

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.

## A SHORT HISTORY OF FCMM

Rev. Jerry Rich, Director of Benefits & Technology

FCMM, the Free Church Ministers' and Missionaries' retirement plan, was formed in 1971 to provide an improved source of retirement income to the pastors and missionaries of the EFCA. FCMM operated a defined benefit Pension Plan based on compensation credits and annuitization (regular periodic payments) at retirement. Up to 30% of a church's contributions could be invested in a stock portfolio that did not require annuitization.

By 1993, the paper-record based system was replaced by a data system and FCMM contracted with a professional financial adviser to implement an asset-allocation model for investments. Over the next few years, the system was further strengthened through actuarial studies and more straightforward benefit calculations.

Major enhancements in 2002 included expansion to cover all church staff and the employment of Ross Morrison as

part-time FCMM Plan Administrator.

It became apparent in the market downturn in the early 2000s that the inflexible economic assumptions of the plan were not suited for recessionary trends. The Pension Plan was effectively frozen at the end of 2003 (closed to new contributions but continuing to operate for current participants). This legacy plan became labeled "Program A."

A more flexible defined contribution Retirement Account Plan was added to replace "A" as the current program. The new "Program C" featured a similar long-term strategy. Additionally, new stock and fixed income portfolios were developed to allow individual salary deferral contributions for the first time. This also provided opportunity for churches to structure matching contributions.

By 2008, FCMM had restructured programs to be in full compliance with new IRS 403(b)(9) church plan regulations. Access to mutual funds (American and Vanguard) was added for further flexibility. In 2010, one more option was added to permit participant investment in an Adjustable Rate Investment through Christian Investors Financial, the EFCA church loan program. All of the investment funds are now referred to as "options."

2010 also marked the full-time engagement of the Plan Administrator and other staff to FCMM operations for



the purpose of continuing to develop and administer the retirement plan.

The number of participating EFCA congregations continues to grow. Two-thirds of churches with attendance of 650 or more use FCMM as their retirement plan.

At present, FCMM offers a broad range of investment options available to participants. Whether a participant prefers to manage his or her investments or to let others manage them, FCMM has choices that can work with any retirement investment strategy. The current investment options of our active Retirement Account Plan include:

### **FCMM Managed Funds**

- Conservative Growth with Annuity Benefit Fund (Option C)
- Moderate Growth Stock Fund (Option B/D)
- Diversified Bond Fund (Option E)
- Adjustable Rate Investment (Option H) through Christian Investors Financial (CIF)

### **Self-Directed Mutual Funds**

- American Funds (Option F)
- Vanguard Funds (Option G)

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## HOW TO CHANGE YOUR INVESTMENT ALLOCATIONS

Rev. Bud Smith, Director of Marketing & Customer Service

A retirement investment strategy is generally based on long-term planning. As the years go by and life situations change, it is often wise to review one's retirement investments and to seek professional financial counsel in the process. If you don't have that kind of counsel readily available to you locally, the FCMM plan offers a resource in this area to all FCMM participants through our partners at the Alliance Benefit Group. Feel free to contact our office for this information.

When a participant is ready to make a reallocation of future contributions, two forms are available at [www.efca.org/fcmm](http://www.efca.org/fcmm). When completed, these forms can be emailed, faxed or mailed to our office.

**Form 01A – Reallocation of Employer Contributions:** Change your allocations for all future *employer* contributions using this form.

**Form 03 – Salary Deferral Agreement:** This form can be used to make changes for any future *employee* contributions.

**Mutual Funds:** If you are investing your FCMM account in either American Funds or Vanguard funds, you can make changes to the individual mutual funds and portfolio selections anytime at [www.abgretirement.com/fcmm](http://www.abgretirement.com/fcmm).



### PERFORMANCE & FEES

Performance reports and fee disclosures for each Retirement Account Plan option are available at [www.efca.org/fcmm](http://www.efca.org/fcmm). As of February 2012, FCMM had \$114 million in assets under trustee management, plus \$18 million in participant mutual funds. For more details, visit the FCMM website.

Questions? Contact us at  
(800)995-5357 or [fcmm@efca.org](mailto:fcmm@efca.org).

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What about the legacy "Option A" Pension Plan? FCMM continues to manage that plan and provides annuities for those who enter retirement. The trustees take seriously their fiduciary responsibility to provide maximum benefits and to protect the plan's viability.

## COMPARING FUND PERFORMANCE

"Why do my fund returns vary from the performance reports?" If you have compared your returns to the published reports for mutual funds or for FCMM-managed funds, you may have asked this question.

The primary reason for variance has to do with the timing of investments throughout the year. Fund performance is stated as a percentage (or also as dollars per \$10,000 invested) of a stable amount that was in a fund at the beginning and at the end of the year.

Since most participants have contributions forwarded periodically through the year, their balances vary and their effective rate will be based on the investment flow and market together.

Another reason for the variance is that while public mutual funds reports typically show returns after the funds' expenses are included, they don't incorporate operating costs of the retirement plan. The true "net" returns for the participant's account reflect results after all fund costs are included.

## MEET THE TEAM



**Ross Morrison, Jr.**, serves as the Plan Administrator for FCMM. As CEO, he is responsible under the oversight of the Plan's trustees for long-term planning, administration, staffing, and all operations. He has a business degree from John Brown University and an M.Div. from Trinity Evangelical Divinity School. He was the first pastor of West Shore EFC (Mechanicsburg, PA). He then served as senior pastor at the EFC of Willmar, MN, and at Wethersfield EFC (CT).

Ross began his connection with FCMM as a trustee in 1994 and was elected chairman in 1996. In 2003, he took on a role with EFCA Pastoral Care Ministries and administration of FCMM. During 2005-2006, Ross was additionally asked to take on a "short-term" assignment as interim CFO of the EFCA. In 2007, he returned to his primary responsibility with FCMM and Pastoral Care. By 2010, FCMM needed his full-time service as plan administrator as growth and participation in the plan continued to increase.



**Ric Stanghelle** has served as an FCMM trustee since 1995 and as chairman for the last 10 years. He is senior pastor at Lakes Free Church in Lindstrom, MN. He holds an M.Div. (1985) from (TEDS) and a BA in Economics from Moorhead State University. Before seminary, Ric served on staff with Campus Crusade for Christ for five years.