BENEFITS & RETIREMENT

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News & Notes

Spring 2014

Understanding the Strategy & Benefits of Option C

Jerry Rich, Director of Client Services

One FCMM investment option is substantially different from the other options. Unlike mutual funds (American, Vanguard, Timothy Plan), Christian Investors Financial, and FCMM stock and bond funds, the annuity value of Option C does not reflect the immediate rollercoaster ride of the markets.

Managed for the long term and designed to provide monthly retirement income like an annuity, Option C, titled Conservative Growth with Annuity Benefit Fund, has provided stable value and steady growth for participants.

FCMM launched Option C in 2003 when a similar fund (Option A) was closed to new investments due to a "guaranteed" structure that no longer fit market realities. The new option maintained the annuity feature and philosophy of long-term, steady growth. The fund is managed by professional investment advisors selected and overseen by the FCMM Trustees. Each year the trustees determine a rate of return for participant accounts that they consider to be sustainable from a long-term perspective, taking into account past and anticipated market performance. Adjustments in the rate are gradual and can be positive or negative.

Looking solely at 2013, the current 3% rate might appear unfavorable to stock market performance. But the picture over several years shows Option C's steady growth while the market took a steep dip in 2008 and gradually regained ground. An Option C participant who planned to retire in 2008 or 2009 did not lose account value when the market dropped and did not need to defer retirement. Instead, an Option C account was steadily credited with positive growth and never followed either the highs or the lows of market earnings.

The graph below shows the value of $100,000 placed in FCMM Option C

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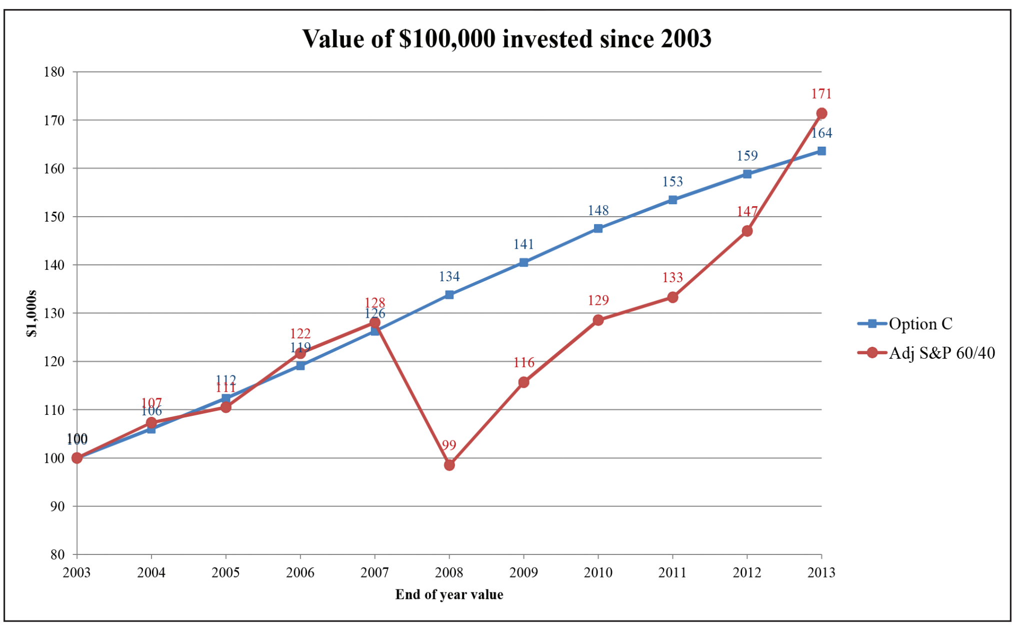

New Health Insurance Planning Resource for Churches

It has been a common practice for churches to reimburse staff for the cost of health insurance coverage purchased on the individual market on a pre-tax basis. Recent changes under the Affordable Care Act reclassified such reimbursements as taxable income.

FCMM with its legal counsel has prepared a new resource for churches to help them understand the recent changes in taxability of some health insurance benefits. It outlines four methods of coverage and the tax characteristics of each.

This tax education resource is available at the FCMM website under "News & Perspectives."

Meet the Team

STAFF
Valessa Caspers

Valessa Caspers, SPHR (Senior Professional in Human Resources certification) has recently joined FCMM as HR Benefits and Customer Service Manager. She has worked primarily in the field of Human Resources and, as a pastor's spouse, has a strong desire to help churches implement best practices and provide excellent benefits. Valessa will support both the retirement plan and the long term disability insurance program in customer service. She will play a key role in the launch of payroll and new benefit services and will be a resource for churches in HR administration. Valessa serves with her husband at CrossWinds Community Church in Stillwater, MN.

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Frequently Asked Questions

What Happens to My Retirement Account When I Die?

Any amount in your account that has not been taken as a monthly annuity benefit becomes a death benefit for your designated beneficiaries. For annuitized amounts, the type of annuity you select will determine what happens to the monthly annuity benefit when you die.

When you decide to take retirement income as an annuity, you are entering an insurance-like agreement that your applicable balance will be used to fund income for the terms of the lifetime annuity. In other words, you're transferring the risk of outliving your monthly income. Annuities are based on actuarially-sound estimates that cover the risks of a representative population. Pension Plan (Option A) & Option C funds are designed to be annuitized. Option A funds are required to be annuitized.

Other funds can be left in the account for eventual withdrawal or later annuitization, as desired. These funds will be subject to the IRS's required minimum distribution (RMD) rules after age 70 ½. In short, fund balances are never "lost" but may be either maintained and payable as a death benefit or converted to monthly annuity income income and distributed under the terms of the annuity selected.

How do I contact FCMM if I have questions?

FCMM staff are available by phone, email, in person, and on Facebook.

If you have questions about the Retirement Plan, Long Term Disability Insurance, or other benefits, call us at (800)995-5357. Retirement Plan questions can also be directed to fcmm@fcmmbenefits.org. Long Term Disability & other benefits questions can be directed to benefits@fcmmbenefits.org.

If you're in the Minneapolis area and prefer to meet in person, we'll gladly set up a meeting with you in our office. Chances are that you can connect with us at an EFCA conference, too. You can also find us on Facebook at www.facebook.com/fcmmplan.

Understanding the Strategy & Benefits of Option C

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from inception of the fund through 2013 as compared to the same amount in a fund consisting of a standard 60/40% (equities/bonds) mix invested like the Standard & Poor's index. For valid comparison, the S&P mix returns were adjusted by 1% to account for investment fees, just as all FCMM fund returns are reported net of fees. Any given year shows some variance but the long-term value is similar. And the participant can plan with confidence for retirement without timing the date to market performance.

Each FCMM investor determines the allocation of his/her contributions to the various options. At present, nearly one-third of all retirement contributions are directed by participants into Option C. For many, placing a substantial portion of their contributions in Option C represents a sound core strategy, along with directing some portion to other options to add flexibility.

If the Option C investor chooses to take a lump sum distribution, the distribution is subject to a market value adjustment if the underlying fund investment is lower than the annuity credit. Taking distribution as an annuity, however, will apply the full balance without market adjustment to the annuity calculation.

You can find detailed information on distribution procedures at the FCMM website.