

## Contributions

By law, all funds to be invested in a participant's account must be submitted by an employer. The amounts consist of contributions by the employer and/or the employee. Both employer and employee contributions may be invested in any of the available FCMM investment options as selected by the employee.

## Employer

Employer contributions are considered "tax deferred" and do not appear on an employee's Form W-2. Such contributions become subject to taxes when an individual begins to draw on his or her Plan account at retirement, unless eligible for exclusion as a "housing allowance."

## Participant/Employee

All participants in the Plan are allowed to defer a portion of their salaries. This is done through a Salary Deferral Arrangement whereby a certain amount is withheld from salary and sent by the employer to FCMM. This money can be treated as tax-deferred or as Roth contributions.

Clergy do not have to pay either income or social security taxes (SECA) on a tax-deferred contribution and can receive distributions from the Plan designated as "housing allowance" in retirement. Lay staff participants do not have to pay income taxes on tax-deferred salary deferrals. Such amounts will be taxed when distributed from the Plan. Lay staff members do pay FICA taxes on these funds.

Employees may designate some, or all, of their salary deferral contributions as Roth contributions. These are taxed when contributed, but such amounts and earnings are distributed tax-free at retirement (or upon an earlier distribution event) if the Roth contributions commenced at least five years ago and the participant is at least 59 ½.

## Distributions

Your FCMM accumulated assets may be taken in any combination of the following alternatives:

- In-Plan Monthly Income Benefit ("annuity")
- Recurring Monthly Cash Withdrawals
- One-Time (or from time-to-time) cash withdrawals
- Cash withdrawals to meet IRS Required Minimum Distributions

The **FCMM Retirement Plan** enables ministry staff to develop a successful retirement life plan with a reliable source of retirement savings and income from money deposited by employing ministry organizations.



FCMM exists to enable pastors, staff members, and missionaries to serve Christ throughout their lives by assisting employing ministry organizations in providing retirement and other benefits.



FCMM ("Free Church Ministers' & Missionaries") serves as the church benefits organization of the Evangelical Free Church of America



# FCMM Retirement Plan

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Retirement Plan: [fcmm@fcmmbenefits.org](mailto:fcmm@fcmmbenefits.org)

Long Term Disability Insurance, Payroll Service:

[benefits@fcmmbenefits.org](mailto:benefits@fcmmbenefits.org)

FCMM makes it easy for churches and ministries to offer retirement benefits to their employees at good value with a range of choices.

Operating as a 403(b)(9) church retirement income account plan, we offer a variety of investment options, whereby participants can manage their own account or benefit from the professional management of collective funds.

**Flexibility:** The participant can choose how funds are drawn as benefits, allowing for some annuity benefit and some continuing self-management of resources.

**Housing Allowance Tax Benefit:** FCMM can designate retirement distributions as tax-free housing allowance for credentialed pastors and commissioned missionaries. Only a church plan is able to do so.

**Minimal Administrative Work:** FCMM handles much of the employer administrative work, record keeping, and communication. There is no cost to the employer.

**IRS Compliance:** FCMM maintains the retirement plan as a compliant 403(b)(9) church plan, which enables all the benefits and flexibility allowed to denominational plans. FCMM must be the sole retirement plan for participating employers.

**Death Benefit:** If a participant dies before beginning to draw retirement income benefits (annuity), the full amount value is available to designated beneficiaries. If a participant dies after starting benefits, any funds not included in the annuity are available to the beneficiaries.

**Advising:** FCMM has an investment adviser on staff who can provide counsel to participants at no cost. Note: Vanguard mutual funds are typically not included for advising as they are offered for the “do it myself” investor.

**Portability:** If an account holder moves to another participating EFCA ministry, it’s simple for the new employer to make contributions to the account. If a participant leaves an EFCA ministry, the account can stay within FCMM but remain in the participant’s possession as an eventual retirement benefit.

**Low Fees:** Generally, FCMM’s fees are lower than, or competitive with, most investment programs.

## Multiple Investment Options

Whether the participant prefers to rely on investment via FCMM-provided funds (Options C, D, E), to self-manage through mutual funds, or some combination, a number of options are available.

### FCMM-Provided Funds

#### Conservative Growth with Annuity Benefit Fund (Option C)

For those who prefer long-term stability, this fund is designed to even out market volatility and provide for retirement income. In Option C, the investments are pooled in a balanced approach overseen by the FCMM trustees and investment advisers. Because of the long time horizon, this fund is not recommended for those who want to move money around, and funds cannot be transferred to other Options, with limited exceptions. Funds moved out of Option C to other Options are not eligible to be moved back into Option C. While Option C is designed for annuity-income in retirement, funds may also be taken as a lump sum or partial sums, subject to market adjustment at the time of distribution.

#### Moderate Growth Stock Fund (Option D)

This fund duplicates the equity portfolio portion of Option C. For the investor who would like some portion of investments to “ride” with the stock market, this fund can provide the benefit without requiring specific equity investment decisions.

#### Diversified Bond Fund (Option E)

This fund duplicates the bond portfolio portion of Option C. For the investor who would like some portion to track with bonds, this fund provides the benefit without requiring specific bond or bond-fund investment decisions.

### Self-Selected Mutual Funds

#### American Funds (Option F)

For the participant who likes more choices, we offer a selection of the major American Funds mutual funds (20+ funds), including a range of target-date funds. (Target-date funds are managed for a diminishing level of risk as the retirement target date approaches.) FCMM recommends that participants seek professional investment advice when considering mutual funds.

#### Vanguard Funds (Option G)

FCMM offers a large array of mutual funds in the Vanguard family (80+ funds) that allows significant options for investment planning, including Vanguard’s target-date funds. Self-selected mutual funds are not usually recommended for the casual investor. This Option best serves the highly engaged investor or one who retains the service of an adviser.

#### Biblically Responsible Funds (Option J)

While FCMM-provided funds have always practiced screening for evangelical values, the self-selected Options F and G are not subject to such screening. Two leaders in the Biblically-Responsible Investing (BRI) arena, Timothy Plan and GuideStone, offer a number of mutual funds in different asset classes. As with other mutual fund selections, many investors in this Option may be best served by consulting with an adviser.

### Adjustable Fund

#### Adjustable Rate Investment (Option H)

This fund invests with Christian Investors Financial (CIF) at a competitive market rate. CIF is the EFCA-affiliated provider of ministry capital financing. Current rate information can be found at [www.christianinvestors.org](http://www.christianinvestors.org).

### Contribution Limits

Annual contributions to the participant’s account are limited by IRS code. See the FCMM website for current limits.