

News & Notes

Summer 2016

Understanding Option C: The Steady Approach

by Jerry Rich

FCMM's Option C provides a different approach from standard fund investments. Unlike the range of FCMM-available mutual funds (American, Vanguard, Timothy Plan, GuideStone), Christian Investors Financial adjustable rate, and FCMM stock and bond funds, a participant's annuity value in Option C does not reflect the immediate rollercoaster ride of the markets.

Managed for the long term and designed to provide monthly retirement income, Option C, titled Conservative Growth with Annuity Benefit Fund, has provided stable value and steady growth for participants, essentially matching long-term market returns. Option C is sometimes characterized as the "do it for me" approach.

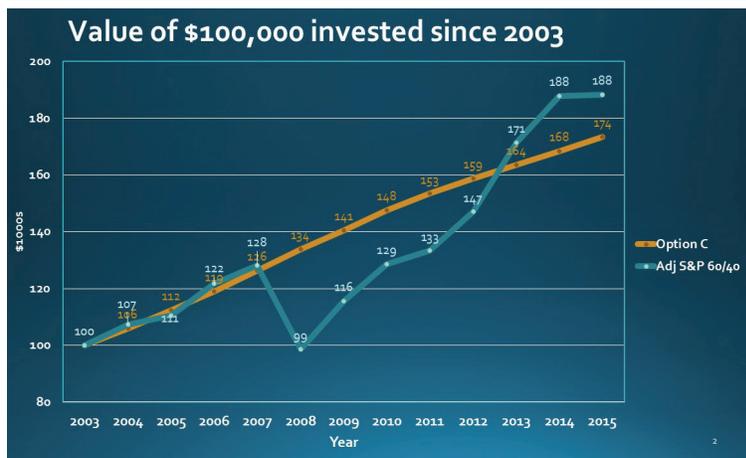
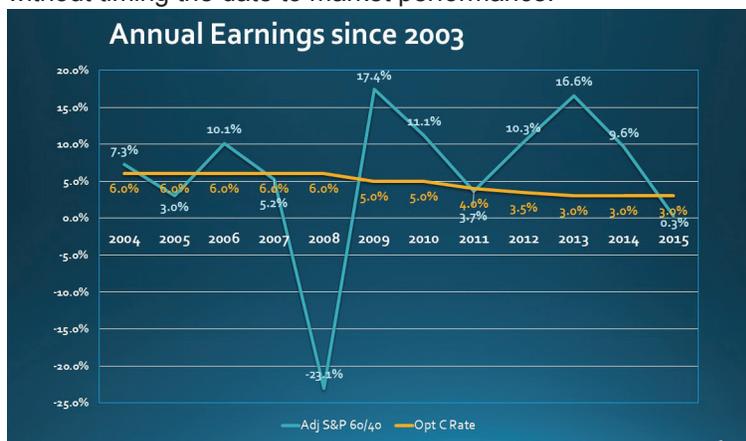
FCMM launched Option C in 2003 when the pension plan (Option A) was closed to new investments due to a structure that no longer fit market realities. The new option maintained the annuity feature and philosophy of long-term, steady growth, but added management flexibility plus more choices for retirement distribution.

The fund is managed by professional investment advisers selected and overseen by the FCMM Trustees. The trustees determine the annual rate of return for participant accounts they consider to be sustainable from a long-term perspective, of past and anticipated market performance. Adjustments in the rate are gradual and can be positive or negative.

Market results for any given year vary widely. But Option C has maintained steady returns to the participant. In 2008, for example, the market took a steep decline and only gradually regained ground over several years. An Option C participant who planned to retire in 2008 or 2009 and take monthly income did not lose account value when the market dropped and did not need to postpone a planned retirement date.

Two accompanying graphs illustrate the difference. "Annual Earnings" compares year by year returns. "Value of \$100,000 invested" compares the cumulative growth from an invested amount. (Option C participant earnings are compared to the same amount in a fund consisting of a standard 60/40 (equities/bonds) mix invested in Standard & Poor's indexes. For comparison, the S&P mix returns were adjusted to account for investment fees, just as all FCMM fund returns are reported net of fees.)

The participant who utilizes Option C for a major portion of his/her retirement investments may more reliably target retirement without timing the date to market performance.



Each FCMM investor determines the allocation of his/her contributions to the various options. At present, about 30% of FCMM retirement contributions are directed by participants into Option C, making this option the most popular. For many, placing a substantial portion of funds in Option C represents a sound core strategy, along with directing some portion to other options.

Because of the long time horizon for managing this fund, it is not recommended for those who want to move investments around. Option C funds can be accessed after age 59 ½ to transfer to another Option but funds transferred out are not eligible to be returned to Option C.

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Online System Migration Planned “Blackout” period postponed until September

Since 2008, FCMM has used the services of Alliance Benefit Group (ABG) to provide our members with access to mutual funds and to offer a secure online platform for viewing account values. This year, Alerus Financial has acquired ABG and will soon be migrating records to Alerus systems.

Alerus mailed one or more notices to all FCMM participants this summer regarding the acquisition and announcing a system cutover timeframe. The September cutover will be accompanied by a four-day “blackout” period during which investment changes may not be executed.

Your system login information will remain the same, although you’ll be prompted to reset your access credentials upon first login.

While the “look and feel” of the account holder website will change, we believe the new system will provide an even better user experience for you to monitor and/or manage your FCMM Retirement Plan account.

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As with all assets in the Retirement Plan, the earliest age at which a participant can take retirement distributions is 59 ½. If the Option C participant wishes to take a lump sum distribution rather than monthly “annuity” income, the distribution is subject to a market value adjustment if the underlying fund investment is lower than the annuity credit. Taking distribution as monthly income will apply the full balance without market adjustment to the calculation.

For detailed information on distribution procedures, see the FCMM website.

Looking Ahead...

2017 EFCA Theology Conference

FCMM and Christian Investors Financial (CIF) are co-sponsoring two sessions that will lead off the next Theology Conference, featuring Dan Busby. Dan is president of the Evangelical Council for Financial Accountability (ECFA), representing and contributing to church and nonprofit matters of policy, practice, and governance. He is a prolific author on nonprofit issues and is a frequent speaker at conferences for nonprofit organizations. Dan is the primary author of the *Zondervan Minister’s Tax and Financial Guide*, updated annually.

In the first session, Dan Busby will be addressing trust, accountability, and integrity. In the second, he will focus on hot topics, current issues, and the view from Washington on church and clergy taxation, religious liberty, and political activity.

FCMM representatives will be available throughout the conference for information and individual consultation.

The remainder of the Theology Conference will focus on the theology and legacy of the Reformation at the 500th anniversary. The conference is

scheduled for **February 1-3, 2017**, at Trinity International University. See go. efca.org/theologyconference.

2017 EFCA One

The biennial national conference of the EFCA meets **June 20-22, 2017**, at Austin Oaks Church, Austin, TX.

FCMM will offer a number of practical workshops regarding church benefits and preparing for your future.

Conference information can be found at efcaone.com

Reminder: Forms to Keep Up-To-Date

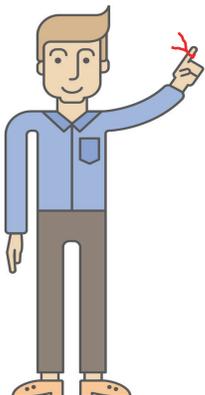
Participants in FCMM benefits programs should review and update essential forms as needed. We suggest you keep a copy of each in your personal file.

Retirement Plan

- **Third Party Disclosure Authorization**

FCMM participants may decide to share their account information with another party. However, your information is kept private unless you authorize disclosure in advance. You can set up that permission by sending us a completed Form 12 Third Party Disclosure Authorization.

Once we receive the form, we can discuss your account with the authorized party, whether spouse, financial adviser, power of attorney (POA) designee, or other named individual. You may also grant the authorization for a limited duration.



FAQ'S

Our church property and liability insurance company recently asked us to report the retirement plan total for our church. Why are they asking and where do I get this information?

The question likely comes from their underwriting process to estimate the church’s liability exposure as an employer. However, if your church is participating in the FCMM Retirement Plan, you are contributing to a multiple employer plan rather than an employer-specific plan maintained by the church – and the church does not carry risk for the plan administration. Giving this description should suffice for the question to be considered “not applicable”. The FCMM retirement plan document is available for download.



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FCMM serves as the church benefits organization of the Evangelical Free Church of America