



FY23 Annual Report for Nazarene Benefits, Inc.

INTRODUCTION - FY23 represented our 104th year of operations as we continued to fulfill our mission of “serving those who serve.” I am privileged to work with an experienced and dedicated staff who are committed and engaged in their responsibilities for our work and mission. This annual report begins with a summary of Highlights, 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.

FY23 HIGHLIGHTS

Name/Brand Change - Effective September 5, 2023 we changed our corporate name to “Nazarene Benefits, Inc.”

Vision - Adopted of a new vision statement where “**Nazarene Ministers Retire Well.**”

General Assembly - Over 1,100 points of contact with ministers, spouses and others.

New Board Members – Onboarded six new members.

Ministers Match Program – Finalized and introduced the new matching program for active Nazarene ministers in our 403(b) plan which becomes effective January 1, 2024.

NBUSA Funding - Ended the year with receipts above budget.

Funding the Mission (FTM) Formula – The BGS approved our recommendation to restore the 2012 FTM formula allocations. The new allocations will be implemented by the Stewardship office as each new District year begins in 2024 with full implementation by end of June.

Nazarene 403(b) Retirement Savings Plan

Net Assets Available for Benefits - Net assets available for benefits reached their second highest year-end level on record.

Brokerage Option - Successfully implemented Fidelity’s BrokerageLink option in April 2023 for those participants who wish to have more mutual fund options and greater control over their investments.

Benefit Enhancements from the NBUSA Fund

One-Time Extra Benefit Payments to Participants - Eligible retired ministers in the Single Defined Benefit Plan received an extra pension payment in April 2023; and eligible ministers in our 403(b) Plan received extra APS bonus and match contributions.

Single Defined Benefit Plan (SDBP)

Funded Status - The 1/1/23 actuarial valuation report, utilizing the more conservative assumptions adopted in the previous year, demonstrated the SDBP had dropped to an 86% funded status, which is 14% below its high of 100% as of 1/1/22. Funded status as of 9/30/23 was estimated to be 82%.

Funding Plan - Our actuaries continue to affirm the current future funding strategy as adequate to fund the Plan to its completion.

SCOPE OF OPERATIONS*Nazarene Benefits USA*

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 funding for the Single Defined Benefit Plan and contributions to eligible participants in the Nazarene 403(b) Retirement Savings Plan.
- 4) Survivor Benefit 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 Benefit 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 and disability 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.

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) Participating employers are represented through their participation in the GCMP Management Board (GCMP Board), while the MMP is represented by the Global Missions Department (Missions Board).
- 3) The GCMP Board and Missions Board determine plan design, funding strategies, and review operational details on behalf of these employers.
- 4) 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.
- 5) The responsibility for administration of payments to participants and providers is retained by the Administrator.
- 6) 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.
- 7) “Stop loss” insurance coverage is purchased to limit exposure to large claims.
- 8) Plan reserve levels are regularly monitored with the goal of maintaining funds sufficient to support at least 9 but not more than 12 months of claims.
- 9) Effective January 1, 2022, the Missions Board 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.

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. regions
- b) One member-at-large
- c) Two ex officio directors who serve by virtue of their positions within the General Church. 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 are:

- Dr. David Busic, ex officio (clergy - BGS)
- Mrs. LeTonya Clark - (lay – Eastern Region) effective 11/27/23
- 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.

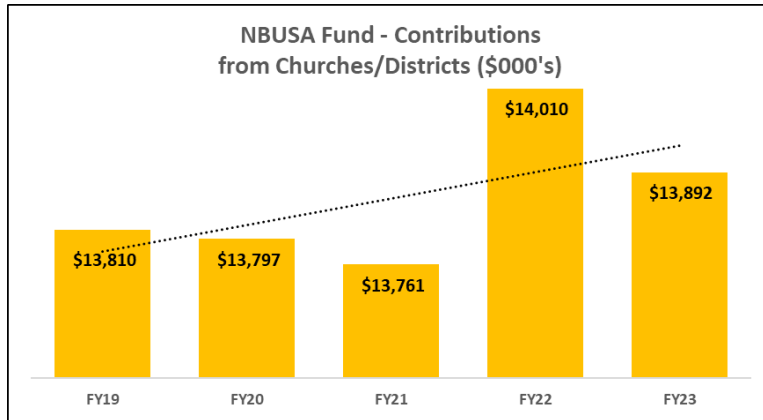
The goal for the investment of Pension Trust assets is to provide investment returns, which when combined with the employer and participant contributions to the trusts, enable the plans to fulfill the church's commitments to plan participants. For the 403(b) plan the Committee evaluates the performance 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 FY23 funding for the work of our greatly expanded operation came from the 2.25% allocation for the NBUSA Fund portion of the "Funding the Mission" formula adopted by the Church in the United States in 2012. Beginning in 2024, the formula will drop to 2.00% (its level before the 2012 change) and during 2024 churches will begin utilizing the lower allocations as their district assembly years begin. Full implementation is expected by the end of June 2024. The FY24 budget was approved with this in mind.

TABLES - DATA AND CHARTS

Table 1
Contributions from Local Churches and Districts



Despite the economic challenges of the times, which resulted in receipts below the prior year level, we were blessed with financial support from churches and districts which exceeded our budget plan.

Table 2
Retirement Plan Asset Values and Participants

	Assets Available for Benefits (\$000s)						# of Participant Accounts					
	2018	2019	2020	2021	2022	2023	2018	2019	2020	2021	2022	2023
Defined Benefit Plans:												
Basic	\$ 84,954	\$ 86,086	\$ 91,596	\$103,631	\$ 89,999	\$ 86,474	7,856	7,651	7,430	7,148	6,896	7,148
General Church	33,782	32,017	32,766	36,818	30,052	28,260	141	143	137	151	176	151
World Mission	8,464	8,074	8,192	9,066	7,407	7,037	527	517	506	499	476	499
Nazarene Bible College	2,701	2,474	4,517	5,038	4,257	4,076	59	58	57	56	54	56
Nazarene Publishing House	23,731	22,924	23,148	25,792	21,007	20,004	276	270	267	264	257	264
Subtotal	\$153,633	\$151,575	\$160,218	\$180,344	\$152,723	\$145,851	8,859	8,639	8,397	8,118	7,859	8,118
Defined Contribution Plans:												
403(b) Retirement Savings	\$539,534	\$544,638	\$624,847	\$730,992	\$585,466	\$650,552	13,357	13,956	13,606	13,571	13,496	13,272
Indiv Retirement Annuities	4,760	4,301	4,090	4,008	3,910	3,463	197	185	168	166	155	131
Subtotal	\$544,294	\$548,940	\$628,938	\$735,000	\$589,375	\$654,015	13,554	14,141	13,774	13,737	13,651	13,403
Grand Totals	\$697,927	\$700,515	\$789,155	\$915,345	\$742,099	\$799,866	22,413	22,780	22,171	21,855	21,510	21,521

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 allowance¹, 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.

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

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.

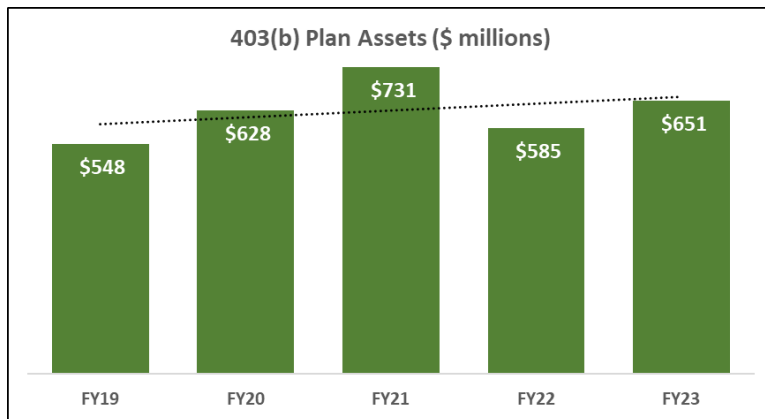
Leveraging technology, Fidelity offers a number of online resources for plan participants and provides professional advisors who make topical presentations via live webinars and in-person sessions at General Assembly, PALCONs, and other types of gatherings.

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.

5 Yr Recap		
Beg Bal	\$ 542,663,639	100%
Contrib	94,926,892	17.5%
Inv Inc	167,866,020	30.9%
W/drawals	(152,242,638)	-28.1%
Expenses	(2,662,038)	-0.5%
End Bal	<u><u>\$ 650,551,875</u></u>	119.9%

The summary to the left provides a recap of the changes in the plan over the past five years, from 9/30/18 thru 9/30/23.

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



This chart illustrates 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 in FY23 due to more favorable market conditions and continuing contributions, as noted in the following tables.

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 during FY23.

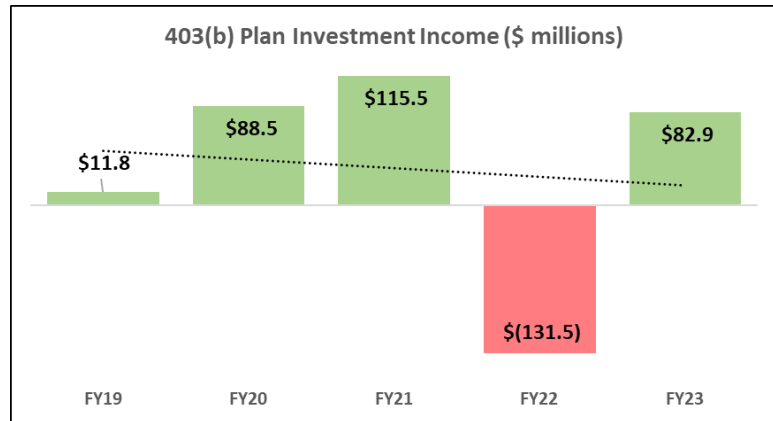
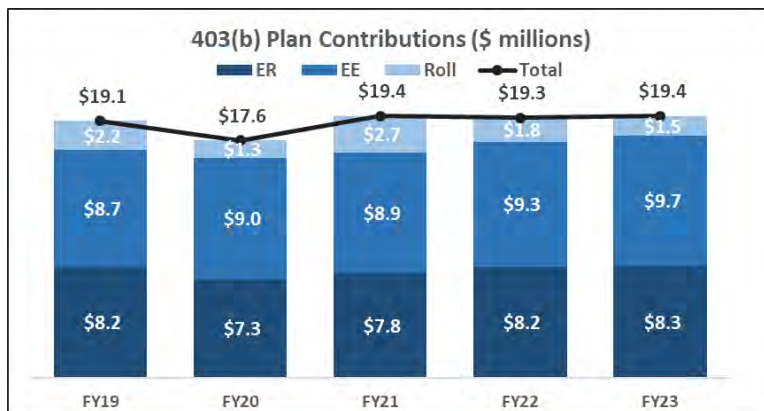


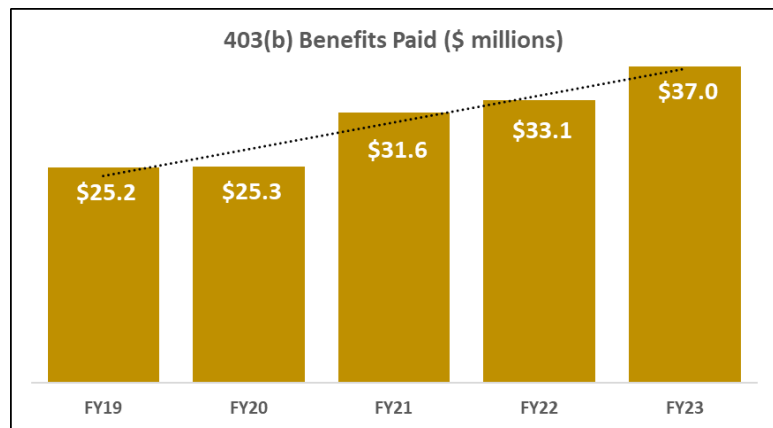
Table 5
Contributions - 403(b) Plan



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

Table 6
Benefits Paid – 403(b) Plan

The level of benefits paid (withdrawn or distributed) to participants in FY23 was above the prior year and has been growing.



BrokerageLink

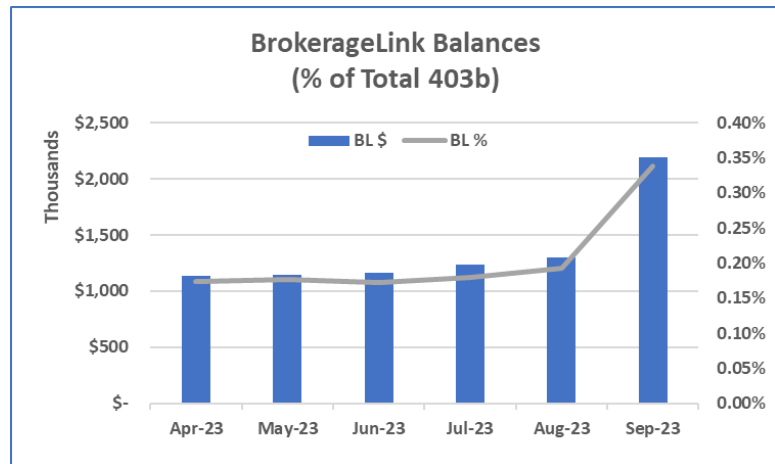
In October 2022 the Board approved implementation of a limited brokerage window for mutual and index fund investment options beyond the funds monitored by the Investment Committee. This was requested in response to participants who desired the ability to invest in funds in ways they deem more “biblically 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 - SDBP

The window became available in April 2023 and this chart shows the level of such investments through 9/30/23 both in balance and as a percentage of the total assets of the plan. We do not expect the investments in this option to exceed 5-6% of total plan assets.

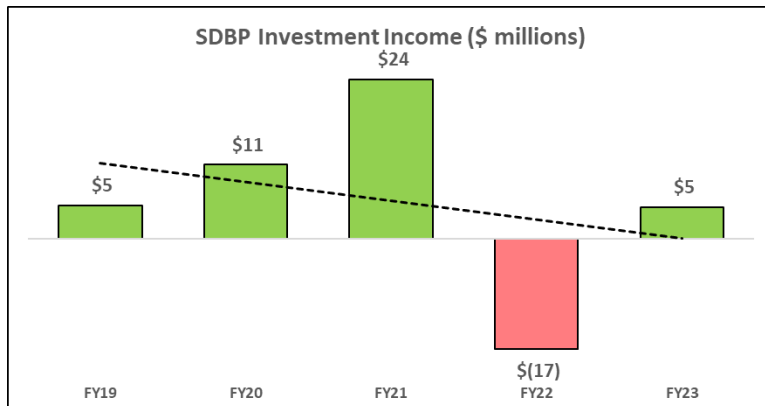


The Single Defined Benefit Plan (SDBP)

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 in FY23.

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Table 9
Contributions by Source - SDBP

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

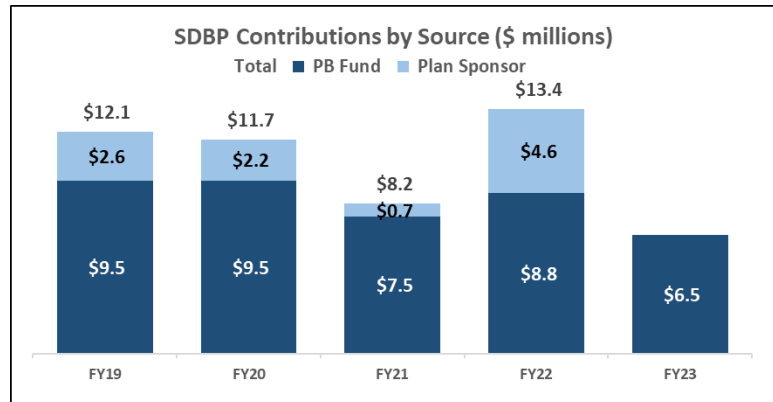
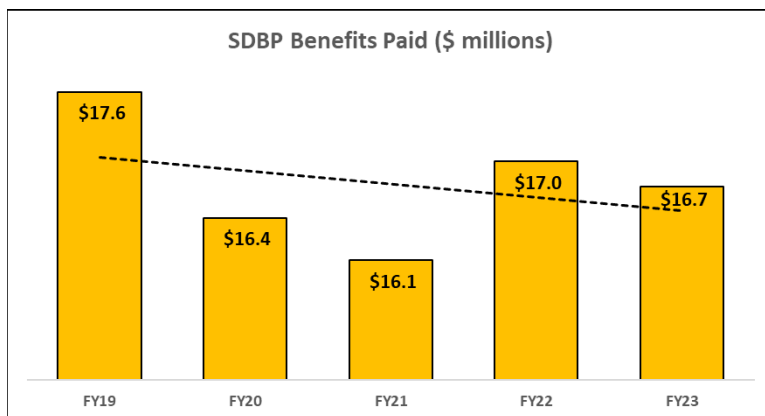


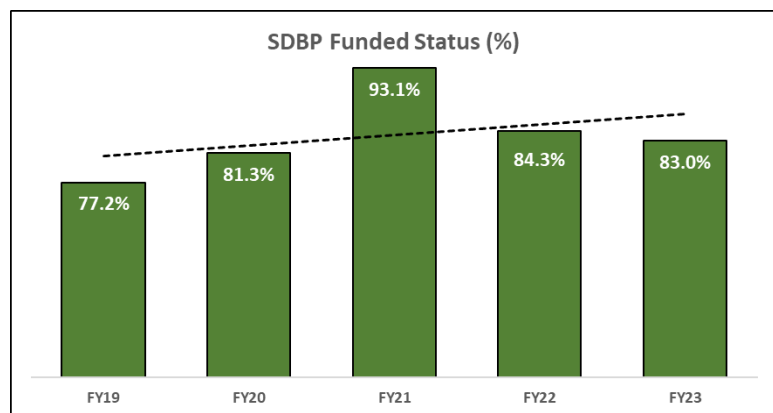
Table 10
Benefits Paid – SDBP



The results shown here include \$1.3 million and \$1.0 million extra benefit payment for FY22 and FY23, respectively.

Table 11
Funded Status - SDBP

Actuarial valuations are performed annually. As of 1/1/22 the funded status reached 100%, but dropped to an estimated 84.3% by the end of 1/1/23 due to negative market conditions. Markets improved in FY23, but lower levels of annual funding resulted in the status dropping to an estimated 83.0%.

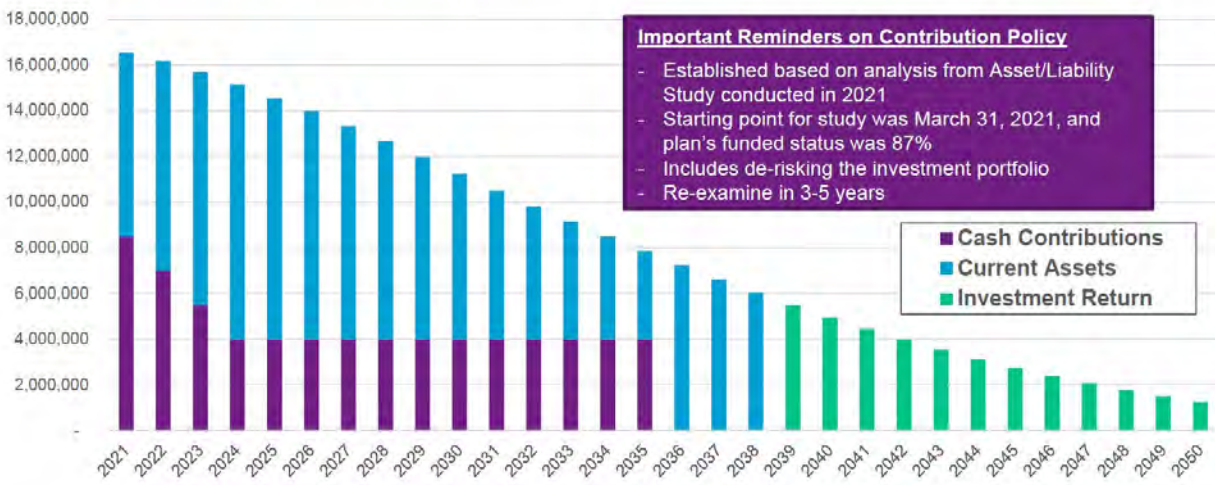


With the more stabilized status of the SDBP and the counsel of our actuarial and investment advisors, we adopted more conservative investment return and discount rate assumptions in estimating and projecting the plan’s funded status, which are reflected in the results shown above beginning with FY20.

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 actuaries presentation to the Board at it’s October 2023 meeting:

Current Contribution Policy



IMPORTANCE OF GIVING TO THE P&B FUND

The work of PBUSA 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 P&B FUNDS ARE USED

Table 12

Use of NBUSA Fund Receipts

Use of NBUSA Fund Receipts (\$000's)				
	FY23		Avg FY15 - FY22	
Benefit Program Expenses:				
SDBP Pension Trust	6,500,000	46.8%	9,100,000	65.7%
APS Contributions	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%

The table above demonstrates the use of NBUSA Fund receipts for FY23 compared with the average for the prior eight years (FY15 thru FY22).

In prior years, more than two thirds of the budget were used to support contributions to the SDBP Pension Trust. That figure dropped to 47% in FY23 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 APS Contributions and that result grew to 22% in FY23. We expect contributions to the 403(b) Plan will continue to climb in the future with the new ministers matching program. Survivor/Disability amounts shown are “net” of premiums collected for elective, supplemental benefit coverage.

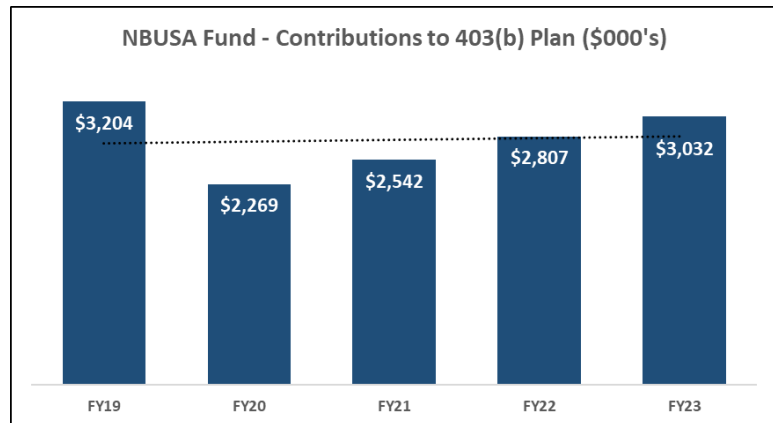
Administrative expenses in FY23 represented 9.3% of NBUSA Fund receipts compared to the prior average of 11.3%. The negative amount in the NBUSA Surplus (Subsidy) line represents the amount of resources from outside of NBUSA Fund receipts (other revenues and/or reserves) which were used to meet the total Program and Administrative expenses of our operation in prior years.

One million of the FY23 surplus was contributed to the SDBP in December 2023. The remainder is being held in reserve as the new ministers matching program moves forward.

Table 13

NBUSA Fund Contributes to 403(b) Plan

This chart illustrates NBUSA’s growing commitment of contributions, since FY19, to the 403(b) Plan for active ministers. The FY22 and FY23 results include extra APS contributions of \$880k and \$900k, respectively.

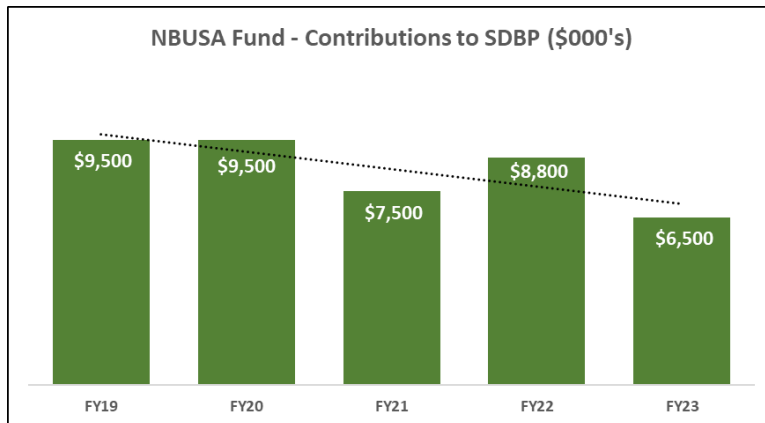


Contributions to the Single Defined Benefit Plan (SDBP)

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 will gradually decline with the stabilized funded status of the SDBP.

Table 14

NBUSA Fund Contributions to the Single Defined Benefit Plan



The FY23 result includes an additional \$1.0 million contributed to the SDBP to support the extra, one-time payment to participants. An extra payment of \$1.3 million was made during FY22.

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

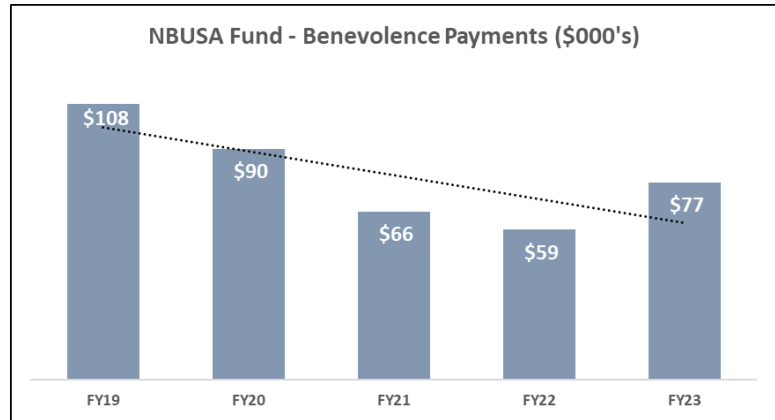
PBUSA provides benevolence benefits, paid from the NBUSA Fund, to Nazarene ministers and/or dependents for issues involving:

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

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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.

Calling Program

During FY23 we tested a calling program where staff made efforts (first by email, then phone calls) to directly contact every lead pastor on a specific church district. The purpose of the call was to make a personal connection to ensure these ministers were aware of the new 403(b) matching program and to inquire if we could be of service to them for anything. While we were not able to reach every minister, we connected with a majority which resulted in tangible actions taken on their part to access our benefits and/or make necessary adjustments. In 2024, we will formally roll out this program to reach the churches/pastors of the remaining 72 districts over the course of the next 2-3 years.

Partnerships

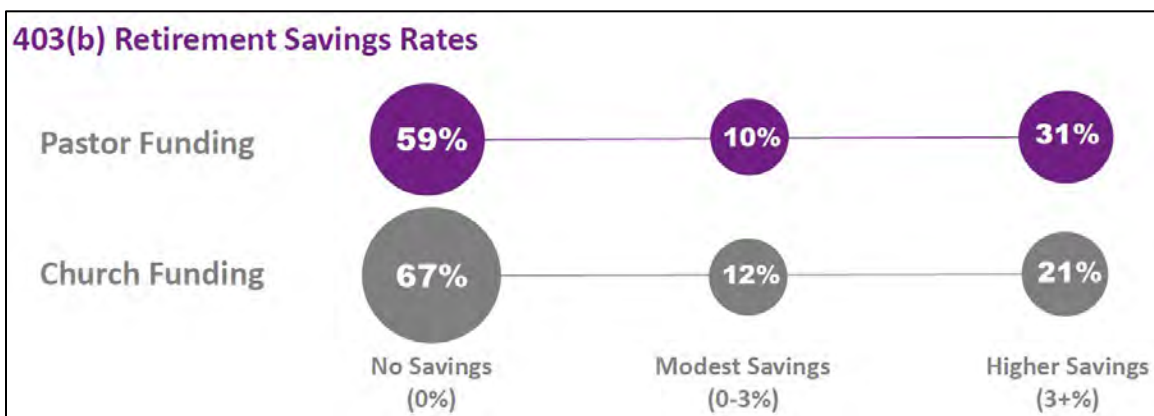
Our work would not be possible without the many associations we have with professional advisors and industry-related vendors and organizations, including:

- 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. A recent study evaluated the retirement readiness of 700 of our U.S. Nazarene senior/lead pastors (excluding bi-vocational pastors) and showed the following results:

Table 16
Retirement Readiness



Source: Retirement Readiness Report, Page 2, Willis Towers Watson, October 31, 2019

The graphic above illustrates that 59% of our senior/lead pastors are not contributing toward their own retirement readiness, and 67% of their churches provide no assistance. I believe this situation is as grave as the under-funded pension liability after the 2009 recession. We

developed the new ministers matching program to specifically address this issue and look forward to measuring our progress in the partial-year results described in our FY24 annual report.

THE FUTURE

The stabilized funded status of the SDBP provides NBUSA the opportunity to explore ways to further improve the benefits of those we serve. The one-time extra benefit payments during FY22 and FY23 were an initial step in that direction, but we believe the ultimate solution is the implementation of the new ministers matching program – because it requires contributions to the ministers 403(b) account at the local level, an important element missing under the APS program.

The Secure 2.0 federal legislation signed into law in December 2022 allows employers to make contributions into an employee's 403(b) plan account in the form of a match against student loan payments. We believe this will be of great assistance to our ministers and expect to be able to offer it to plan participants beginning May 1, 2024.

We have initially discussed with Fidelity about implementing a workplace savings account strategy that provides initial and matching funds from NBUSA for emergency savings accounts for ministers who complete a financial literacy and education program. Too many of our ministers live without adequate savings and then rely on credit to deal with emergencies. This program would address that issue and allow us to make certain those who participate will also receive necessary financial training and first-hand knowledge of the benefits we offer them. If this proves to be a viable option for us we hope to have something finalized later in 2024.

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: FY23 financial statements are presented under separate cover.

Respectfully Submitted,
KEVIN P. GILMORE
Executive Director - NBUSA