



NBUSA
Nazarene Benefits

THE PATH TO
RETIRE WELL

December 3, 2023



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THE PATH TO RETIRE WELL

ABOUT THIS PRESENTATION

This presentation will provide an overview of the new 403(b) matching benefit for **local church ministers**.

The program for District Superintendents, other District-Assigned Ministers, and Evangelists, is similar but has differences that are not covered in this session.

For more information on those, please contact your District Office or NBUSA.



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NBUSA VISION

OUR VISION

“NAZARENE MINISTERS RETIRE WELL”



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RETIRING WELL

TO RETIRE WELL... IT TAKES ALL THREE



Nazarene benefits and Social Security are to supplement, not substitute for, your own active savings.

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RETIREMENT READINESS

RETIREMENT READINESS



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RETIRING READINESS

OUR MINISTERS HAVE A RETIREMENT READINESS PROBLEM

2015 Study – 74% can't retire until after age 72; lack of resources

2019 Study

403(b) Retirement Savings Rates

FT Lead/Sr (no bi-vocational)

Pastor Funding

59%

No Savings (0%)

10%

Modest Savings (0-3%)

31%

Higher Savings (3+%)

Church Funding

67%

12%

21%

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CALLING OF A PASTOR

“...the payment of the pastor’s salary **in full** shall be considered a **moral obligation** by the church.”

Section H
Paragraph 115.4

THE LOCAL CHURCH BOARD

“To determine the amount of remuneration and benefits, **including retirement benefits**, the pastor shall receive, and to review them at least once a year.”

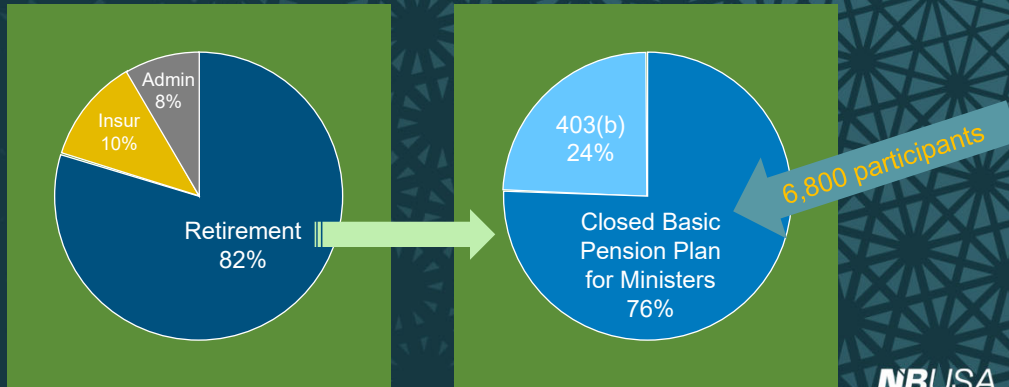
Section K
Paragraph 129.8



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NBUSA Fund budget allocation payments by local churches are our primary source of funding, but do not directly provide a retirement benefit to the minister’s 403(b) account.

HOW NBUSA FUND RECEIPTS ARE USED



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LIFE EXPECTANCY

Men aged 67 have a life expectancy of 15.8 years (18.1 for women)¹



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¹ per Social Security Administration

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2022 APS PROGRAM VS PENSION

2022 Average NBUSA 403(b) Contribution per Minister

APS Base	\$ 200
APS Base and Bonus	\$ 473
Base, Bonus and Match	\$ 894
Average per Minister	\$ 592



Future Value of \$592/yr @ 7%	
<u>Years</u>	<u>Value</u>
10	\$ 9,000
20	\$ 26,000
30	\$ 60,000
40	\$ 127,000

After 40 years the \$127,000 provides \$1,000 per month for 15 years (if the balance earns 5%).

...then it's gone.

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SOCIAL SECURITY



Quick Calculator Benefit Estimates
October 4, 2023

Social Security Example

- Age 30
- \$48,000 base salary (\$4k/mo)
- **Retire at 67**
- Today's dollars

This person would be entitled to a monthly SS benefit of:

Age 67 (normal)	\$2,000
Age 62 (early)	\$1,300
Age 70 (max)	\$2,400



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EXAMPLE RECAP

Is this enough to retire well?



Monthly Retirement Benefits

403(b) Savings ¹	\$1,000	25%
Social Security	\$2,000	50%
Total	\$3,000	75%
Current Salary	\$4,000	100%


What about inflation?

¹ Ends after 15 years.

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FIXING THE PROBLEM



Q: How do we address the lack of retirement readiness among our ministers?

A: Modify the benefit program to require local effort; and increase the level of NBUSA support



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APS ENDS IN 2023



Ends in 2023



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ELIGIBILITY FOR NEW 403(b) MATCH (SAME AS APS)

Eligibility is determined each January 1st:

- **Active credential** (district-licensed or ordained) with a U.S. district
- **Active service** in a church which supports the NBUSA Fund:
 - Lead/senior pastor, **including bivocational**
 - Associate pastor (**FT/FL 30/30/50**)

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NEW 403(b) MATCH IN 2024

The new match requires **Local Effort**:

- Local church **allocation payments** (NBUSA Fund); and
- Minister **and/or** local church **contributions** to the minister's 403(b) account.

The amount of the NBUSA matching benefit is dependent on both of these criteria.

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NEW 403(b) MATCH IN 2024

A	B	C
Local Effort	NBUSA Effort	
NBUSA Fund Paid %	Match %	Maximum Match \$
100%	50%	\$2,500
90%	45%	\$2,250
80%	40%	\$2,000
70%	35%	\$1,750
60%	30%	\$1,500
50%	25%	\$1,250

Match % is dependent upon the level of NBUSA Fund Paid % by the local church.

Maximum Match is 4x larger than the 2022 average APS/Match for ministers.

If there are no local contributions to the minister's 403(b) account – there is no NBUSA match.



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HOW IT WORKS

Church NBUSA Fund paid % 100%

Local Contributions: Minister \$2,500
 Church 2,500
 Total Local Effort \$5,000
 NBUSA Match % 50%
 NBUSA Match \$ \$2,500

A	B	C
Local Effort	NBUSA Effort	
NBUSA Fund Paid %	Match %	Maximum Match \$
100%	50%	\$2,500
90%	45%	\$2,250
80%	40%	\$2,000
70%	35%	\$1,750
60%	30%	\$1,500
50%	25%	\$1,250



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HOW IT WORKS

Minister	\$2,500		
Church	<u>2,500</u>		
Total Local	\$5,000	→	\$5,000
NBUSA Match %	<u>50%</u>		
NBUSA Match \$	<u>\$2,500</u>	→	<u>\$2,500</u>
Total Contribution to 403(b)			<u>\$7,500</u>

\$7,500 is 15%
of \$50,000

**\$7,500 per year, for 40 years, earning 7%,
will grow to a balance of over \$1,500,000**

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AFFORDABLE

Would you invest \$540 to receive \$750?

That's a **\$210 (38%) return.**

Would you spend \$45 per month to get
\$2,250 into your 403(b) account each year?

A **\$1,500** contribution (payroll deduct) to
your 403b account will **cost you \$540...** but
will add an additional \$750 to your
retirement savings.



Here's an example of how it works...

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AFFORDABLE EXAMPLE

- \$50,000 (100%) base salary
 - 8.3% SS reimbursement (SECA)
 - \$15,000 (30%) housing allowance
 - Married, filing jointly (2023 fed tax code; ignoring state tax)
 - Spouse has no income
 - No other dependents
- \$45,128
net after-tax
- Church - 100% NBUSA Fund paid
 - \$1,500 (3%) elective deferral to 403b

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AFFORDABLE EXAMPLE

Net after-tax before	\$ 45,128
Net after 403(b) contribution	<u>44,588</u>
Change	(540)* (\$45/mo)
NBUSA match	<u>750**</u>
Difference after match	\$ <u>210</u>

* You have \$1,500 in your 403b acct

** You have \$2,250 in your 403b acct
(40 yrs of this @ 7% ~ \$450,000)

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AFFORDABLE EXAMPLE

Contribution to 403b	\$ (1,500)	
SS tax savings	230	} \$960
Federal tax savings	138	
Federal Savers Tax Credit	<u>592</u>	
Net cash out of pocket	(540)	
NBUSA match contribution	<u>750</u>	
Difference after match	\$ <u>210</u>	

... and you have \$2,250 in your 403b!!!

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AFFORDABLE

Full or partial matching contributions by the local church improves the numbers in the previous example.



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NEW MATCH vs APS


\$112 per month

NBUSA Alloc \$	\$2,250		Local Effort (b)	A				Match %	B New Match	(B-A) C		(C / A) D	
				Base	Bonus	Match	Total			\$	%		
Church Budget				Expiring APS Program						New vs APS			
\$100,000	\$	%											
NBUSA Fund	\$	0%	\$ 1,350										
	\$ 1,125	50%	\$ 1,350	\$ 200			\$ 200	25%	\$ 338	\$ 138	69%		
	\$ 1,350	60%	\$ 1,350	\$ 200			\$ 200	30%	\$ 405	\$ 205	103%		
	\$ 1,575	70%	\$ 1,350	\$ 200			\$ 200	35%	\$ 473	\$ 273	136%		
	\$ 1,800	80%	\$ 1,350	\$ 200			\$ 200	40%	\$ 540	\$ 340	170%		
	\$ 2,025	90%	\$ 1,350	\$ 200			\$ 200	45%	\$ 608	\$ 408	204%		
	\$ 2,250	100%	\$ 1,350	\$ 200	\$ 225		\$ 425	50%	\$ 675	\$ 250	59%		
Educ Fund (a)	\$ 2,250	100%	\$ 1,350	\$ 200	\$ 225	\$ 250	\$ 675						

(a) Not a factor under new match program
 (b) Amount contributed directly to minister's 403(b) account by minister and/or local church




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Coming later in 2024...

Student loan payments will qualify for the new 403(b) matching benefit!




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MATCHING STUDENT LOAN PAYMENTS

	No Debt	w Debt
Minister 403(b) contribution	\$ 1,200	\$ 0
Local church contribution	\$ 1,200	\$ 1,200
Minister loan payments	<u>n/a</u>	\$ 3,600
Total Local Effort	\$ 2,400	\$ 4,800
*NBUSA Match %	<u>50%</u>	<u>50%</u>
NBUSA Match \$	\$ 1,200	\$ 2,400
Total Contrib to 403(b)	\$ 3,600	\$ 3,600

40 yrs; 7%
\$790,000

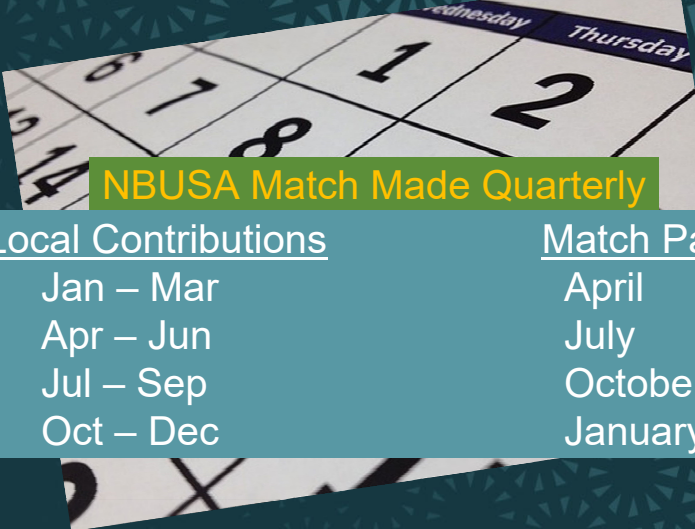
* Assumes 100% NBUSA Fund allocations paid



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ADDITIONAL INFO FOR MATCH

Eligibility determined each January 1st.



NBUSA Match Made Quarterly

Local Contributions	Match Paid
Jan – Mar	April
Apr – Jun	July
Jul – Sep	October
Oct – Dec	January



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ADDITIONAL INFO FOR MATCH

For active credentialed ministers (same as APS program)

- Ordained or district-licensed
- Lead/Senior pastor (including bi-vocational)
- Full-time/full livelihood associate pastors

NBUSA Fund % Paid:

- Higher of last church year or recent 5-year avg
- Education budget allocations no longer factor

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FTM ALLOCATION CHANGES


Funding The Mission (FTM) allocations return to pre-2012 levels in 2024:

	<u>NBUSA</u>	<u>Education</u>
Current	2.25%	2.25%
Change	<u>(.25)</u>	<u>.25</u>
After	<u>2.00%</u>	<u>2.50%</u>

Effective for District Assembly years that begin after 12/31/23


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WHAT'S YOUR PLAN?

- Start small, but commit to annual increases
- Talk w/ your church Treasurer/Board about matching:
 - \$ for \$ local church match **doubles** your investment (**triples w/ NBUSA match @ 50% of local effort level**)
- Bi-vocational - consider the opportunity for match in conjunction with other earnings
- Forget the past; focus on your future!
- **PLEASE don't wait...**



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DON'T WAIT... IT COSTS WAY MORE THAN YOU THINK

The **HIGH COST** of Waiting

If you start early to invest for your retirement, \$2,000 of total investments can end up being worth more than \$12,000. Observe...





Susan invests early



Brian waits

www.nbusa.org/resources/guides/retirement/high_cost_of_waiting.pdf



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THE HIGH COST OF WAITING

The HIGH COST of Waiting



Susan invests early

Starts investing at age 21
 Retires at age 67
 Rate of return on investments 7%
 Contributes how much each year . \$400
 Contributes for how many years 5
 Total amount contributed . . . \$2,000
 Value at age 67 . . . \$39,437

Brian waits

Starts investing at age 38
 Retires at age 67
 Rate of return on investments 7%
 Contributes how much each year . \$400
 Contributes for how many years . . . 30
 Total amount contributed . . . \$12,000
 Value at age 67 . . . \$37,784



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Future Value of Annual Amounts Invested

1/12th Invested @ Beginning of Each Month





Annual Amount	Retirement Earnings Rate 7.0%							
	Years							
	5	10	15	20	25	30	35	40
\$ 500	\$ 2,982	\$ 7,210	\$ 13,204	\$ 21,701	\$ 33,747	\$ 50,824	\$ 75,032	\$ 109,351
\$ 1,000	\$ 5,965	\$ 14,422	\$ 26,411	\$ 43,407	\$ 67,500	\$ 101,656	\$ 150,076	\$ 218,718
\$ 1,500	\$ 8,948	\$ 21,634	\$ 39,617	\$ 65,112	\$ 101,253	\$ 152,488	\$ 225,120	\$ 328,085
\$ 2,000	\$ 11,931	\$ 28,845	\$ 52,824	\$ 86,817	\$ 135,006	\$ 203,320	\$ 300,164	\$ 437,453
\$ 2,500	\$ 14,914	\$ 36,057	\$ 66,031	\$ 108,522	\$ 168,759	\$ 254,153	\$ 375,208	\$ 546,820
\$ 3,000	\$ 17,897	\$ 43,269	\$ 79,238	\$ 130,228	\$ 202,512	\$ 304,985	\$ 450,252	\$ 656,187
\$ 3,500	\$ 20,880	\$ 50,481	\$ 92,444	\$ 151,933	\$ 236,265	\$ 355,817	\$ 525,296	\$ 765,554
\$ 4,000	\$ 23,863	\$ 57,693	\$ 105,651	\$ 173,638	\$ 270,018	\$ 406,649	\$ 600,340	\$ 874,921
\$ 4,500	\$ 26,846	\$ 64,905	\$ 118,858	\$ 195,343	\$ 303,771	\$ 457,481	\$ 675,384	\$ 984,289
\$ 5,000	\$ 29,829	\$ 72,117	\$ 132,065	\$ 217,049	\$ 337,524	\$ 508,313	\$ 750,428	\$ 1,093,656
\$ 5,500	\$ 32,812	\$ 79,329	\$ 145,272	\$ 238,754	\$ 371,277	\$ 559,145	\$ 825,472	\$ 1,203,023
\$ 6,000	\$ 35,795	\$ 86,540	\$ 158,478	\$ 260,459	\$ 405,030	\$ 609,977	\$ 900,516	\$ 1,312,390
\$ 6,500	\$ 38,778	\$ 93,752	\$ 171,685	\$ 282,165	\$ 438,783	\$ 660,810	\$ 975,560	\$ 1,421,758
\$ 7,000	\$ 41,761	\$ 100,964	\$ 184,892	\$ 303,870	\$ 472,536	\$ 711,642	\$ 1,050,604	\$ 1,531,125
\$ 7,500	\$ 44,744	\$ 108,176	\$ 198,099	\$ 325,575	\$ 506,289	\$ 762,474	\$ 1,125,648	\$ 1,640,492



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HELP IS AVAILABLE

Ways to connect
Net Benefits – <https://nb.fidelity.com>


Ask the Virtual Assistant

Don't want to wait in a queue?
Virtual Assistant is available.




Chat with a representative

Monday - Friday
8:30 a.m. to 8:00 p.m.
ET



Meet one-on-one


Learn how we can help you plan for your financial goals.



Contact us

Phone numbers, dialing instructions and other details.

1-866-NAZAREN (629-2736)



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HELP IS AVAILABLE

- **NBUSA* - contact us to get started**
 - 1-888-888-4656
 - benefits@nazarene.org
 - www.nbusa.org
- Consult your own financial advisor



*** NBUSA staff are not licensed financial advisors**



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The screenshot shows the top navigation bar of the nbusa.org website. The 'YOUR ROLE?' dropdown menu is open, listing the following options: Ministerial Employee, Lay Employee, Church Treasurer, District Office, and Church Board. The 'BENEFIT LOGIN' button is also visible.

Call Us: (888) 888-4656 Email Us: benefits@nazarene.org
Office Hours: Mon-Fri: 8am-4:30pm CT

NBUSA **YOUR ROLE?** ▾ ABOUT ▾ NEWS ▾ QUICK LINKS ▾ **BENEFIT LOGIN**

Ministerial Employee
Lay Employee
Church Treasurer
District Office
Church Board

An Adequate Retirement
The elephant in the room is that most of our full-time lead pastors are not adequately

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The screenshot shows the homepage of the Compass Initiative website. A central text box highlights the financial benefits of the program.

www.compassinitiative.org

913-577-2715 compass@nazarene.org Donate Now Search Select Language ▾

Menu CHURCH OF NAZARENE USA/CANADA **THE COMPASS INITIATIVE** Participant Login

COMPASS Journey = up to \$10,000
COMPASS Quest = up to \$2,000
Total = up to \$12,000 to be used to pay off debt and/or invest in retirement savings!

HOPE finances.

THE COMPASS INITIATIVE **NBUSA**

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Handouts

NBUSA-Provided Insurance and Retirement Benefits for Active Service
Effective January 1, 2024

Position	Requirements			Insurance Benefits			Retirement Benefits (a)		
	(a) Cred	(b) FT/HT	(c) Hours	Base (a)	Supplemental (f)	Survivor ^(g)	Nazarene 401(k) LTD	EE	Rollover
Local Church Lead/De. Pastor	✓	✓	✓	✓	✓	✓	✓	✓	✓
Assn. Pastor	✓	✓	✓	✓	✓	✓	✓	✓	✓
Other Staff	✓	✓	✓	✓	✓	✓	✓	✓	✓
District Office District Supd.	✓	✓	✓	✓	✓	✓	✓	✓	✓
DA Ministers	✓	✓	✓	✓	✓	✓	✓	✓	✓
Other Staff	✓	✓	✓	✓	✓	✓	✓	✓	✓
Evangelists	✓	✓	✓	✓	✓	✓	✓	✓	✓

Footnotes:
 (a) Current credentials (district licensed or ordained) on file and in good standing with a local district which supports the NBUSA Fund.
 (b) Full time/Full livelihood = at least 30 hours per week for at least 30 weeks per year; and deriving at least 50% of personal net income from the local church or district being served.
 (c) Works at least 30 hours per week.
 (d) No fewer than 30 Sundays or 26 revival events (as defined by the General Board Committee on the interests of the local church) in U.S. districts that support the NBUSA Fund.
 (e) No fewer than 30 Sundays or 26 revival events (as defined by the General Board Committee on the interests of the local church) in U.S. districts that support the NBUSA Fund.
 (f) Requires local church annual payment of least \$1.00 to the NBUSA Fund.
 (g) Additional coverage available for purchase.
 (h) Ministers in service prior to 1996 may receive a portion of their retirement benefits from the Basic Pension Plan.

Survivor's - Life Insurance
 LTD = Long-term Disability Insurance
 EE = Employee
 ER = Employer

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Prepared October 4, 2023

Local Church Member Manual
Effective January 1, 2024

The background and rationale for these changes may be found at the end of this document.

Credentialed and Service Requirements for the New Match - The Match is required to provide an annual commitment contribution benefit to members who are active and in good standing with a U.S. district and have served in the following capacities:

- Active member (District licensed or ordained) in good standing with a U.S. district
- Active member (District licensed or ordained) in good standing with a U.S. district
- Active member (District licensed or ordained) in good standing with a U.S. district
- Active member (District licensed or ordained) in good standing with a U.S. district
- Active member (District licensed or ordained) in good standing with a U.S. district
- Active member (District licensed or ordained) in good standing with a U.S. district

For local members, such as local pastors and associates, the new Match benefit structure is simplified and based on two primary factors:

- The percentage of the local church's NBUSA Fund subject situation, and
- The level of contributions made directly to the new match plan (active by the member and/or local church)

The table demonstrates how NBUSA will match a member's (Member E) or pastor's (Pastor E) contribution to the NBUSA Fund based on the percentage of the local church's NBUSA Fund subject situation.

Local Effort NBUSA Fund %	NBUSA Effort Match %	
	A	B
100%	50%	\$1,500
80%	40%	\$1,200
60%	35%	\$1,050
50%	30%	\$900
25%	25%	\$750

Member E and Pastor E will receive 50% of the local church's NBUSA Fund subject situation and 50% of the member's or pastor's contribution to the NBUSA Fund. For example, if a local church's NBUSA Fund subject situation is 100% and a member or pastor contributes \$1,500 to the NBUSA Fund, the member or pastor will receive a total of \$3,000 in matching contributions from NBUSA (Member E and Pastor E).

Member E and Pastor E will receive 40% of the local church's NBUSA Fund subject situation and 40% of the member's or pastor's contribution to the NBUSA Fund. For example, if a local church's NBUSA Fund subject situation is 80% and a member or pastor contributes \$1,500 to the NBUSA Fund, the member or pastor will receive a total of \$2,400 in matching contributions from NBUSA (Member E and Pastor E).

Member E and Pastor E will receive 35% of the local church's NBUSA Fund subject situation and 35% of the member's or pastor's contribution to the NBUSA Fund. For example, if a local church's NBUSA Fund subject situation is 60% and a member or pastor contributes \$1,500 to the NBUSA Fund, the member or pastor will receive a total of \$2,100 in matching contributions from NBUSA (Member E and Pastor E).

Member E and Pastor E will receive 30% of the local church's NBUSA Fund subject situation and 30% of the member's or pastor's contribution to the NBUSA Fund. For example, if a local church's NBUSA Fund subject situation is 50% and a member or pastor contributes \$1,500 to the NBUSA Fund, the member or pastor will receive a total of \$1,800 in matching contributions from NBUSA (Member E and Pastor E).

Member E and Pastor E will receive 25% of the local church's NBUSA Fund subject situation and 25% of the member's or pastor's contribution to the NBUSA Fund. For example, if a local church's NBUSA Fund subject situation is 25% and a member or pastor contributes \$1,500 to the NBUSA Fund, the member or pastor will receive a total of \$1,500 in matching contributions from NBUSA (Member E and Pastor E).

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Thank You!



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