

News & Notes

Winter 2014-2015

Update: FCMM Payroll Service Now Available at Revised Pricing

The new FCMM Payroll Service, which is combined with the FCMM Long Term Disability (LTD) Plan, now has a new pricing structure to better accommodate the needs of churches.

The included LTD Plan provides a \$10,000 Term Life insurance and Accidental Death & Dismemberment for eligible employees, no longer automatically bundling a \$50,000 policy as originally offered. This affordable standard coverage of \$10,000 can now be enhanced by an employer's option to provide \$40,000 in additional coverage for a cost of \$12 per LTD-eligible employee per month, billed through the payroll system.

The basic fees offer a single rate based on size of payroll as shown in the following chart. "Gross Payroll" means all earnings processed through the payroll system, as defined by the LTD compensation calculation (salary plus housing allowance and/or fair market rental value of parsonage) and miscellaneous earnings.

Annual Gross Payroll	Rate (% of Annual Gross Payroll Amount)
<\$150,000	1.75% with minimum charge of \$80/payroll
\$150,000-\$299,999	1.50%
\$300,000-\$449,999	1.25%
\$450,000-\$749,999	1.10%
\$750,000 and up	CALL

The LTD Plan is administered as employee payroll deduction with "Tax Choice" provision. This means the employer adds the LTD Plan premium (\$.008 annual rate) to the gross pay of each employee who is eligible (25 hours/week; no excluded classes), then deducts the amount through payroll deduction. The net cost to the employee is the small tax on the premium. The potential benefit is that a disability claim will be paid as nontaxable income.

2015 Retirement Plan Contribution Limits

There are two types of contribution limits to the FCMM Retirement Plan: the overall limit and the salary deferral limit.

The **overall limit** includes both employer and salary deferral contributions to all 403(b) and 401(k) plans. In 2015, the overall contribution limit is the lesser of \$53,000 or 100% of includible compensation which excludes a housing allowance. The overall limit is also known as the 415(c) limit.

The **salary deferral limit** covers all pre-tax and Roth deferrals to all 403(b) and 401(k) plans. The 2015 limit has been raised to \$18,000. The salary deferral limit is also known as the 402(g) limit

A participant over age 50 can make a catch-up contribution, in addition to these limits, of up to \$6,000 in 2015.

Steps to Drawing FCMM Retirement Benefits

Bud Smith, Customer Relations Manager

Having just walked through the process myself, this article is both practical and personal! Following are some steps to keep in mind as you plan and prepare to receive retirement benefits through FCMM.

1. You may request an estimate at any time for a future date to begin benefits. After you have reviewed your estimate, please note that FCMM Customer Service requires approximately two months lead time to process your request. As your plans develop, please keep our office informed of your intended starting date so that we can assist you in the process.
2. Any remaining contributions (whether employer or employee salary deferral) must actually be deposited in your account at least one full month before your starting date. This is required so that the precise numbers can be determined either for annuities or for some other method of withdrawal. Thus, it might be necessary for you to ask your employer to "advance" a final month contribution so that the figures can be calculated properly. (If you are annuitizing an existing balance, or a portion, but continuing employment and contributions, this step may not be needed.)

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Retirement Benefits

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3. After you've decided on a date to begin benefits, formal paperwork will be prepared and sent to you by mail approximately one month before your starting date. When you receive this packet, you'll then need to carefully review your options, make your decision, sign the documents, and promptly return the original signed documents to FCMM before the deadline mentioned in your packet. You will also be asked to provide banking information so that the eventual benefit distributed can be deposited electronically into your chosen account. And those who qualify for the clergy housing allowance tax benefit applied to their retirement benefits will be asked to affirm that status as part of the paperwork.
4. FCMM encourages you to seek financial counsel along with family input in your decisions. While FCMM staff can explain all the options and how they are designed to work, we are not in position to advise you in regards to your decisions.

Transitioning into retirement life and ministry isn't always easy. Trust me. I'm working on this myself. And we all want to be good stewards of the resources the Lord has provided for us. So we ask God's guidance for each FCMM participant in this important process.

Form 35: How to Start Receiving Benefits outlines the steps to taking retirement distributions. It is available to download from the FCMM website.

Visit fcmmbenefits.org for updates and news on benefits. We are also on Facebook!



TAX TIP: Take Advantage of Retirement Saver's Tax Credit When Filing 1040

If you make salary deferral contributions to your FCMM Retirement Account, make sure you check on whether you qualify for the retirement saver's tax credit when you file your tax return. You may qualify for a credit of 10%, 20%, or 50% of your contribution, up to a maximum of \$1,000 per person or \$2,000 per couple. Geared toward low and moderate income savers, the pro-rated credit only applies to 2014 income levels below \$60,000 for a married couple filing jointly or \$30,000 for a single filer.

The retirement saver's tax credit is available in addition to your taxable income reduction for contributing to your retirement plan or a traditional IRA.

FCMM Retirement Annuity Options

When you start taking benefits from the Retirement Plan (Options C-J), you have some choices to make. You may take disbursement as lump sum amounts, as Required Minimum Distribution amounts (according to IRS guidelines), or as an Annuity – or some combination of these methods.

The most requested option is the annuity, a monthly income that continues for life. And you have some choices for your annuity:

Single Life: Payments continue only as long as you live. Upon death there is no estate residue.

Five Year Certain: Payments continue as long as you live. If death occurs prior to having lived the full five years of retirement, payments would continue to your beneficiary for the balance of the months from your death to the end of the five-year period and would provide no payments beyond the five years.

Ten Year Certain: The same as the Five Year option except the limiting factor is ten years instead of five.

Joint and 2/3: Payments continue for as long as you and your spouse live. Upon the death of either one of you the payments continue but at the reduced rate of two-thirds of the full amount.

Joint and Full: Payments continue for as long as either spouse lives. This is the most common choice, enabling your retirement benefit to provide monthly income for both you and your spouse.