provisions for retroactive benefits for participants under the grandfathered “Basic” Pension Plan provisions as stated in Section 5.1, (2) update language in Section 8.1, (3) add language in Section 2.4(d) under the grandfathered “Basic” Pension Plan provisions in order to allow retroactive benefits for widows who apply for benefits after age 62.</p>
2004	October 1—The Single Defined Benefit Pension Plan Document was amended, effective October 1, 2004, in order to add new Section 6B.15, to increase the grandfathered “Basic” Pension benefit base formula by 25 cents, from \$10.75 to \$11.00, for those receiving pension benefits payments as of January 1, 2005, and for those commencing receipt of pension benefit payments prior to January 1, 2006.
2005	February 24—Section 6B.15 of the Single Defined Benefit Pension Plan Document was amended, effective January 1, 2005, in order to make the conditional pension increase in the “Basic” Pension benefit base formula, previously voted, permanent.

2005	<p>February 24—The Single Defined Benefit Pension Plan Document was amended, effective January 1, 2005, in order to change the amount of Deminimus Distributions under Section 14.9.</p> <p>February 24—The Single Defined Benefit Pension Plan Document was amended, effective January 1, 2006, reflecting a change in the Plan’s offset interest rate assumption.</p>
2006	<p>February 23—The Single Defined Benefit Pension Plan Document was amended effective January 1, 2006 in order to refine the definition of a Year of Service for Evangelists and Co-Evangelists under the “Basic” Pension Plan as found in Section 1.11c)(2).</p> <p>October 20—The Single Defined Benefit Pension Plan Document was amended effective December 1, 2006 to pay a bonus benefit in December 2006 equal to one month’s pension benefit. Section 6B.17 was added to the plan document.</p> <p>October 20—The Single Defined Benefit Pension Plan Document was amended, effective January 1, 2007, reflecting a change in the Plan’s offset interest rate assumption. Section 6B.18 was added to the plan document.</p>
2007	<p>October 19—The 17th Amendment to the Plan set the offset interest rate assumption at 4.5% for 2008.</p> <p>October 19—The Board recommended the General Board adopt a resolution to continue that 100% of the pension paid from the Plan be designated as housing allowance.</p> <p>October 19—The Plan now provides for retroactive benefit claims for disabled participants will be handled as an appeal for payment from the Administrative Benefit Adjustment Plan.</p>

2008	<p>October 17—The 19th Amendment to the Plan provides compliance with the IRS final regulations as to maximum benefits (IRC Section 415) and minimum distributions (IRC Section 401(a)(9)).</p> <p>October 17—The 20th Amendment to the Plan provides that in the event an evangelist does not meet the 30 meeting eligibility criteria, holding 26 revival events will permit an evangelist to receive a year of service under the Plan, and, clarifies the General Board of the Church of the Nazarene defines a revival event.</p> <p>October 17—The 22nd Amendment to the Plan sets the 2009 offset interest rate assumption at 4.5%.</p>
2009	<p>February 19—The 23rd Amendment to the Plan provides for direct rollover of non-spousal beneficiary distributions.</p> <p>April 22—The Plan document was restated effective 01/01/2009 in order to be in compliance with EGTRRA provisions.</p> <p>September 23—The 24th Amendment to the Plan adds language which allows for eligible rollover distributions to qualified plans or to a 403(b) plan, and permits direct rollovers to a Roth IRA.</p>
2010	<p>February 18—The 26th Amendment to the Plan sets the offset interest rate assumption for 2010 to be 4.5%.</p> <p>August 3—The 25th Amendment to the Plan provides compliance with EGTRRA, including the minimum distribution amount, actuarially equivalent straight life annuity provisions, and the defined benefit dollar limitation.</p>

2010	<p>October 15—The 27th Amendment to the Plan provides for IRS technical amendments regarding differential wage payments and survivor benefits due to death while serving in qualified military service.</p> <p>October 15—The 28th Amendment to the Plan sets the offset interest rate assumption for 2011 to be 4.5%.</p>
2011	<p>October 14—The offset interest rate assumption for 2012 was set to be 5.0%; the rate for 2013 was set to be 5.5%; the rate for 2014 was set to be 6.0%; and the rate for 2015 was set to be 6.5%.</p>
2013	<p>November 14—The Plan was amended to provide a uniform definition of “marriage”; specifically “Marriage – for purposes of administering benefits under this plan, marital or spousal status shall be determined as defined in the most recent (current) Manual of the Church of the Nazarene.</p>
2018	<p>October 19, 2018—Exhibits A, B, and C were changed, effective January 1, 2019, to replace the 1971 Individual Annuity Mortality Table with the static mortality table for defined benefit pension plans for 2019 set out as an appendix to IRS Notice 2018-02, and to adjust the investment yield rate from 7% to 6.5%.</p> <p>October 19, 2018—Section 14.9 of the Plan was amended in its entirety, effective January 1, 2019, to read as follows: “14.9 Effective as of January 1, 2019, if the present value of the Participant’s vested Accrued Benefit is less than \$10,000, such present value shall be payable in a single sum as of the earlier of the Participant’s Retirement Date or the date he ceases to be an Employee for any reason other than death (such single sum being hereafter referred to as a “small amounts payment”). A small amounts payment made to a Participant shall be in full settlement of all benefits otherwise payable, or to the</p>

2018	<p>Participant's Beneficiary in full settlement of the death benefit otherwise payable under the Plan. The service credited to a Participant who is reemployed by the Employer shall not be diminished as a result of receiving a small amounts payment. For purposes of this Section 14.9, present value shall be determined by utilizing the same actuarial assumptions provided in Exhibits B and C of the Plan. No other small amounts payments shall be made."</p> <p>October 19, 2018—The Plan was amended, effective January 1, 2019, to add the following Section: "14.11 If no Beneficiary designation is on file with the Plan at the time of death of the Participant, or if such designation is not effective for any reason, then any remaining benefit shall be payable to the deceased Participant's spouse, if living. If such spouse is not living, payment shall be made as follows: (a) to the Participant's children, per stirpes, (b) if no such children survive the Participant, to the Participant's parents, per stirpes, (c) if no such descendants survive the Participant, to the executors or administrators of the deceased Participant's estate."</p>
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# Appendix C

## Historical Summary of Nazarene Benefits from 1955

1955	Basic Group Term Life Insurance
1960	Funeral Assistance
1962	Supplemental Group Term Life Insurance
1963	Nazarene TSA Plan Extreme Emergency Medical Assistance
1965	“Double Coverage” under Basic Life Insurance
1971	“Basic” Pension Plan
1972	Accidental Death & Dismemberment (AD&D) rider added
1975	Temporary Monthly Disability Assistance
1976	District Group Term Life Insurance
1981	Credentialed Laymen included in “Basic” Pension Plan “Double-Double” Coverage under Basic Life Insurance Daily Hospital Indemnity Plan Long-Term Disability (LTD) Income Protection
1982	Nazarene IRA Plan Nazarene KEOGH Plan 100% Survivor’s option added to “Basic” Pension Plan Accidental Death & Dismemberment Insurance
1983	Nazarene Health and Hospitalization Insurance (NHHP) NHHP Dental Insurance NHHP Group Term Life Insurance District/Agency Long-Term Disability Income Protection



- 1984 First dividend issued under Supplemental Insurance  
Agency Group Term Life Insurance
- 1985 Early Retirement Option added to “Basic” Pension Plan  
Option B for Nazarene TSA Plan  
Pensions and Benefits—International
- 1987 Missionary Medical Plan comes under NHHP  
general church Medical Plan comes under NHHP  
World Mission Pension Plan  
general church Pension Plan
- 1988 Widow(er)’s Early Benefit Option for “Basic” Pension
- 1990 Evangelists included in Nazarene TSA Plan  
Missionary Group Term Life Insurance
- 1991 “Basic” Pension payable at age 65 without “retirement”  
Second dividend issued under Supplemental Insurance  
International Contributory Retirement Plan
- 1992 Variable Annuity Options added to Nazarene TSA Plan
- 1993 Accelerated Death Benefit added under Supplemental  
Insurance
- 1994 Dependent coverage under Supplemental Insurance improved  
Prescription drug coverage was added under NHHP  
Pediatric vaccine coverage was added under NHHP  
Funeral assistance benevolence was improved
- 1995 The AD&D rider to the Basic Life Plan was improved  
Coverage options were added to the LTD Plan  
A TSA Option B account was opened for every eligible  
participant  
The Option B contract provisions were improved
- 1996 The Basic Pension Plan and the general church Pension  
Plan merged, and became the Single Defined Benefit  
Pension Plan (SDBPP)  
Additional investment options were added to TSA Option D

- 1998 Disability pension added for inactive members under Basic Pension  
TSA Option E
- 1999 Hearing aid coverage added under NHHP  
Vision care expense coverage added under NHHP
- 2000 Special Death Benefit Benevolence added under Supplemental Plan  
Principal's Medicare HMO offered to covered retirees
- 2001 Basic Long Term Disability Plan
- 2002 Pastors Life Insurance Plan  
Pensioners Death Benefit Plan  
Fidelity Freedom Funds  
Benefit increase in Emergency Medical Assistance Plan
- 2003 Three new investment options added to retirement plans
- 2004 "Defaulted" 403(b) funds reallocated to age-appropriate Fidelity Freedom Fund
- 2006 Evangelists meeting certain criteria receive year of credit under the SDBPP, and may participate in the 403(b)  
Coverage levels increase under the LTD plan
- 2012 Basic LTD coverage level increased  
GuideStone allowed to offer individual health coverage to district and church employees
- 2014 The 5-year waiting period eligibility on Basic LTD was removed
- 2015 Fidelity's Retirement Transition Service added to 403(b) Plan  
GuideStone to market their group health insurance product to districts and churches
- 2018 Free resource available to retirees to assist in selection of Medicare supplement plans  
Investment option added to 403(b) plan
- 2019 All life and disability plan coverages were increased