BENEFITS & RETIREMENT
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News & Notes

Summer 2022

Benefit Plan Adds New Features

In time for the 2022 Open Enrollment period, the FCMM Benefit Plan will add optional coverages that include Short Term Disability coverage and a higher level of Term Life/ Accidental Death & Dismemberment insurance.

The current Benefit Plan will now be called the ***Benefit Plan – Standard***, consisting of Long Term Disability (LTD) insurance and group Term Life/AD&D (Accidental Death & Dismemberment) insurance. A third term life option of "one times annual salary" (1X), up to $120,000, will be added to the two existing coverage volumes of $10,000 or $50,000.

A new ***Benefit Plan – Plus*** will be offered with those same features and options plus Short Term Disability (STD) insurance which may cover up to 90 days after the first two weeks.

Details of coverages and limits will be available on the FCMM website.

Due to the implementation of these changes, the annual Open Enrollment period for participating churches will be moved earlier and lengthened to September 15 – November 1, 2022.

Rates for the Standard Plan will remain the same. Rates for the new Plus Plan and 1X Life/AD&D insurance are detailed in the FCMM Benefit Plan Rate Table.

FCMM Benefit Plan Rate Table

PRODUCT	ANNUAL RATE/COST*
Benefit Plan – Standard	
LTD Insurance	$.008 times covered compensation, capped at a maximum salary of $170,000.
Term Life & AD&D Insurance	*Based on the rate of $.0036 times coverage amount*: $36 per year for $10,000 coverage; $180 per year for $50,000; or one times annual compensation, rounded up to the next $1,000 and multiplied by the rate, up to $120,000 per year.
Benefit Plan – Plus	
LTD and Short Term Disability Insurance	$.0092 times covered compensation, capped at a maximum salary of $170,000.
Term Life & AD&D Insurance	*Based on the rate of $.0036 times coverage amount*: $36 per year for $10,000 coverage; $180 per year for $50,000; or one times annual compensation, rounded up to the next $1,000 and multiplied by the rate, up to $120,000 per year.

*Annual cost shown is billed in quarterly portions to the employer.

Portfolio Diversification 101: Why It's Important To Diversify Your Investments

by Carl Viard, Graystone Morgan Stanley

"Diversification" is probably one of the first terms you see whenever you read about strategies for smart investing. But are you clear on exactly what it means to have a diversified portfolio and why you should care?

Diversification Defined

Diversifying your investments simply means making sure all of your money isn't in just one financial "basket". Instead of investing in a single security, diversified investors put their money into a variety of different stocks, bonds, mutual funds and exchange-traded funds (ETFs).

The idea is that if one of your investments goes down in value, there's a good chance that another investment will go up in value. In this way, diversification helps you keep your financial life in balance. Diversifying may help you earn a little more on your investments, but the greater value is that diversifying helps reduce your risk of losing money.

What Kinds of Investments Make Up a Diversified Portfolio?

There are many different ways to diversify your money. The most basic type of diversification is by asset class. For example, your investments might be comprised of 70% equities (investments in stocks) and 30% bonds (fixed-income-type investments). The exact diversification approach you use will depend on your time horizon—when you'll need to withdraw your money—and your risk tolerance.

You can also diversify your investments using a mix of other factors:

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Portfolio Diversification 101

Cont. from p.1

• **Geography -** You could invest in both U.S.-based and international funds. Within your international funds, you could diversify further by investing in both established financial markets and less-developed countries (known as "emerging markets").

• **Investment style -** One mutual fund or ETF might focus on investing in stocks or funds that are currently undervalued—a strategy known as value investing. Another fund might focus on investing in companies that have a consistently strong earnings record. Owning a mix of funds that adhere to different investment strategies is another way to add diversification to your portfolio.

• **Company size -** In the investment world, companies are placed into different stock groupings based on their market value. Companies with a very high market value are considered "large-cap" companies, mid-range companies are "mid-caps", and lower-valued companies are "small-cap" firms. When you diversify your portfolio by company value, you might invest in a mix of large-, mid- and small-cap stocks or stock funds.

• **Industry sector -** Well-diversified investors ensure that their money is spread over a number of different parts of the economy, such as health care, technology, manufacturing and so on. Why? When one industry is lagging, chances are good that another industry is steadily earning.

How do I make sure my portfolio is well diversified? Mutual funds and ETFs already have a certain amount of diversification baked into them because they invest in a range of companies. In addition, these funds clearly lay out their investment strategies—including their diversification priorities—in their prospectuses. Finally, each fund's name usually includes a clue about their strategy. For instance, it might be called the Acme Emerging Markets Bond Fund or the Acme Small-Cap Stock Fund.

It can be tough to diversify your portfolio on your own. Some investors diversify too broadly, which can limit their ability to outperform the market. A Financial Advisor can help you optimize your portfolio to achieve the right level of diversification as part of a strategy that is based on your risk tolerance, time horizon and individual goals.

Source

Carl Viard is an Institutional Consulting Director in Barrington, IL, with Graystone Consulting, an affiliate of Morgan Stanley Smith Barney LLC ("Morgan Stanley"). This article has been prepared for informational purposes only.

Diversifying Your Investments Within the FCMM Retirement Plan

by Jerry Rich, FCMM Vice President

The "Diversification 101" article in this issue was written by Carl Viard, the institutional adviser for FCMM managed funds (Options C, D, and E, collective investment funds offered by FCMM and respectively titled Lifetime Fund, Stock Fund, and Bond/Income Fund). His insights are especially targeted to the more active investor who studies and rebalances a personal portfolio. With the broad array of over 130 mutual funds in four "families" (American, Vanguard, Timothy Plan, and GuideStone) in addition to the three FCMM managed funds, a Retirement Plan Member can be well served, whether coming from a "do it for me" mindset or a "do it myself" inclination.

Remember that the principle of diversifying is practiced by balancing the factors mentioned by Carl. Diversification is not typically achieved by investing in multiple similar broad funds, such as investing simultaneously in Target Date funds from American and Vanguard and GuideStone; or in utilizing multiple index funds of the same type. These funds are already diversified and similar, exhibiting perhaps slightly different mixtures but not significantly different.

When directing retirement contributions to FCMM managed funds, the Member *is* investing in diversified and balanced portfolios, with the additional value of moral screening. Description of the makeup of those fund portfolios can be found in annual Form 40 Performance Reports in the Forms & Documents section of the FCMM website. Currently, the aggregated investment choices of FCMM Members are approximately equal in amounts directed to the FCMM managed funds (about 50%) and to the mutual fund families offered (also about 50%).