

FORM 31: INVESTMENT OPTION DESCRIPTIONS

The FCMM Retirement Plan is a 403(b)(9) church retirement income account plan, administered in accord with the tenets and polity of the Evangelical Free Church of America. Information on Fees (Form 41) and Performance (Form 40) is available at www.fcmmbenefits.org.

INVESTMENT OPTIONS

FCMM Lifetime Fund (Option C)

This collective fund is managed by investment advisers selected and overseen by the Trustees of FCMM with an investment strategy designed to build steady, consistent long-term performance through a professionally designed asset allocation plan. The rate is 3.0% in 2017 and will be 4.0% in 2018. This rate is determined by the Trustees of FCMM and may be positive or negative in any Plan Year. At retirement time, one may apply the full value of this fund towards a Monthly Income Benefit ("annuity"). If funds are withdrawn as lump sum(s), a Fair Market Value adjustment will be applied if the accrued value is greater than current market value. Because of the long-term nature of this Option, funds in Option C can be transferred to other Options only once in 12-month period. Investments are screened to eliminate companies profiting from moral issues of abortion, pornography, alcohol, tobacco, casino gambling, anti-family entertainment, and alternative lifestyles.

FCMM Managed Stock Fund (Option D)

This fund is comprised of a diversified stock portfolio managed by investment advisors selected and overseen by the Trustees of FCMM. It is generally more aggressive in approach than Option C, with fund values reflecting market gains and losses. It offers the potential of a greater average return over the years while also carrying more risk and volatility. Investments are screened to eliminate companies profiting from moral issues of abortion, pornography, alcohol, tobacco, casino gambling, anti-family entertainment, and alternative lifestyles.

FCMM Managed Bond/Income Fund (Option E)

This fund invests in a broadly diversified bond portfolio of short, intermediate and long-term municipal, federal, foreign and high-quality corporate bonds, and other income investments. It is managed by investment advisors selected and monitored by the Trustees of FCMM. Option E can gain or lose value depending on the economic climate. For the investor who would like some portion to track with the bond market, this fund provides the opportunity to do so without requiring specific choices. Investments are screened to eliminate companies profiting from moral issues of abortion, pornography, alcohol, tobacco, casino gambling, anti-family entertainment, and alternative lifestyles.

Self-Selected Mutual Funds (Options F, G & J)

These options allow a participant to allocate contributions to mutual fund choices managed by American Funds (Option F), Vanguard Funds (Option G) and/or Biblically Responsible Funds (Option J: Timothy Plan Funds and GuideStone Funds). FCMM employs an investment adviser for complementary consultation for those investing in American Funds or Biblically Responsible Funds. Vanguard Funds are best utilized by the highly engaged investor or one who retains the service of an adviser. Timothy Plan Funds and GuideStone Funds are screened to avoid investment in abortion, pornography, alcohol, tobacco, casino gambling, anti-family entertainment, and alternative lifestyles.

Adjustable Rate Investment (Option H)

This option allows participants to invest in an adjustable interest rate Investment Certificate with Christian Investors Financial ("CIF"). The rate can be adjusted by CIF the first of any month. CIF provides real estate loans to EFCA affiliated churches and ministries, so in addition to earning a competitive rate of interest and providing for capital preservation, your investment dollars in this option will also help expand EFCA ministries. Prospective Investors should refer to CIF's current Offering Circular for risk factors and other information needed to make an informed investment decision. Current interest rate information is available at www.ChristianInvestors.org, listed in "Rates" as 403(b)(9).

Eligible clergy participants may benefit from the "housing allowance" tax benefit on retirement benefits paid from any of the above investment fund selections.

CONTRIBUTION TYPES

Employer Contributions

Employer contributions are considered “tax deferred” by the IRS and thus do not appear on an employee’s Form W-2. Such contributions become subject to taxes when an individual begins to draw on his or her Plan account at retirement, unless eligible for exclusion as “housing allowance.” A participant can choose to have these funds deposited into any of the Options and in whichever percentage breakdown he or she chooses.

Employer contributions can be invested in all available investment options.

Employee Contributions

All participants in the Plan are allowed to defer a portion of their salaries. This is done through a Salary Deferral Arrangement whereby a certain amount is withheld from one’s salary and sent on by the employer to FCMM. This money can be treated as tax deferred or Roth. Clergy do not have to pay either income or social security taxes (SECA) on a tax deferred contribution amount and can receive distributions from the Plan designated as “housing allowances” in retirement. Lay staff participants do not have to pay income taxes on tax deferred salary deferrals now. Such amounts will be taxed when distributed from the Plan. Lay staff does pay FICA taxes on these funds.

Employees may designate a percentage of their salary deferral contributions as Roth contributions. Roth contributions are taxed when deferred to the Plan but such amounts and earnings thereon are distributed tax-free at retirement (or upon an earlier distribution event) if the contributions have remained in the Plan for at least five years.

Employee contributions can be invested in all available investment Options.

IRS CODE SECTIONS 402(G) AND 415(C) CONTRIBUTION LIMITS

The lesser of \$55,000 or 100% of includible compensation (housing allowance is excluded) can be invested in the Plan for 2018. Within this amount a participant can elect to defer \$18,500 of annual compensation as salary deferral contributions. In 2018, a participant over age 50 can make salary deferral contributions up to \$6,000 above these limits. These limits apply to the total of all contributions to all 403(b) and 401(k) plans participated in and are adjusted annually by the IRS.

RETIREMENT BENEFIT OPTIONS

The Retirement Plan offers several methods for the participant to received accumulated funds. They include in-plan Monthly Income Benefit (“annuity”), recurring monthly cash withdrawals, one-time or occasional cash withdrawals, and cash withdrawals to meet IRS Required Minimum Distributions. See Form 36 Monthly Income Benefit Description at www.fcmmbenefits.org for more information.