

Pensions and Benefits USA Director's Annual Report 2016

Connected to Serve

A “connected” world is a great thing—that is, until we become disconnected. A recent TV commercial illustrated this with a couple and their children who fall into despair because their internet connection has failed.

Certainly, in the church there's value in connection. It provides consistency and predictability—creates context in which to share and develop common beliefs, values, and purpose. And being a part of this family called “Nazarenes” connects us with friendships that transcend time and distance. We see this most often when we gather for annual or quadrennial conferences.

Pensions and Benefits USA has been connecting with those who serve the Church of the Nazarene for almost a century. It happens daily as staff respond to calls and emails from pastors, district superintendents, and church treasurers; when we present seminars on retirement, benefits, and compensation; and when we encourage congregational support for giving to the P&B Fund. The following is how we worked to strengthen our connections in 2016.

Giving

Our office exists to serve 17,000 active and retired ministers, church-employed laypersons, spouses and widows across the United States with benefits ranging from retirement and insurance to benevolence. To do this requires financial support. Districts and congregations connected with us in 2016 by giving almost \$14 million dollars to the P&B Fund. This is about \$134,000 less than we received the year before.

We are grateful for this continued support. At the same time, we are mindful that there is some disconnect. In 2016, more than 950 congregations (19 percent) contributed nothing to the P&B Fund. Another 470 (9.6 percent) paid less than 50 percent of their P&B apportionment. While placing a burden on other churches, failure to support the fund results in a loss of benefits for ministers of non-paying congregations.

Spending

In 2016, we distributed almost \$45 million through the various plans we administer. Let's look at how we did this.

The Basic Pension Plan

The Basic Pension Plan provides monthly assistance to retired ministers and widowed spouses based on years of service. In 2016, we distributed almost \$15 million to these participants and were able to deposit \$9.5 million in the Basic Pension trust to assure the church will continue to be able to honor her commitment in the years ahead.

Daily, we receive cards, letters, and emails from these retired saints. They are filled with gratitude that the church continues to remember them in such a tangible way.

Nazarene 403(b) Retirement Savings Plan

The Nazarene 403(b) Retirement Savings Plan allows pastors, district superintendents, evangelists, and church-employed laypersons to invest for retirement in a tax-advantaged

program. To help these investments grow, we add Annual Pension Supplements (or APS) to the accounts of eligible participants. In 2016, we contributed almost \$2 million to 403(b) accounts from P&B Fund sources, up from \$1.7 million in 2015. That's good news.

But there's sobering news as well. Nearly 500 ministers (10 percent) received no APS assistance because their churches paid less than 50 percent of their P&B allocations. Also, we remain concerned that of some 5,600 eligible ministers, almost 70 percent contributed nothing to their 403(b) retirement accounts in 2016. There's a need for more connection in this area.

Insurance

Most USA full-time Nazarene ministers and district-credentialed laypersons under age 70 ½ received complimentary basic life and disability insurance in 2016. We used about \$1 million to provide this benefit. Another \$500,000 were paid out to life and disability beneficiaries.

Sadly, nearly 900 ministers failed to receive basic life and disability coverage because their churches failed to contribute at least \$1 to the P&B Fund. That's an area of disconnect that could deeply impact a parsonage family.

Emergency and Benevolence Assistance

Life has its problems, so it's not unusual for active or retired ministerial families to find themselves in financial need because of emergency illness or accidents. Your giving touches these lives with stipends to make it through such times. We provided about \$125,000 which helped 112 families.

Engagement

We connect on a regular basis with ministers, district superintendents, and churches through pbusa.org, our electronic and print newsletters, webinars, emails, and even letters. Pastors and congregations often need help when it comes to ministerial and clergy finance. We also strive to keep our people informed about the latest governmental decisions that affect clergy finance. In 2016, these included issues like the Affordable Care Act, and overtime law changes that were halted days before they were to go into effect in December.

We have learned that connecting with folks on a personal basis across the country is important. In 2016, we were active in 24 events—from Logan, Ohio to San Diego, California. These included workshops and seminars, four of which were to non-Anglo cultural groups—including Native American, Korean, Black, and Chinese participants. These sessions allow us to share important information, answer questions, and be better informed of the matters that closely affect ministers and churches.

Speaking of cultural diversity, we began offering Certified Language Interpretation this year. It enables USA constituents of any nationality to communicate with our phone reps in real time, in almost any language. All interpreters are certified for confidentiality, which means callers can rest assured any financial information they share is treated in confidence.

We remain concerned about the financial welfare of our denomination's clergy. As mentioned earlier, only about 30 percent of our pastors and associates actively participate in the 403(b) Retirement Savings Plan. Additionally, about 74 percent of our ministers are at-risk of needing to delay retirement past the age of 72.

As always, young people—ministers included—often postpone starting to invest for retirement, or find it difficult to do so because of other priorities. Additionally, the high cost of education and student loan debt are making it difficult for younger people to commit to service in churches where they may not be able to survive financially.

With this in mind, we partnered with Nazarene Theological Seminary, the USA/Canada Region, and Stewardship Ministries to sponsor an Economic Summit. Almost 100 persons participated in the event which featured keynote speakers author J. Clif Christopher and educator Molly Marshall.

An important part of what we do involves connecting with resources who can help us to do our job better. This involves strategic partnerships with groups like the Church Benefits Association, the Evangelical Council for Financial Accountability, Fidelity Investments, Willis Towers Watson, Lockton Benefits Company, and others.

Willis Towers Watson performed a communication audit for us in 2016. It was largely complimentary, but offered ideas for improvement. It is serving as a base for a four-year communication strategy which we will implement.

After much work with Fidelity Investments and a third-party vendor, we are pleased to announce it will soon be possible for all churches to make online electronic contributions to Nazarene 403(b) Retirement Savings Plan accounts. As this change is introduced, it will make the process more efficient as well as help employers to comply with IRS requirements for timely contributions.

Continuing Commitment

We remain committed to providing ministers with benefit plans and related services, assisting our constituents through significant life transitions, and conveying the importance of support for the P&B Fund.

We've managed to reach many with these messages, but it's clear there remain those with whom we still need to connect. It's a challenge, but one we will continue to address.

It remains a privilege to work with the Board of Pensions—a group that is intensely dedicated to the needs of our clergy. I continue to find joy in being able to serve in an assignment that allows me to work with such faithful men and women and a committed staff to serve the Lord and His servants.

Respectfully submitted,



Don Walter
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www.pbusa.org