

Enabling pastors and lay workers to serve Christ throughout their lives by creating a reliable source of retirement income from money deposited by their places of ministry.

## Investment Options & Strategy

Rev. Ross Morrison, Plan Administrator

In the past five years, the “new” FCMM has developed a number of options to meet the various needs of churches and church staff members to plan for post-employment income. And we will continue to improve and add value to this premier church plan.

I want to spend some time in this article highlighting the features and options you have available. First, though, I want to review a basic principle. A long-time “rule of thumb” is that a consistent investment of an amount equal to at least 10% of compensation is recommended over one’s working years to provide for retirement income. That was the basis for the long-standing recommendation of FCMM to local churches to contribute 10%. But, in practice, the majority of churches have not reached this threshold, so FCMM has also offered opportunity for church staff members to self-contribute through salary deferral arrangements with their church.

FCMM investment options have been developed to address the needs of various church compensation arrangements, from employer-based to individual salary-deferral contributions. (Consistent with regulatory requirements, we track employer-contributed amounts separately from employee contributions.)

For the “hands-on” retirement investor, we offer access to self-directed mutual

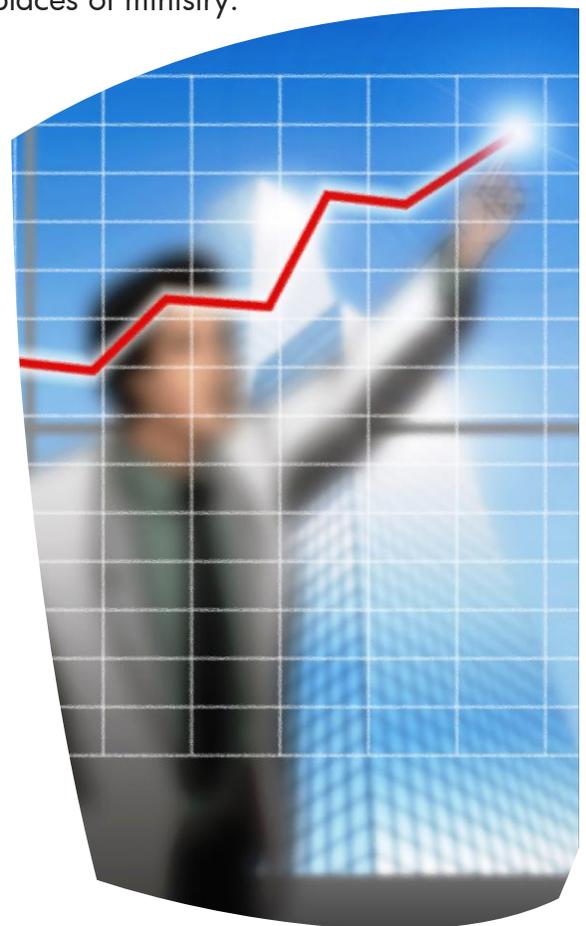
funds within either the American Funds family (*Option F*) or the Vanguard Funds family (*Option G*). These contributions may come from employer or employee. About one-third of the retirement contributions we currently receive are directed towards mutual funds.

The other two-thirds of contributions are directed by participants into FCMM-managed funds, which are overseen by the FCMM Board of Trustees through professional investment advisors. These options are geared to the long-term horizon and are beneficial to the participant who desires fewer choices and more reliance on the balanced approach of a pooled strategy.

Following is a description of each of the FCMM-managed options:

**Conservative Growth with Annuity Benefit Fund (*Option C*)** is managed to build long-term growth, earning a rate that is annually established by the Trustees – 3.5% in 2012. Since the fund is designed to provide an annuity benefit, any lump sum distribution is subject to a “fair market value” adjustment to the underlying fund assets. Retirement annuitization of the account’s balance, however, will be based on the full accumulated value and enables retirement decisions to be made without the pressure of market timing.

Continued on page 2.



## 2012 Contribution Limits

The IRS limits the amount that can be contributed annually to retirement. In 2012, no more than \$50,000 or 100% of your includible compensation (housing allowance is excluded) can be invested. Within this amount you can elect to defer \$17,000 of your annual compensation as salary deferral contributions. Higher limits are available if you have been in the EFCA for over 15 years and/or are over age 50. Contact our office for more information.



# How We Can Help

Rev. Bud Smith, Director of Marketing & Customer Service

Our FCMM staff is ready to assist you in properly preparing for eventual retirement life and ministry. While all of us want to continue serving the Lord as long as we live, for most of us there will come a time when we no longer are able to maintain the same workload nor earn the same income. Good stewardship requires that each of us plan ahead for that stage of life's journey. Here are some ways we can help:

- The FCMM website provides information, forms, reports, and the like. Check it out at [www.efca.org/fcmm](http://www.efca.org/fcmm) and do so regularly for updated information.
- You'll receive a prompt reply to your phone inquiry at (800)995-5357 or your email message at [fcmm@efca.org](mailto:fcmm@efca.org). If you've been meaning to contact us, do it now!
- Professional advice on retirement investment strategy is available to all FCMM participants. Contact Jeff Englin of Alliance Benefit Group at (800)880-4015 and be sure to tell him you're with FCMM. He'll take the discussion from there.
- A representative of FCMM will be attending most of the EFCA district conferences in 2012. Stop by our display to pick up helpful updated information and a free gift!
- Retirement benefit estimates are available through our office. Contact us and we will be glad to work with you in preparing some financial figures to help you better prepare for retirement whether its 2 years or 30 years from now.

## Questions about FCMM?

You'll find the answers to many common questions about the FCMM Retirement Plan in the Summary Plan Document available anytime at [www.efca.org/fcmm](http://www.efca.org/fcmm). Still have questions? Contact us at (800)995-5357 or [fcmm@efca.org](mailto:fcmm@efca.org).

### Investment Options & Strategy Continued from page 1

[Option C receives employer contributions only.]

**Moderate Growth Stock Fund** (*Option B* for employer contributions; *Option D* for employee contributions) is a "collective fund" stock portfolio managed with a more growth-oriented approach than the Conservative Growth Fund. While it offers the potential of greater average return over the years, it also carries greater volatility and can experience loss of market value. The account balance may be annuitized for retirement income or may be withdrawn at market value. Performance data for FCMM funds is available at [www.efca.org/fcmm](http://www.efca.org/fcmm).

**Diversified Bond Fund** (*Option E*, may be funded through both employer and employee contributions) invests in a diversified portfolio of bond funds. Since value is based both on interest and bond prices, the value may move up or down. In the recent climate of low interest rates, bond funds have been performing below historic trends. The account balance may be annuitized for retirement income or may be withdrawn at market value.

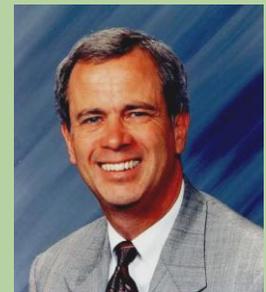
**Adjustable Rate Investment Fund** (*Option H* – CIF, may be funded through both employer and employee contributions) invests solely in Christian Investors Financial (CIF) with the rate adjusted periodically by CIF, presently 2.8%. CIF provides real estate loans to EFCA affiliated churches and ministries, and has a long track-record of performance and capital preservation. The account balance may be annuitized for retirement income or may be withdrawn at market value.

Over the years, I have observed that steady, regular investing rather than market timing results in more accumulated value. We encourage FCMM participants to consider their investment style, seek the help of a financial advisor if needed (phone consultation available; see "How We Can Help" above), and exercise the options that are best for you. We're here to give you the tools you need to accomplish your stewardship of retirement funds within your own risk/reward comfort zone.

## Welcome to the Team



In the fall of 2011, **Jerry Rich** joined the FCMM staff as Director of Benefits and Technology. Jerry has served in pastoral ministry and church administration/executive pastor roles, including 22 years in EFCA churches. His credentials include M.Div., M.B.A., and Chartered Retirement Planning Counselor. He is currently studying for Certified Financial Planner. For the nine years prior to his new role, Jerry served on the FCMM Board of Trustees. He will be assisting with participant services and helping to develop new benefit services.



**Ken Moberg** was elected as a trustee in June. He was founding pastor of Highland Community Church, Wausau, WI, and served that congregation for 16 years before serving nine years as superintendent of the Forest Lakes District. In 2010, he returned to Highland as Executive Pastor.

Access your account online anytime at [www.abgretirement.com/fcmm](http://www.abgretirement.com/fcmm)