



## FY24 Annual Report for Nazarene Benefits, Inc.

### INTRODUCTION

FY24 represented NBUSA's 105<sup>th</sup> year of operations as we continued to fulfill our mission of "serving those who serve" and moved closer toward our vision that "Nazarene ministers retire well." October 14, 2024 also marked my 5-years of service anniversary and I continue to be privileged to work with an experienced and dedicated staff who are committed and engaged in our collective responsibilities. This annual report begins with a summary of Highlights, a discussion of our Scope of Operations, and a set of Tables which provide analysis of our financial and demographic data over the past five years.

### FY24 HIGHLIGHTS

**Name/Brand Change** – Our official name change was covered in my last report but we spent a significant portion of time and resources at the start of FY24 integrating the new name and brand appearance into our publications, website, etc. We've received positive feedback from across the spectrum about the new name and look.

**Ministers Match Program** – Last year's report discussed how we finalized and introduced the new matching program for our 403(b) plan with the intent to implement it on January 1, 2024. I'm pleased to report we successfully launched this significant benefit enhancement as scheduled and it has had a significant and positive impact on our active ministers.

- The ability for a local church minister to obtain the NBUSA match requires, among other things, there have been local contributions by the minister and/or local church to the minister's 403(b) account; which we refer to as "local effort". In June, we amended the plan to allow a ministers level of student debt payments to also be counted as "local effort" to receive a match.

**Bilingual Benefit Services Member** – We were pleased to add a bilingual staff member, who also happens to be a Nazarene bi-vocational pastor, to our full-time benefits services team to better serve our Hispanic ministers.

**PALCONS** – Our team fully participated in the three events (MVNU, ENC, and PLNU) from late June into July including our support as a vendor; hosting exhibit table(s); and NBUSA-led workshops (including our very first in-person workshop in Spanish) along with representatives from Fidelity Investments. These were great opportunities to connect with our ministers and, as expected, much of our conversations centered around the newly implemented match program.

**Funding the Mission (FTM) Formula** – FY24 included the impact of the restored 2012 FTM formula allocations, which returned .25% back to the universities and away from our NBUSA Fund. The new allocations were implemented by the Stewardship office as each new District year began and completed by the end of June.

**NBUSA Funding** – The full impact of the FTM change was estimated to significantly impact our revenues in FY24, but due to the rolling implementation and our recognition it would likely take time for many churches to catch up to this change, we budgeted conservatively and finished the year ahead of plan in revenues.

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

*Net Assets Available for Benefits* – Based on a quarter-end review of history, the plan’s net assets value reached its highest historical level at nearly \$800 million at 9/30/24.

**Single Defined Benefit Plan (SDBP)**

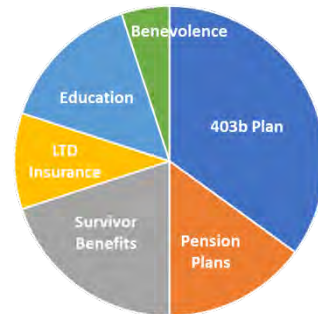
*Funded Status* – We moved to a more conservative approach on the investment strategy of the SDBP in the collective pension trust back in 2022 in order to protect the substantial gains since hitting a low of 50% funded status at the end of calendar 2008. By the end of FY24 it was estimated to have reached a 93% funded status.

*Funding Strategy* - Our actuaries continue to affirm the current funding strategy as adequate based on the present benefit formula.

**SCOPE OF OPERATIONS**

**Nazarene Benefits USA**

The pie chart to the right provides a general overview of the focus areas for which we dedicate our time, and about half our time is devoted to administration of our retirement plans with the greatest focus on the 403b plan for active ministers.



The scope of our responsibilities is accomplished through five foundational funds for which the financial statements are examined annually by independent auditors:

- Nazarene Benefits, Inc. a/k/a NBUSA Fund (Fund)
- Nazarene 403(b) Retirement Savings Plan (a defined contribution plan)
- Church of the Nazarene Single Defined Benefit Plan (SDBP)
- Church of the Nazarene World Mission Pension Plans (WMPP)
- Nazarene Health and Hospitalization Program (NHHP)

The function and focus of each of these funds is further described below:

**Nazarene Benefits, Inc. a/k/a NBUSA Fund (Fund)**

- 1) The Fund is administered by the Board of Nazarene Benefits, Inc. (Board) on behalf of the Church of the Nazarene, Inc. (Church) and is the operational benefits arm consisting of 16 employees (15.5 FTEs).

- 2) The Fund is mainly supported through the receipt of allocations from local churches and districts through the Funding the Mission program as implemented in the United States.
- 3) Provides contributions to the Single Defined Benefit Plan and eligible participants in the Nazarene 403(b) Retirement Savings Plan.
- 4) **Survivor Benefits for Active Ministers** (f/k/a Pastors Life Insurance Plan) – This program provides families of active pastors with a declining level of survivor benefits based on the participating minister’s age, as follows:
  - Age 50 and under      \$30,000
  - Age 51 to 70            \$15,000
  - Age 71 to 75            \$ 5,000

This benefit applies to district-licensed and ordained clergy or district-credentialed laypersons currently serving in U.S. districts in qualified assignments who have not yet started to receive retirement benefits.

- 5) **Survivor Benefits for Retired Ministers** (f/k/a/ Pensioners Death Benefit Plan) – Provides families of retired ministers (or ministers over age 75 who are still actively serving) with a survivors’ benefit ranging from \$1,500 up to \$6,000, based on years of service. It applies to district-licensed and ordained ministers who are currently receiving a monthly benefit from the Basic Pension Plan portion of the Single Defined Benefit Plan based on years of service or, alternatively, are vested Plan participants aged 70 1/2 or older and who have not yet chosen to begin receiving a monthly retirement benefit.
- 6) **Benevolence Programs** – Supports ministers and their families in need, including emergency medical assistance, temporary disability assistance, administrative benefit adjustments, and funeral assistance.
- 7) **Supplemental Benefits** – Leverages the purchasing power of our large participant group to provide optional supplemental life, disability, and accidental death/dismemberment insurance benefits at attractive rates to plan participants.
- 8) **Resources** - Educational and informational resources to plan participants.

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

- 1) NBUSA serves as Trustee of this defined contribution plan which was originally created in 1963 as a tax-sheltered annuity program and significantly modified in 1996. It exists for the benefit of all qualifying U.S. ministers and laypersons serving local congregations and districts, as well as general church employees.
- 2) It is a multi-employer, qualified church plan that is not governed by Employee Retirement Income Security Act of 1974 (ERISA).
- 3) Fidelity Management Trust Company serves as the plan administrator and record keeper.
- 4) Investment oversight is provided by the Investment Committee of the General Church.

**Church of the Nazarene Single Defined Benefit Plan**

- 1) NBUSA serves as Administrator and Trustee of this multi-employer, qualified church plan, which was established in 1996 to combine the assets, while retaining the separate benefit formulas, of the:
  - a. Basic Pension Plan (non-contributory plan for ministers); and
  - b. General Church Pension Plan (contributory plan for general church employees).
- 2) The plan was closed to new participants upon inception, is not governed by the provisions of ERISA and is not covered by insurance from the Pension Benefit Guaranty Corporation (PGBC).
- 3) Investment oversight of the pooled pension assets is provided by the Investment Committee of the General Church.
- 4) Participants under the Basic Pension Plan (BPP) receive a standard pension benefit based on a formula which includes years of service. Upon their death, a surviving spouse is eligible to receive 60% of that pension benefit. The vast majority (greater than 98%) of participants choose the standard benefit at retirement:
  - a. Optional Benefit – At retirement a minister could choose the option to receive a lower than standard monthly pension benefit and their surviving spouse would continue to receive that same lower level after the minister’s death.
  - b. APS Credit Offset – For those minister-participants who were active before and after 1995, so they’ve earned a BPP pension benefit and also had NBUSA Annual Pension Supplement contributions made to their 403(b) plan accounts, the calculated value of those NBUSA APS contributions (plus future estimated earnings) reduces their level of pension benefit (referred to as the APS Credit Offset):
    - i. The credit offset satisfies the BPP requirement that ministers participating in both the BPP and the 403(b) plan receive a retirement benefit from NBUSA that is equal to the higher of their calculated pension benefit or the value of the NBUSA APS contributions. The offset does not include contributions made to the ministers 403(b) account by the minister and/or their local employer.
    - ii. If the 403(b) APS benefit is higher, they will receive no benefit payments from the BPP because they have already received that value through the NBUSA contributions to their 403(b) account.
    - iii. If the BPP pension benefit is higher than the APS credit offset, then the minister will receive their net benefit (after offset) from the BPP and have already received the APS contributions value in their 403(b) account.

**Church of the Nazarene World Mission Pension Plans**

- 1) NBUSA serves as Administrator and Trustee of these non-contributory, qualified church plans, consisting of:
  - a. World Mission Pension plan; and
  - b. World Mission Non-Qualified Pension Plan.

- 2) These plans provide retirement benefits at age 65 to missionaries under contract with the Church.
- 3) New participation was frozen effective January 1, 1998 and the plans are not governed by ERISA or subject to PGBC insurance.
- 4) Investment oversight of the pooled pension assets is provided by the Investment Committee of the General Church.

**Nazarene Health and Hospitalization Program (NHHP):**

- 1) NBUSA, as administrator, established the NHHP on behalf of the Church, to administrate the medical, dental, and vision benefits under two separate plans, which are considered self-insured:
  - a. General Church Medical Plan (GCMP); and
  - b. Missionary Medical Plan (MMP).
- 2) Effective January 1, 2022, the Missionary program moved to a fully-insured plan. Remaining oversight of the MMP relates to runout of claims in existence prior to the change to the new plan as discontinued operations.
- 3) Participating employers are represented through their participation in the GCMP Management Board (GCMP Board).
- 4) The GCMP Board determines plan design, funding strategies, and reviews operational details on behalf of participating employers.
- 5) Medical and vision claims of active and retired participants, dependents and beneficiaries covered by the NHHP are processed by UMR, a UnitedHealthcare company which is not an insurance company. Dental claims are processed by Delta Dental Company and pharmaceutical needs are covered by Express Scripts Holding Company.
- 6) The responsibility for administration of payments to participants and providers is retained by the Administrator.
- 7) Plan assets are not held in a voluntary employee beneficiary association trust but are pooled with other invested assets of the Church under Investment Committee oversight.
- 8) "Stop loss" insurance coverage is purchased to limit exposure to large claims.
- 9) Reserve levels are regularly monitored with the goal of maintaining funds sufficient to support at least 12 months of average claims.

**GOVERNANCE**

The organization, officially incorporated under the name "Nazarene Benefits, Inc." is a Missouri not-for-profit corporation and operates under the name Nazarene Benefits USA. The sole member of the corporation is The Church of the Nazarene, Inc.

Bylaws require the organization to be governed by a board of directors whose membership is approved and appointed by the Board of General Superintendents (BGS) and comprised as follows:

- a) A member from each of the eight U.S. education zones
- b) One member-at-large
- c) Two ex-officio directors who serve by virtue of their positions within the General Church, which are the General Superintendent in jurisdiction over the U.S. region; and a denominational senior staff person (General Treasurer).
- d) At least four (4) members of the Board are required to be clergy; and four (4) to be lay members.

Board terms are set for four years in alignment with the quadrennial meeting of the General Church. Should the office of a director become vacant between quadrennial meetings a majority of the remaining directors, upon consultation with the BGS, may appoint a replacement to serve for the remainder of the unexpired term.

We are grateful to our board for the commitment of their time and experience in providing oversight and speaking wisdom and insights to our operations and our unique issues and challenges.

Board members as of the end of FY24 were:

- Dr. David Basic, ex officio (clergy - BGS)
- Mrs. LeTonya Clark - (lay – Eastern Region)
- Mr. Keith Cox, Treasurer; ex officio (lay - General Treasurer)
- Dr. Brad Estep (clergy – Southwest Region)
- Rev. David Lutz (clergy – East Central Region)
- Dr. R. Bruce Moore, Secretary (lay – Northwest Region)
- Mr. Mark Patrick, Vice Chair (lay – Southeast Region)
- Rev. John Pickens (clergy – North Central Region)
- Mrs. Jill Rice, Chair (lay – Central Region)
- Dr. Orlando Serrano, Executive Committee (clergy – at large)
- Mrs. Sonja White (lay – South Central Region)

## **INVESTMENT COMMITTEE**

In accordance with the policy of the Church, the Nazarene Investment Committee provides oversight of the investments of the Church and other entities subject to its direction.

The Board of Nazarene Benefits USA, the Board of Trustees of Nazarene Bible College, and the Board of Directors of The Foundry (f/k/a Nazarene Publishing House) have the fiduciary responsibility for their respective retirement plan assets, and each board provides appropriate oversight of the Investment Committee. The work of the Investment Committee ensures appropriate and timely reporting to allow these boards to fulfill their fiduciary responsibility and utilizes independent professional investment advisors to oversee investment managers.

The goal for the investment of Pension Trust assets is to provide investment returns, which when combined with the employer and participant contributions to the trusts, enable the plans to fulfill the church's commitments to plan participants. For the 403(b) plan the Committee evaluates the performance of the various fund offerings, and fees charged, compared to their benchmarks in order to support recommendations for any necessary changes.

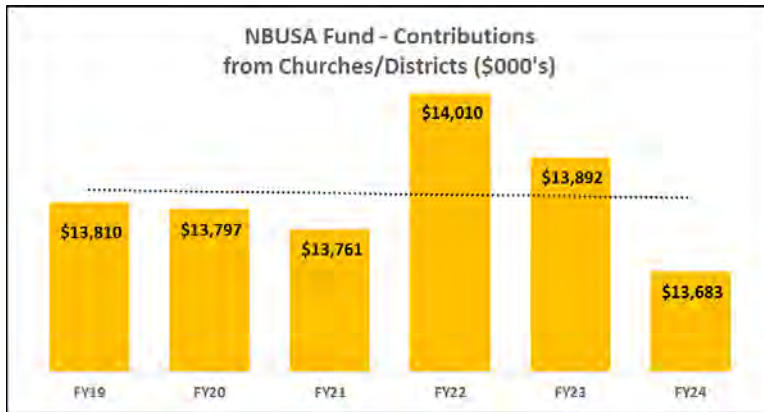
**CHURCH FUNDING**

The work of Nazarene Benefits USA is made possible by the sacrificial giving of faithful Nazarenes. At our humble beginnings in 1919, the Board of Ministerial Relief asked each active minister to contribute \$1 annually and each church to provide 10 cents per member. During FY24 funding for the work of our greatly expanded operation came from the NBUSA Fund portion of the “Funding the Mission” formula adopted by the Church in the United States.

**TABLES - DATA AND CHARTS**

**Table 1**

*Contributions from Local Churches and Districts*



This chart illustrates the partial impact of the change in the FTM formula during FY24.

**Table 2**

*Retirement Plan Asset Values and Participants*

Nazarene Benefits USA  
Retirement Plan Asset Values and Participants  
As of September 30

	Assets Available for Benefits (\$000s)						# of Participant Accounts					
	2019	2020	2021	2022	2023	2024	2019	2020	2021	2022	2023	2024
<b>Defined Benefit Plans:</b>												
Basic	\$ 86,086	\$ 91,596	\$ 103,631	\$ 89,999	\$ 86,474	\$ 92,292	7,651	7,430	7,148	6,896	6,630	6,416
General Church	32,017	32,766	36,818	30,052	28,260	29,945	143	137	151	176	169	165
World Mission	8,074	8,192	9,066	7,407	7,037	7,387	517	506	499	476	499	445
Nazarene Bible College	2,474	4,517	5,038	4,257	4,076	4,257	58	57	56	54	56	54
Nazarene Publishing House	22,924	23,148	25,792	21,007	20,004	20,951	270	267	264	257	252	239
<b>Subtotal</b>	<b>\$ 151,575</b>	<b>\$ 160,218</b>	<b>\$ 180,344</b>	<b>\$ 152,723</b>	<b>\$ 145,851</b>	<b>\$ 154,833</b>	<b>8,639</b>	<b>8,397</b>	<b>8,118</b>	<b>7,859</b>	<b>7,606</b>	<b>7,319</b>
<b>Defined Contribution Plans:</b>												
403(b) Retirement Savings	\$ 544,638	\$ 624,847	\$ 730,992	\$ 585,466	\$ 650,552	\$ 799,989	13,956	13,606	13,571	13,496	13,272	13,308
Indiv Retirement Annuities	4,301	4,090	4,008	3,910	3,597	3,290	185	168	166	155	131	108
<b>Subtotal</b>	<b>\$ 548,940</b>	<b>\$ 628,938</b>	<b>\$ 735,000</b>	<b>\$ 589,375</b>	<b>\$ 654,149</b>	<b>\$ 803,279</b>	<b>14,141</b>	<b>13,774</b>	<b>13,737</b>	<b>13,651</b>	<b>13,403</b>	<b>13,416</b>
<b>Grand Totals</b>	<b>\$ 700,515</b>	<b>\$ 789,155</b>	<b>\$ 915,345</b>	<b>\$ 742,099</b>	<b>\$ 800,000</b>	<b>\$ 958,112</b>	<b>22,780</b>	<b>22,171</b>	<b>21,855</b>	<b>21,510</b>	<b>21,009</b>	<b>20,735</b>

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

The Plan allows pastors, district superintendents, evangelists, and other church employees to invest for retirement through contributions exempt from income tax until withdrawn. A Roth component was added during FY22. A unique feature to church plans, such as this one, is that

qualifying ministers are able to claim distributions as housing allowance<sup>1</sup>, which allows them to shelter future distributions from federal and state income taxes. Employers customize their level of retirement contributions through a stated amount, a match, or through the NBUSA-provided contributions.

**NOTE:** The Annual Pension Supplement (APS) program, which was used to contribute to minister’s accounts, expired at the end of 2023. Beginning in 2024, contributions from the NBUSA Fund to plan participants will only be made in the form of a match which requires local effort on the part of the local church (in paying its Fund allocations) and contributions by the local minister and/or church to the minister’s 403(b) account.

Our primary partner in administering the 403(b) plan is Fidelity Investments, who serves as our record-keeper and employs licensed advisors who understand the unique characteristics of a church-sponsored plan. Participants may also obtain more personalized guidance related to their retirement and investing needs through Fidelity’s fee-based services.

Leveraging technology, Fidelity offers a number of online resources for plan participants and provides professional advisors who make topical presentations via live webinars and in-person sessions at General Assembly, PALCONs, and other types of gatherings.

We also periodically engage the services of a third-party advisor to evaluate fees associated with record-keeping services which continues to show that our arrangement with Fidelity is substantially favorable compared to peers.

The summary to the right provides a recap of the changes in the plan over the past six years, from the year ending September 30, 2019 thru 2024.

	<b>FY19-24 Recap</b>	
<b>Beg Bal</b>	\$ 542,663,639	100%
<b>Contrib</b>	119,131,837	22.0%
<b>Inv Inc</b>	334,119,419	61.6%
<b>W/drawals</b>	(193,096,527)	-35.6%
<b>Expenses</b>	(2,829,607)	-0.5%
<b>End Bal</b>	<b>\$ 799,988,761</b>	<b>147.4%</b>

**Table 3**  
*Assets Available for Payment of Benefits - 403(b) Plan*

This chart shows the level of Plan assets available for the payment of benefits has been on a growth trajectory, which dipped in FY22 due to declines in the financial markets, but regained positive territory due favorable market conditions and continuing contributions, as noted in the following tables.



<sup>1</sup> Requires current credentials on file with a local U.S. district and compliance with IRS regulations



**Table 4**  
*Investment Income - 403(b) Plan*

The chart identifies the significance of the negative market returns in FY22 and the return to better market conditions since that time.



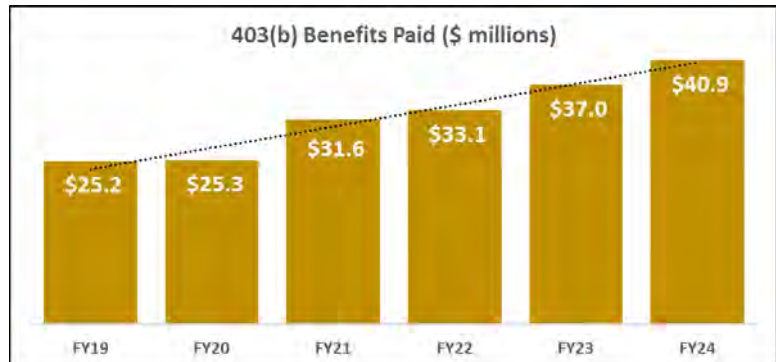
**Table 5**  
*Contributions - 403(b) Plan*



ER = Employer Contributions (including NBUSA)  
 EE = Employee Contributions  
 Roll = Employee Rollovers

**Table 6**  
*Benefits Paid – 403(b) Plan*

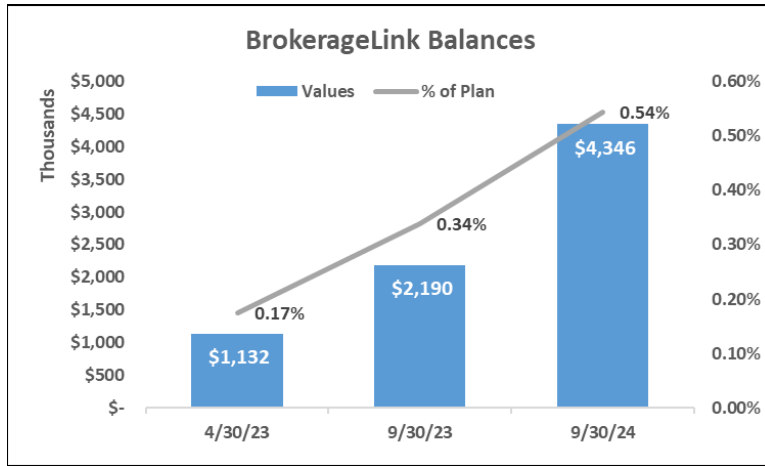
The level of benefits paid to participants, through distributions and/or rollovers, continues to grow.



**BrokerageLink**

In October 2022 the Board approved implementation of a limited brokerage window for mutual and index fund investment options beyond the funds monitored by the Investment Committee. This was requested in response to participants who desired the ability to invest in funds in ways they deem more “biblically responsible” and Fidelity offers their “BrokerageLink” window for these purposes. Investing through the window is limited to the universe of publicly traded mutual and index funds (no individual securities, options, etc.). Participants are subject to retail class funds and associated expenses (i.e., no benefit from our group investing power) and the Investment Committee provides no oversight of the performance of these funds.

**Table 7**  
*BrokerageLink Balances – 403(b) Plan*



This option became available in April 2023 and as of 9/30/24 balances invested in this manner totaled \$4.35 million, representing .54% of plan assets.

Since inception we have estimated these balances will not exceed 5-6% of total plan assets.

**The Single Defined Benefit Plan (SDBP)**

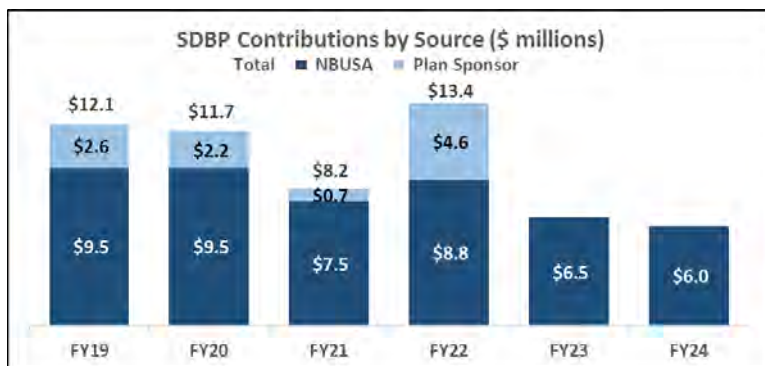
On average, each year the SDBP disburses approximately 15% of its assets to retired participants for current pension payments. In order to make progress towards reaching fully funded status, this fund must overcome this disbursement of assets through continued contributions from the NBUSA Fund and earnings and valuation growth on investments.

**Table 8**  
*Investment Income - SDBP*

This chart identifies the significance of the negative market returns in FY22 and the restoration of more normalized returns since then.



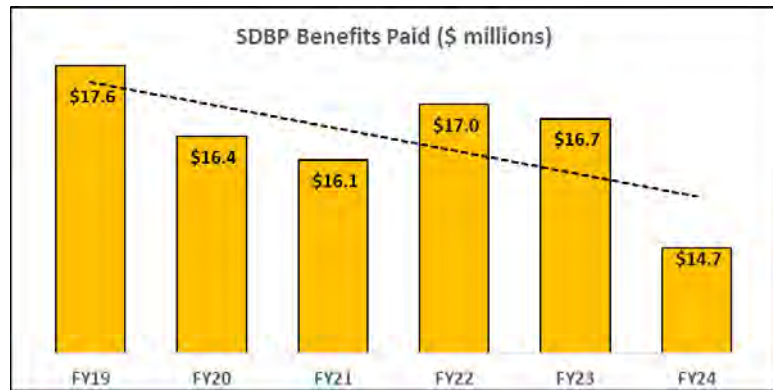
**Table 9**  
*Contributions by Source - SDBP*



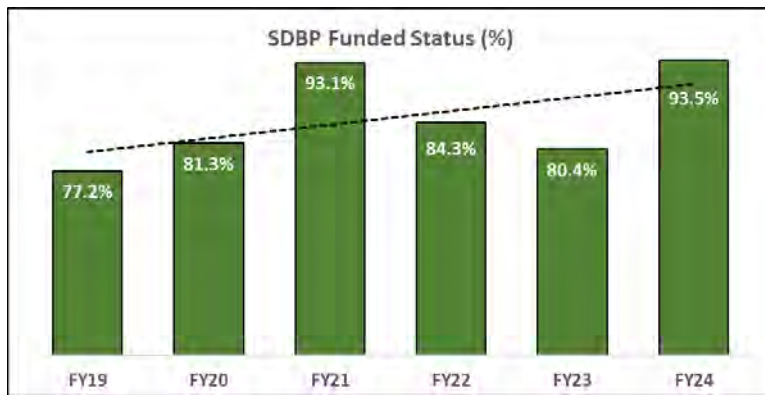
This chart shows the financial commitment to the SDBP through the support from NBUSA and the Church (as Plan Sponsor), which enabled it to reach a more stable funded status. Contributions by the Church, which came from non-WEF sources, were discontinued after December 2021.

**Table 10**  
*Benefits Paid – SDBP*

These results include \$1.3 million and \$1.0 million of extra benefit payments, respectively, for FY22 and FY23.



**Table 11**  
*Funded Status - SDBP*



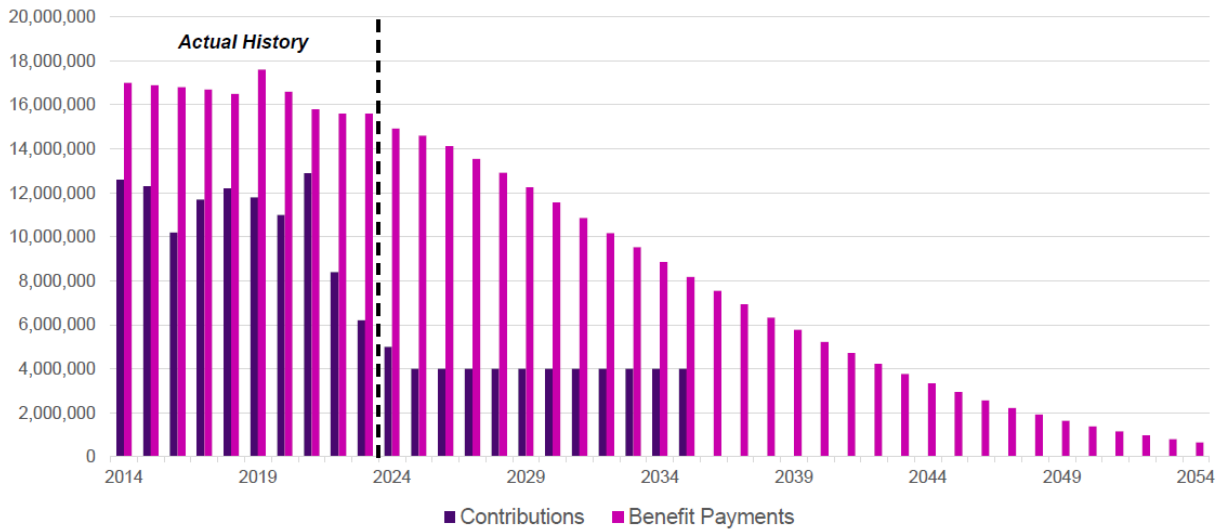
Actuarial valuations are performed annually. Funded status reached 100% on 1/1/22, but dropped to an estimated 84.3% by the end of FY22 due to negative market conditions. Although required funding levels have lowered, markets have provided significant support to reach a 93.5% funded status level as of 9/30/24.

With the more stabilized status of the SDBP and the counsel of our actuarial and investment advisors, we adopted more conservative investment return and discount rate assumptions in estimating and projecting the plan’s funded status, which are reflected in the results shown above beginning with FY20.

The Board also approved a revised investment strategy and worked with the Investment Committee to begin the process to lower the level of valuation risk associated with the invested assets of the pension pool.

Our actuaries believe the current funding strategy of \$4,000,000 per year, beginning in FY24, together with existing assets and future earnings, are sufficient to fund the plan’s pension obligations at current formula levels through its expected life cycle.

The chart below is an excerpt from the actuary’s presentation to the Board at its October 2024 meeting, which supports the expectation previously noted about annual required funding to meet the pension obligations of the plan at current benefit formula rates:



**IMPORTANCE OF GIVING TO THE NBUSA FUND**

The work of NBUSA would not be possible without the faithful support of the local churches and districts to provide the resources necessary to support our active and retired ministers.

**HOW NBUSA FUNDS ARE USED**

**Table 12**

*Use of NBUSA Fund Receipts*

Use of NBUSA Fund Receipts (\$000's)					
	FY24		Avg FY15-23		
<b>Benefit Program Expenses:</b>					
SDBP Pension Trust	6,000,000	43.8%	8,811,111	63.6%	
403b Contributions	4,643,762	33.9%	2,395,120	17.3%	
Survivor/Disability Benefits, net	1,278,205	9.3%	1,062,007	7.7%	
Benevolence	79,601	0.6%	94,702	0.7%	
Professional Services	151,414	1.1%	140,289	1.0%	
<b>Total Benefit Program Expenses</b>	<b>12,152,982</b>	<b>88.8%</b>	<b>12,378,527</b>	<b>89.4%</b>	
Administrative Expenses	1,270,192	9.3%	1,515,546	10.9%	
Surplus (NBUSA Subsidy)	260,152	1.9%	(47,005)	-0.3%	
<b>Total Fund Receipts</b>	<b>13,683,326</b>	<b>100%</b>	<b>13,847,068</b>	<b>100%</b>	

The table above demonstrates the use of NBUSA Fund receipts for FY24 compared with the average for the prior nine years (FY15 thru FY23).

In prior years, nearly two thirds of the budget was used to support contributions to the SDBP Pension Trust. That figure dropped to 44% in FY24 and will continue to fall as greater emphasis is placed on contributions to the 403(b) plan for active ministers. In prior years, 17% of the budget was used to fund 403(b) Plan contributions and that result grew to 34% in FY24. We expect contributions to the 403(b) Plan will continue to climb in the future with the new ministers match

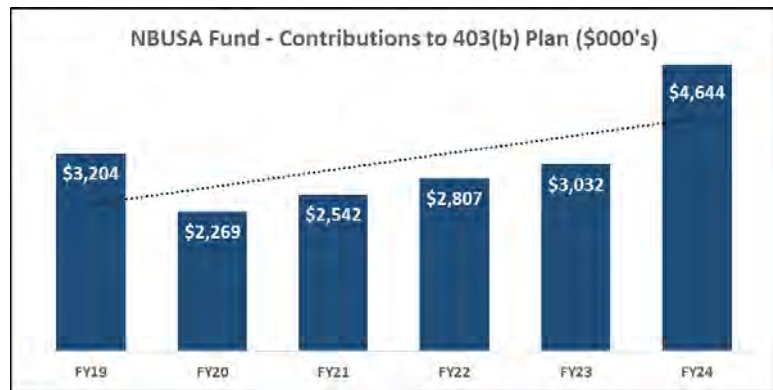
program. Survivor/Disability amounts shown are “net” of premiums collected for elective, supplemental benefit coverage.

Administrative expenses in FY24 represented 9.3% of NBUSA Fund receipts compared to the prior average of 10.9%. The negative amount in the NBUSA Surplus (Subsidy) line for the prior years’ average represents the amount of resources from outside of NBUSA Fund receipts (or other revenues and/or reserves) which were used to meet the total Program and Administrative expenses of our operation. The Fund realized a slight surplus during FY24.

**Table 13**

*NBUSA Fund Contributes to 403(b) Plan*

This chart illustrates NBUSA’s commitment of contributions, since FY19, to the 403(b) Plan for active ministers. FY24 represented the first year of the new matching program and also included costs associated with the closeout of the former APS program.

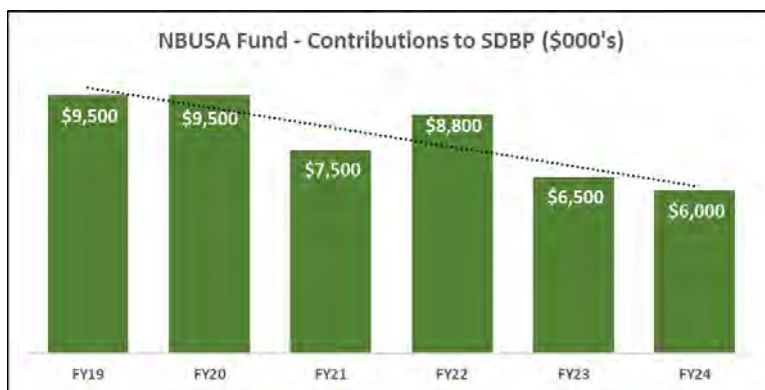


**Contributions to the Single Defined Benefit Plan (SDBP)**

A significant portion of the PBUSA budget has historically been used to fund efforts to stabilize and support the SDBP and its related supplemental pension obligations. Under the new actuarial strategy, referred to previously, the level of required annual support has declined with the stabilized funded status of the SDBP and is expected to remain at the same rate through 2035.

**Table 14**

*NBUSA Fund Contributions to the Single Defined Benefit Plan*



The FY24 result includes an additional \$2.0 million contributed to the SDBP above the actuary’s recommendation of \$4.0 million. This was done to further support the funded status of the plan.

## Insurance

Nazarene Benefits USA offers a number of group life (which we now call “survivor benefits”) and long-term disability benefits. Benefit premiums are paid with NBUSA Funds, based on eligibility. Optional supplemental benefits require individuals to elect and pay for the additional coverage.

These significant survivor and disability benefits are made possible through the payment of NBUSA Fund allocations. If the church of an eligible minister pays at least \$1 to the NBUSA Fund, the pastor is covered by term life insurance and \$500 per month in long-term disability coverage. Besides these basic coverages, we offer supplemental survivor and disability benefits, as well as death and dismemberment insurance at reasonable rates through The Hartford.

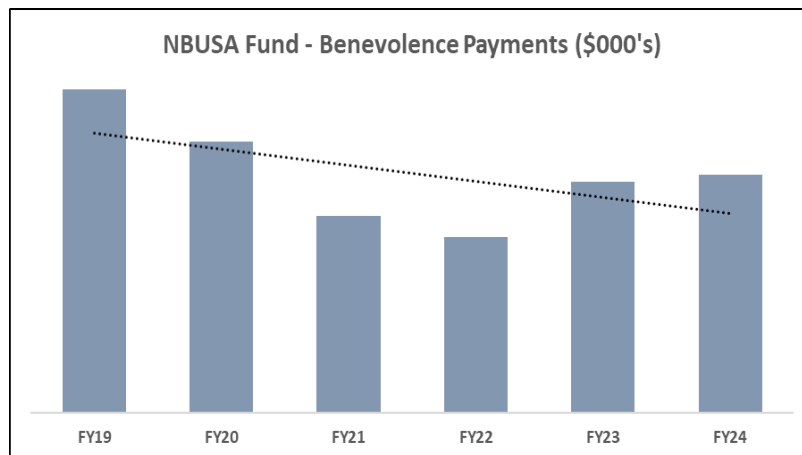
## Benevolence Assistance

PBUSA provides benevolence benefits, paid from the NBUSA Fund, to Nazarene ministers and/or dependents for issues involving:

- Emergency Medical Assistance;
- Funeral Assistance;
- Temporary Monthly Disability Assistance; and
- Other matters of discretion.

**Table 15**

*Benevolence Payments*



Expenditures for benevolence payments represent a small portion of our annual disbursements; however, the impact on the lives of those Nazarenes in need is immeasurable. Requests for all such assistance are evaluated through an application process submitted by district superintendents and district advisory boards.

## Education

A significant part of what we do is focused on informing and educating those we serve. Formats vary from social media, webinars, and emails—to print, phone, and snail-mail. Topics range from taxes and compensation, to eliminating school debt, investing for retirement, and understanding when and how to claim Social Security.

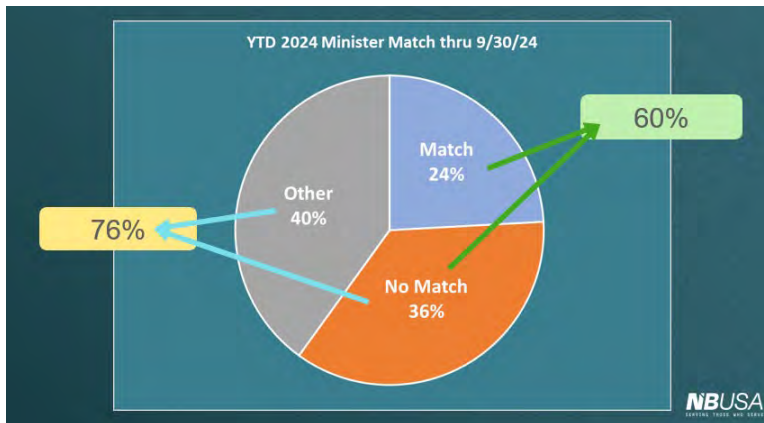
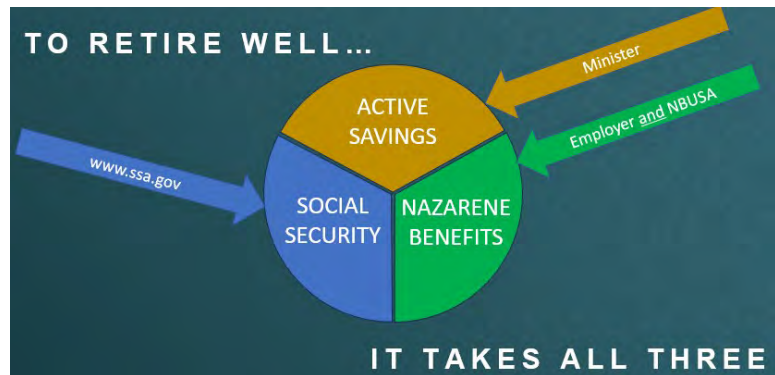
During FY21, we further developed “PB Access”, and with our recent rebranding effort it is now known as “myNBUSA”. This web portal is available to participants to access all of their benefits

information in one place and provide the ability to make changes for things such as beneficiary designations.

We continue to conduct live webinars, on a near monthly basis, with Fidelity Investments covering a variety of important topics of interest and importance to those we serve. We also arrange periodic opportunities for participants of the 403b plan to meet with a Fidelity advisor for private sessions to evaluate their retirement planning situation.

### Retiring Well

For the average Nazarene minister in the U.S., retiring well requires resources from three areas, as noted in the graphic to the right.



Unfortunately, as of the end of FY24, only 24% of our credentialed ministers and/or churches were making local effort contributions to the minister's 403b plan account sufficient to receive an NBUSA matching contribution, as shown in the graphic to the left.

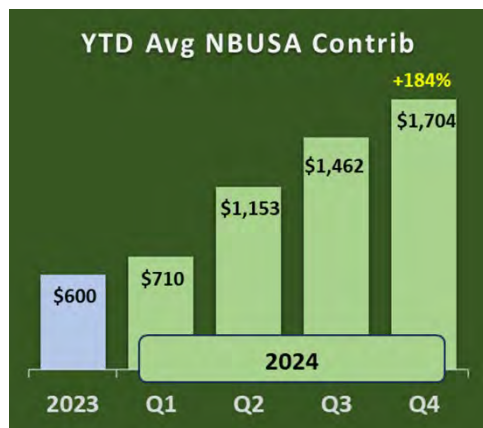
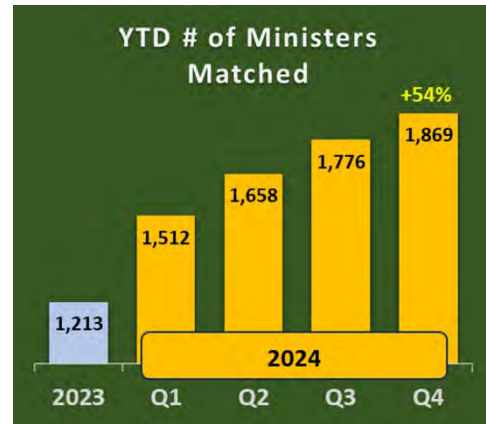
Another 36% of ministers are meeting all of the eligibility requirements to receive a match except for the lack of local effort on the part of themselves and/or their church. **This 36% of ministers is the primary focus of our efforts in the near term moving forward.** The remaining 40% are actively disengaged from supporting our NBUSA Fund and/or making local effort contributions.

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**Minister’s Match Program Results for 2024**

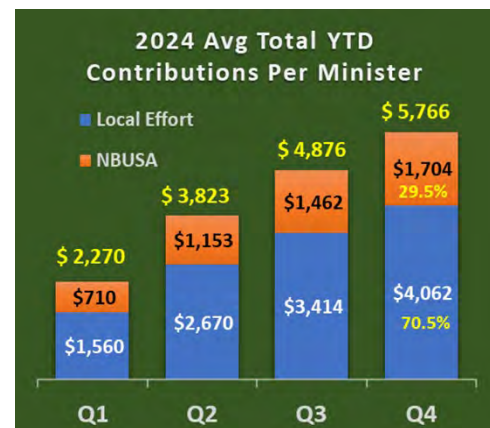
The first year of the new match program ended on 12/31/24 and I’d like to share with you the results, which I think speak for themselves.

In 2023, under the former APS program, we provided a small match contribution (limited to \$250) to 1,213 ministers. In 2024, under the new program, that number of local church ministers who received a match from NBUSA grew by 54% to a total of 1,869.



In 2023, the average total amount NBUSA contributed to a minister’s 403b account was \$600. For 2024 that figure grew by 184% to a new high of \$1,704 under the new match program.

Finally, and most importantly, the amount contributed to an average local church ministers 403b account for the 2024 program was \$5,766. Results show that 70.5% came from local effort (by the minister and/or church) and 29.5% from NBUSA. If every younger minister in the Church would meet this average over a 30 or 40-year term of active service – they would retire well.



**Partnerships**

Our work would not be possible without the many associations we have with professional advisors and industry-related vendors and organizations, including:

- a. Conner & Winters – legal counsel;
- b. Willis Towers Watson – benefits, actuarial, & investment consultants;
- c. Fidelity Investments – 403(b) recordkeeper;
- d. Hartford Life Insurance Co. – life/disability/accidental death & disability insurance administration;
- e. FORVIS – auditors;
- f. UMR – medical plans administration;
- g. Lockton Companies LLC – medical plans consultant;
- h. Evangelical Council for Financial Accountability – compliance and tax resources;



- i. Church Benefits Association – professional association of denominational peers for sharing information, resources, and best practices;
- j. Church Alliance – professional association of denominational peers focused on monitoring and providing input on federal legislation and regulatory matters affecting our plans and operations.

**OUR BIGGEST CHALLENGE**

Our biggest challenge continues to be the lack of retirement readiness among our clergy, but we have now established a clear path and process to show them how to retire well.

**THE FUTURE**

We are evaluating the potential to further support our ministers in a variety of ways and will have more to report on that in the future. Recent conversations with the leadership of the COMPASS initiative have resulted in the possibility to partner to keep the great work of COMPASS moving forward despite their current grant funding resources coming to an end. As always, we will continue to evaluate opportunities to improve benefits for our retired ministers provided the funded status of the Single Defined Pension Plan remains stable and/or improves.

It is an honor to serve our Lord and be a part of fulfilling the mission of the Church of the Nazarene to make Christ-like disciples in the nations and our vision to ensure that Nazarene ministers retire well. We look forward to an exciting future as we work with our districts and churches to continue our mission of serving those who serve.

Note: FY24 financial statements are presented under separate cover.

*Respectfully Submitted,*  
KEVIN P. GILMORE  
*Executive Director - NBUSA*