

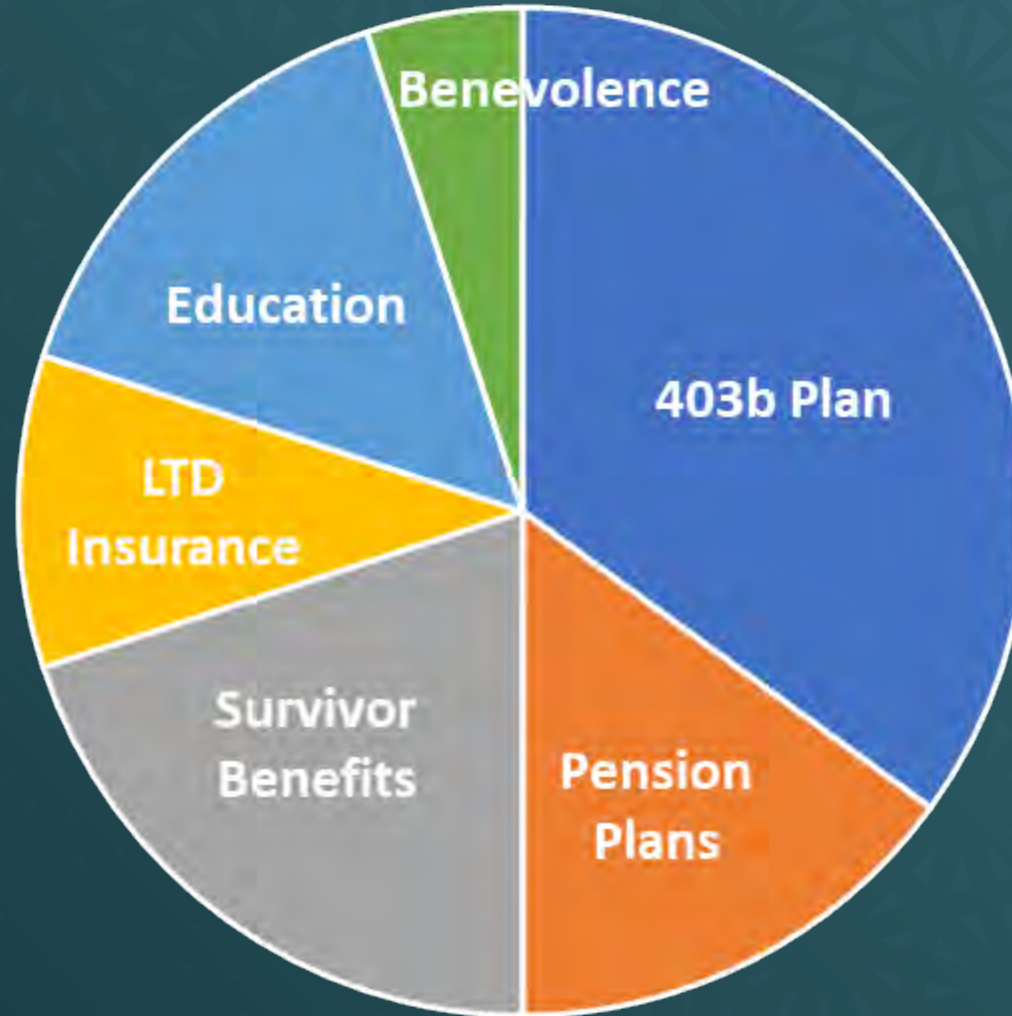


# MINISTER BENEFITS and THE PATH TO RETIRE WELL

NBUSA Virtual Workshop

March 20, 2025

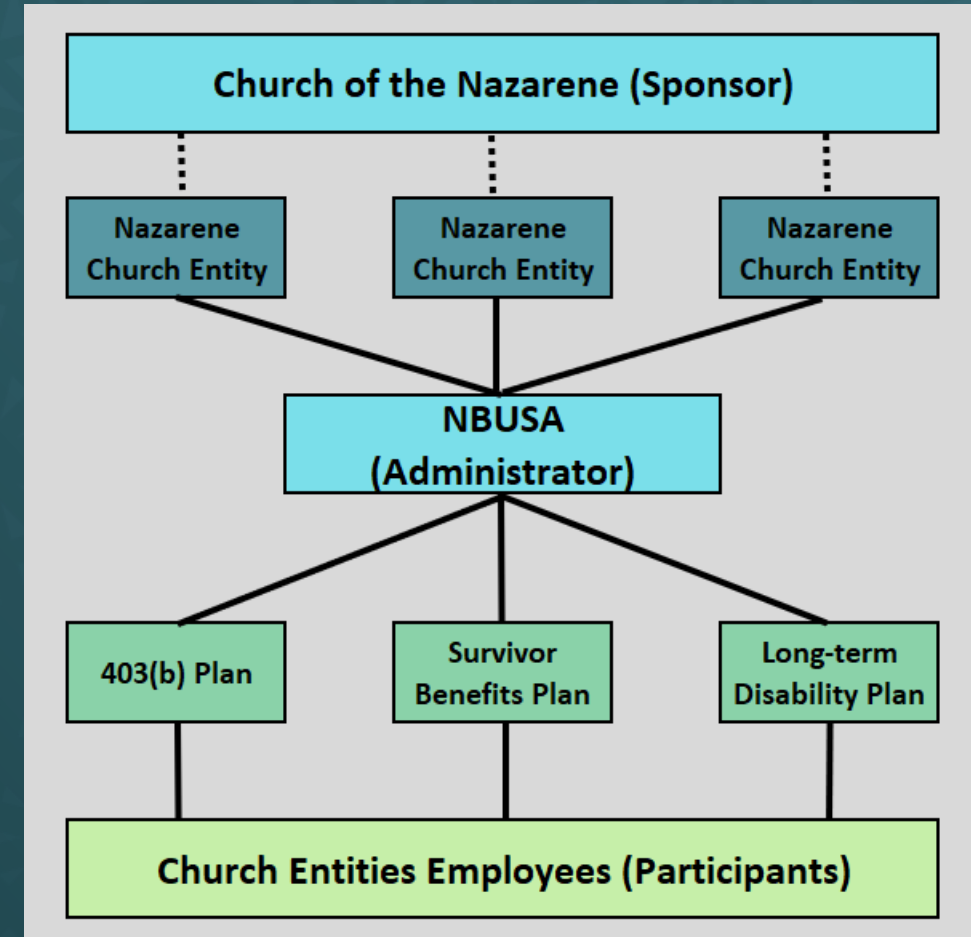
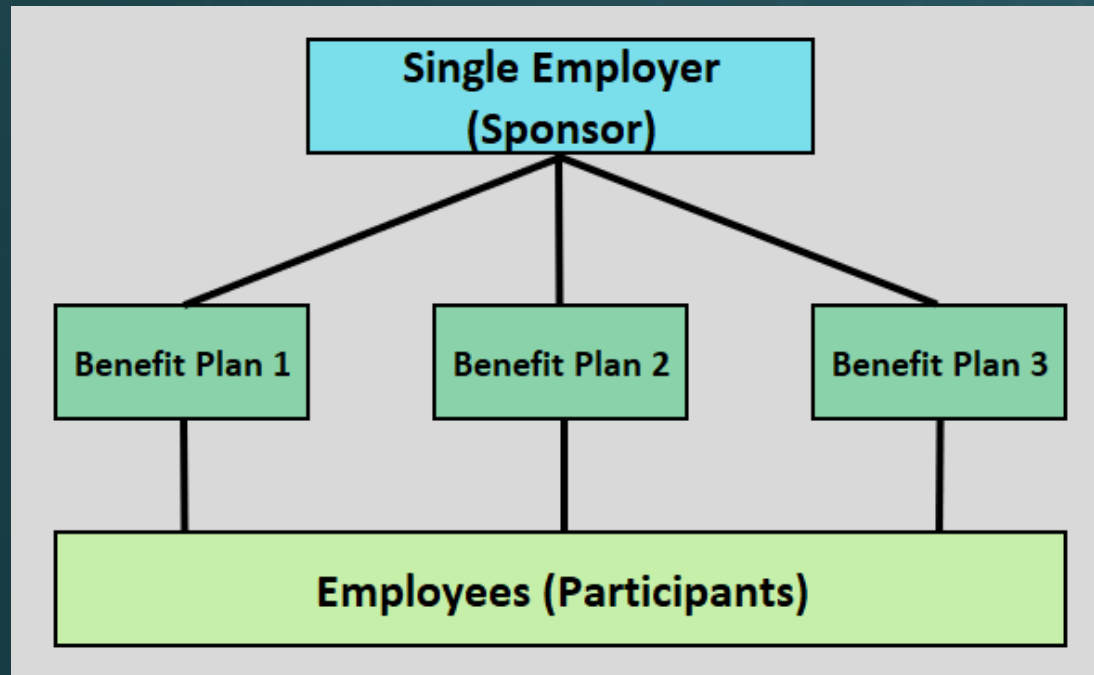
## What We Do



# Benefit Plan Structures



## Single vs Multi-employer Sponsored Plans



# How We Are Funded

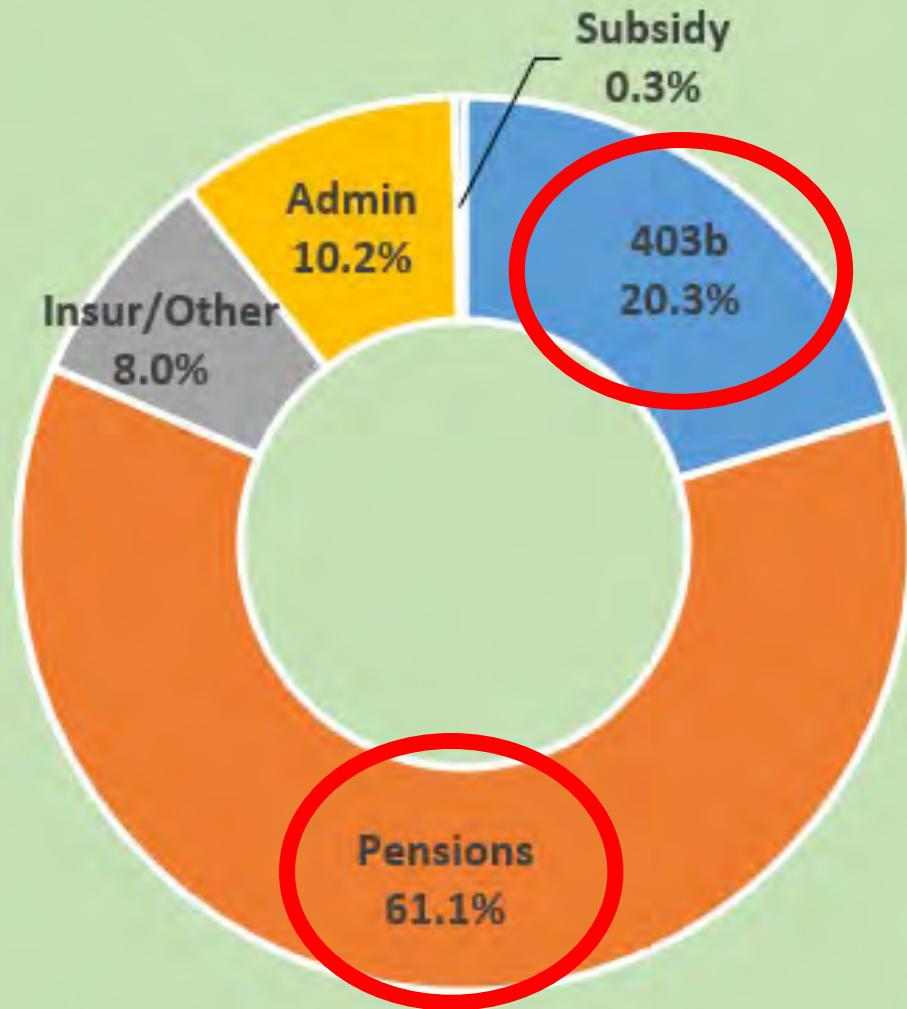


## Funding the Mission (FTM) Formula

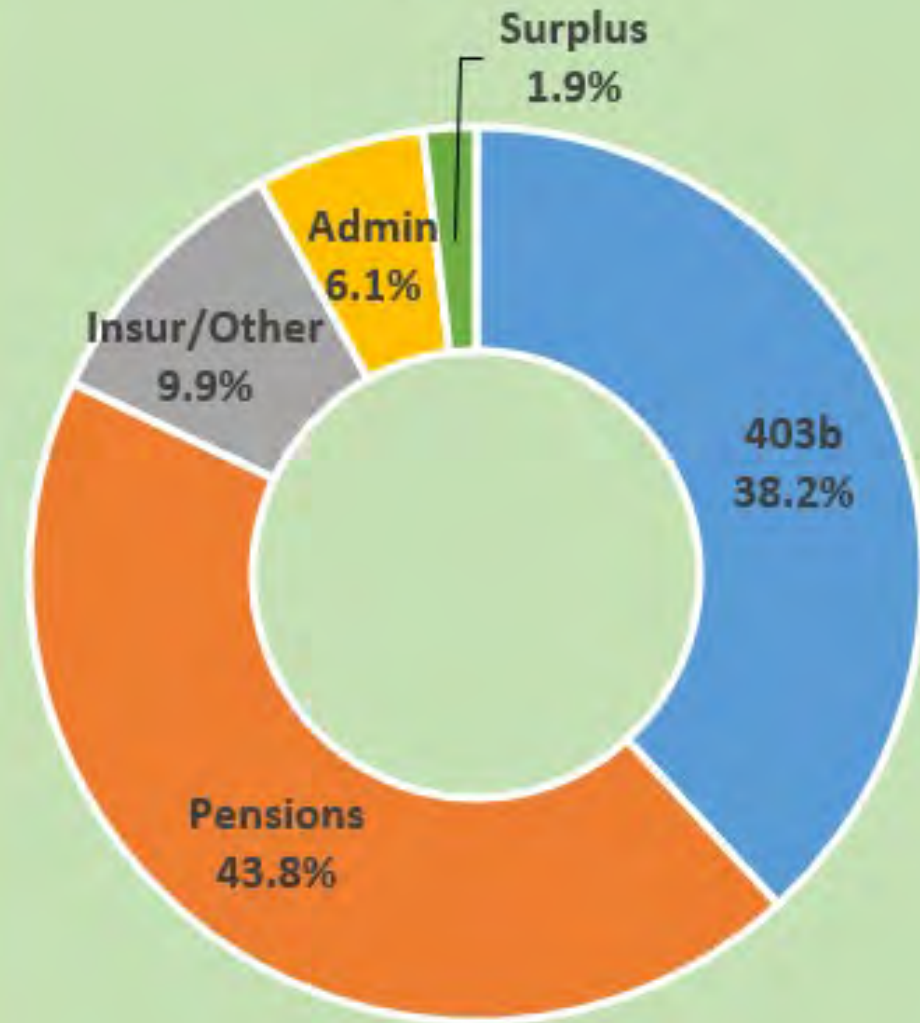
World Evangelism Fund (WEF)	5.5%
Education Fund	2.5
NBUSA Fund	<u>2.0</u>
Total FTM Formula	<u>10%</u>

# How NBUSA Funds Are Used

FY15-23 Avg



FY24



## Active Minister Benefits

Eligibility evaluated every January 1<sup>st</sup> :

- ✓ Credentials
- ✓ Ministerial role
- ✓ NBUSA Fund support



Minister Benefits:

- Survivors benefit (life insurance)
- Long-term disability
- 403b local effort matching contributions (based on program requirements)

## Survivor Benefits

<https://nbusa.org/insurance>

<u>Age</u>	<u>Coverage</u>
Up to 50	\$30,000
51 to 70	\$15,000
71 to 75	\$ 7,500
Spouse	\$ 2,500



- **Proceeds are not taxable income**
- More available for purchase, including spouse coverage (which includes dependent children)

## Retiree Survivor Benefits

<https://nbusa.org/insurance>

Retired Minister\* (or active over age 75):

- 10 – 20 years      \$1,500
- 21 – 30 years      \$3,000
- 31+ years          \$6,000

\* Retired and reached full SS retirement age

Pensioners receive the higher of the above or as defined in the pension plan.

# Long-Term Disability Insurance

<https://nbusa.org/insurance>



- \$500 per month<sup>1</sup>
- No waiting period for coverage
- Payments start 3 months after disability
- Pre-existing condition limitations
- Addt'l coverage up to \$1,500 available for purchase

<sup>1</sup> May be claimed as housing allowance beginning in 2025; subject to conditions

# Accidental Death and Dismemberment Insurance

<https://nbusa.org/insurance>

Optional purchase (not auto-provided)

- Max of \$200k; increments of \$50k
- Dependents up to \$100k
- Underwritten like Long-Term Disability

## Health Insurance

# Medical Coverage for Nazarene Ministries

[www.guidestone.org/nazarene](http://www.guidestone.org/nazarene)

Get a Quote

Learn More



We understand your ministry.  
We understand employee benefits.  
And we share your passion for the Gospel.

That's why GuideStone® and the **Church of the Nazarene** have teamed up to support your calling and offer **faith-based medical coverage** uniquely designed for your ministry.

NBUSA VISION

# NEW NAME/BRAND

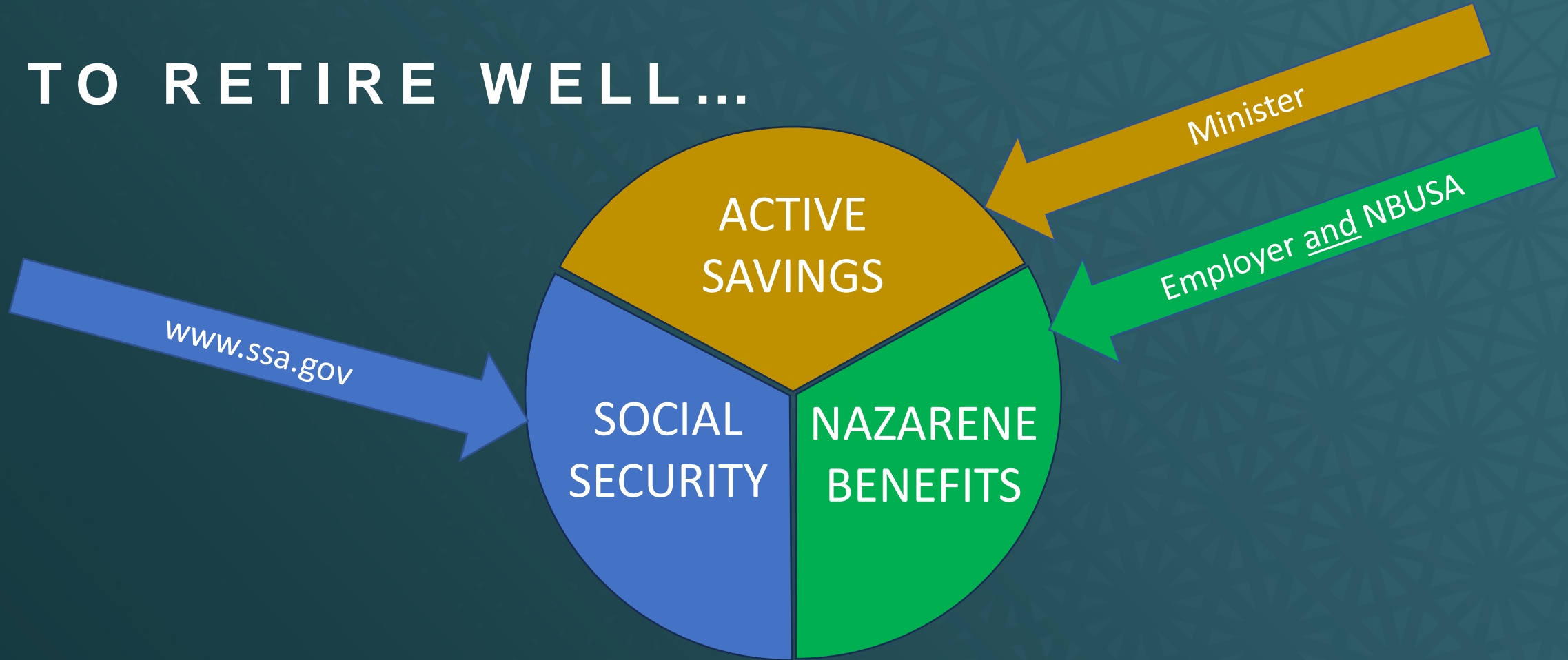
## OUR VISION

“NAZARENE MINISTERS  
RETIRE WELL”



**NBUSA**

# TO RETIRE WELL...



# IT TAKES ALL THREE

# Clergy Unique Tax Advantages

## Advantage



## Taxable?

	<u>Fed</u>	<u>SS/Med</u>
Housing Allowance	No	Yes
403b Contributions	No	No
403b In-Plan Earnings	No	n/a
403b Distributions	No*	n/a
* Qualifies for Housing Allowance in retirement		



## Housing Allowance in Retirement

Distributions are **designated as housing allowance** by policy.

- ✓ Maintain credentials w/ U.S. district
- ✓ **IRS substantiation and limits apply\***
- ✓ No church-approved declaration required
- ✓ Annual tax reporting - **“taxable amount not determined”**

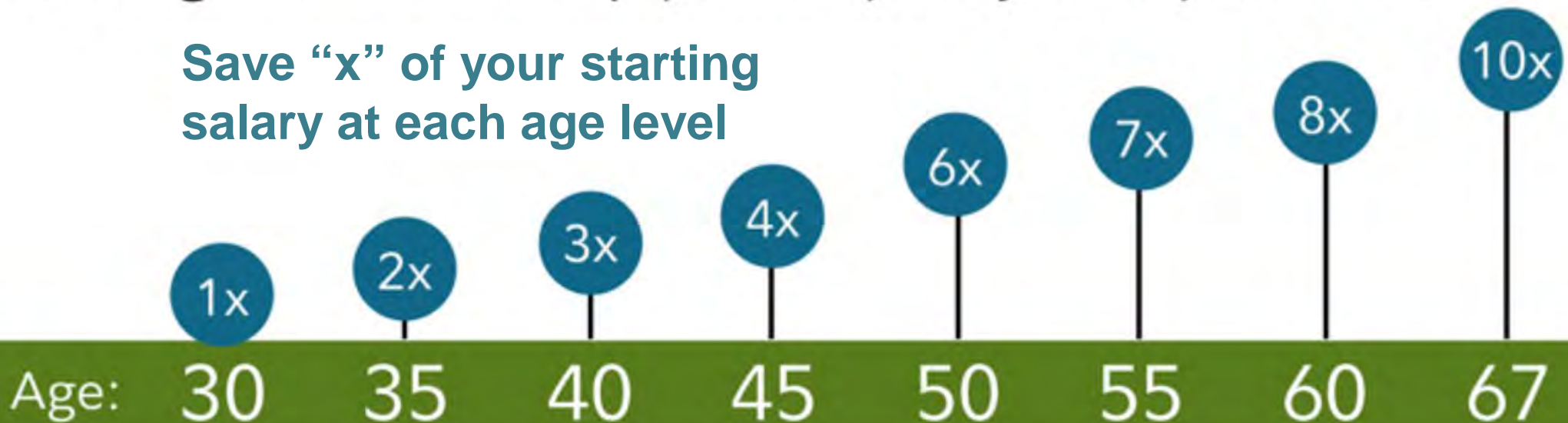
\* Housing “costs” are the lesser of ~~approved allowance~~; actual expenses; or fair market lease value of the home and furnishings.

# How Much Do You Need to Retire?

**Fidelity.**

Savings factors to help you on your journey to retirement

Save “x” of your starting salary at each age level




# How Should You Save for Retirement?

**Fidelity.**



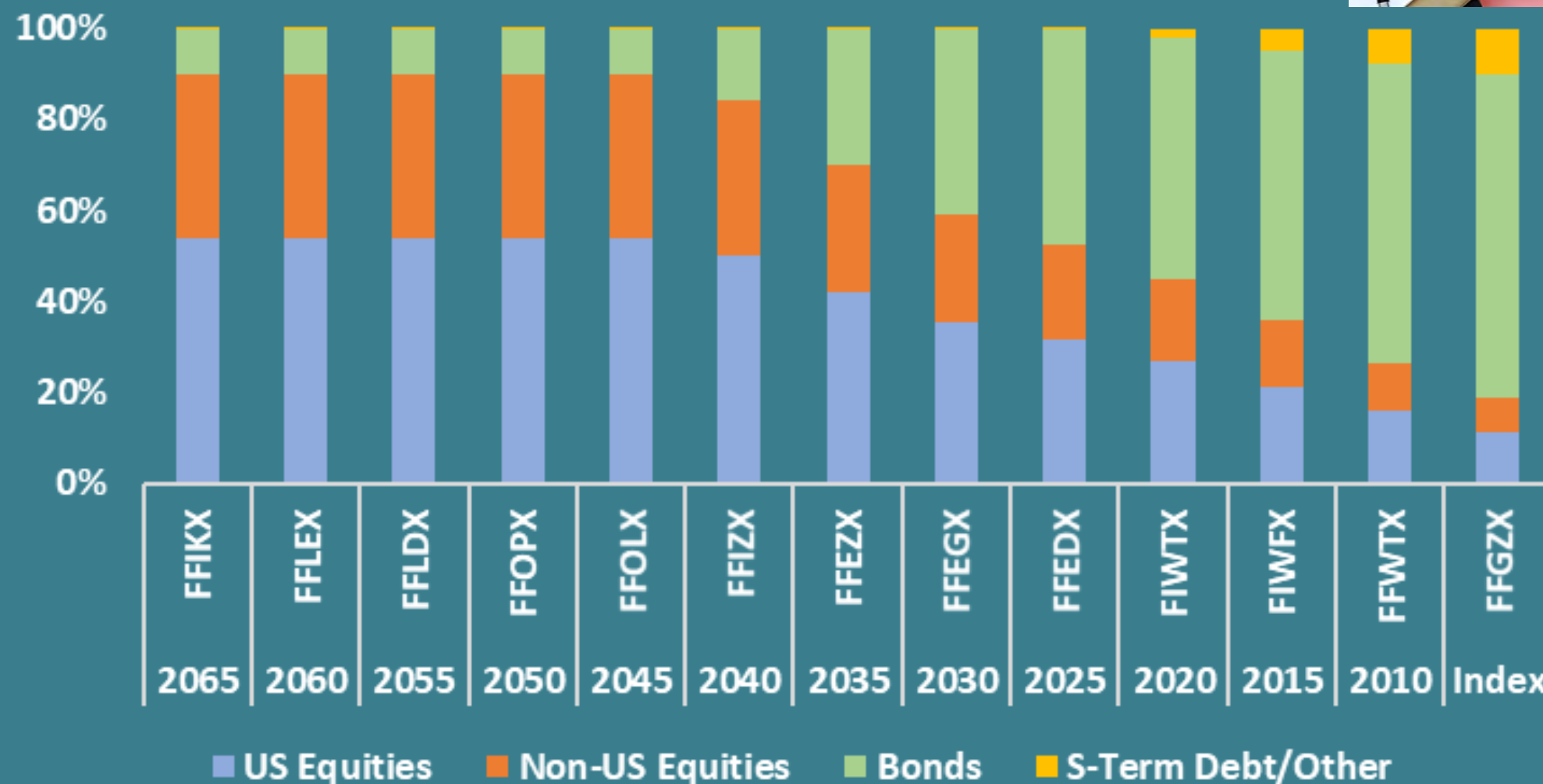
1. **15%** of annual gross income (**by age 25**)
  - Includes employer/NBUSA contributions
2. >50% in stocks (on average);
3. Plan to retire at 67; but live to 93
4. Plan to maintain same lifestyle
5. Review annually; adjust as necessary

# Nazarene 403(b) Retirement Savings Plan

	Ways to manage your money		
	Managed for You		Self-Managed
	Single Fund	Managed Account	
Feature			
Fees	Fund expenses	Advisory fee + fund expenses	Fund expenses
Minimum investment	\$0	\$0	Fund dependent
Auto portfolio rebalancing	✓	✓	
Personalized investment strategy		✓	
Exclusive account summary		✓	
Ongoing consideration of assets outside of plan		✓	
Access to Premium Market Outlook insights		✓	



# Target Date Funds Asset Mix (7/31/24)



# RETIREMENT READINESS



**Over 70% of ministers not contributing to our Nazarene 403(b) Retirement Savings Plan.**






# Ministers Match Retirement Program January 1, 2024

It's Not Complicated!



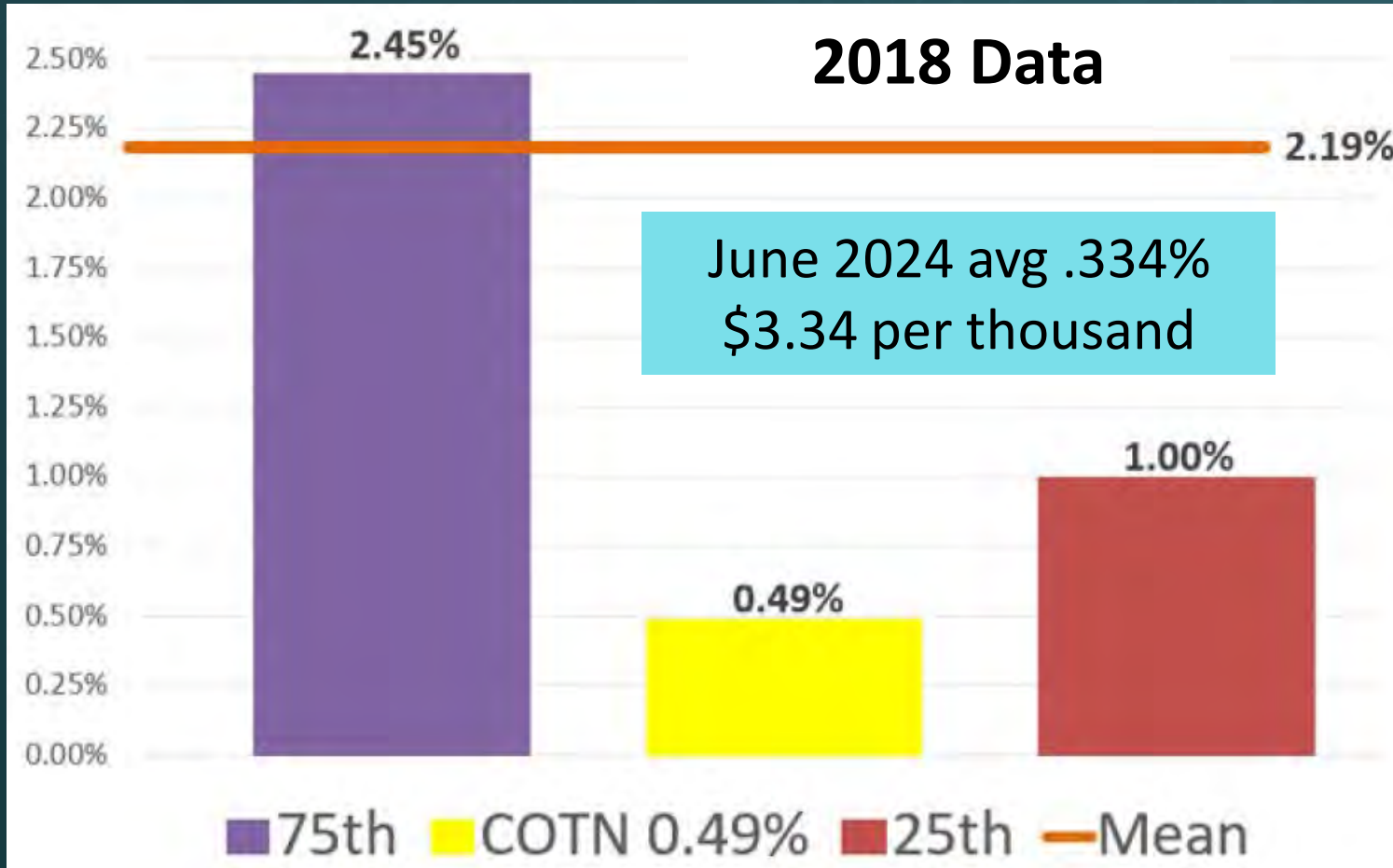


## Nazarene 403(b) Retirement Savings Plan

- Contribution plan; not a pension plan
- ~\$800 million in value; 13,000+ accounts
- Contributions from:
  - Minister
  - Local Church
  - NBUSA

The diagram illustrates the contribution sources. A large orange curly bracket groups 'Minister' and 'Local Church' under the heading 'Local Effort'. An orange arrow points from 'NBUSA' to the heading 'Match Program'.
- NBUSA Board of Directors
- Investment Committee oversight
  - Independent financial advisor
- Very low cost/expense structure

## Nazarene 403(b) Plan Expense Structure



**Weighted Average Participant Cost for  
Recordkeeping/Administrative,  
Custodial, Education, Advisory and  
Investments Fees (Total Cost)**

## Nazarene 403(b) Retirement Savings Plan

**Fidelity.**

- Fidelity Investments – Recordkeeper
- Planning tools and advisory services
  - Local branch office support
  - Diverse mutual fund choices
  - Roth component option<sup>1</sup>
    - After-tax contributions (EE only)
    - Tax-free distributions in retirement

<sup>1</sup> Housing allowance not transferable

## Nazarene 403(b) Retirement Savings Plan



Fidelity BrokerageLink option

- Universe of mutual/index funds
- CD's/Treasuries
- No individual securities
- Retail fees/fund costs
- No oversight by Investment Committee

# 403b Plan – ROI (net of expenses)

FY	Beg Value	End Value	Avg Value	ROI	Trailing 5-Year	
					Avg Value	ROI
FY15	\$ 417,517,462	\$ 411,966,969	\$ 414,742,216	-0.10%		
FY16	411,966,969	442,744,688	427,355,829	7.86%		
FY17	442,744,688	495,051,762	468,898,225	11.75%		
FY18	495,051,762	542,663,639	518,857,701	9.96%		
FY19	542,663,639	547,822,076	545,242,858	2.07%		\$ 482,669,769 6.39%
FY20	547,822,076	628,115,713	587,968,895	14.97%	520,041,341	9.34%
FY21	628,115,713	730,991,886	679,553,800	16.92%	586,868,287	11.05%
FY22	730,991,886	585,465,787	658,228,837	-20.02%	540,258,775	5.08%
FY23	585,465,787	650,551,605	618,008,696	13.37%	596,607,622	5.63%
FY24	650,551,605	799,988,761	725,270,183	22.90%	673,905,419	9.56%

Recap	417,517,462	799,988,761	608,753,112	7.74%
-------	-------------	-------------	-------------	-------

## CALLING OF A PASTOR

“...providing the agreed upon remuneration in full shall be considered a moral obligation by the church.”

LOCAL GOVERNMENT  
Section H, Para. 117.4  
2023 Manual

NBUSA Fund payments are only part of this obligation.

(emphasis added)

## THE LOCAL CHURCH BOARD

“To determine the amount of remuneration and benefits, including retirement benefits, the pastor shall receive, and to review them at least once a year.”

LOCAL GOVERNMENT  
Section L, Para. 139.8  
2023 Manual

# THE SOLUTION



Q: How do we address the lack of retirement readiness among our ministers?

A: Require local effort; and increase benefits from NBUSA

# LOCAL CHURCH MINISTERS MATCH

A	B	C
Local Church	NBUSA	
NBUSA Fund Paid %	Match %	Max Match \$
100%	50%	\$2,500
90%	45%	\$2,250
80%	40%	\$2,000
70%	35%	\$1,750
60%	30%	\$1,500
50%	25%	\$1,250

➤ NBUSA Fund – paid 100% by church

➤ **Local Effort:**

Minister \$1,600 **\$1,600**

Church 1,600 **1,600**

Student Debt \$2,400

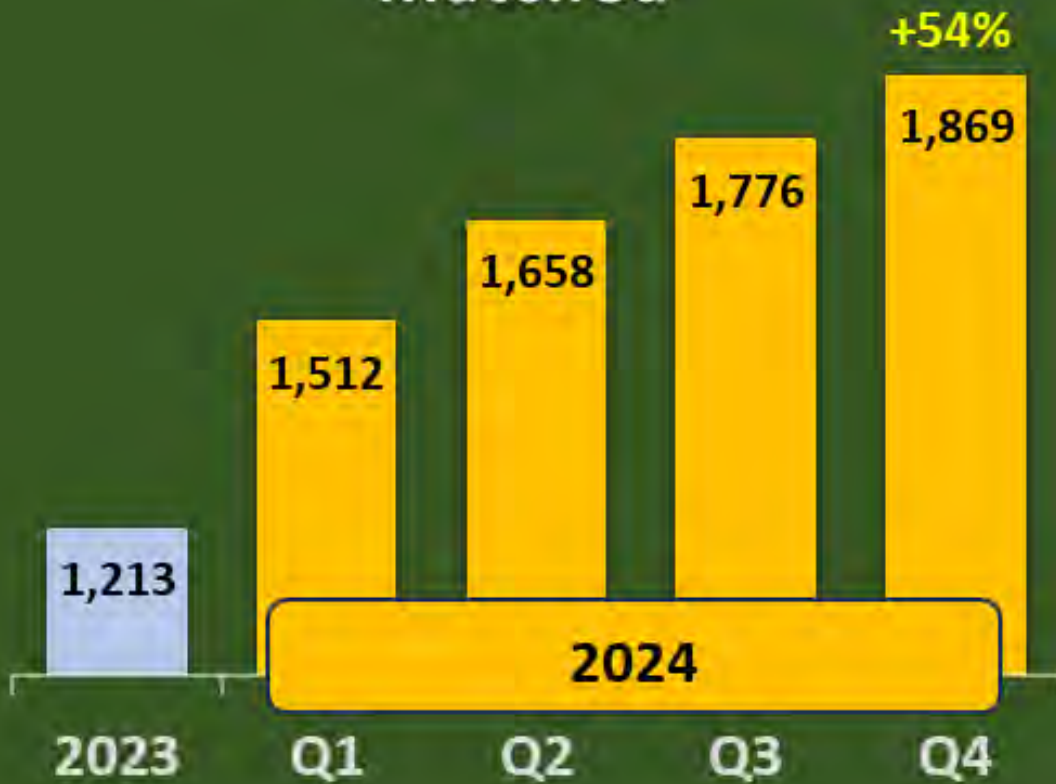
**Total Local Effort \$5,600**

NBUSA Match 2,500

**Total 403b Contributions \$5,700**

# 2024 Match Results

## YTD # of Ministers Matched



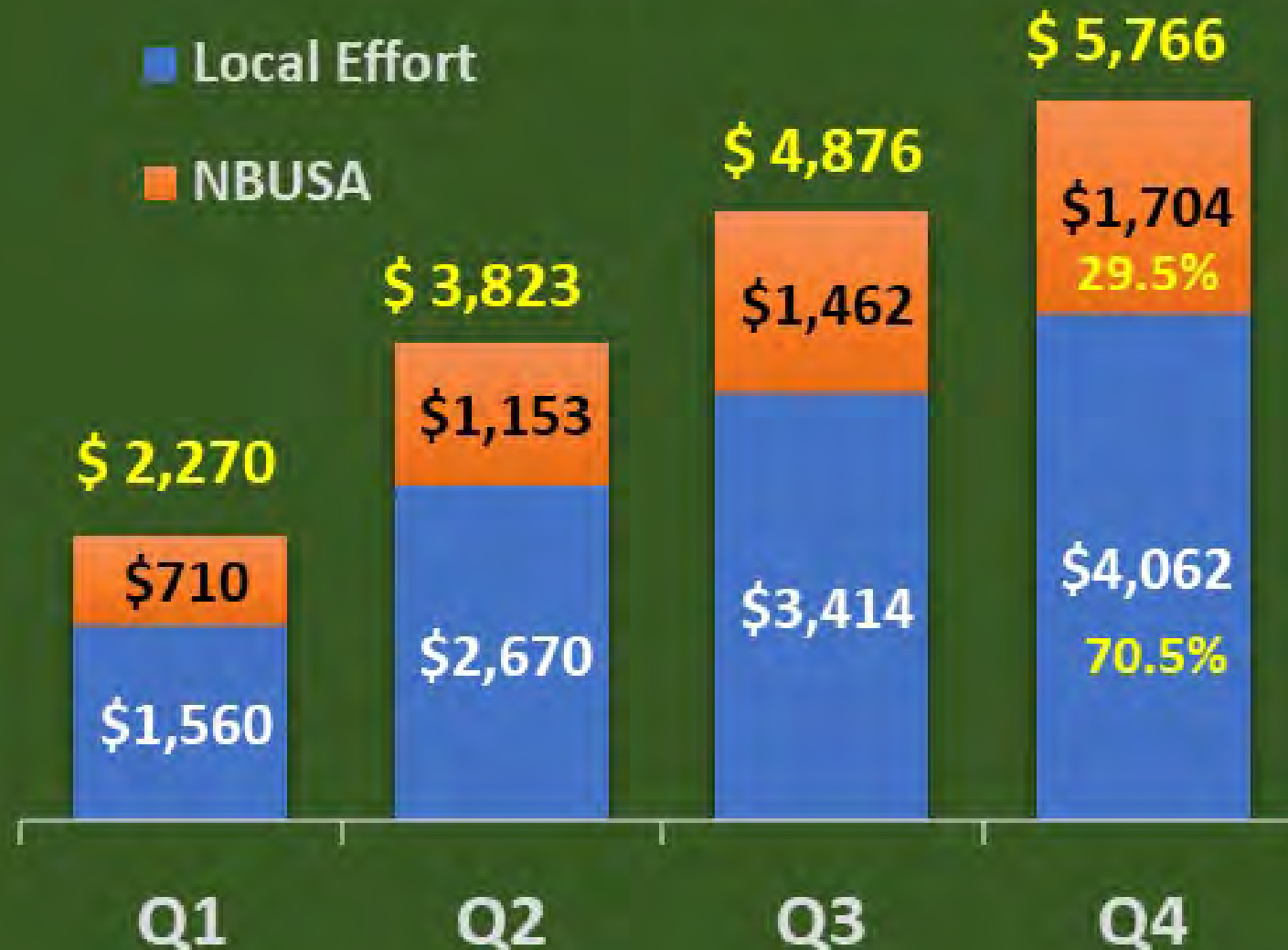
## YTD Avg NBUSA Contrib



## 2024 Avg Total YTD Contributions Per Minister

Local Effort

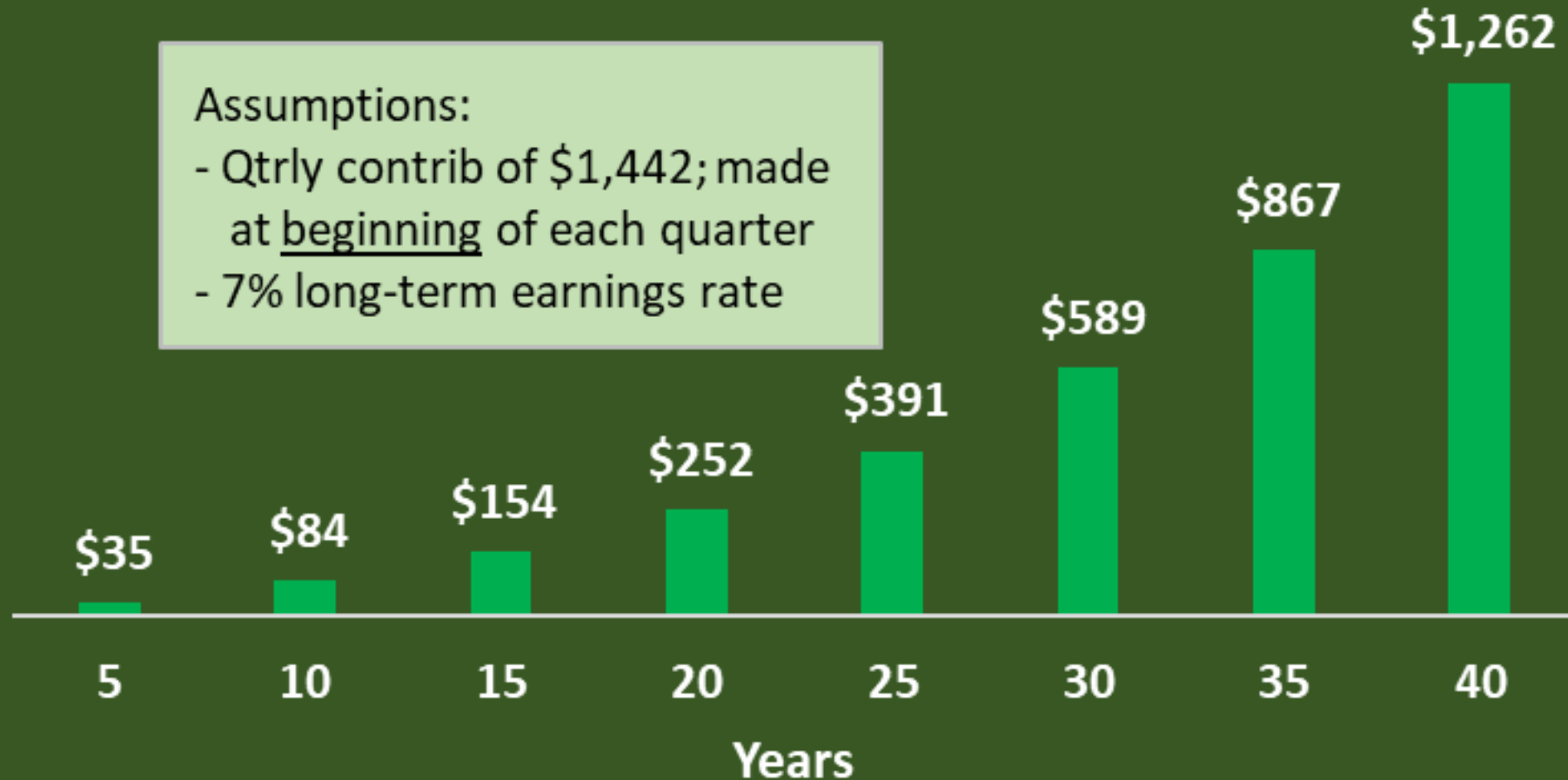
NBUSA



## Example Future Value of Retirement (\$000s)

### Assumptions:

- Qtrly contrib of \$1,442; made at beginning of each quarter
- 7% long-term earnings rate



## AFFORDABLE

What else provides a 61% return?

Invest \$1,240 (\$103/mo) to receive \$750

- A contribution of \$1,500 (\$125/mo);
- Costs only \$1,240 (after tax); and
- End up with \$2,250 in 403b account.

40 years @ 7% ~ \$450,000



# AFFORDABLE

Contributions by the local church improves the numbers in the previous example.



# LOCAL CHURCH EMPLOYER CONTRIBUTIONS

**discretionary**

**EMPLOYER  
MATCHING**



Either one, or both; it makes no  
difference for the match!



## NBUSA Match Made Quarterly

### Local Contributions

Jan – Mar

Apr – Jun

Jul – Sep

Oct – Dec

### Match Paid

April

July

October

January



Student Loan Match  
1x per year (2<sup>nd</sup> Qtr)

## WHAT'S YOUR PLAN?



The most important step you take...  
is the next one!

- Start small, but commit to annual increases
- Talk w/ your Treasurer/Board
- Bi-vocational? Consider everything
- Forget the past; focus on your future!
- **PLEASE** don't wait...

# MAXIMIZE YOUR NBUSA BENEFITS

- ✓ Maintain credential and eligible role
- ✓ NBUSA Fund budget paid 100% by local church
  - Basic life/disability insurance
  - Determines % of local effort match
- ✓ “Local Effort” contributions to 403(b) account
  - Register student loans (if applicable)
- ✓ Evaluate need for additional insurance
- ✓ Check earnings history and benefit estimate w SS
- ✓ Evaluate planning/status at least 1x per year

[www.ssa.gov](http://www.ssa.gov)

# An Adequate Retirement is about Time and Money



The more you have of one,  
the less you will need of the other!

## 403(b) Annual Contribution Limits

	Employee (EE)			EE & Employer
	Regular	Catch-Up	Total	Total
2025	\$ 23,500	\$ 7,500	\$ 31,000	\$ 70,000
2024	\$ 23,000	\$ 7,500	\$ 30,500	\$ 69,000

(Catch-up for age 50 and over)

If you turn 60, 61, 62 or 63 during 2025,  
there are now higher catch-up limits.

## Ministers with no Cash Compensation

For ministers with **no cash compensation**<sup>1</sup>, churches may contribute up to:

- \$10,000 per year
- \$40,000 lifetime limit for minister

<sup>1</sup> Compensation “includable in gross income”

# HELP IS AVAILABLE



## Ways to connect Net Benefits – <https://nb.fidelity.com>



### Ask the Virtual Assistant

Don't want to wait in a queue?  
Virtual Assistant is available.



### Chat with a representative

Monday - Friday  
8:30 a.m. to 8:00 p.m.  
ET



### Meet one-on-one

Learn how we can help you plan for your financial goals.



### Contact us

Phone numbers, dialing instructions and other details.

1-866-NAZAREN (629-2736)

# HELP IS AVAILABLE

- NBUSA\* - contact us to get started
  - 1-888-888-4656
  - [benefits@nazarene.org](mailto:benefits@nazarene.org)
  - [www.nbusa.org](http://www.nbusa.org)
- Consult your own financial advisor



\* NBUSA staff are not licensed financial advisors



https://nbusa.org



Search...

Call Us: (888) 888-4656    Email Us: [benefits@nazarene.org](mailto:benefits@nazarene.org)

Office Hours: Mon-Fri: 8am-4:30pm CT

# NBUSA

**YOUR ROLE?** ▼

ABOUT ▼

NEWS ▼

QUICK LINKS ▼

**BENEFIT LOGIN**

Ministerial Employee

Lay Employee

Church Treasurer

District Office

Church Board

## An Adequate Retirement

The elephant in the room is that most of our full-time lead pastors are not adequately



https://nbusa.org/start\_mynbusa



YOUR ROLE? ▼

# Select a myNBUSA option

**NEW  
USER**

**RETURNING  
USER**

myNBUSA is an online portal  
for participants only that allow  
them to see certain details of their  
NBUSA retirement and insurance plans.

## **Church Treasurers note\***

If using Fidelity's Simplified Contribution Plan  
("SCP") [click here to log in.](#)

\*Avoid registering for myNBUSA -  
Managing 403b contributions is  
done through your SCP log in.

COMPASS Journey = up to \$10,000

COMPASS Quest = up to \$2,000

Total = up to \$12,000 to be used to pay off debt and/or invest in retirement savings!

Remaining funds are spoken for; now taking standby's

finances.

# 403(b) RETIREMENT PLANNING TOOL

- Easy to use
- 9 simple minister inputs
- Identifies potential value of 403(b) plan retirement benefits
- Quantifies the high cost of waiting
- **NOT a formal financial plan**

# 403(b) RETIREMENT PLANNING TOOL

**For illustration only. NOT a formal financial plan.**

#	Description	Format	Answers
1	<b>Current age</b>	(whole #)	35
2	<b>Age at which you plan to retire</b>	(whole #)	67
3	Average annual rate of return on funds <u>before</u> retirement (7% is typical for a properly balanced retirement account)	(x.x)	7.0%
4	<b>Current balance in your Nazarene 403(b) account</b>	(whole \$)	\$ 10,000
5	<b>Target balance in your 403(b) account upon retirement</b> (The value you would like to see in your 403(b) account the day you retire. Experiment with different amounts.)	(whole \$)	\$ 500,000

Most Difficult Answer

## 403(b) RETIREMENT PLANNING TOOL

**For illustration only. NOT a formal financial plan.**

#	Description	Format	Answers
6	<b>Your expected age at death for planning purposes</b> (Do not use average life expectancy; you need to plan for longer so you do not run out of assets in retirement)	(whole #)	93
7	<b>Average annual rate of return on funds <u>during</u> retirement</b> (Your investment mix should be more conservative in retirement, so expect a lower rate of return; 5% would be typical.)	(x.x)	5.0%
8	<b>Starting annual distribution rate at retirement</b> (The % of your retirement account value you plan to take each year in retirement. 5% is typical, but experiment with different amounts.)	(x.x)	5.0%
9	<b>Average annual inflation rate in retirement</b> (Inflation doesn't end in retirement and your health care costs go up. A 3% inflation factor is typical.	(x.x)	3.0%

## 403(b) RETIREMENT PLANNING TOOL

**For illustration only. NOT a formal financial plan.**

**For illustration purposes only. This is NOT a formal financial plan.**

Summary of Results:		
Years until retirement	32	
Future value of current 403(b) balance	\$ 93,324	\$ 500,000
<u>Total</u> Additional 403(b) Account Value Needed	\$ 406,676	
<u>Monthly</u> Additional 403(b) Account Value Needed	\$ 283	
<u>Monthly 403(b) Account Distribution Amounts:</u>		
At Retirement	\$ 2,083	
Ending	\$ 4,356	
Average in Retirement	\$ 3,086	
Remaining Value in 403(b) Account	\$ 14,879	

# 403(b) RETIREMENT PLANNING TOOL

## The High Cost of Waiting

Required Future Contribs to Retire w \$500,000					
Per Month	Total Per Year	% More	Total Contributions	Years	
\$ 283	\$ 3,396		\$ 108,672	32	
\$ 422	\$ 5,064	49%	\$ 136,728	27	
\$ 647	\$ 7,764	129%	\$ 170,808	22	
\$ 1,036	\$ 12,432	266%	\$ 211,344	17	
\$ 1,799	\$ 21,588	536%	\$ 259,056	12	
\$ 3,744	\$ 44,928	1223%	\$ 314,496	7	
\$ 15,744	\$ 188,928	5463%	\$ 377,856	2	

High Cost of Waiting

# 403(b) RETIREMENT PLANNING TOOL

**For illustration only. NOT a formal financial plan.**

Required Future Contribs to Retire w \$500,000					
Per Month	Total Per Year	% More	Total Contributions	Years	
\$ 283	\$ 3,396		\$ 108,672	32	

## Example of How Annual Contributions Could be Made:

44.4%	\$ 1,508	Local Minister
22.2%	754	Local Church (50% Match)
66.6%	2,262	Local Effort
33.4%	1,134	NBUSA Match (50% x Local Effort) <sup>1</sup>
100%	\$ 3,396	Total Annual

Avg 2024  
Contribs  
\$5,766

<sup>1</sup> Requires 100% NBUSA Fund paid; \$2,500 max annual match

# Questions?



# Thank You!

[www.nbusa.org/ministers-match-resources](http://www.nbusa.org/ministers-match-resources)

