

News & Notes

Fall 2018

Retirement Plan to Offer Matching Program of \$1,000 for New Participants

In partnership with the National Association of Evangelicals (NAE), FCMM will launch a contribution matching program in 2019 for EFCA pastors newly enrolling in the FCMM Retirement Plan.

Intended to encourage retirement planning for pastors from their outset in ministry, the program is funded equally by a grant from the Lilly Foundation through NAE and by a contribution from the FCMM benefits programs (LTD insurance and payroll services).



Once the requirements set by the NAE are met, up to the first \$1,000 in contributions to the FCMM Retirement Plan for a pastor who has not previously participated will be matched by a \$1,000 grant contribution.

While procedures are still being developed, the requirements will include

- Application to the grant program.
- Completion of an online Financial Health curriculum (six sessions) by the pastor and spouse.
- Completion of an online Church Generosity curriculum (six sessions) by at least three lay leaders of the church.
- Enrollment in the FCMM Retirement Plan.
- Reaching \$1,000 in retirement contributions (may be any combination of employer and employee deferral contributions).

The matching program will be launched at the time of the EFCA Theology Conference, February 6-8, 2019. Details will be available at that time.

Retirement Plan Funds and Fees Reviewed

Aiming to simplify and level fees

By Jerry Rich

Following a review of the comparative costs, revenues, and charges for FCMM's managed funds and mutual funds, the Retirement Plan will revise fee schedules for funds starting January 1, 2019. The changes are designed to spread the costs of administering the Plan more evenly among the various funds.

Fees Changing

While the fees, both direct and indirect, for FCMM Plan administration have

been fully disclosed over the years (See Form 41 Fees), some of the costs are recouped through "revenue-sharing" – a method by which a mutual fund forwards a fractional amount to the retirement account provider. Known by various names as 12b-1, subTA, or SSA fees, this revenue-sharing has typically been used for marketing, operating, or advising costs of the account provider.

Recent years have seen movement

towards simplicity and greater transparency in investment funds for retirement accounts, resulting in more funds that provide little or no revenue-sharing, and thus less cost for the fund. Without such embedded cost, earnings are correspondingly higher and direct fees for providing the retirement account are straightforward.

On January 1, FCMM will replace current classes of revenue-sharing funds with institutional classes of

Cont. on p. 2



FAQS

Q: *“I was looking over my FCMM online account and I did not see all of the retirement contributions that ought to be there. Should I be concerned?”*

A: When a participant notices that one or more contributions are not displayed online as expected, we can assist you to determine the reason for the discrepancy. Please contact an FCMM account representative to review your account. The most common reason for not seeing expected contributions posted to your online account is normal processing time. On occasion, however, the contribution(s) may be missing because your employer, or your employer’s payroll service, failed to send the contribution(s) to the Plan. When this happens, there are necessary procedures that an employer must follow in order to correct the errors. Please see the article “The Employer’s Responsibility: Maintaining a Compliant Plan for Employees” found on our website.

Retirement Plan Funds and Fees Reviewed

Cont. from p. 1

funds that are free of revenue sharing. And FCMM will adjust the fees directly charged to participants’ mutual funds for FCMM operations.

For example, the American Funds, Option F, currently embed revenue-sharing 12b-1 fees of 25 bps (Basis Points, or hundredths of a percent, equaling 0.25%) and subTA fees of 10 bps, which are deducted before participant earnings. These fees will be discontinued and FCMM’s after-earnings management fee will be revised to 74 bps – an overall reduction from 83 bps from the current combined 35 bps embedded revenue sharing plus 48 bps for the FCMM direct fee.

Similarly, Option J funds will be charged 74 bps. Option G funds, which are offered as “do it yourself” funds with no investment counsel available from FCMM, will be charged 54 bps. FCMM Managed Funds (Options C, D, E) pay similar Plan costs before earnings are calculated, and thus have no after-earnings fees subtracted.

The current \$18 annual fee (\$4.50 per quarter) for mutual fund account maintenance – applied to Options F, G,

and J – will no longer be charged.

For a complete description of the new fees schedule, see Form 41B “Fees Effective January 1, 2019”.

Option J: Change to Institutional Class

The mutual funds offered in Option J Biblically Responsible Funds, which include both Timothy Plan funds and GuideStone funds, will be moved from the current “Investor” class to the respective “Institutional” class. After January 1, participants will notice the change of fund “ticker” symbols, reflecting the lower-cost institutional funds.

Two current Timothy Plan allocation funds, Conservative Growth TCGAX and Strategic Growth TSGAX, have no corresponding funds of the Institutional class. However, FCMM will provide two portfolio options that mirror the allocation funds, so there will effectively be no change.

Fees Applied Quarterly

The fees for FCMM Plan administration are deducted quarterly from mutual fund Options (F,G,J), applied to the end-of-quarter balances.

Fees deducted in January 2019 will be the final application of fees prior to the new rates, applied to asset balances as of 12/31/2018. Fees for the first quarter of 2019 will be applied at the new rates in April.

FCMM Retirement Plan Value

The review of FCMM funds also looked at the costs and fees of comparable church retirement plans and found FCMM’s Plan to be both reasonable and competitive.

The changes announced for January 1, 2019, are designed to best serve FCMM participants with a valuable, IRS-compliant, tax-advantaged plan to prepare for post-employment years of serving Christ.

Visit FCMM at the
EFCA Theology Conference
February 6-8, 2019
Trinity Evangelical Divinity School