



Benefit Insights

Summer
2007

The Newsletter for the Free Methodist Church of North America Pension Plans

A Part of a Three-Legged Stool... Social Security

Planning for financial independence at retirement can be illustrated by a three-legged stool. For a strong sturdy stool, you need three equal legs. These financial legs represent benefits provided by your employer, such as your pension plan with the Free Methodist Church of North America, your own savings and investments and Social Security. In talking with the Social Security office recently, we discovered they have a department that takes care of education and promotion. The Social Security representative shared concern as to how the public continues to be confused about the benefits that will be due them in the future and what steps the Social Security Administration is taking to provide better support to the public. Please read the following article provided by Social Security. We hope it will help provide you some guidance in getting your questions answered regarding your Social Security benefits. In having a better understanding of these benefits, this too will help you in your future retirement planning.

Social Security Answers Your Questions

Do you have a question or two about Social Security? Well, you're not alone. The good news is that we're here to answer your questions—and you don't have to call us on the phone for us to serve you. Just go to our website, www.socialsecurity.gov.



One of our most popular online services is our frequently asked questions section. There, we have listed hundreds of the most commonly asked questions along with easy-to-understand answers in plain language.

How are my retirement benefits calculated? How do I replace a lost or stolen Social Security card? How do I apply for Medicare Extra Help? How can I get a replacement Medicare card? What are the most popular names given to babies? There are nearly 600 frequently asked questions like these and others on the website right now.

But don't let the number of questions and answers overwhelm you. It's easy to find answers to your questions with our subject index and search features.

Our frequently asked questions page is just one of the many popular online services offered by Social Security. At www.socialsecurity.gov you can apply for benefits, use our financial planners, request a replacement Medicare card or Social Security Statement, get the locations of the nearest Social Security office, and more.

Of course if you don't have access to the Internet, you can still get your questions answered by calling us at 1-800-772-1213 (TTY 1-800-325-0778). Take advantage of Social Security's frequently asked questions now at www.socialsecurity.gov.

—Maurice El-Amin
Indianapolis District Manager
Social Security Administration



A Year in Review 2006

Q & A

Our pension plans paid a total of \$4.2 million in benefits in the year 2006. The Defined Benefit Plan paid \$3.4 million and the Defined Contribution Plan paid \$810,512 in benefits.

The Defined Benefit Pension Plan assets totaled \$98,275,239 and the Defined Contribution Plan totaled \$7,324,620 as of December 31, 2006.

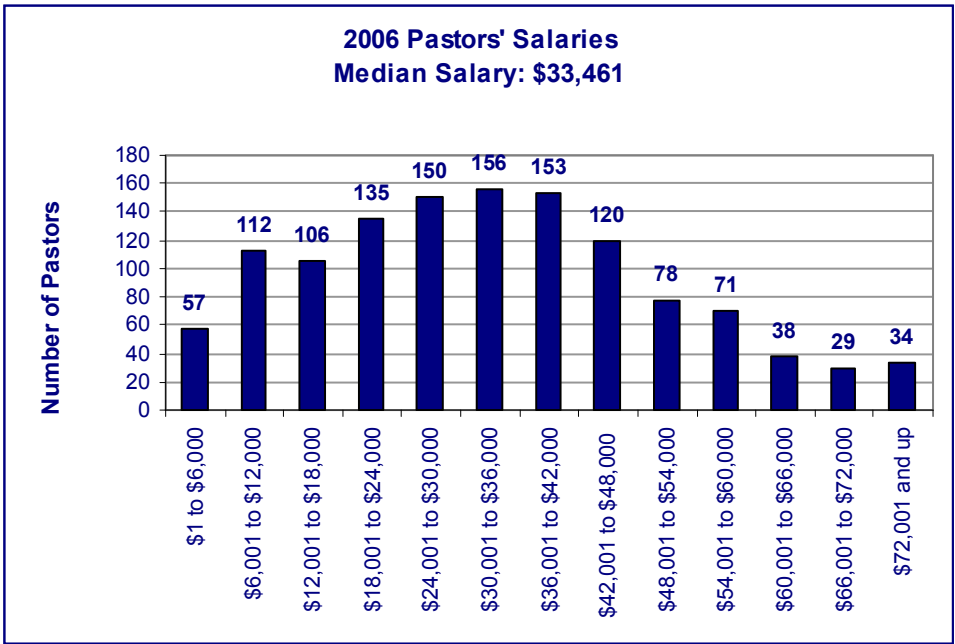
The investment earnings for 2006 resulted in a return of 11.3 percent for the Defined Benefit Plan and 9.68 percent for the Defined Contribution Plan.

Defined Benefit Plan participants totaled 2,620 individuals with 703 being retirees. Defined Contribution Plan participants totaled 326 individuals in the plan with 108 being retirees.

New enrollments to the Defined Benefit Plan totaled 77 and terminations with deferred vested benefits totaled 49. In addition, there were 64 terminations with no vested benefits. There were 26 individuals who deceased.

Q: What exactly does "vesting" mean?

A: Vesting is based on the years of service. A year of service is any complete 12-month period during which employment is continuous. A pension plan participant must have at least five complete years of service before being eligible to receive pension benefits upon retirement. After five years, a participant would then be eligible to receive 50 percent of the accrued benefit at age 65. For each year after five, the participant will receive 10 percent more of the accrued benefit, until the individual completes 10 years of service, at which time they will be 100 percent vested and will receive their entire benefit upon retirement. Please note that if a participant dies or becomes disabled while still employed, they will be fully vested even if they have not served 10 full years. In addition, if a participant reaches the age of 65 and has at least five years of credited service, they become fully vested. A vested benefit is that portion of an accrued benefit to which a participant has a non-forfeitable right.



Q: What is the difference between an accrued benefit to date and a projected benefit at age 65?

A: An accrued benefit to date is the total benefit you have currently established that would be paid at age 65 if you would terminate employment at this time. The projected benefit at age 65 is based on you continuing to work until age 65.

Q: How early can participants retire?

A: Our plan considers normal retirement at age 65. Participants in our plan can retire as early as age 60 if they have ten or more years of service.

Early Retirement vs. Normal Retirement

Is retiring before age 65 for me?

Many times we are asked this question. There is no answer that will fit everyone. Individuals should look at their own circumstances and the specific factors involved. Considerations such as what are your present financial needs, and what will they be for the years ahead? Other factors that need to be taken into account are:

- *What do you and your beneficiary have coming in total retirement earnings?*
- *In case of your death will your spouse need to rely on your retirement earnings?*
- *How is the general health of the individuals involved?*



In the Defined Benefit Pension Plan, if an individual takes their retirement benefit before age 65, the accrued benefit is reduced by 1/180th for each month prior to his normal retirement date. You need to examine how the reduction will affect your benefits. Early retirement does result in a lower monthly benefit, but the benefit is spread out, therefore covering a longer period of time. The Human Resources office can help you determine this by providing you a comparison of an estimated benefit calculation based on an early retirement date, and one based on a normal retirement date (age 65). Factors that should be looked at are:

- *What is the difference between my monthly benefit at age 62 versus age 65?*
- *Is the larger amount I would earn at age 65 compared to an earlier retirement benefit significant enough to make a real difference?*
- *How long will it take me to earn the amount of money I would draw between ages 62 and 65 if I wait until I am 65 to draw my retirement benefit?*

In some cases, drawing the higher benefit at age 65 may take 14-17 years to earn back the total amount you would have drawn in benefits from age 62 to age 65.

When you receive the benefit calculations you need to make your initial comparisons with what the monthly benefit will be for your lifetime only. Also consider any other plan options that would include you and your beneficiary's lifetime, keeping in mind the survivor benefit options are less than a single life option. The same factors would apply in trying to determine if you wanted to draw the benefit before age 65.

So does all this mean early retirement is the way to go? Not necessarily for everyone. Only you can decide based on your own circumstances.

For example: (based on a single lifetime benefit option)

Age 62 \$690.30 x 36 months = \$24,851 accumulated income

Age 65 \$987.78-\$690.30 = \$297.48 increase over age 62

\$24,851 paid out divided by \$297.48 increase = 83.54 months divided by 12 months = 7 years

This means that it would take 7 years to make up the \$24,851 with the additional \$297.48 received at the age 65 benefit. If this individual took his benefit at age 65, after reaching age 72 he would be gaining more income than he would have received if he had taken his early retirement benefit at age 62.

Retiral Assistance

This program is intended to supplement other sources of retirement income for retired ministers, spouses, widows, or widowers who have served more than 10 years of full time appointed ministry in the Free Methodist Church. The funding of this program comes from the United Ministries for Christ (UMC) budget and is based on levels approved by the Board of Administration. Retirees may apply for the program by completing an annual application which reflects income below the minimum support levels. The 2007 income limits set for the program are \$8,500 for a single person and \$11,500 for a married couple.

We have received questions and concerns regarding the 2007 decrease in the income limits for the program. In January 2001 we were able to have additional funding from the Conference Claimants fund to subsidize our Retiral Assistance program.

The Conference Claimant fund allowed us to set the limits at \$10,000 per single and \$13,000 per couple as a temporary benefit until the funds were depleted which occurred at the end of 2006. Therefore, the income limits for 2007 have returned to the previous levels that were in place before the funds of the Conference Claimants funds were available.

We regret that the amounts were lowered due to budget restrictions, but feel it was a blessing that we were able to utilize the funds in the Conference Claimants fund for the past six years. We will continue to look for additional options to provide support to our lower income retirees.

Applications to the program are available on our website, <http://hr.freemethodistchurch.org>. Just click on the Forms Tab and then Retiral Assistance. Or, feel free to call the Human Resources office toll-free at (800) 342-5531 to ask for an application.

Ministers' Tax Video Now Available



The Free Methodist Church of North America has partnered with noted author and Certified Public Accountant, Dan Busby, to create a video presentation that explains clergy related tax issues in laymen's terms. Mr. Busby is the author of the *Zondervan Minister's Tax & Financial Guide*, updated annually. In addition, Mr. Busby serves as an officer with the Evangelical Council for Financial Accountability.

The video in DVD format is available from the Human Resources office for the price of **\$5.00**, which includes shipping and handling.

Entitled **God, Government, and Me - Clergy Taxes Made Simple**, the video is divided into four separate topics:

- Clergy Housing Allowance Issues
- Clergy Compensation and Fringe Benefit Issues
- Clergy Business and Professional Expense Issues
- Clergy Income and Social Security Tax Issues

The topics are fully covered in approximately 10 minutes each. Dan Busby's clear and direct approach to addressing each issue makes the video educational, but also enjoyable. With the examples provided on the video, most situations that a pastor will face in relation to tax issues are addressed.

"It is apparent there is a lot of confusion regarding ministerial taxes. Our office receives several questions each year from ministers who are struggling and need assistance concerning their tax liability, or received bad advice from someone who did not understand clergy tax filing. We are excited to be able to offer this to our ministers as a support. The Busby video is a valuable resource that will continue to be helpful to ministers in the years ahead," Willadean Duncan, Director of Human Resources.

Human Resources

"Working Together in the Body for Christ"

Located at the Free Methodist World Ministries Center in Indianapolis, Indiana, the Human Resources Department serves the personnel needs of the World Ministries Center and handles the day-to-day administration of the two existing Free Methodist Church of North America pension plans.

Address:

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Indianapolis, IN 46253-5002

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800-342-5531

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HRDept@fmcna.org

Staff:

Willadean Duncan
Director of Human Resources

Pam Deboer
Human Resources Assistant

Debbie Jenkins
Human Resources Assistant

Have You Completed a Change of Status Form Lately?

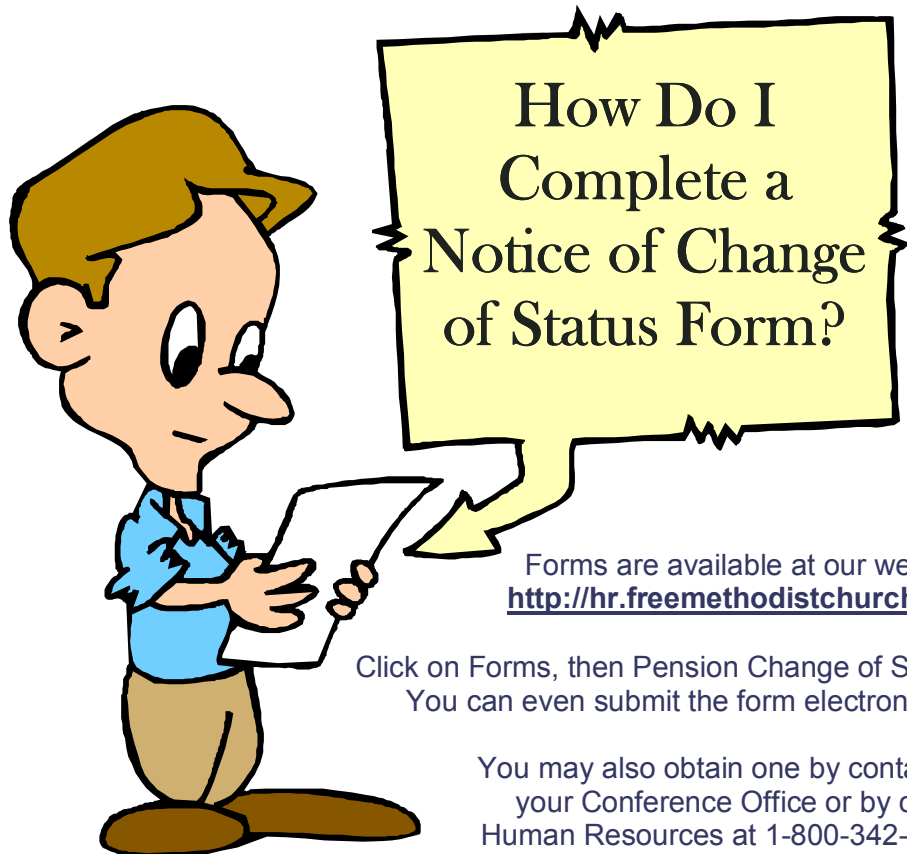
The Human Resources office processes all the pension contribution reports and sends them to the conference offices and treasurers. They also use the information from the contribution reports to enter the data into the salary files for the individual pension records. There are approximately 2,700 records that are maintained and changed when necessary.

You should complete a Notice of Change of Status form anytime you:

- have a change in your address,
- a change in your salary,
- a termination of employment,
- or you are appointed to a different church

It is very important that a Notice of Change of Status form be completed at the time of the change. This form should be sent to your conference office and they should forward it to our office. The records are changed and the form goes into your file.

Notice of Change of Status Forms help us keep your records up-to-date and can directly affect your pension benefits. The Human Resources office currently has 232 forms outstanding from individuals and conferences.



How Do I
Complete a
Notice of Change
of Status Form?

Forms are available at our website,
<http://hr.freemethodistchurch.org>.

Click on Forms, then Pension Change of Status.
You can even submit the form electronically!

You may also obtain one by contacting
your Conference Office or by calling
Human Resources at 1-800-342-5531.

A Reflection of Thankfulness

What a blessing and privilege it is to serve in ministry with so many wonderful people that love the Lord and have a passion for serving God's people! As we look at the people we serve as they are in ministry, we thank God for what has been accomplished and look forward with great anticipation to what doors will continue to open by all who serve our God. Last year a staff member of the World Ministries Center brought David's Psalm of Thanks to a level of active participation and thankfulness for all who serve the church. May this be a blessing to you, as well as an encouragement in whatever capacity you serve in ministry.

A World Ministries Center Psalm of Thanks

- 8 "Give thanks to the LORD, call on His name; make known among the nations what He has done.
9 Sing to Him, sing praise to Him; tell of all His wonderful acts.
10 Glory in His holy name; let the hearts of those who seek the LORD rejoice.
11 Look to the LORD and His strength; seek His face always.
12 Remember the wonders He has done, His miracles ...
14 [Friends], He is the LORD our God ..."



He has put it in our hearts to serve His church in this place and for this time.
The Lord is watching over our work.
The Lord is the One who hears every prayer during morning devotions or during the day at our desks.
Some He has brought back from surgery, some He has spared from surgery,
Some He is comforting and some He is healing.
The Lord's love and care for us, we can't understand but His love endures forever.

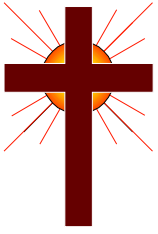
So Give thanks to the Lord for the creativity and strength to meet every publication deadline.
Give thanks to the Lord for seasoning the words we write.
Give thanks to the Lord for providing every creative communication.
Give thanks to the Lord for every encouraging phone call.
Give thanks to the Lord for every detail He has orchestrated in caring and protecting for our missionaries.
Give thanks to the Lord for computerized accounting and networking and the provision for every monthly payroll.
Give thanks to the Lord for the opportunity to care for His servants through the stewardship of pensions and benefits.
Give thanks to the Lord for the volunteers who brighten our spirits and lighten our loads.
Give thanks to the Lord for bringing just the right person down the hallway at just the right time.
Give thanks to the Lord for our history and good heritage.
Give thanks to the Lord for the blessing of being connected because of Jesus.

For every child you let us support and every SEED in developing countries, Lord we give you thanks.
For the beauty of a back yard porch here at work with flowers and a bird bath, we give you thanks.
For the fellowship of lunch time kick ball and hallway laughter, Lord we give you thanks.
For the job security we have that comes from plenty of work,
For a warm building in the winter and a cool building in the summer, Lord we give you thanks.
For the convenience of personal mailings — post office style,
For a well kept building and enjoyable work, Lord we give you thanks.

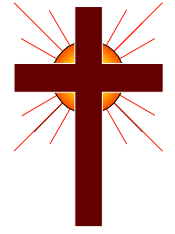
So, give thanks to the Lord for His protection over our bishops as they travel.
Give thanks to the Lord for the men involved in men's ministries, for the women involved in women's ministries.
Give thanks to the Lord for individuals and families who are giving their lives to serve You cross-culturally.
Give thanks to the Lord for allowing us to be part of a world-wide church with a heart for Jesus.

- 23 "Sing to the LORD, [coworkers]; proclaim his salvation day after day. [With every phone call, with every letter, with every email, in everything that you do], 24 declare His glory ... his marvelous deeds among all peoples.
25 For great is the LORD and most worthy of praise ...
34 Give thanks to the LORD, for he is good; his love endures forever.
36 Praise be to the LORD ..."

—Excerpts from David's Psalm of Thanks in 1 Chronicles 16: 8-12, 14, 23- 25, 34, 36
with added thanks from the World Ministries Center - Beth Cullison - November 16, 2006



In Memory



We celebrate the lives and denominational service of these dear friends who went to be with Christ in 2006.

Frank Winterhalter, 68	Hillsdale, MI	1/9/2006
Jeanette Johnson, 80	Big Rapids, MI	1/11/2006
Paul Stoeckl, 59	Cattaraugus, NY	1/13/2006
Shelby Lindh Young, 84	Greenville, IL	1/16/2006
Andrew Lambert, 78	Puyallup, WA	1/25/2006
Allen Fultz, 69	New York Mills, MN	2/17/2006
Grober Kimberlin, 91	Morgantown, WV	3/4/2006
Robert Jones, 90	Everett, WA	6/11/2006
David Joseph, 96	Lakeland, FL	6/13/2006
Merlin Baker, 68	New Castle, PA	6/15/2006
Roger Johnson, 78	Grand Rapids, MN	6/25/2006
Jay Stein, 89	Farina, IL	6/26/2006
J. Wesley Bennett, 75	Mesa, AZ	7/6/2006
Fern Adolphson, 85	Xenia, OH	8/5/2006
Doris Mank, 76	Nokesville, VA	8/21/2006
Vera Bethel, 77	Spring Arbor, MI	9/13/2006
Virginia Myers, 89	Spring Arbor, MI	10/4/2006
Rick Alf, 52	Waukegan, IL	10/18/2006
Vermalda Gummesson, 76	Racine, WI	10/20/2006
Byron Jacobson, 87	San Juan Capistrano, CA	11/2/2006
Vincent Spencer, 72	Louisville, KY	11/11/2006
Opal Cutler, 93	Coldwater, MI	11/27/2006
Robert Goldsborough, 68	Cowden, IL	11/28/2006
Eldred Martin, 73	Macon, GA	12/1/2006
W. Dale Rhome, 82	Oil City, PA	12/5/2006
Marian Shields, 74	Hillman, MI	12/9/2006

He will wipe every tear from their eyes. There will be no more death or mourning or crying or pain, for the old order of things has passed away." — Revelation 21:4

MetLife Long-Term Care

Long-term care services can take an unexpected toll on your finances. Would you be prepared for long-term care if you suddenly required it? How will you pay for it?

MetLife Long-Term Care insurance offers:

- Freedom to choose the kind of care that's right for you—in or out of your home.
- Coverage for home care, as well as coverage for care received in assisted living/residential care facilities and nursing homes.
- Specialists on staff, including dedicated Nurse Care Managers with skills to develop a personal plan of care for you in your community.
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- The financial strength to be there when you need to use your Long-Term Care Insurance.
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Interested? Contact Kirk Hoffman at King Trust Company at (800) 325-8975.



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- investment options that give you the opportunity to match your investment decisions with your moral convictions?

Now is the time to begin. To request information, call Kirk Hoffman at King Trust Company, (800) 325-8975

Free Methodist Church of North America Pension Plans

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"Serving those who have served God's people so faithfully"