






GENERAL ASSEMBLY & CONVENTIONS
CHURCH OF NAZARENE

Your PBUSA Benefits

General Assembly 2023
Pensions and Benefits USA

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Are you getting the benefits you deserve?








Are you on track to be "retirement ready?"




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P&B-Provided Benefits Guide



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Overview of Benefits

- Insurance – Disability and Survivor
- Retirement Plans:
 - Defined Benefit (SDBP)
 - Defined Contribution (403b)
- Education/Information/Resources
- Benevolence Program



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Insurance Benefits

Annual Local Church Requirement

- Paid at least \$1.00 to the P&B Fund.
- Benefits automatically apply to eligible employees:
 - ✓ Long-Term Disability Benefit
 - ✓ Survivor Benefit (Life Insurance)


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Eligibility Requirements for Insurance


As of January 1st:



- Nazarene church or agency employee
- District-licensed or ordained and serving on a U.S. district in an eligible role
 - Lead Pastor or District Superintendent; or
 - Assoc Pastor, Evangelist, District-Assigned (full-time; full-livelihood)
- Age 75 or younger

Long-Term Disability Benefits


- \$500 per month (taxable income)
- No application required
- No waiting period for coverage
- Continues until normal retirement age; or per schedule if disability starts on/or after age 60
- Limits for pre-existing conditions



Survivor Benefits (Life Insurance)

Coverage - **Active** Ministers:

- 50/under \$30,000
- 51 to 70 \$15,000
- 71 to 75 \$ 7,500
- Spouse \$ 2,500




Survivor Benefits (Life Insurance)

Retired* (or Active over age 75)
Based on Years of Service:

- 31+ \$6,000
- 21 to 30 \$3,000
- 10 to 20 \$1,500


* Higher of this coverage or the grandfathered Basic Pensioners Death Benefit



Survivor Benefits (Life Insurance)

Beneficiaries:

- Don't like surprises?
- Make certain your intended beneficiaries are current
- P&B Access portal



Supplemental Insurance


HOW MUCH COVERAGE DO I NEED

Additional life/disability insurance is available for purchase to supplement your P&B-provided benefits.
Please consult your financial advisor.



Single Defined Benefit Plan (SDBP) (a defined benefit)

- f/k/a Basic Pension Plan (for ministers)
- Supplemental (not a full pension)
- Monthly benefit based on Years of Service (YOS)
- Benefit formula unchanged since 2004
- Extra, discretionary payments in 2022 and 2023



SDBP Grandfathered Status

- Ministers who were active and eligible for retirement benefits prior to 1996 are covered by the Basic Pension Plan (BPP).
- Benefit is the greater of the monthly pension or the equivalent value of your P&B-provided 403(b) contribs, not both.
- The plan was closed to new participants on January 1, 1996.

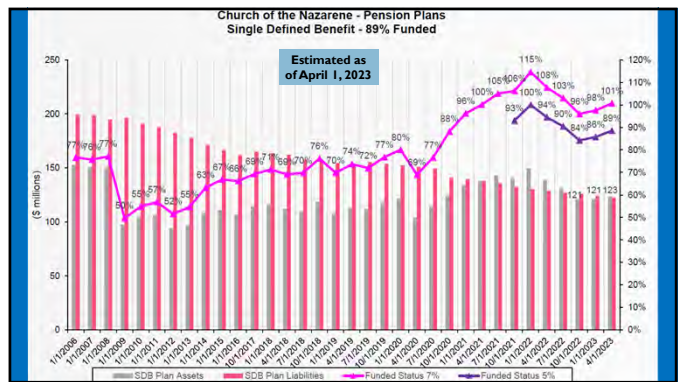
SDBP Census (as of 1/1/22)

- 5,413 Receiving Benefits (retired)
- 854 Deferred Status (no longer active)
- 805 Active (still working)
- 7,072 Total Participants

Grandfathered Status Examples

Description	Ref	Example 1	Example 2	Example 3	Example 4
Years of Service (YOS)	A	40	30	30	30
YOS Adj Factor	B	6	3	3	3
YOS for Benefits	C (A + B)	46	33	33	33
Monthly Rate	D	\$ 11.00	\$ 11.00	\$ 11.00	\$ 11.00
Monthly Benefit	E (C x D)	\$ 506	\$ 363	\$ 363	\$ 363
Mo APS Benefit	F	\$ 250	\$ 500	\$ 250	\$ 300
Benefit Payments:					
APS Distributions		\$ 250	\$ 500	\$ 250	\$ 300
Pension Payment		\$ 256	\$ -	\$ 113	\$ 63*
Total Mo Benefit		\$ 506	\$ 500	\$ 363	\$ 363

*Values less than \$70 result in a lump sum payout



Nazarene 403(b) Plan

Nazarene 403(b) Retirement Savings Plan

- Defined Contribution Plan
- Local Effort:
 - Elective payroll deferrals (by the pastor)
 - Employer contributions (by the church)
- P&B Effort: Annual Pension Supplements (APS) Base, Bonus, and Match contributions

Nazarene 403(b) Plan

Eligibility starts with credentials:

- Senior/Lead pastor who is district-licensed or ordained (includes bi-voc).
- Other district-licensed/ordained who meet "full-time, full-livelihood":
 - No fewer than 30 hours/week
 - No fewer than 30 weeks/year
 - Within a USA district which contributes to the P&B Fund

Nazarene 403(b) Plan

- Performance and fee structure monitored by the Investment Committee
- Other church staff (even part-time) are eligible to participate
 - No P&B-provided APS benefits
 - Pre-tax contributions:
 - Voluntary payroll deductions
 - Church employer

403(b) Data as of June 6, 2023

6,822 Active Participants
 6,953 Eligible Participants
 13,775 Total Participants

403(b) Participants

Market Value by Source

\$ 315 million EE sources
 348 million ER sources
 \$ 663 million Total
 \$48,000 average account balance

403(b) Average Fees (as a % of Avg Assets)

Category	Percentage
75th	2.45%
COTN	0.49%
25th	1.00%
Mean	2.19%

403(b) Administrative Fee

Participants in the 403(b) plan were charged a \$39 annual fee (\$9.75 on the 1st of each quarter).

After the study, this fee was discontinued starting 4/1/22.

403b Roth Option

- Added July 1, 2022
- Employee contributions only
- Contributions made after-tax
- Distributions not taxable
- Great option for spouse/dependents because the Housing Allowance ends upon the ministers death.

BrokerageLink

- Added in April 2023
- Universe of mutual funds (only) available
- No individual securities
- “Retail” fee structure
- Fund performance and fee structure is not monitored by Investment Committee

APS Program Benefits

Benefit depends on level of annual church budget allocations paid

Annual Allocations Paid	Minimum Requirements	Annual Pension Supplement		
		Base	Bonus	Match
P&B Fund	\$0			
	\$1 - 49%			
	50% - 99%	✓		
Educ Fund	100%	✓	✓	
	100%	✓	✓	✓

APS Program Benefits

Annual Allocations Paid	Minimum Requirements	Annual Pension Supplement		
		Base	Bonus	Match
P&B Fund	\$0			
	\$1 - 49%			
	50% - 99%	✓		
Educ Fund	100%	✓	✓	
	100%	✓	✓	✓

- Base = \$200
- Bonus = 10% of PB paid allocations
- Match = 10% of Local Effort (max \$250)

APS Example - Inputs

		Monthly	Annual
Church Income		\$ 8,333	\$ 100,000
Funding The Mission:			
WEF Budget	5.50%	\$ 458	\$ 5,500
P&B Budget	2.25%	188	2,250
Educ Budget	2.25%	188	2,250
Total	10%	\$ 833	\$ 10,000
Pastor's Gross Salary		\$ 4,167	\$ 50,000
Contrib to Pastor's 403b:			
Pastor	2.40%	\$ 100	\$ 1,200
Church	3.60%	150	1,800
Total	6.0%	\$ 250	\$ 3,000

100% Paid (points to Church Income, WEF Budget, P&B Budget, Educ Budget, Total)

Local Effort (points to Pastor's Gross Salary, Pastor, Church, Total)

APS Example

Annual APS Calculation			
Criteria Descrip	Criteria	Amount	Type
P&B Budget Paid =>50%	100%	\$ 200	Base (Fixed Amount)
P&B Budget \$ Paid 100%	\$ 2,250	\$ 225	Bonus (10%)
EE/ER 403b Contribs*	\$ 3,000	\$ 250	Match (10%; max of \$250)
P&B APS Contribution to 403b		\$ 675	

* P&B and Educ Budgets paid 100%


APS Example Recap

Pastor (EE)	\$ 1,200
Church (ER)	\$ 1,800
PBUSA (APS)	\$ 675
Total	\$ 3,675 (7.4%)
Gross Comp	\$50,000 (100%)
Recommended	\$ 7,500 (15%)

APS Contribs \$675 Per Year 7.0% Return		EE Contribs \$100 Per Month 7.0% Return		ER Contribs \$150 Per Month 7.0% Return		Total Value
Compounded Annually	Compounded Monthly	Compounded Monthly	Compounded Monthly	Compounded Monthly	Compounded Monthly	
Years	Value	Years	Value	Years	Value	Value
5	\$ 4,153	5	\$ 7,201	5	\$ 10,802	\$ 22,156
10	\$ 9,979	10	\$ 17,409	10	\$ 26,114	\$ 53,503
15	\$ 18,149	15	\$ 31,881	15	\$ 47,822	\$ 97,852
20	\$ 29,609	20	\$ 52,397	20	\$ 78,595	\$ 160,600
25	\$ 45,682	25	\$ 81,480	25	\$ 122,220	\$ 249,381
30	\$ 68,224	30	\$ 122,709	30	\$ 184,063	\$ 374,996
35	\$ 99,842	35	\$ 181,156	35	\$ 271,734	\$ 552,732
40	\$ 144,186	40	\$ 264,012	40	\$ 396,019	\$ 804,218
45	\$ 206,382	45	\$ 381,472	45	\$ 572,208	\$ 1,160,062
50	\$ 293,616	50	\$ 547,985	50	\$ 821,978	\$ 1,663,578

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“My church pays its annual budget allocations. Isn’t that enough to take care of the pastor’s retirement?”




HOUSTON
WE HAVE A PROBLEM...

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What is your “FiT” age?

FiT Age = Financial Independence Target Age



resources < needs resources > needs

Potential Retirement Ages: 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65

2015 Study - 74% of Nazarene pastors at-risk of needing to retire past the age of 72


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Active Full-time Senior Pastors
2019 Study (#700)

403(b) Retirement Savings Rates

Pastor Funding	59%	10%	31%
	No Savings (0%)	Modest Savings (0-3%)	Higher Savings (3+%)
Church Funding	67%	12%	21%

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Nazarene-provided pension and/or APS benefits, and Social Security, are **not enough for a sound retirement.**

Ministers and church-employers should also **actively contribute** to the pastor’s retirement account.

Local Effort

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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.pbusa.org/resources/guides/retirement/high_cost_of_waiting.pdf

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The HIGH COST of Waiting

<p>Susan invests early</p> <p>Starts investing at age 21</p> <p>Retires at age 67</p> <p>Rate of return on investments 7%</p> <p>Contributes how much each year . . . \$400</p> <p>Contributes for how many years 5</p> <p>Total amount contributed \$2,000</p> <p>Value at age 67 . . . \$39,437</p>	<p>Brian waits</p> <p>Starts investing at age 38</p> <p>Retires at age 67</p> <p>Rate of return on investments 7%</p> <p>Contributes how much each year . . . \$400</p> <p>Contributes for how many years 30</p> <p>Total amount contributed \$12,000</p> <p>Value at age 67 . . . \$37,784</p>
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How are P&B budget allocations used?

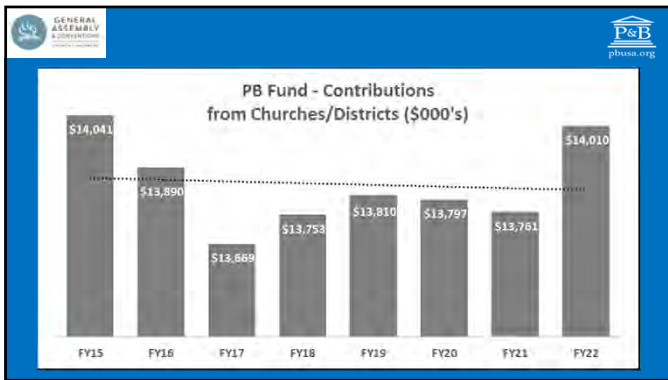
How are P&B budget allocations used?

Income:

- Contributions from local churches/districts
- Insurance premiums (supplemental life/disability)
- Investment income (operating funds/reserves)
- Administrative fees (plans, employers)

Expenses:

- Contributions to:
 - SDBP Pension Trust
 - 403b Plan (APS)
- Insurance premiums (life/disability)
- Benevolence payments
- Administrative expenses



Use of P&B Fund Receipts (\$000's)

	FY22	Avg FY15 - FY21
Benefit Program Expenses:		
SDBP Pension Trust	\$ 8,800 62.8%	\$ 9,143 66.2%
APS Contributions	2,807 20.0%	2,245 16.2%
Survivor/Disability Benefits, net	1,284 9.2%	981 7.1%
Benevolence	59 0.4%	102 0.7%
Total Benefit Program Expenses	12,950 92.4%	12,472 90.3%
Administrative Expenses	1,201 8.6%	1,613 11.7%
Surplus (PBUSA Subsidy)	(141) 0.0%	(267) 0.0%
Total PB Fund Receipts	\$ 14,010 100%	\$ 13,817 100%

Looking to the Future

- SECURE 2.0 changes (Dec 2022)
 - Student Loan match for 403(b)
 - Regulations not yet issued
- APS Program ends in 2023
- New 403(b) Match program Jan 2024
- PB/Educ budget allocations return to pre-2012 levels.
- New name/brand for PBUSA

www.compassinitiative.org

Downloadable toolkit for district leaders, churches and pastors.

Learn How

New 403(b) Match Program

Minister Type	PBF %	Match (a)		Max Benefit
		%	Up To	
Lead/Senior Pastor Associate Pastor	100%	50%	\$5,000	\$2,500
	90%	45%	\$5,000	\$2,250
	80%	40%	\$5,000	\$2,000
	70%	35%	\$5,000	\$1,750
	60%	30%	\$5,000	\$1,500
	50%	25%	\$5,000	\$1,250
	< 50%	0%	\$5,000	\$0

(a) Match applied to the first \$5,000 of Local Effort

New 403(b) Match Program

- Matching contributions by P&B will be made quarterly:
 - ✓ Within 30 days of each quarter-end
 - ✓ Immediate vesting
- Bi-vocational Lead Pastors qualify for match
- More information after General Assembly

Beneficiaries

- Review your beneficiary designations and be sure they are current.
 - Fidelity (for the 403b Plan)
 - P&B Access (for survivor benefits)

Link to this presentation



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