

**Local Church Ministers Matching Structure
Nazarene 403(b) Retirement Savings Plan
Effective January 1, 2024**



Effective January 1, 2024, an improved matching benefit structure (Match) from Nazarene Benefits USA (NBUSA) will replace the Annual Pension Supplement (APS) for active, eligible participants in the Nazarene 403(b) Retirement Savings Plan (Plan).

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

Credential and Service Requirements for the New Match – The Match is intended to provide an annual retirement contribution benefit to Nazarene ministers who serve churches or districts that support the NBUSA Fund. Eligibility is determined each January 1st based on the following requirements:

- An active credential (district-licensed or ordained) with a U.S. district
- Active service in one of the following areas of ministry:
 - Lead/senior pastor, including bivocational (e.g., PAS, PAC, Interim, Supply)
 - Associate pastor who is FT/FL¹ (e.g., PSV, CED, MUS)
 - District superintendent
 - District-assigned staff who is FT/FL¹
 - Evangelist

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

1. The percentage paid of the local church’s NBUSA Fund budget allocation; and
2. The level of contributions made directly to the minister’s Plan account by the minister and/or local church.

This table demonstrates how NBUSA will match a percentage (Column B) of the direct contributions to the minister’s Plan account based on the percentage of budgeted NBUSA Fund allocations paid by the local church² (Column A).

NBUSA matching contributions will be made in the month following the end of each calendar quarter (i.e., January-March, paid in April; April-June, paid in July, etc.), based on the prior quarter’s activity. Annual matching contributions from NBUSA are limited to the maximum amounts shown (Column C).

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

¹ FT/FL = at least 30 hours per week for at least 30 weeks each calendar year; **and** deriving at least 50% of personal net income from the local church or district being served

² The percentage used is based on the **higher** of the most recently completed church year (per the Annual Pastor’s Report) or the average of the most recent completed five years

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Background – The significant lack of retirement readiness among active ministers must be addressed through appropriate policy changes:

1. 59% of lead pastors (excluding bivocational) are not contributing to the Plan; and 67% of their churches provide no assistance.³
2. This situation is as grave as the under-funded status of the retiree’s pension plan after the Great Recession of 2008-09.⁴
3. NBUSA-provided retirement benefits, plus Social Security, are *not enough* for an adequate retirement. These types of plans were designed to supplement, not replace, personal retirement savings.
4. APS program benefits (Base/Bonus) were not geared towards the requirement for local contributions by the minister and/or church to the ministers Plan account; and the previous matching benefit was limited to \$250. Of the ministers who received a 403(b)-contribution benefit from NBUSA in 2022, only 36% received a match.
5. The table below demonstrates the average NBUSA 403(b) benefit received by qualifying ministers in the 2022 APS/Match program based on the type(s) of benefit earned:

<u>APS Benefit Level</u>	<u>Avg \$</u>	<u>Count</u>	
		<u>#</u>	<u>%</u>
Base	\$ 200	427	12%
Base and Bonus	\$ 473	1,929	52%
Base, Bonus and Match	\$ 894	1,325	36%
Total Recipients	\$ 592	3,681	100%

The Importance of NBUSA Fund Support – As indicated above in this policy, the new Match structure is provided only to churches that pay 50% or more of their NBUSA Fund allocation. There is an important reason for this. Providing benefits, such as the 403(b) Match, Survivor Benefit life insurance, Long-Term Disability insurance, and supplemental pension payments is costly. NBUSA is dependent upon the support of local Nazarene churches and districts to fund the benefit programs we provide. We understand there are times a church is unable to pay 100% of its allocation, but every church can do something and, in the Nazarene spirit of supporting one another, some churches are able to do more than others. Such faithful support has, over the past 104 years, enabled us to continue to support pastors and their families in retirement and other times of need.

Updated: September 27, 2023

³ 2019 actuarial study by Willis Towers Watson

⁴ The Single Defined Benefit Plan dropped to 50% funded status as of 1/1/09