

NIBUSA
Nazarene Benefits

THE PATH TO
RETIRE WELL

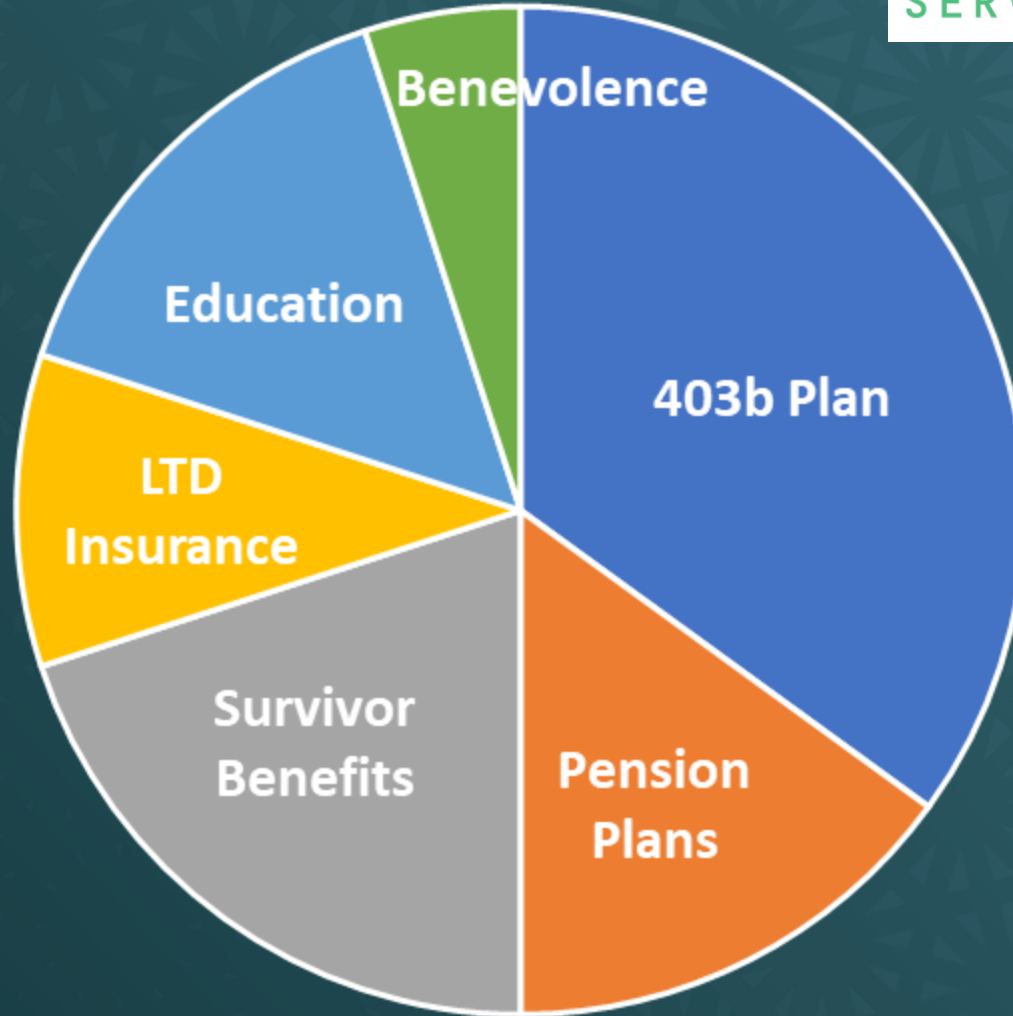


OUR VISION

“NAZARENE MINISTERS
RETIRE WELL”



What We Do



How NBUSA Funds Are Used

Use of NBUSA Fund Receipts (\$000's)				
	FY23		Avg FY15 - FY22	
Benefit Program Expenses:				
SDBP Pension Trust (Basic Pension Plan)	6,500,000	46.8%	9,100,000	65.7%
APS Contributions (403b Plan)	3,032,426	21.8%	2,315,457	16.7%
Survivor/Disability Benefits, net	1,280,074	9.2%	1,019,137	7.4%
Benevolence	77,228	0.6%	96,886	0.7%
Total Benefit Program Expenses	10,889,728	78.4%	12,531,480	90.5%
Administrative Expenses	1,289,807	9.3%	1,561,299	11.3%
Surplus (NBUSA Subsidy)	1,712,098	12.3%	(251,282)	-1.8%
Total Fund Receipts	13,891,633	100%	13,841,497	100%

Eligibility Requirements for Ministers

As of January 1st :

District-licensed or ordained; serving on a U.S. district in an eligible role:

- Lead/Senior Pastor (includes bi-vocational)
- Associate Pastor (full-time; full-livelihood)
(30 / 30 / 50%)



Survivor Benefits

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

(Term life insurance proceeds are not taxable.)



Long-Term Disability Insurance

- \$500 per month
- No application required
- No waiting period for coverage
- Starts on Jan 1st following the date you become an eligible minister.



(These disability benefits are taxable)

Local Church Requirement for Insurance Benefits

Annual Local Church Requirement



- Paid at least \$1.00 to the NBUSA Fund
- Benefits automatically apply to eligible ministers:
 - ✓ Survivor Benefit (Life Insurance)
 - ✓ Long-Term Disability

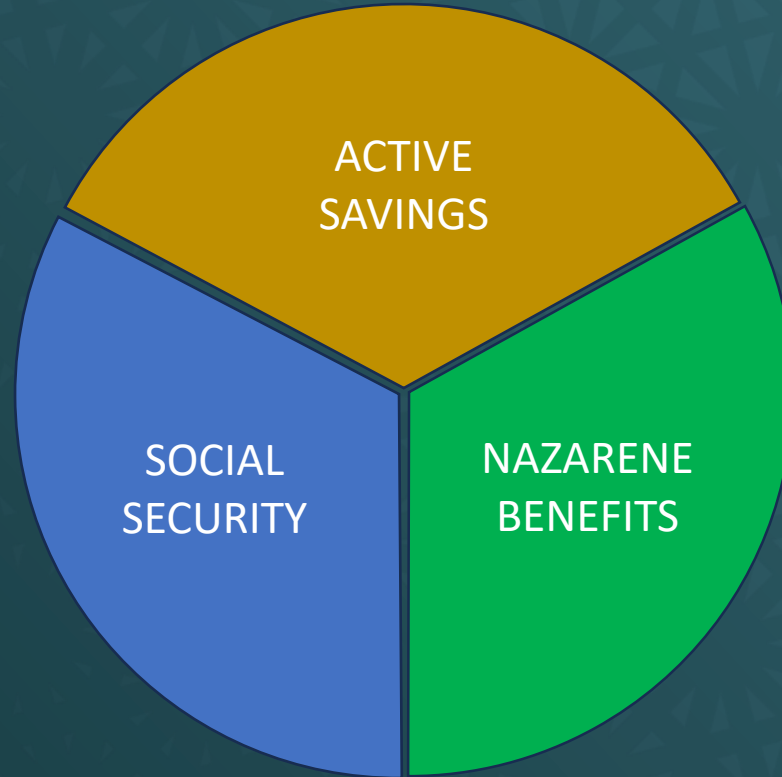
Clergy Unique Tax Advantages

Advantage



- ✓ Housing allowance
- ✓ 403(b) contributions
- ✓ 403(b) distributions

TO RETIRE WELL...



IT TAKES ALL THREE

RETIREMENT
READINESS



RETIREMENT READINESS IS A NAZARENE PROBLEM

74% retire after 72 (2015)

2019

59% / No Pastor Savings!

67% / No Church Help!

CALLING OF A PASTOR

“...the payment of the pastor’s salary **in full** shall be considered a **moral obligation** by the church.”

Section H
Paragraph 115.4

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.”

Section K
Paragraph 129.8

LIFE EXPECTANCY TODAY AT AGE 67

Men - 15.8 years; Women - 18.1 years¹



¹ per Social Security Administration

2022 APS PROGRAM

Average NBUSA 403(b) Contributions per Minister

APS Base	\$ 200	64%
APS Base and Bonus	\$ 473	
Base, Bonus and Match	\$ 894	
Average per Minister	\$ 592	



Future Value of \$592/yr @ 7%

<u>Years</u>	<u>Value</u>
10	\$ 9,000
20	\$ 26,000
30	\$ 60,000
40	\$ 127,000

Provides \$1,000 per month for 15 years
(if the balance earns 5%)...

...then it's gone.

SOCIAL SECURITY



Quick Calculator Benefit Estimates

October 4, 2023

Social Security Example

- Age 30
- \$48,000 base salary (\$4k/mo)
- **Retire at 67**
- Today's dollars

Monthly SS benefit:

Age 67 (normal) \$2,000

Age 62 (early) \$1,300

Age 70 (max) \$2,400



EXAMPLE RECAP

Is this enough to retire well?



Monthly Retirement Benefits

403(b) Savings ¹	\$1,000	25%
Social Security	<u>\$2,000</u>	<u>50%</u>
Total	<u>\$3,000</u>	<u>75%</u>
Current Salary	\$4,000	100%

What about inflation?

¹ Ends after 15 years.

THE SOLUTION



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

A: Require local effort; and increase benefits from NBUSA

The following material provides an overview of the 403(b) matching benefit for **local** church ministers.



APS ENDS IN 2023



Ended in 2023

WHAT IS LOCAL EFFORT?

Payments to NBUSA:

- NBUSA Fund Allocation (Church)

Payments to Minister's 403(b) Account:

- Elective Deferrals (Minister)
- Employer Contributions (Church)

No "local effort" = No NBUSA match

NEW 403(b) MATCH IN 2024

A	B	C
Local Effort	NBUSA Effort	
NBUSA Fund Paid %	Match %	Maximum 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

HOW IT WORKS (Maximum Benefit)

Church NBUSA Fund paid %

Local Contributions: Minister \$2,500
 Church 2,500
 Total Local Effort \$5,000
 NBUSA Match % 50%
 NBUSA Match \$ \$2,500

100%

A	B	C
Local Effort	NBUSA Effort	
NBUSA Fund Paid %	Match %	Maximum 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

HOW IT WORKS

Minister	\$2,500		
Church	<u>2,500</u>		
Total Local	\$5,000	→	\$5,000
NBUSA Match %	<u>50%</u>		
NBUSA Match \$	<u>\$2,500</u>	→	<u>\$2,500</u>
Total Contribution to 403(b)			<u>\$7,500</u>



\$7,500 is 15%
of \$50,000

\$7,500 per year, for 40 years, earning 7%,
will grow to a balance of over \$1,500,000

LOCAL CHURCH (EMPLOYER) CONTRIBUTIONS

discretionary

**EMPLOYER
MATCHING**



AFFORDABLE

Would you invest \$540 to receive \$750?

That's a **\$210 (38%) return.**

Would you spend \$45 per month to get \$2,250 into your 403(b) account each year?

A **\$1,500** contribution (payroll deduct) to your 403b will **cost you \$540**... but you will end up with **\$2,250** in your account.



Here's an example of how it works...

AFFORDABLE EXAMPLE

- \$50,000 (100%) base salary
- 8.3% SS reimbursement (SECA)
- \$15,000 (30%) housing allowance
- Married, filing jointly (2023 fed tax code; ignoring state tax)
- Spouse has no income
- No other dependents



\$45,128
net after-tax

- \$1,500 (3%) elective deferral to 403b
- Church - 100% NBUSA Fund paid

AFFORDABLE EXAMPLE

Net, after-tax before contrib \$ 45,128

Net, after 403(b) contrib 44,588

Change (540)* (\$45/mo)

NBUSA match 750**

Difference after match \$ 210

* You have \$1,500 in your 403b acct

** You have \$2,250 in your 403b acct

(40 yrs of this @ 7% ~ \$450,000)

AFFORDABLE EXAMPLE

Contribution to 403b	\$ (1,500)	
SS tax savings	230	} \$960
Federal tax savings	138	
Federal Savers Tax Credit	<u>592</u>	
Net cash out of pocket	(540)	
NBUSA match contribution	<u>750</u>	
Difference after match	\$ <u><u>210</u></u>	

... and you have \$2,250 in your 403b!!!

AFFORDABLE

Full or partial matching contributions by the local church improves the numbers in the previous example.





Coming later in 2024...

Student loan payments will qualify for the new 403(b) matching benefit!

MATCHING STUDENT LOAN PAYMENTS

	No Debt	w Debt
Minister 403(b) contribution	\$ 1,200	\$ 0
Local church contribution	\$ 1,200	\$ 1,200
Minister loan payments	<u>n/a</u>	\$ <u>3,600</u>
Total Local Effort	\$ 2,400	\$ 4,800
*NBUSA Match %	<u>50%</u>	<u>50%</u>
NBUSA Match \$	\$ <u>1,200</u>	\$ <u>2,400</u>
Total Contrib to 403(b)	\$ 3,600	\$ 3,600

40 yrs; 7%
\$790,000

* Assumes 100% NBUSA Fund allocations paid

ADDITIONAL INFO FOR MATCH

Eligibility determined each January 1st.

NBUSA Match Made Quarterly

Local Contributions

Jan – Mar

Apr – Jun

Jul – Sep

Oct – Dec

Match Paid

April

July

October

January

ADDITIONAL INFO FOR MATCH

NBUSA Fund % Paid:

- Higher of last church year or recent 5-year avg

Education Fund % Paid:

- Education budget allocation were a factor under the APS program but are not a factor under the new minister's match program

WHAT'S YOUR PLAN?



- Start small, but commit to annual increases
- Talk w/ your church Treasurer/Board about matching:
 - \$ for \$ local church match **doubles** your investment (**triples w/ NBUSA match @ 50% of local effort level**)
- Bi-vocational - consider the opportunity for match in conjunction with other earnings
- Forget the past; focus on your future!
- **PLEASE don't wait...**

THE HIGH COST OF WAITING

The **HIGH COST** of Waiting



Susan invests early

Starts investing at **age 21**

Retires at **age 67**

Rate of return on investments **7%**

Contributes how much each year . **\$400**

Contributes for how many years 5

Total amount contributed **\$2,000**

Value at age 67 . . . \$39,437

Brian waits

Starts investing at **age 38**

Retires at **age 67**

Rate of return on investments **7%**

Contributes how much each year . **\$400**

Contributes for how many years 30

Total amount contributed . . . **\$12,000**

Value at age 67 . . . \$37,784

Time vs Money

<u>Invest</u>	<u>Years</u>	<u>Result</u>
\$2,500	40	\$547,000
3,500	35	526,000
5,000	30	508,000
7,500	25	506,000

403(b) Annual Contribution Limits

	Employee (EE)			EE & Employer
	Regular	Catch-Up	Total	Total
2024	\$ 23,000	\$ 7,500	\$ 30,500	\$ 69,000
2023	\$ 22,500	\$ 7,500	\$ 30,000	\$ 66,000

(Catch-up for age 50 and over)

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
 - www.nbusa.org
- Consult your own financial advisor



* NBUSA staff are not licensed financial advisors



Search...

Call Us: (888) 888-4656 Email Us: benefits@nazarene.org
Office Hours: Mon-Fri: 8am-4:30pm CT



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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



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!

HOPE
finances.

FTM ALLOCATION CHANGES

Funding The Mission (FTM) allocations return to pre-2012 levels in 2024:



	<u>NBUSA</u>	<u>Education</u>
Current	2.25%	2.25%
Change	<u>(.25)</u>	<u>.25</u>
After	<u>2.00%</u>	<u>2.50%</u>

Effective for District Assembly years that begin after 12/31/23

Handouts

NBUSA-Provided Insurance and Retirement Benefits for Active Service Effective January 1, 2024

Position	Requirements			Insurance Benefits			Retirement Benefits (g)				
	(a) Cred	(b) FT/FL	(c) Hours	Base (e)		Supplemental (f)	Contributions by			Rollover	
				Survivor's	LTD	Survivor's	LTD	EE	ER		NBUSA
Local Church	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Lead/Sr. Pastor	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Assoc Pastor				✓	✓	✓	✓	✓	✓	✓	✓
Other Staff				✓	✓	✓	✓	✓	✓	✓	✓
District Office	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
District Supt.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
DA Ministers				✓	✓	✓	✓	✓	✓	✓	✓
Other Staff				✓	✓	✓	✓	✓	✓	✓	✓
Evangelists	✓		(d)								

Footnotes:
 (a) Current credentials (district licensed or ordained) on file and in good standing with a local district which supports the NBUSA Fund
 (b) Full-time/Full-livelihood = at least 30 hours per week for at least 30 weeks per year; and deriving at least 50% of personal net income from the local church or district being served.
 (c) Works at least 30 Sundays or 26 revival events (as defined by the General Board Committee on the Interests of the God-called Evangelist) in U.S. districts that support the NBUSA Fund
 (d) No fewer than 30 Sundays or 26 revival events (as defined by the General Board Committee on the Interests of the God-called Evangelist) in U.S. districts that support the NBUSA Fund
 (e) Requires local church annual payment of at least \$1.00 to the NBUSA Fund
 (f) Additional coverage available for purchase
 (g) Ministers in service prior to 1996 may receive a portion of their retirement benefits from the Basic Pension Plan.



Prepared October 4, 2023

Survivor's = Life Insurance
 LTD = Long-term Disability Insurance
 EE = Employee
 ER = Employer



Local Church Ministers Matching Structure Nazarene 403(b) Retirement Savings Plan Effective January 1, 2024



The background and rationale for these changes may be found at the end of this document.
 Credentialed and Service Requirements for the New Match – The Match is intended to provide an annual retirement contribution benefit to Nazarene ministers who serve churches or districts that support the NBUSA Fund. Eligibility is determined each January 1st based on the following requirements:

- An active credential (district-licensed or ordained) with a U.S. district
- Active service in one of the following areas of ministry:
 - Lead/senior pastor, including bivocational (e.g., PAS, PAC, Interim, Supply)
 - Associate pastor who is FT/FL¹ (e.g., PSV, CED, MUS)
 - District superintendent
 - District-assigned staff who is FT/FL¹
 - Evangelist

For local ministers, such as lead pastors and associates, the new Match benefit structure is simplified and based on two primary factors:

1. The percentage paid of the local church's NBUSA Fund budget allocation; and
2. The level of contributions made directly to the minister's Plan account by the minister and/or local church.

This table demonstrates how NBUSA will match a percentage (Column B) of the direct contributions to the minister's Plan account based on the percentage of budgeted NBUSA Fund allocations paid by the local church² (Column A).

NBUSA matching contributions will be made in the month following the end of each calendar quarter (i.e., January-March, paid in April; April-June, paid in July, etc.), based on the prior quarter's activity. Annual matching contributions from NBUSA are limited to the maximum amounts shown (Column C).

Local Effort NBUSA Fund Paid %	NBUSA Effort	
	Match %	Maximum 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

¹ FT/FL = at least 30 hours per week for at least 30 weeks each calendar year; and deriving at least 50% of personal net income from the local church or district being served
² The percentage used is based on the higher of the most recently completed church year (per the Annual Pastor's Report) or the average of the most recent completed five years

Thank You!



Continuing
Education Code
28355

www.nbusa.org/ministers-match-resources