



News & Notes

Summer 2018

Are You Saving Enough for Retirement?

by Ric Stanghelle, FCMM President



When I was 30, I was told by a Financial Planner, if I invested \$2,000 per year earning 12%, I would have a million dollars when I retired at age 66 (\$968,926). If I earned 10%, I would have \$598,253. At 6%, which most everyone then thought was quite conservative, I would have \$238,241.

FCMM encouraged churches to invest an amount equal to 10% of our salary and housing into retirement, so the \$2,000 per year became \$3,000, then \$4,000, then \$5,000, as my salary changed. I did what was suggested and then came the Great Recession in 2008 and the Federal Reserve Board actions that lowered interest rates to near zero. Those events plus the change in mortality (adding 5 years to life expectancy) resulted in a dramatic reduction of

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A Vital Benefit: LTD Insurance

By Jerry Rich

What happens when a church staff member experiences a disability that diminishes or precludes the ability to work?

Typically...

- 1) The staff member and family face the loss of income and financial hardship.
- 2) The church desires to help but may have limited resources. The church also may have a need to employ a new staff member to handle the ongoing ministry duties but cannot cover both priorities.

But the church can be prepared...

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New Medical Coverage Alternative

Since 2015, FCMM has partnered with GuideStone to offer EFCA churches group and individual health insurance plans. Starting July 1, 2018, GuideStone is adding their newest and lowest-cost plan that provides medical coverage with more limited benefits than traditional plans.

Secure Health 3000 = GuideStone's lowest-cost plan

Secure Health 3000 protects insured staff from the full effects of catastrophic claims, using the Blue Cross network of providers. The plan utilizes higher deductibles and co-insurance, offers only limited ACA preventive drug benefits, and excludes out-of-network services.

Unlike health-sharing arrangements, the plan features true

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retirement projections. The rules of the game changed for me ... and for everyone else.

Currently, the average monthly income benefit (“annuity”) among FCMM participants who elect the annuity is \$686 per month. We don’t know what other savings an individual may have, but I think that most of us would say that amount of retirement income is inadequate.

One of my desires is to see every church contribute 10% to the FCMM Retirement Plan for their staff. Financial Planners today recommend that we set aside 15% of our income for retirement, so if the pastor or staff member can add 5%, they would be at 15% total. The time to start is early in one’s ministry. It breaks my heart to meet pastors and spouses in their 50s who tell me they have nothing saved for retirement. We need to work together as churches and pastors to see improvement in this matter.

When we look at the trends, we are doing better, but there is still room for improvement. The average contribution today is \$580 per month. If we could see that continue to increase where every church was adding 10% to the pastor’s salary and housing allowance for retirement, it could change the picture of retirement for church staff in the EFCA.

FCMM is here to help you prepare today to be ready tomorrow. If you have questions about your retirement readiness or if you as a church are not currently in the FCMM Retirement Plan, please contact us. We would love to help you.



A Vital Benefit: LTD Insurance

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For both the individual and the employer, the provision of Long Term Disability (LTD) Insurance can address these concerns by replacing income (up to 60% of qualified monthly salary). The FCMM LTD program is tailored to churches and their staff members.

Specifically, the typical group LTD policy does not take into account non-W2 income replacement (i.e. housing allowance) – but FCMM’s LTD plan does include this compensation in providing the maximum benefit.

In addition, FCMM LTD automatically includes a limited spousal disability rider, a partial disability rider, and term life insurance coverage in the amount of \$10,000.

Note: While FCMM LTD coverage provides an important benefit for all pastors and church staff, it is even more essential for clergy who have opted out of Social Security to provide for their family through disability coverage.

See the LTD Information page at Products & Services at fcmmbenefits.org for more important information about FCMM’s LTD plan. Please email benefits@fcmmbenefits.org to schedule a discussion of this important benefit.

New Medical Coverage

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medical insurance and qualifies as a group health plan that can be provided as a non-taxed benefit. (As with other low-cost alternatives, the plan does not constitute “credible coverage” under Medicare Part D.)

For more information and details, please see the link at FCMM’s website, or visit <http://trust.guidestone.org/Secure-Health-3000.html>.

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FCMM • 901 East 78th Street • Minneapolis, MN 55420 • (800)995-5357

Retirement Plan: fcmm@fcmmbenefits.org
Long Term Disability Insurance, Payroll Service: benefits@fcmmbenefits.org

FCMM serves as the church benefits organization of the Evangelical Free Church of America

