Thinking About Retiring?

A Pre-Retirement Syllabus
For the Adventist Employee

2017
Thinking About Retiring?

The purpose of this booklet is to provide an orientation to the application process, required decisions and calculations for an employee of the Seventh-day Adventist Church who is approaching Retirement.

Every effort has been made to ensure that this booklet is an accurate summary of the policies governing the North American Division’s various retirement provisions. Examples shown in this booklet make assumptions which may or may not apply in every situation. No example should be construed as a promise to provide specific benefits in every situation. The pre-retiree may wish to contact his current or last employer’s human resources office and seek an estimate of monthly benefits.

2017

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Introduction to Retirement Issues

In 1910, with the urging of Ellen White and under the leadership of General Conference President, A G Daniels, the Seventh-day Adventist Church voted to begin a ‘Workers’ Fund’ designed to provide “sustentation” for an employee who, because of health problems was no longer able to earn a living, or for the widow and orphans of a worker who died in service. Initially this plan was not age or formula based. It required proof of disability, and benefits were granted at the discretion of a ‘sustentation committee.’

Ultimately the plan evolved into a tax-deferred earned benefit, determined by the Internal Revenue Service to be a 403(b) pension plan. As such, it is required to have a plan document clearly stating the benefits and eligibility requirements without benefits discretion granted to Plan administration.

From the beginning, the pension plan was designed on a ‘pay-as-you-go’ basis. In order to avoid tying up significant church dollars, the plan pioneers determined to only fund estimated expenses as they came due, with a small cushion for year to year variances.

In 1981, the hospital portion of the plan was separated from the church plan, and due to vigorous contributions and excellent investment returns, by 1997 the hospital pension and healthcare plans were determined by independent actuaries to be fully funded.

In 1998, the North American Division took action to ‘freeze’ the unfunded pension plan in place effective on 12/31/1999, and to replace it with a defined contribution tax deferred retirement savings account. Service earned pre-freeze would be held until retirement, but post 1999 service would, with limited exceptions, be provided under the new plan. The current Adventist retiree usually retires with parts of two plans, including a pension from the pre-freeze career and a lump sum from the post-freeze career.

Various bridges were designed to provide smooth transition between two very different retirement models, and these are described in this book.

At various times the church has taken action to split out various portions of the plan due to convenience, expediency or legal requirements. These include:

- Retirement plans for employees of Adventist hospitals: Hospitals froze their pension plan effective 1/1/1992. Service in Adventist hospitals after that date are not a part of the church’s pension plan. Service prior to that date generates a pension
operated by the church but funded by the hospitals. Individuals with mixed pension service will receive one payment, but calculations will be made according to specific years of service.

- Retirement plans for employees of the church in Canada and Bermuda: In 1993 the church took action to initiate a separate retirement plan in Canada, and in 2000 in Bermuda.
- Retirement plans for employees of Regional Conferences: In 2002 The church took action authorizing initiation of a separate pension plan for Regional Conferences.

This booklet does not deal with benefits or service credit earned in Canada, in Adventist hospitals after 1992, in Bermuda after 1999 or in a Regional Conference if employed by a Regional Conference on 12/31/1999. Information for such service can be obtained from the employers under which such service was earned. Although some of these plans enjoy reciprocal vesting accrual, actual benefits will be determined by the terms of the specific plan document.

It is my earnest desire that, upon completion of reading this book, and the seminar it is intended to accompany, you will have a good understanding of the financial and healthcare challenges and solutions for a meaningful and satisfying retirement. As I look back on my forty years of denominational service, I can't help but think of a quote from Ellen White which my Academy Bible Teacher had us memorize:

“God never leads His children otherwise than they would choose to be led, if they could see the end from the beginning, and discern the glory of the purpose which they are fulfilling as co-workers with Him.” (DA 224.5)

I pray that God’s abundant blessings will accompany you, and reward you for your faithful service to Him.

Regards,

Del L Johnson
Adventist Retirement
The Financial Plan

We don’t do retirement simply in this country or in this church. Retirement planning usually requires considering at least three sources of income, including:

- Social Security
- Frozen DB Pension
- ARP DC Accumulation

For most of reading this, much in life is set in concrete. We can’t change our date of birth, or whether or not we have opted out of Social Security, or how many years we worked or what our pay levels were, or how much we saved. Most of us are limited to decisions such as:

- Determining a savings goal.
- Determining a retirement date.
- Determining a retirement location.

The Retirement Assets Curve shows the theoretical growth of a Retirement asset value during the working years, and the possible decline of the asset as the retiree may begin to ‘invade the principal’ in later years. The ability of the personal retirement plan to generate continuous income will depend on retirement asset level, length of life, investment performance and speed of withdrawal. The graph shows a modest decline by age 90. A more precipitous drop in value may result in fund depletion before death.

The “Career & Retirement Income” graph displays the growth of career annual income, and the make-up of retirement income, including Social Security, plan benefits or earnings, and ultimately income from asset depletion. Again, the quicker the red-ink begins to flow, the quicker the asset is depleted.

How Much Retirement Income Do I Need?
Retirement income needs depend on a number of items, not all of which you can predict.

- Where are you going to live?
- High or Low Cost of Housing
• High or Low Cost of Living
• How Long do you plan to Live? We have retirees who don’t see 70, and we’ve had retirees live as long as 108.

• Are you planning on working?
• Over 80% of baby boomers say they plan to work part time in retirement.
• Only around 30% actually find regular employment.
• How Expensive are your Retirement Activities?
• Expenses for hobbies and other retirement activities can vary greatly. Daily golf and frequent cruises will significantly raise the expense of retirement. Gardening is cool.

• Are You Planning For Early Retirement?
• Reduced Social Security and pension income due to early retirement penalties, coupled with longer income demands on your retirement savings could result in a reduction of your standard of living.

The 70% Rule
While every situation is unique, and generalities should be treated with skepticism, much of the literature suggests that you should have 70%-80% of your pre-retirement employment income in retirement in order to maintain the standard of living to which you have become accustomed. For the Adventist employee this would generally be provided by a combination of Social Security, pension from the pre-2000 frozen defined benefit plan and income from the post-1999 defined contribution plan.

Why should you be able to live on less in retirement than when you are employed? After all, you will spend more time at home, so utilities may go up. Some of the perks of employment may require personal expenditures now. And you now feel compelled to purchase a casual retiree wardrobe since you probably own all the suits and ties you’ll ever need.
There are a number of expenses which might be reduced in retirement.

- Many Adventist employees have carefully targeted a debt-free retirement home and car, so mortgage and car payments are just a bad memory.
- Federal and state income tax bill will likely be significantly reduced. No FICA or SECA on your retirement income.
- Adventist retirees tend to be among the most generous contributors in their church. Many calculate their tithes and offerings on a percentage of their income. Since income is reduced, this payout may be reduced in actual dollars.
- Most retirees quit saving towards retirement when they retire. If your Salary Reduction Agreement under the defined contribution retirement plan set your savings at say 5%, you have learned to live without that money.

The Living Expenses graph may provide an example of a retiree maintaining a standard of living with reduced income. From our conversations with retirees, for the 70% rule to work, housing should be free and clear at retirement.

**A Retirement Target**

Most employees assume that they will be able to maintain their standard of living in retirement. This section describes three models that may best describe where most are actually headed.

- **Bequest Model**: This requires an asset large enough to generate adequate retirement income by withdrawing only 4% per year. In most years this will enable the retiree to maintain, or even increase the size of the retirement asset to protect against inflation. This model will sustain itself and will leave a sizeable bequest at death. Unfortunately few are able to reach this target.
- **Annuity Model**: This requires an asset large enough to purchase a fixed annuity designed to plug the income
gap. The annuity dips into the principal of the retirement account, and at death the asset will in most cases be depleted. Since the income is fixed, there will be some loss of purchasing power due to inflation.

• Lowered Expectations: This model recognizes that the total retirement standard of living is going to be below the standard of living while employed. This is where some employees are headed, particularly if the home is not paid for, or if they have few years of service credit.

Sources of Income
The typical Adventist career employee with thirty-five or more years of participation in Social Security can expect to receive between 34% and 41% of the last regular wages at your normal retirement age. If an employee lives in a high-cost of living area, and thus receives a cost of living adjustment, the ‘replacement ratio’ from Social Security will be at the lower end of the range. Social Security participants should receive annual statements from Social Security which predict what your monthly SS benefits will be in retirement. Retirement prior to normal retirement age results in a penalty from Social Security.

The frozen defined benefit pension plan will provide some replacement income for qualifying employees. An employee with thirty-five years of pre-freeze service can generally expect between 20% and 25% of the last regular wages at your normal retirement age. If an employee lives in a high-cost of living area, and thus receives a cost of living adjustment, the ‘replacement ratio’ from the plan will be at the lower end of the range. Retirement prior to normal retirement age results in a penalty from the plan.

The Retirement Income graph illustrates a range of replacement ratios provided by the frozen pension plan and Social Security. An Adventist pastor with thirty-five years of both pension plan and Social Security participation should expect to receive approximately a 70% combined replacement ratio of the denomination’s low-cost wages. Fewer years of qualifying service, a higher replacement ratio target or higher wages will require income from personal sources in order to reach the 70% target.
Estimating the Income Gap

The ‘income gap’ is the gap between your estimated income from Social Security and your income target. If, for instance, you use 70% of your last wages as your income target, subtracting from that amount the known income will leave you with an estimated annual income gap.

Filling the Gap

Once the income gap has been estimated, a strategy for plugging the gap needs to be established. Depending on how close retirement age is, the options may be limited to:

- Delaying Retirement
  This will increase the value of your DC Plan account. It will also increase your Social Security income, and may decrease any early retirement penalty under the frozen defined benefit plan.

- Reduce Target Replacement Ratio
  If, for instance, the retiree moves to a lower cost of living area, she may be able to reduce her target replacement ratio. An alternate is to downsize housing, living in a less expensive home and investing the home equity to provide additional income. Reaping $130,000 from a house downsize may fund an income annuity of $10,000 per year at age 65.

- Increase Retirement Savings
  Any increases in retirement savings will result in an increased ability to plug the income gap. However this takes time, and if the employee is close to retirement, this strategy is of limited value.

Budget

The following example shows the incredible difference in a Retirement Budget if there is no debt. A rather modest 403(b) account balance (the amount in your Defined Contribution Plan) can support a standard of living even above your pre-Retirement income if debt is gone.

<table>
<thead>
<tr>
<th>Income</th>
<th>Employment Monthly</th>
<th>BiWeekly</th>
<th>Annual</th>
<th>Retirement w/o Debt Monthly</th>
<th>Annual</th>
<th>Retirement with Debt Monthly</th>
<th>Annual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages</td>
<td>$ 2,800</td>
<td></td>
<td>$ 72,800</td>
<td>$ 1,820</td>
<td>$ 21,840</td>
<td>$ 1,820</td>
<td>$ 21,840</td>
</tr>
<tr>
<td>SS Income</td>
<td></td>
<td></td>
<td></td>
<td>$ 700</td>
<td>$ 6,000</td>
<td>$ 700</td>
<td>$ 6,000</td>
</tr>
<tr>
<td>Pension</td>
<td></td>
<td></td>
<td></td>
<td>$ 375</td>
<td>$ 4,500</td>
<td>$ 2,156</td>
<td>$ 25,875</td>
</tr>
<tr>
<td>403(b) Dist</td>
<td>$ 2,800</td>
<td></td>
<td>$ 72,800</td>
<td>$ 2,895</td>
<td>$ 34,740</td>
<td>$ 4,676</td>
<td>$ 56,112</td>
</tr>
<tr>
<td>Total Inc</td>
<td></td>
<td></td>
<td></td>
<td>$ 2,800</td>
<td></td>
<td>$ 2,000</td>
<td></td>
</tr>
<tr>
<td>Expenses</td>
<td>$ 2,000</td>
<td></td>
<td>$ 24,000</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 2,000</td>
<td>$ 24,000</td>
</tr>
</tbody>
</table>
The Retirement office has developed a Retirement Budget tool on our web site. It may be helpful in trying to figure out the difference between your current budget and your Retirement Budget, taking into consideration both the frozen pension plan and the accumulation in your Adventist Retirement Plan accounts. You can find this on our web site at AdventistRetirement.org. On the Current Employee tab, click on downloads and scroll down to the Budget link. Below is a simplification of the actual budget calculator:

<table>
<thead>
<tr>
<th></th>
<th>$</th>
<th>$</th>
<th>$</th>
<th>$</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auto Pmts</td>
<td>300</td>
<td>3,600</td>
<td>$</td>
<td></td>
<td>300</td>
</tr>
<tr>
<td>Taxes</td>
<td>840</td>
<td>21,840</td>
<td>539</td>
<td>6,468</td>
<td>934</td>
</tr>
<tr>
<td>Ret Savings</td>
<td>140</td>
<td>3,640</td>
<td>$</td>
<td></td>
<td></td>
</tr>
<tr>
<td>T&amp;O</td>
<td>420</td>
<td>10,920</td>
<td>404</td>
<td>4,851</td>
<td>701</td>
</tr>
<tr>
<td>Prop T&amp;I</td>
<td>300</td>
<td>3,600</td>
<td>300</td>
<td>3,600</td>
<td>300</td>
</tr>
<tr>
<td>Total Fixed</td>
<td>67,600</td>
<td></td>
<td>1,243</td>
<td>14,919</td>
<td>4,235</td>
</tr>
<tr>
<td>Discretionary</td>
<td>5,200</td>
<td></td>
<td></td>
<td>19,821</td>
<td></td>
</tr>
<tr>
<td>403(b) Bal.</td>
<td></td>
<td>100,000</td>
<td></td>
<td>575,000</td>
<td></td>
</tr>
<tr>
<td>WD Rate</td>
<td></td>
<td>4.50%</td>
<td></td>
<td>4.50%</td>
<td></td>
</tr>
</tbody>
</table>

This budget model de-emphasizes the Income Replacement Ratio and looks instead at expenses you will or won’t have in Retirement. In the example a person with a low replacement ratio actually maintains the standard of living because the mortgage is paid, taxes are way down, charitable contributions are down and retirement savings cease. Your model will of course look different than this example.

**Annuity – How It Works**

An annuity converts a lump sum into a stream of funds. It can be a product sold by an insurance company, an offering by a trust services department or a personal method of drawing income on a regular basis. In theory, an annuity declines to a zero value when you ‘reach room temperature.’ While actuaries can tell you when that will happen statistically, the range we’ve experienced is age 65 to age 108!
The graph shows how an uninsured annuity of $100,000, with inflated monthly withdrawals, will perform given two different withdrawal levels. The assumptions are 6% investment return, 2.5% inflation of monthly withdrawal.

The $500 withdrawal will deplete the fund by around age 91. While that is past the statistical life expectancy for a person reaching retirement age, it is also quite likely that the retiree will outlive the fund. This is called ‘Longevity Risk.’

Insurance companies and philanthropic organizations would be happy to take the ‘Longevity Risk’ off your shoulders by selling you a Single Premium Immediate Annuity or a Charitable Gift Annuity. This instrument guarantees an income stream – usually a fixed amount – until you pass away, whether that be at age 66 or 108. The amount of the monthly withdrawal will depend on interest rates, age of retiree and organizational policies.

Plug the Income Gap
So how much cash do you need to fill the income gap? A rule of thumb, given current prices of commercially available Single Premium Immediate Annuities, is to multiplying the annual Income Gap by fifteen. A $5,500 annual income gap between known income and the desired 70% target x 15 = $82,500. This is the approximate asset required to purchase an annual fixed income annuity of $5,500. This figure will change from time to time, and should be treated with respect. This rule of thumb should not be used with Charitable Gift Annuities.

Advice from a Bored Retiree!
Have something in mind to do after you retire. After 90 days of doing all the little things needed doing around the house, I needed something to do. I could wished the church had some idea of things we could of chosen from to continue to spread the message. It seems like when you retire other than your newsletter the church forgets you are alive. I have been shocked how fast the church moves on without you. The conference where retired could use some retired Pastors but no calls I think that is a waste of 40 years experience. I offered my time to the church first, no takers so I went to work for the government and never felt so appreciated. Such is life. All the best.
Adventist Retirement Plan

The Adventist Retirement Plan is tax-deferred retirement savings account plan. Technically it is a 403(b) non-ERISA qualified church controlled plan.

The philosophy of a defined contribution plan is to ‘define the contribution’ the employer makes throughout the career of the employee. The ‘formula’ determines how much goes into the plan.

The contribution model most participating employers are using, as a percent of wages, is:

- **Employer Basic Contribution:** 5.00% (Applied regardless of employee contributions.)
- **Employee Voluntary Contrib.:** 3.00% (Recommended Minimum Voluntary)
- **Employer Match Contribution:** 3.00% (Match is 100% of voluntary up to 3%)
Many Employees should contribute more than 3%, but the employer match caps out at 3% of wages.

The above contribution rates are the standard rates. However some employers have adopted a resolution which allows for an equalization mechanism, particularly where pastors and teachers work and live in the same conference with significant divergence of costs of living. Also some employers have adopted a resolution which authorizes them to use a different model for Part-Time employees. Your employer can provide information to you on what contribution model has been authorized.

Investing for Retirement
The following includes some general investment information. It should not be considered as investment advice. However it may provide some general guidance in what employees should be considering as they look at their long-term investment decisions.

Dollar Cost Averaging
If a mutual fund is trading between, say $15 and $25 per unit, and the total monthly combined contribution is $200, the number of units of the mutual fund purchased will vary - more will be purchased at the lower rate, fewer at the higher rate. Since each unit has the potential for long-term growth, the more mutual fund units purchased should result in greater long-term growth. Thus when markets are down, your $200 is purchasing more potential growth than when markets recover. Over the long term, this natural phenomenon will result in lower average cost per unit purchased.

Two Classes of Investments
Simply stated, investment vehicles in a retirement plan are divided into two classes: Income and Equities.

Income funds are made up primarily of debt, usually referred to as a bond. You loan your money to the government or to a corporation, and that organization promises to pay interest and to repay the loan at some future date. Income investments are generally considered low risk, low return. There are of course exceptions. It is possible to buy high-return bonds which have a less than stellar promise of repayment at maturity. Retirement plans tend to have fairly stable value bond funds.
**Equity funds** are made up of actual ownership of shares of stock in a company. In a retirement plan these are usually set up as pools of investments referred to as mutual funds. Risk and return ranges significantly depending on the sub-class within the equity class:

- Large Domestic Companies – moderate risk
- Small Domestic Companies – higher risk
- International Companies – higher risk
- Emerging Markets – highest risk

**Risk vs. Return**
Investment involves risk. Investment theory says that, over time, higher risk, reasonably managed, will be rewarded by higher returns. But it may provide a wild ride. Using the funds currently offered by the Plan, our consultant has provided us with a risk cone.

**The Risk Investment Cone**

**Aggressive Growth**
- Columbia Small Cap
- SDA Small Cap
- Munder Midcap
- Invesco Mid-Cap Core Growth

**Growth of Principal**
- T Rowe Price International
- Amer Funds Europac
- Dodge & Cox International
- SDA International
- SDA Large Cap
- Dreyfus Appreciation
- Vanguard REIT Index
- Dodge & Cox Stock

**Growth & Income**
- American Century Equity Inc
- Vanguard Growth & Income
- PIMCO All Asset All Authority

**Income**
- Vanguard Treasury
- Vanguard Corporate
- PIMCO Real Return
- SDA Bond
- Galliard Stable Value
The colors of the funds tie directly to the level of risk or volatility shown in the Investment Cone. Most investment gurus will advise employees approaching retirement to be aware of the potential for increased volatility in the investments in the upper part of the cone. Historically down markets have sometimes taken more time to ‘ride out’ than a retiree is able to wait before needing to cash out his/her investments for retirement use. We urge those approaching retirement to consult with an investment counselor in order to help determine an asset allocation model which is appropriate for age and risk tolerance.

**Diversification**

“Don’t put all your eggs in one basket.” Good advice from long ago. The Enron story is a good example of failure to diversify. According to news reports, one Enron employee was approaching retirement age. He had approximately $1.3 million in his 401(k) tax deferred retirement savings account. Unfortunately, all of his investments were in Enron corporate stock. When Enron went down the tubes, the unhappy employee value dropped from $1.3 million to essentially no value.

Adventist Retirement Plan does not allow employees to put money into individual corporate stock. The plan requires all money in this plan to go into mutual funds or equivalent instruments. This forces a certain level of diversification. For instance, if you put one dollar into the SDA Large Cap fund, you essentially are purchasing a piece of 467 of America’s largest companies.

**What Provides Growth?**

A study quoted in Financial Analysts Journal, May/June, 1991 by Gary Brinson, Brian Singer and Gilbert Beebower, and confirmed by updates since that time has shown that selection of a reasonable asset allocation model is far more important than market timing, investment selection or any of the other favorite tricks of investors.

**Socially Screened Investments**

The following funds are socially screened, in that they have blacklisted companies with significant exposure to objectionable products:
• SDA Bond
• SDA Large Cap
• SDA Small Cap
• SDA International

The objectionable products selected by the board are a set of four commonly accepted “sin stocks” and two uniquely Adventist “sin stocks”.
• Pornography
• Tobacco
• Alcoholic Beverages
• Gambling
• Meat Packing
• Caffeinated Beverages

None of the other funds provided in the Plan claim to be screened.

Vesting
Prior to 2011, all employer contributions in this plan were subject to a three year vesting schedule. After 2010, vesting requirements for this defined contribution retirement plan have been eliminated.

Quarterly Statement
The quarterly statement you receive from Empower Retirement provides information as to gains and losses, quarterly and from inception. The statement can tell you if your asset allocation model has drifted from its original balance.

Target Dated Investing
ARP has put in place ‘Targeted Maturity Funds.’ These self-balancing funds target your expected retirement year and move incrementally towards a retirement-appropriate investment strategy as the years go by. Professional managers adjust the asset allocations for everybody in the SDA 2015 fund as the year 2015 approaches. There is a fee for this service amounting to .08% or eight hundredths of 1% in addition to regular fees.

If you are a ‘default’ employee, that is if you have never told Adventist Retirement Plan where to invest your funds, we have selected an age appropriate Target Maturity Fund for you.

Investment Summary
Generally, investment advisors suggest that as you approach retirement age, you should be moving into less aggressive investment positions. Market swings can take years to ride out, and at age 62, you may not have years before you will need to draw down your funds. You may wish to discuss Your Asset Allocation Model with an Investment Guru today!

Getting Investment Help from Empower Retirement

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1 Great-West Financial is changing its brand name to Empower Retirement.
• KeyTalk at 800 701-8255  No fee
• Online Investment Guidance  No fee
• Online Investment Advice  No fee
• Managed Account (Similar to VALIC’s GPS)
  o  Less than $100,000  .45%
  o  Next $150,000  .35%
  o  Next $150,000  .25%
  o  Greater than $400,000  .15%

Distribution
Upon reaching age 59 ½, even if still denominationally employed, you may begin to access all funds in your account. Unlike the pre-2000 church pension plan, described elsewhere, there is no prohibition for ‘in-service distribution’ for the defined contribution plan after age 59 ½.

Distribution of your account balances usually is done by one of the following:

a. Structured withdrawal – monthly or quarterly
   i. Easy to set up.
   ii. Flexible
   iii. Ministers keep access to Parsonage Allowance Exclusion.
   iv. Fees are minimized.
   v. No guarantee of life-long income.
   vi. Subject to market swings and losses

b. Annuitize with an Insurance Company
   i. Ministers may lose Parsonage Allowance Exclusion.
   ii. Guarantees flow of funds for specific period or until death, depending on selection.
   iii. There are fees.
   iv. Loss of control of the asset.
   v. Dependent upon long-term reliability of the company

c. Rollover to alternate plan
   i. This might be into an IRA or an alternate 403(b) plan from another employer.
   ii. Ministers probably lose parsonage allowance exclusion.
   iii. There are fees
   iv. No life-long guarantee
   v. Subject to market swings

d. Secure Foundation
   i. Guaranteed Lifetime Withdrawal Benefit

Secure Foundation II
Secure Foundation is a distribution option provided by our recordkeeper. This graph seeks to describe the product:
An employee puts say $150,000 into Secure Foundation. The money is invested in a balanced fund. It is not socially screened. In the case shown, the employee is not yet retired, and is not yet withdrawing.

Rachet: This means that on the anniversary of enrollment in Secure Foundation, the value is reviewed. If higher than the amount locked in at enrollment, or subsequent years, the basis is locked in at the higher level. If lower, the basis does NOT go down.

Distribution: The employer can draw down funds at a specific percent of the basis amount. At the moment at age 65 that amount is 4.5% for Joint & Survivor. If the youngest of two people is 65, you are guaranteed 4.5% withdrawal for life.

Over time, if the value declines, the balance still belongs to you, the retiree. For instance if the retiree and spouse both passed away at age 82, there would still be ~$60k in the example above. That money would be distributed to the beneficiaries or the estate.

However if the retiree and/or spouse outlives the fund balance, at the fund is depleted the insurance kicks in and continues to pay 4.5% of the highest rachet basis until both spouses died.

There are fees and this product is probably not for everybody, but there are some very really positive aspects:

1. It is within the plan, and thus is eligible for Parsonage Allowance Exclusion.
2. The fees are modest compared to many similar products.
3. Unlike most annuities, this option provides liquidity in the case of death before the funds are depleted.
4. Unlike structured withdrawals, Secure Foundation guarantees continued benefits for life, even though the asset has been depleted.
If you would like to learn more about Secure Foundation, you can go to www.gwsecurefoundation.com or call 866-696-8232 and ask to talk to a Representative about Secure Foundation. If you are ready to make the move, you can simply select Secure Foundation from among the investment options available to you in your Empower account on-line.
Decisions

1. Investing my Retirement Assets
   a. Investment Advisor
   b. Target Dated Funds
   c. Guided Portfolio Services
   d. Do it yourself

2. How much to Contribute?
   a. Minimum, 3%, Maximum, IRS Limits
   b. Contact employer to change contribution rate

3. Distribution
   a. Structured withdrawal - monthly or quarterly
   b. Annuitzation
   c. Rollover to alternate plan
   d. Leave it to grow
   e. Cash-out
   f. Secure Foundation
The Healthcare Plan

Isn’t Original Medicare Enough?
Our Retirees incur expenditures not covered by Medicare and these costs can be high. For instance, each year a handful of retirees pays more than $100,000 in outpatient prescription drug costs. Medicare 2017 Co-Pays and Deductibles

- Outpatient Co-Pay 20%
- Outpatient Deductible $183.00
- Inpatient $1,316/admission deductible
- Inpatient $329/day co-pay, days 61-90
- Inpatient $658/day co-pay, days 91+
- SNF $164.50/day co-pay, days 21-100

And then there are the Dental, Vision and Hearing costs.

To be eligible for assistance towards healthcare costs in retirement, the Retiree must have at least fifteen years of qualifying church service credit, must be a participant in Medicare A and B and must be at least age 65.

The categories of Assistance that SHARP provides include:

1. Partial Reimbursement of Medicare B Premiums – from 50% to 90% of the 2015 premium of $104.90 as a non-taxable monthly reimbursement of medical costs for both Retiree and J&S Spouse.
2. Pre-Medicare assistance for pre-65 Retiree and Joint & Survivor Spouse if the Retiree has 40+ years of service credit is eligible for assistance.
   a. Pre-65 Medical
   b. Pre-65 Dental/Vision/Hearing
   c. Pre-65 Prescription Drugs
   d. Non-Medicare Medical, Dental, Vision, Hearing and Rx for retiree’s child up to age 26.
3. Medicare Supplemental Assistance for Participants who are 65+.
   a. 65+ DVH (Dental/Vision/Hearing)
   b. Contributions to a Healthcare Reimbursement Account to assist Retiree and J&S Spouse with selected market based supplemental plans.

Eligibility

In order to be eligible for assistance, you must be:

- A beneficiary of a Retirement Plan with 15+ years of Church Service Credit, or
- The Joint & Survivor Spouse of a qualifying beneficiary, or
- A child of a qualifying beneficiary less than 26 years of age
Medicare is Essential

The healthcare assistance plan is designed to wrap around and supplement Medicare A and B. Medicare A provides hospital assistance. Individuals should sign up for Medicare A even if still employed at age 65. Medicare B provides assistance for doctor visits and other qualifying expenses. Individuals should sign up for Medicare B to be effective at age 65 or when they lose active coverage. The Retirement Plan does not provide assistance for age 65+ Retirees who are not Medicare A and B enrollees.

Pre-Medicare/ Non-Medicare Plan

If an Employee retires prior to Medicare Eligibility (age 65), SHARP provides no Earned Credit unless the retiree had 40 or more years of qualifying service credit. However a pre-65 retiree CAN purchase unassisted bridge coverage until he/she becomes Medicare eligible. Or a 65+ Retiree Can enroll his/her Pre-Medicare spouse who will receive assistance IF the Retiree is eligible for assistance.

Here is an example using Tony Bozinski and his wife, Hannah. Tony and wife are both pre-Medicare, with 40 years of qualifying service. He and his family are all eligible for earned credits based on 35+ or Category “A” service. If he didn’t have 40 years, he’d not be eligible for any Earned Credit until reaching age 65. The monthly cost, instead of the modest amount shown below would be much higher.

<table>
<thead>
<tr>
<th>SUPPLEMENTAL HEALTHCARE, ADVENTIST RETIREMENT PLAN</th>
<th>Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enrollment Form for 2017</td>
<td></td>
</tr>
<tr>
<td>Church Service Only</td>
<td>Eligible for Assistance? Y or N</td>
</tr>
<tr>
<td>Retiree</td>
<td>Tony T Bozinski</td>
</tr>
<tr>
<td>Spouse</td>
<td>Hannah L Bozinski</td>
</tr>
<tr>
<td>65+ Only</td>
<td>Retiree</td>
</tr>
<tr>
<td>65+ Dental/Vision/Hearing</td>
<td>n</td>
</tr>
<tr>
<td>Less Earned Credit</td>
<td></td>
</tr>
<tr>
<td>Personal DVH Cost</td>
<td>$0</td>
</tr>
<tr>
<td>Pre-Medicare Only</td>
<td></td>
</tr>
<tr>
<td>Pre-Medicare Medical</td>
<td>y</td>
</tr>
<tr>
<td>Pre-Medicare Rx</td>
<td>y</td>
</tr>
<tr>
<td>Pre-Medicare DVH</td>
<td>y</td>
</tr>
<tr>
<td>Total Pre-Medicare Cost</td>
<td>$660</td>
</tr>
<tr>
<td>Less Pre-Medicare Earned Cr.</td>
<td></td>
</tr>
<tr>
<td>Personal Pre-Medicare Cost</td>
<td>$20</td>
</tr>
<tr>
<td>Non-MC Child Below 26</td>
<td></td>
</tr>
<tr>
<td>Name</td>
<td>DOB</td>
</tr>
<tr>
<td>Total Non-Medicare Cost</td>
<td></td>
</tr>
<tr>
<td>Less Non-MC Earned Credit</td>
<td></td>
</tr>
<tr>
<td>Personal Non-Medicare Cost</td>
<td></td>
</tr>
<tr>
<td>Total Personal Monthly Cost</td>
<td></td>
</tr>
<tr>
<td>Monthly Payroll Withholding for SHARP</td>
<td></td>
</tr>
</tbody>
</table>

If an Employee retires and is Medicare Eligible (age 65+) but the spouse is Pre-Medicare, SHARP anchors the eligibility of the spouse based on the employee’s eligibility. For
instance if Tony is Medicare Eligible at retirement but his wife is not yet 65, she will sign up for the Pre-Medicare option until she reaches age 65. The Earned Credit is based on her husband’s twenty-six years of qualifying service credit. The example shows the balance that will be due each month.

**SUPPLEMENTAL HEALTHCARE, ADVENTIST RETIREMENT PLAN**

<table>
<thead>
<tr>
<th>Church Service Only</th>
<th>Eligible for Assistance? Y or N</th>
<th>DOB</th>
<th>SS#</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retiree</td>
<td>Tony T Bozinski</td>
<td>1/1/1952</td>
<td>999-99-9999</td>
</tr>
<tr>
<td>Spouse</td>
<td>Hannah L Bozinski</td>
<td>1/2/1954</td>
<td>888-88-8888</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>65+ Only</th>
<th>Retiree</th>
<th>Spouse</th>
<th>Monthly Cost</th>
<th>Retiree Cost</th>
<th>Spouse Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>65+ Dental/Vision/Hearing</td>
<td>y</td>
<td>n</td>
<td>$90</td>
<td>$90</td>
<td>$0</td>
</tr>
<tr>
<td>Less Earned Credit</td>
<td></td>
<td></td>
<td>$52</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Personal DVH Cost</td>
<td></td>
<td></td>
<td>$38</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Pre-Medicare Only</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pre-Medicare Medical</td>
<td>n</td>
<td>y</td>
<td>$450</td>
<td>$0</td>
<td>$450</td>
</tr>
<tr>
<td>Pre-Medicare Rx</td>
<td>n</td>
<td>y</td>
<td>$120</td>
<td>$0</td>
<td>$120</td>
</tr>
<tr>
<td>Pre-Medicare DVH</td>
<td>n</td>
<td>y</td>
<td>$90</td>
<td>$0</td>
<td>$90</td>
</tr>
<tr>
<td>Total Pre-Medicare Cost</td>
<td></td>
<td></td>
<td>$0</td>
<td>$660</td>
<td></td>
</tr>
<tr>
<td>Less Pre-Medicare Earned Cr.</td>
<td></td>
<td></td>
<td>$0</td>
<td>$490</td>
<td></td>
</tr>
<tr>
<td>Personal Pre-Medicare Cost</td>
<td></td>
<td></td>
<td>$0</td>
<td>$170</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-MC Child Below 26</th>
<th>Name</th>
<th>DOB</th>
<th>SS#</th>
</tr>
</thead>
</table>

| Total Non-Medicare Cost | $0 |
| Less Non-MC Earned Credit | $0 |
| Personal Non-Medicare Cost | $0 |
| Total Personal Monthly Cost | $38 | $170 |
| Monthly Payroll Withholding for SHARP | $208 |

**Retirement Health Exchange**

Effective 1/1/2017 the Retirement Plan has engaged Aon Retiree Health Exchange to provide retirees with a Health Reimbursement Account (HRA), and assistance towards the purchase of healthcare plans from among many options available. The Plan will make annual contributions to a personal HRA for each eligible Retiree and J&S Spouse who is age 65+.

**Pre-65 Retirees and J&S Spouse**

Pre-Medicare Retiree and spouse will not be able to participate in the Aon Retiree Health Exchange option until reaching age 65. Instead, each will be offered the opportunity to enroll in the current SHARP Pre-Medicare option described above. The Earned Credit is only available if the Retiree has 40 or more years of qualifying service credit.

**The 30,000 ft Look**

Based on years of service credit, the Plan will pay the following amounts towards healthcare options you will select each year. Based on five-year bands of service, these amounts are available for both Retiree and the J&S Spouse.

**65+ Retiree**

If the participant waives participation in the Dental/Vision/Hearing (DVH) option, the contribution will then be made towards the HRA instead.
The following table shows the ‘Earned Credit’ which is available against the Pre-Medicare medical only option, for a Retiree who is has at least 40 years of qualifying service credit, or for a J&S Spouse if the Retiree is eligible for either an Earned Credit or a contribution to an HRA.

<table>
<thead>
<tr>
<th>Years of Qualifying Church Service</th>
<th>DVH Annual Contribution per Member</th>
<th>HRA Annual Contribution per Member</th>
<th>Total Annual Contribution per Member</th>
</tr>
</thead>
<tbody>
<tr>
<td>35+</td>
<td>$780</td>
<td>$1,620</td>
<td>$2,400</td>
</tr>
<tr>
<td>30–34</td>
<td>$696</td>
<td>$1,464</td>
<td>$2,160</td>
</tr>
<tr>
<td>25–29</td>
<td>$612</td>
<td>$1,308</td>
<td>$1,920</td>
</tr>
<tr>
<td>20–24</td>
<td>$528</td>
<td>$1,152</td>
<td>$1,680</td>
</tr>
<tr>
<td>15–19</td>
<td>$444</td>
<td>$996</td>
<td>$1,440</td>
</tr>
</tbody>
</table>

<65 Retiree

The following table shows the ‘Earned Credit’ which is available against the Pre-Medicare medical only option, for a Retiree who is has at least 40 years of qualifying service credit, or for a J&S Spouse if the Retiree is eligible for either an Earned Credit or a contribution to an HRA.

<table>
<thead>
<tr>
<th>Years of Qualifying Church Service</th>
<th>Monthly Earned Credit per Participant</th>
<th>Monthly Earned Credit for pre-26 Child</th>
</tr>
</thead>
<tbody>
<tr>
<td>35+</td>
<td>$440</td>
<td>$130</td>
</tr>
<tr>
<td>30–34</td>
<td>$385</td>
<td>$114</td>
</tr>
<tr>
<td>25–29</td>
<td>$330</td>
<td>$98</td>
</tr>
<tr>
<td>20–24</td>
<td>$275</td>
<td>$81</td>
</tr>
<tr>
<td>15–19</td>
<td>$220</td>
<td>$65</td>
</tr>
</tbody>
</table>
What Category Will You Fall In?

1. Both Retiree and J&S Spouse are age 65+: Both will be eligible for the DVH Earned Credit and the HRA Contribution based on years of qualifying service credit.
2. Retiree is age 65+ and Spouse is less than age 65: Retiree will be eligible for the DVH Earned Credit and the HRA Contribution. Spouse will be eligible to participate in the pre-Medicare option described previously.
3. Both Retiree and J&S Spouse are pre-65, but Retiree has 40+ years of service credit: Both will be eligible for the Earned Credit towards the pre-Medicare options.
4. Retiree eligible to receive either an Earned Credit towards Pre-Medicare Options or HRA Contributions, with a child less than age 26: The child is eligible for a Non-Medicare Earned Credit based on Retiree's qualifying years of service credit.

Samples

Following are samples application forms Retiree candidates will fill out. These deal only with pre-Medicare and DVH for 65+ participants.

Retiree & Spouse both Age 65+

<table>
<thead>
<tr>
<th>SUPPLEMENTAL HEALTHCARE, ADVENTIST RETIREMENT PLAN</th>
<th>Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enrollment Form for 2017</td>
<td></td>
</tr>
<tr>
<td><strong>Church Service Only</strong></td>
<td></td>
</tr>
<tr>
<td>Eligible for Assistance? Y or N</td>
<td>DOB</td>
</tr>
<tr>
<td>Retiree</td>
<td></td>
</tr>
<tr>
<td>Tony L Bozinski</td>
<td>Y</td>
</tr>
<tr>
<td>1/1/1951</td>
<td>999-99-9999</td>
</tr>
<tr>
<td>Spouse</td>
<td></td>
</tr>
<tr>
<td>Hannah L Bozinski</td>
<td>Y</td>
</tr>
<tr>
<td>1/1/1949</td>
<td>888-88-8888</td>
</tr>
<tr>
<td><strong>65+ Only</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Monthly Cost</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Retiree</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Spouse</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Monthly Cost</strong></td>
<td></td>
</tr>
<tr>
<td>65+ Dental/Vision/Hearing</td>
<td>$90</td>
</tr>
<tr>
<td>Less Earned Credit</td>
<td>$65</td>
</tr>
<tr>
<td>Personal DVH Cost</td>
<td>$25</td>
</tr>
<tr>
<td>Pre-Medicare Only</td>
<td></td>
</tr>
<tr>
<td>Pre-Medicare Medical</td>
<td>n</td>
</tr>
<tr>
<td>Pre-Medicare Rx</td>
<td>n</td>
</tr>
<tr>
<td>Pre-Medicare DVH</td>
<td>n</td>
</tr>
<tr>
<td>Total Pre-Medicare Cost</td>
<td>$450</td>
</tr>
<tr>
<td>Less Pre-Medicare Earned Cr.</td>
<td>$0</td>
</tr>
<tr>
<td>Personal Pre-Medicare Cost</td>
<td>$0</td>
</tr>
<tr>
<td>Non-MC Child Below 26</td>
<td></td>
</tr>
<tr>
<td>Name</td>
<td>DOB</td>
</tr>
<tr>
<td>DOB</td>
<td></td>
</tr>
<tr>
<td>SS#</td>
<td></td>
</tr>
</tbody>
</table>

If either or both waive participation in DVH, there would be no withholding, and the Earned Credit would instead be provided as an additional contribution to the HRA.

Both 65+ with 26 years Qualifying Service Credit

$50
### Early Retirement, Retiree pre-65, but with 40+ Years Qualifying Service Credit:

**SUPPLEMENTAL HEALTHCARE, ADVENTIST RETIREMENT PLAN**

<table>
<thead>
<tr>
<th>Church Service Only</th>
<th>Eligible for Assistance? Y or N</th>
<th>DOB</th>
<th>SS#</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retiree</td>
<td>Tony L Bozinski</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spouse</td>
<td>Hannah L Bozinski</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>65+ Only</th>
<th>Retiree</th>
<th>Spouse</th>
<th>Monthly Cost</th>
<th>Retiree Cost</th>
<th>Spouse Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>65+ Dental/Vision/Hearing</td>
<td>y</td>
<td>y</td>
<td>$90</td>
<td>$90</td>
<td>$90</td>
</tr>
<tr>
<td>Less Earned Credit</td>
<td></td>
<td></td>
<td>$51</td>
<td>$51</td>
<td></td>
</tr>
<tr>
<td>Personal DVH Cost</td>
<td></td>
<td></td>
<td>$39</td>
<td>$39</td>
<td></td>
</tr>
</tbody>
</table>

**Pre-Medicare Only**

| Pre-Medicare Medical | n | n | $450 | $0 | $0 |
| Pre-Medicare Rx      | n | n | $120 | $0 | $0 |
| Pre-Medicare DVH     | n | n | $90  | $0 | $0 |

**Total Pre-Medicare Cost**

Less Pre-Medicare Earned Cr.

Personal Pre-Medicare Cost

**Total Non-Medicare Cost**

Less Non-MC Earned Credit

Personal Non-Medicare Cost

**Total Personal Monthly Cost**

Monthly Payroll Withholding for SHARP

### Early Retirement, Retiree pre-65, <40 Years Qualifying Service Credit:

**SUPPLEMENTAL HEALTHCARE, ADVENTIST RETIREMENT PLAN**

<table>
<thead>
<tr>
<th>Church Service Only</th>
<th>Eligible for Assistance? Y or N</th>
<th>DOB</th>
<th>SS#</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retiree</td>
<td>Tony L Bozinski</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spouse</td>
<td>Hannah L Bozinski</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>65+ Only</th>
<th>Retiree</th>
<th>Spouse</th>
<th>Monthly Cost</th>
<th>Retiree Cost</th>
<th>Spouse Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>65+ Dental/Vision/Hearing</td>
<td>n</td>
<td>y</td>
<td>$90</td>
<td>$0</td>
<td>$90</td>
</tr>
<tr>
<td>Less Earned Credit</td>
<td></td>
<td></td>
<td>$51</td>
<td>$0</td>
<td>$51</td>
</tr>
<tr>
<td>Personal DVH Cost</td>
<td></td>
<td></td>
<td>$39</td>
<td>$0</td>
<td>$39</td>
</tr>
</tbody>
</table>

**Pre-Medicare Only**

| Pre-Medicare Medical | y | | $450 | $450 | $0 |
| Pre-Medicare Rx      | y | | $120 | $120 | $0 |
| Pre-Medicare DVH     | y | | $90  | $90  | $0 |

**Total Pre-Medicare Cost**

Less Pre-Medicare Earned Cr.

Personal Pre-Medicare Cost

**Total Non-Medicare Cost**

Less Non-MC Earned Credit

Personal Non-Medicare Cost

**Total Personal Monthly Cost**

Monthly Payroll Withholding for SHARP

### Early Retirement, Retiree pre-65, with <40 YearsQualifying Service Credit:

26
Early Retirement, Both <65 with a Child <26 and 39 Years of Service Credit:

<table>
<thead>
<tr>
<th>Church Service Only</th>
<th>Eligible for Assistance? Y or N</th>
<th>DOB</th>
<th>SS#</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retiree</td>
<td>Tony L Bozinski</td>
<td>N</td>
<td>1/1/1953</td>
</tr>
<tr>
<td>Spouse</td>
<td>Hannah L Bozinski</td>
<td>N</td>
<td>1/1/1951</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>65+ Only</th>
<th>Retiree</th>
<th>Spouse</th>
<th>Monthly Cost</th>
<th>Retiree Cost</th>
<th>Spouse Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>65+ Dental/Vision/Hearing</td>
<td>n</td>
<td>y</td>
<td>$90</td>
<td>$0</td>
<td>$90</td>
</tr>
<tr>
<td>Less Earned Credit</td>
<td></td>
<td></td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Personal DVH Cost</td>
<td></td>
<td></td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Pre-Medicare Only</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pre-Medicare Medical</td>
<td>y</td>
<td></td>
<td>$450</td>
<td>$450</td>
<td>$0</td>
</tr>
<tr>
<td>Pre-Medicare Rx</td>
<td>y</td>
<td></td>
<td>$120</td>
<td>$120</td>
<td>$0</td>
</tr>
<tr>
<td>Pre-Medicare DVH</td>
<td>y</td>
<td></td>
<td>$90</td>
<td>$90</td>
<td>$0</td>
</tr>
<tr>
<td>Total Pre-Medicare Cost</td>
<td></td>
<td></td>
<td>$660</td>
<td>$660</td>
<td>$0</td>
</tr>
<tr>
<td>Less Pre-Medicare Earned Cr.</td>
<td></td>
<td></td>
<td></td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Personal Pre-Medicare Cost</td>
<td></td>
<td></td>
<td></td>
<td>$660</td>
<td>$0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-MC Child Below 26</th>
<th>Name</th>
<th>DOB</th>
<th>SS#</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Non-Medicare Cost</td>
<td></td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>Less Non-MC Earned Credit</td>
<td></td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>Personal Non-Medicare Cost</td>
<td></td>
<td>$0</td>
<td></td>
</tr>
</tbody>
</table>

| Total Personal Monthly Cost | $660 |
| Monthly Payroll Withholding for SHARP | $750 |

Clearly early retirement in this case is not tenable for most. However at age 65 the numbers would change in that an earned credit would become available for all three. Withholding would drop to a nominal amount depending on DVH decision.
The Health Reimbursement Account
An HRA is a bookkeeping account that is opened in your name. It is not a checking account that you can access at will, but rather is available for reimbursement of healthcare expenses you’ve incurred.

1. HRA is opened in your name and managed by a third party. If your J&S Spouse is not receiving benefits from the Plan, the account will be a joint account.
2. The Plan makes a contribution to the HRA in your behalf for the year. If you are retiring during the year, the annual amount will be pro-rated.
3. Using our contracted third-party, you will select a carrier and an insured healthcare plan. Options will include Medicare supplements, Prescription Drugs and others such as dental and vision.
4. You will pay your premium of any for the options you select.
5. The HRA will reimburse you for your expenditure. If you have a joint account with a Spouse, the funds available may be accessed for expenses for either Retiree or Spouse.
6. If funds are left over at the end of the calendar year, they roll over to the ensuing year.

As described previously, the contribution table is shown below:

<table>
<thead>
<tr>
<th>Years of Qualifying Church Service</th>
<th>DVH Annual Contribution per Member</th>
<th>HRA Annual Contribution per Member</th>
<th>Total Annual Contribution per Member</th>
</tr>
</thead>
<tbody>
<tr>
<td>35+</td>
<td>$780</td>
<td>$1,620</td>
<td>$2,400</td>
</tr>
<tr>
<td>30–34</td>
<td>$696</td>
<td>$1,464</td>
<td>$2,160</td>
</tr>
<tr>
<td>25–29</td>
<td>$612</td>
<td>$1,308</td>
<td>$1,920</td>
</tr>
<tr>
<td>20–24</td>
<td>$528</td>
<td>$1,152</td>
<td>$1,680</td>
</tr>
<tr>
<td>15–19</td>
<td>$444</td>
<td>$996</td>
<td>$1,440</td>
</tr>
</tbody>
</table>

You will decide if you want to sign up for the Dental/Vision/Hearing plan administered by Adventist Risk Management on the Plan’s behalf, or if you want the DVH contribution to go to your HRA instead.

What About Dental/ Vision/ Hearing?
Since 2002 the Plan has operated a DVH option for retirees. It has been one of our most popular options. Currently over 11,000 participants have enrolled in DVH. It appears to be far more generous than any insured product we’ve been able to find on the open market. It works on an 80%/20% plan. Maximum payouts per calendar year are:
Dental: $2,200
Vision: $400
Hearing: $2,200 (with one-year lookback provision)

Because of the unavailability of a similar plan for our Retirees in the open market, the Plan will continue to operate the DVH separately from the HRA model. If you select the DVH, we will charge you a monthly contribution through your payroll. The 2017 charge will be $90. However the plan will pay an Earned Credit towards your DVH charge based on your years of qualifying service credit. The numbers shown are Per Participant.

<table>
<thead>
<tr>
<th>Years of Qualifying Church Service</th>
<th>Plan DVH Annual Contribution</th>
<th>DVH Annual Charge</th>
<th>Net Annual Cost</th>
<th>Net Monthly Payroll Withholding</th>
</tr>
</thead>
<tbody>
<tr>
<td>35+</td>
<td>$780</td>
<td>$1,080</td>
<td>$300</td>
<td>$25</td>
</tr>
<tr>
<td>30-34</td>
<td>$696</td>
<td>$1,080</td>
<td>$384</td>
<td>$32</td>
</tr>
<tr>
<td>25-29</td>
<td>$612</td>
<td>$1,080</td>
<td>$468</td>
<td>$39</td>
</tr>
<tr>
<td>20-24</td>
<td>$528</td>
<td>$1,080</td>
<td>$552</td>
<td>$46</td>
</tr>
<tr>
<td>15-19</td>
<td>$444</td>
<td>$1,080</td>
<td>$636</td>
<td>$53</td>
</tr>
</tbody>
</table>

You do not have to participate in the DVH option. You will have a one-time decision to make. If you choose to waive participation in DVH, the DVH Annual Contribution shown above will be contributed to your HRA in addition to the standard HRA contribution. However the decision to opt out of DVH is a permanent decision. The Plan will not allow you to return to DVH in the future. The decision can be made individually for spouses.

There are alternatives to DVH in the market. Costs are relatively low, however maximum payouts are also quite low. Some dental plans are essentially preventive plans and do not assist with ‘drilling and filling.’ Some are network limited. We urge retirees to consider options. The Benefits Advisor can help you understand what options are available. You can then decide whether to sign up for SHARP’s DVH or to seek modest replacement in the Exchange market.

There are two ways to look at SHARP’s DVH.
- DVH is cheap. I pay only $25 per month (35+ year retiree) for a very generous plan.
- DVH is expensive. If I don’t buy DVH, $90 per month (my $25 + the $65 Earned Credit for a 35+ year retiree) is available to pay for any qualifying medical, prescription drug, dental, vision, hearing or other expenses.

**Medicare Options for those 65+**

**Medicare A:** You must have this. It is your primary provision for hospitalization after age 65. Most retirees do not pay a premium in retirement for this.
**Medicare B:** You must have this. It is your primary provision for outpatient care after age 65. Most retirees will pay a monthly premium withheld from the Social Security benefit.

**Medicare Enhancements:** These are optional plans offered under the Aon Retiree Health Exchange. They can be either:
- Medigap Plans (sometimes called Medicare Supplements) or
- Medicare Advantage Plans (sometimes called Medicare C Plans)

**Medicare D:** You must have this. It is your primary provision for prescription drugs. Most Medicare Advantage Plans include a Medicare D provision. Medigap Plans do not and require purchase of a separate Medicare D plan.

Retirees can choose to stay with Original Medicare, recognizing that they would pay the hospitalization and outpatient deductible. Retirees are required to also purchase a ‘D’ Prescription Drug plan; however most retirees show a significant interest in a safety net plan, to protect them against a catastrophic year of perhaps multiple hospitalizations.

**Medigap Plans:**
There are many Medigap Plans available. The table below shows what out of pocket costs are covered by each plan. The ‘F’ plan is the most popular and the most generous. It covers essentially all personal costs including the hospitalization deductible, the outpatient deductible, the outpatient coinsurance and even a limited Foreign Travel Emergency provision. However the monthly charge is quite expensive. The ‘A’ plan is much less expensive but you are left with significant out of pocket costs including the hospitalization deductible. These plans do not include prescription drugs, so would require a separate Medicare D plan.

<table>
<thead>
<tr>
<th>Features</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
<th>K</th>
<th>L</th>
<th>M</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicare Part A Coinsurance and Hospital Costs (up to 365 days after Medicare Benefits are used up)</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Medicare Part A Deductible</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>50%</td>
<td>75%</td>
<td>50%</td>
<td>✔</td>
</tr>
<tr>
<td>Skilled Nursing Facility Care Copay/Coinsurance</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Part A Hospice Care Coinsurance or Copayments</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Medicare Part B Deductible</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Medicare Part B Coinsurance (Generally 20%)</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>50%</td>
<td>75%</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Medicare Part B Excess Charges</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Blood (First 3 Pints)</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>50%</td>
<td>75%</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Foreign Travel Emergencies (up to Plan Limits)</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
</tbody>
</table>
**Medicare Advantage Plans:**
These plans are network based, usually include a prescription drug provision and in some cases require no premium. But they do have co-pays, although they are usually much more modest than the standard Medicare co-pays. They include HMO plans, which might require you to change providers, or PPO plans which have much larger networks.

**How to Decide?**
Once we process your application for Retirement, if eligible, your information will be provided to Aon Retiree Health Exchange, a brokerage company we have contracted with to assist our Retirees in working through the complex decision making process. The Aon Retiree Health Exchange will provide a letter telling you the amount of the contribution the Retirement Plan will be making to your HRA. You will receive a phone appointment and will then set up a time to communicate with a Benefits Advisor. The BA will talk you through the various options available in your zip code. You should have the following information available:
1. Your Medicare Card
2. Your Prescription Drugs
3. Names of Current Physicians
4. Spouse Information
5. Your checkbook

**Summary of SHARP**
This has been a summary of SHARP. The complete SHARP booklets are designed to provide greater details and are available from denominational employers, or the retirement plan, or can be downloaded from [www.adventistretirement.org](http://www.adventistretirement.org).
Decisions

Which options will you choose?

<table>
<thead>
<tr>
<th>Options</th>
<th>Retiree</th>
<th>J &amp; S Spouse</th>
</tr>
</thead>
<tbody>
<tr>
<td>Via SHARP</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pre-65 DVH</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pre-65 Rx</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pre-65 Medical</td>
<td></td>
<td></td>
</tr>
<tr>
<td>65+ DVH</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Via Aon</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medicare Adv.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medigap</td>
<td></td>
<td></td>
</tr>
<tr>
<td>65+ Rx</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The Legacy Pension Plan

Under the leadership of GC President A G Daniels in 1910, the original church “workers’ fund” was designed to provide discretionary benefits to an employee whose health broke, or who died in service leaving a widow and orphans. A ‘sustentation committee’ managed the benefit. It was not age based, and from the start it was deliberately funded on a ‘pay-as-you-go’ rather than ‘actuarially funded’ basis.

Today the frozen defined benefit plan has been designated by the IRS as a plan within the terms of 403(b) in the Internal Revenue code. As such, it is a plan which carefully spells out eligibility requirements and a formula by which the benefits may be granted. There is no room for discretion by the employer or the plan administration.

Monthly benefits depend on:

- Vesting – 10 Years of qualifying Service Credit
- Total number of years of service credit
- Level of earnings during ten highest years’ service credit years
- Eligibility for spousal benefits
- Specific policies in place at the time of retirement

Years of Service Credit

Years of qualifying service credit for most employees are limited to pre-2000 years. A handful of employees were eligible for and applied for the Career Completion Option, a bridge which allowed qualifying individuals to complete their careers under the frozen plan, adding up to five additional years of service credit. That bridge terminated on 12/31/2014.

In order to qualify for service credit, the employee must have been an employee of a participating organization, which would generally include any U.S. based non-hospital employer listed in the SDA Yearbook. However the following non-employee years may qualify for years of service credit:

- Approved graduate study for MDiv/PhD/EdD – maximum 2 years
- Some Military Service – maximum 2 years
- Chaplaincy of Prison etc.

The following years do not count for service credit:

- Years with less than 1000 hours worked\(^2\)
  --Years after 1999
- Volunteer Work
- Unvested years lost due to a break in service exceeding the pre-break unvested years, unless recovered by working a total of 25 years of full service

\(^2\) The initial year of service provides an exception, in that an employee who begins working say in October will get a fractional year of service credit for this initial year.
• Employment where the employee is paid directly by church or church school, which is not considered a participating employer.

Calculating the Benefits
The Single Life Benefit is the foundational benefit calculated for all retirees, whether married or not. It is the basis upon which all other calculations are made. The initial basic formula for all Retirees is:

\[ \text{Service credit} \times \text{Benefit Rate Factor} \times \text{Pension Factor} = \text{Single Life Benefit} \]

The service credit is the number of qualifying years, based on the service record maintained by the employee. The Benefit Rate Factor is the average of the ten highest years of pre-2000 pay, not in dollars but in the church’s remuneration percentage system, converted to a percentage using the attached table. As an example, a pastor’s Benefit Rate Factor (BRF), based on ten highest years’ Remuneration Percentage of 150% is 1.3%. The table uses the pre-2000 remuneration percentage system prior to the re-indexing done by the NAD in 2003.

How the Calculation Works
Meet Pastor Joe Bozinski. Joe is a fictitious character. We’ll use him as an example, but fear not, he truly does not exist. Joe has pastored for the church for 25 years. The Church pension factor in 2017 is $2,462. So the formula works like this:

\[ 25 \times 1.3\% \times 2,462 = $800.15. \]

This is the monthly benefit, historically inflation protected, that Pastor Joe will receive if he selects the Single Life Benefit. However if Joe is married and has been married for at least one year before retirement, he will probably select the Joint & Survivor Benefit. This monthly

<table>
<thead>
<tr>
<th>Rem %</th>
<th>Yearly Rate Factor</th>
<th>Rem %</th>
<th>Yearly Rate Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>165% +</td>
<td>1.60</td>
<td>123</td>
<td>1.12</td>
</tr>
<tr>
<td>164</td>
<td>1.58</td>
<td>122, 121</td>
<td>1.11</td>
</tr>
<tr>
<td>163</td>
<td>1.56</td>
<td>120</td>
<td>1.10</td>
</tr>
<tr>
<td>162</td>
<td>1.54</td>
<td>119, 118</td>
<td>1.09</td>
</tr>
<tr>
<td>161</td>
<td>1.52</td>
<td>117</td>
<td>1.08</td>
</tr>
<tr>
<td>160</td>
<td>1.5</td>
<td>116, 115</td>
<td>1.07</td>
</tr>
<tr>
<td>159</td>
<td>1.48</td>
<td>114</td>
<td>1.06</td>
</tr>
<tr>
<td>158</td>
<td>1.46</td>
<td>113, 112</td>
<td>1.05</td>
</tr>
<tr>
<td>157</td>
<td>1.44</td>
<td>111</td>
<td>1.04</td>
</tr>
<tr>
<td>156</td>
<td>1.42</td>
<td>110, 109</td>
<td>1.03</td>
</tr>
<tr>
<td>155</td>
<td>1.40</td>
<td>108</td>
<td>1.02</td>
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<tr>
<td>154</td>
<td>1.38</td>
<td>107, 106</td>
<td>1.01</td>
</tr>
<tr>
<td>153</td>
<td>1.36</td>
<td>105</td>
<td>1.00</td>
</tr>
<tr>
<td>152</td>
<td>1.34</td>
<td>104, 103</td>
<td>.99</td>
</tr>
<tr>
<td>151</td>
<td>1.32</td>
<td>102</td>
<td>.98</td>
</tr>
<tr>
<td>150</td>
<td><strong>1.30</strong></td>
<td><strong>101, 100</strong></td>
<td><strong>.97</strong></td>
</tr>
<tr>
<td>149, 148</td>
<td>1.29</td>
<td>99</td>
<td>.96</td>
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<tr>
<td>147</td>
<td>1.28</td>
<td>98, 97</td>
<td>.95</td>
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<td>146, 145</td>
<td>1.27</td>
<td>96</td>
<td>.94</td>
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<tr>
<td>144</td>
<td>1.26</td>
<td>95, 94</td>
<td>.93</td>
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<td>143, 142</td>
<td>1.25</td>
<td>93</td>
<td>.92</td>
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<td>141</td>
<td>1.24</td>
<td>92, 91</td>
<td>.91</td>
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<tr>
<td>140, 139</td>
<td>1.23</td>
<td>90</td>
<td>.90</td>
</tr>
<tr>
<td>138</td>
<td>1.22</td>
<td>89, 88</td>
<td>.89</td>
</tr>
<tr>
<td>137, 136</td>
<td>1.21</td>
<td>87</td>
<td>.88</td>
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<tr>
<td>135</td>
<td>1.20</td>
<td>86, 85</td>
<td>.87</td>
</tr>
<tr>
<td>134, 133</td>
<td>1.19</td>
<td>84</td>
<td>.86</td>
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<tr>
<td>132</td>
<td>1.18</td>
<td>83, 82</td>
<td>.85</td>
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<td>131, 130</td>
<td>1.17</td>
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<td>.84</td>
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<tr>
<td>129</td>
<td>1.16</td>
<td>80, 79</td>
<td>.83</td>
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<tr>
<td>128, 127</td>
<td>1.15</td>
<td>78</td>
<td>.82</td>
</tr>
<tr>
<td>126</td>
<td>1.14</td>
<td>77, 76</td>
<td>.81</td>
</tr>
<tr>
<td>125, 124</td>
<td>1.13</td>
<td>75 or below</td>
<td>.80</td>
</tr>
</tbody>
</table>
benefit is smaller than the Single Life Benefit. This reduction ‘purchases’ the following benefits for an eligible spouse:

- Retirement Healthcare Assistance
- Spouse Death benefit
- Spouse Survivor benefits (1/2 J&S rate)

If Joe’s wife passes away before he does, Joe’s benefit does not revert to the Single Life benefit.

The amount of the permanent reduction for J&S is:

- Single Life rate less 10% per month
- Greater reduction if spouse is 5+ years younger
- Smaller reduction if spouse is 5+ years older

The married retiree may opt for higher Single Life Rate, but no spouse benefits will be provided. And the decision is irreversible.

So the formula is: $25 \times 1.3\% \times \$2,462 = \$800.15 \times 90\% = \$720.13.$

This is the amount provided to Joe Bozinski as a Joint & Survivor benefit. While not mandated by policy, the NAD usually votes annual Cost of Living Adjustments.

**The Spouse Allowance**

The Spouse Allowance is an additional “welfare” benefit granted to qualifying retirees. While common in the past, this benefit has become relatively rare. The Plan recognizes that the church moves its employees around, uprooting spousal careers, and that some spouses have chosen to not work in order to assist the employee in ministry. The spouse allowance is reduced by any earned spouse retirement benefits provided by an employer.

In order to be eligible for a Spouse Allowance, the following eligibility requirements apply:

- 20+ years of qualifying service credit by employee (10 of which must have been earned pre-2000.)
- Married to current spouse at least 1 yr prior to benefit effective date
- Spouse received/receives no employer-provided pension of his/her own.
• SA is reduced by the amount of any such benefit.
• Social Security does not count against SA
• Remains married—discontinued at death of spouse or divorce.
The spouse allowance does NOT restart at post-retirement re-marriage.

Once again, we use Joe Bozinski as an example. Joe is married to Tina. Joe is eligible in that he has more than 20 years and has been married to Tina for more than one year at retirement. Here is the formula: 3

\[
\text{Total Years Service Credit} \times 0.0125 \times \text{Single Life benefit} \\
\text{Or, } 25 \times 0.0125 \times \$800.15 = \$250.05
\]

This is the amount added to Joe’s Single Life or Joint & Survivor benefit as an enhancement because Tina does not have a retirement plan of her own. If Tina worked a few years for the state educational system and is eligible for a state pension of, say, $150 per month, the benefit would be reduced by that amount. If the spouse’s personal benefit is, say, $500, the spouse allowances would be reduced to zero.

**Coordinating Spouse Pensions**

If both Spouses have church service credit, should they take their own benefits, or should the one with lower benefits waive those benefits in favor of a spouse allowance?

Generally the plan prefers to calculate benefits for each individual employee. Exception: A retiring minister may opt for benefits under his/her name in order to maximize parsonage allowance exclusion by capturing all church pension income under the minister’s retirement benefit.

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3 This calculation is a simplification. There is an additional ‘proportionalization’ calculation which seeks to enhance this calculation modestly, the farther we get from the freeze date of the plan, 12/31/1999 by seeking to negate the double negative of reduced years of pre-freeze service.
Don’t Confuse SA with J&S
Retirees often confuse the Joint & Survivor with the Spouse Allowance. They are very different policies.

<table>
<thead>
<tr>
<th>Joint &amp; Survivor Benefit</th>
<th>Spouse Allowance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Available to all married (1 year) retirees</td>
<td>Requires 20 years credit, 10 of which must be pre-2000</td>
</tr>
<tr>
<td>Paid for by monthly benefit reduction</td>
<td>No cost to Retiree</td>
</tr>
<tr>
<td>Provides healthcare, death benefit and survivor benefit to spouse</td>
<td>Enhances regular retirement benefit</td>
</tr>
<tr>
<td></td>
<td>Reduced by any employer-provided benefit to spouse</td>
</tr>
<tr>
<td></td>
<td>Belongs to Retiree, not Spouse</td>
</tr>
</tbody>
</table>

Normal Retirement Age
For retirees born in 1937 or earlier, the normal retirement age was 65. Beginning for retirees born in 1938 both Social Security and this plan began to move the normal retirement age towards age 67. For a person born in 1941, for instance, the normal retirement age is 65 and 8 months.

The following table shows the sliding normal retirement ages (years/months) based on the year of birth.

<table>
<thead>
<tr>
<th>YofB</th>
<th>NRA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1938</td>
<td>65/2</td>
</tr>
<tr>
<td>1939</td>
<td>65/4</td>
</tr>
<tr>
<td>1940</td>
<td>65/6</td>
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<tr>
<td>1941</td>
<td>65/8</td>
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<tr>
<td>1942</td>
<td>65/10</td>
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<td>1943-1954</td>
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<td>1955</td>
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<td>1956</td>
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<td>1957</td>
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<td>1958</td>
<td>66/8</td>
</tr>
<tr>
<td>1959</td>
<td>66/10</td>
</tr>
<tr>
<td>1960+</td>
<td>67</td>
</tr>
</tbody>
</table>

Current policy allows a church employee to retire as early as 59 ½ years of age, but there will usually be a permanent penalty. The benefits reduction for early retirement is .5% for each month the employee is short of either 40 years of service, or for each month the employee is short of normal retirement age, whichever provides the least penalty.

Using Joe and Tina as our examples, let’s assume that both have 30 years of service at the same pay levels, and both choose to retire when Joe reaches his normal retirement age. However Tina is 24 months shy of her normal retirement age and 10 years short of 40 years of service credit. Thus she suffers a benefits reduction for early retirement.

Parsonage Allowance Exclusion
According to the IRS, retirement benefits earned in ministry are eligible for Parsonage Allowance Exclusion. This means that actual expenses used in maintaining a retirement home, subject to limits, can be excluded from retirement income for purposes of federal income tax reporting.

The law stipulates the following limits, the lowest of which applies:

\[ \text{Exclusion Limit} = \text{Actual Expenses} \times 0.5 \times \left( \frac{12}{65} \right) \times \left( \frac{12}{66} \right) \times \left( \frac{12}{67} \right) \]

\[ \text{Actual Expenses} = \text{Actual Living Expenses} \times \text{Minimum Percentage} \]

\[ \text{Min. Percentage} = \begin{cases} 0.5 & \text{if } 65 \leq \text{NRA} < 67 \\ 0 & \text{if } \text{NRA} > 67 \end{cases} \]

\[ \text{NRA} = \text{Normal Retirement Age} \]

\[ \text{YofB} = \text{Year of Birth} \]

\[ \text{J&S} = \text{Joint & Survivor} \]

\[ \text{SA} = \text{Spouse Allowance} \]

\[ \text{Penalty} = \text{Benefits Reduction for Early Retirement} \]

\[ \text{Tina} = \text{Church Employee} \]

\[ \text{Joe} = \text{Church Employee} \]

\[ \text{Parsonage Allowance Exclusion}^4 \]

\[ \text{Penalty for Early Retirement} \]

\[ \text{Penalty for Early Retirement} = \left( \frac{12}{65} \right) \times \left( \frac{12}{66} \right) \times \left( \frac{12}{67} \right) \times \text{Actual Expenses} \times 0.5 \]

\[ \text{Benefits Reduction for Early Retirement} = \left( \frac{12}{65} \right) \times \left( \frac{12}{66} \right) \times \left( \frac{12}{67} \right) \times \text{Actual Expenses} \times 0.5 \]

\[ \text{Actual Expenses} = \left( \frac{12}{65} \right) \times \left( \frac{12}{66} \right) \times \left( \frac{12}{67} \right) \times \text{Actual Living Expenses} \times 0.5 \]

\[ \text{Actual Living Expenses} = \text{Actual Expenses} \times \text{Minimum Percentage} \]

\[ \text{Minimum Percentage} = \begin{cases} 0.5 & \text{if } 65 \leq \text{NRA} < 67 \\ 0 & \text{if } \text{NRA} > 67 \end{cases} \]

\[ \text{NRA} = \text{Normal Retirement Age} \]

\[ \text{YofB} = \text{Year of Birth} \]

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\[ \text{SA} = \text{Spouse Allowance} \]

\[ \text{Penalty} = \text{Benefits Reduction for Early Retirement} \]

\[ \text{Tina} = \text{Church Employee} \]

\[ \text{Joe} = \text{Church Employee} \]

\[ \text{Parsonage Allowance Exclusion}^4 \]

\[ ^4 \text{Parsonage Allowance Exclusion for Ministers is currently facing legal attack. Legal counsel suggests that in a few years this exclusion may be gone or changed.} \]
• Actual Expenses – retired minister must be able to document actually spending the money.
• Fair Rental Value – reported expenses must not exceed what it would cost to provide your home if you rented it.
• Voted Amount – each year we vote that up to 100% of church pension can be excluded.

When we report a minister’s income to the IRS, we state that we have not determined the taxable amount, and provide only the total amount we provided. It is up to the minister to report the reduced income when filing, and to be able to document if questioned by the IRS.

Our experience is that many retired ministers do not maximize this tax benefit because they do not actually spend their total pension income on housing. If the mortgage has been paid off, the annual expense is usually limited to property maintenance, property tax and utilities. The retired minister may wish to consult a qualified tax preparer.

**Post-Retirement Employment**
Many retirees find opportunity to continue to serve the church in retirement, working on a part-time basis. The church retirement plan prohibits full-time employment with a participating employer while receiving retirement benefits from that employer’s plan. There is no prohibition for working for a non-denominational organization.

Part-time employment is defined as based on the expectation of the employer. If the employment documentation shows that the retiree is expected to work more than 75% of what the employer would normally consider full-time employment, then the employer is required to inform the plan, and retirement benefits will be suspended until such time as the employee retires again.

**Retirement Denominational Employment Pitfalls**
A retiree who accepts post-retirement employment from a denominational employer should be aware of some of the following red flag issues:
• Your employer retires you and offers to pay you a ‘top-up’ stipend if you will continue to work full time. This violates NAD policy and probably your state’s wage and hour laws.
• Your employer retires you, pays you part time, but with expectation that you will work full time, ‘volunteering’ the time beyond your wages. This violates NAD policy and probably your state’s wage and hour laws which generally prohibit ‘volunteering’ for your employer. Such laws are designed to avoid abuse of employees by employers who demand that they work uncompensated hours if they wish to be employed.
• Your part-time denominational employment should be negotiated without reference to your retirement income. You are not required to provide any personal pension income information to your employer.

• Some employers do not provide accidental death and dismemberment insurance for part-time employees. If your part-time employment requires travel, you may wish to negotiate that such coverage be provided.

The Death Benefit
A death benefit is provided if a retiree has at least ten years of church service credit. The Joint & Survivor spouse is also eligible for a death benefit.

The formula for calculating the death benefit is to take the current pension factor (2017, $2,462) and pro-rate it based on years of pre-2000 service. A retiree who dies with 40 or more years of pre-2000 service credit in 2017 will receive a death benefit of $2,462. However if the retiree has, say, 24 years of pre-2000 service, then $2,462 X 24/40 = $1,477. The death benefit is given to the spouse if living, or to the person responsible for funeral costs only if the retiree is not married upon death.

The family member applying for the benefit must produce a copy of the death certificate. It is not necessary to provide proof of funeral expenses.

The Survivor Benefit
Perhaps one of the most common questions we receive from retirees is, “What happens to the benefits at death?” It depends on who died, and what selections were made at retirement. Here are several examples, again using Joe Bozinski and his wife, Tina.

Example 1. Joe Bozinski passes away a few years after retirement. Tina shared all 30 of his years of service credit, and receives no retirement benefit of her own. Thus Joe is receiving a Spouse Allowance. Tina will receive the following ‘survivor benefits’.

- ½ of Joe’s Joint & Survivor benefit
- Full continuation of Spouse Allowance.
- Continuation of Healthcare assistance at the same rate
- These benefits would not change if Tina re-marries.

If Tina had only been married to Joe for, say, twenty of his thirty years of service credit, the survivor spouse allowance would be pro-rated – 20/30 X pre-death Spouse Allowance.
Tina’s survivor benefits are not considered by the IRS to be eligible for parsonage allowance exclusion and are therefore fully taxable.

Example 2. Joe Bozinski’s Spouse Dies, with Joe (not dead after all!) surviving her. Joe receives the following benefits:
- Full monthly Joint & Survivor benefit.
- Continuation of healthcare assistance @ same rate

- Spouse Allowance ceases
If Joe re-marries, the new spouse is NOT eligible for Joint & Survivor status, and is therefore ineligible for survivor benefits, healthcare assistance, death benefit or spouse allowance.

Example 3: In this example, Joe selected Single Life benefit when he retired. Joe Bozinski dies, leaving Tina as a survivor. Upon Joe’s death:
- Joe’s death benefit goes to Tina.
- All Single Life Benefits Cease
- No Survivor Benefits
- Pro-rated Spouse allowance continues if there were at least ten years shared service
- No Survivor Healthcare

Example 4: Prior to retirement, Joe dies. He is 66, eligible to retire, but was an active employee, and now Tina is his survivor. Upon Joe’s death:
Joe’s retirement benefits are calculated as if he was applying for J&S plus Spouse Allowance (if eligible.)
- Survivor benefits, as per example 1 above are immediately calculated.
- Tina qualifies for healthcare assistance, and death benefit.

If Joe passed away prior to Retirement eligibility, Tina would still be eligible for Survivor Benefits based on when her deceased employee spouse would have reached age eligibility for retirement. She can wait until the spouse would have reached his normal retirement, or she can apply for his benefits prior to normal retirement eligibility after age 59 ½, with the resulting penalty for early retirement. One of the tricky issues in this case would be her eligibility for Joe’s lump sum Retirement Allowance. She would be eligible for the Retirement Allowance (see following section) only if the effective retirement benefits date would be within thirty-six months of his termination from employment due to death. Thus she may be forced to make a decision between a permanently reduced early survivor benefit with a full lump sum Retirement Allowance, or an un-reduced monthly survivor benefit without the lump sum Retirement Allowance.

The Retirement Allowance
The Retirement Allowance is a one-time lump sum benefit provided to employees who go directly from employment into retirement. It is not available to employees who cease employment with a participating employer prior to retirement application, whether that termination was voluntary or involuntary.

The Retirement Allowance is calculated based on eligibility and years of service credit, and the wages paid just prior to retirement.

In order to be eligible for the Retirement Allowance, an employee must have worked at least half-time for a participating employer for the two years prior to retirement termination.
There are exceptions to the requirement that the employee go directly into retirement from employment. If, for instance, an employee terminates because his/her spouse is retiring, and the employee is within thirty-six months of retirement, the employer can recommend that the employee’s Retirement Allowance not be forfeited, but be held pending the employee’s application for benefits. In all cases, however, the effective date for benefits would have to be within thirty-six months of termination, or the Retirement Allowance will be forfeited.

The calculation of the Retirement Allowance is done using the following formula:

\[
\text{Full time equivalent monthly pay} \times \text{x years qualifying service credit} \times 12.5\%
\]

Using our sample pastor again, assuming Joe’s last monthly wages at $5,200, and service credit at 35 years, the calculation would be:

\[
$5,200 \times 35 \times 12.5\% = $22,750
\]

The benefit counts years under the frozen pension plan plus years under the defined contribution plan. However due to legal constraints, the Retirement Allowance earned prior to 1/1/2000 is granted as a retirement benefit, by the retirement plan, although ultimately paid for by the employer. As a retirement benefit, it can be tax deferred by instructing us to send it to an Individual Retirement Account set up by the retiree, or to the defined contribution plan account.

The Retirement Allowance earned after 12/31/1999 is paid directly to the employee by the employer, and is considered an employee benefit. If desired, this benefit can be tax deferred by instructing the employer to withhold it under the terms of a Salary Reduction Agreement which authorizes the employer to put the money into the tax-deferred defined contribution retirement plan. In most cases FICA will have to be paid, but income tax is deferred.

Lump Sum Retirement Allowance Pitfalls:
- RA is based on last pay. If you receive a cut in pay before retirement, your total RA will be calculated on your last lower pay.
- If you terminate prior to retirement eligibility, you will probably lose eligibility for a Retirement Allowance. Exceptions are limited by policy.
- A Pre-2000 Retirement Allowance can be rolled over – thus deferring tax
- Post 1999 RA cannot be rolled over, but can be deferred via ARP deduction if you request of your employer.

Special Pay
In 2012, a new provision was invoked, allowing employers to elect ‘Special Pay.’ This provision, if adopted by the employer, requires the employer to send 100% of the post-
1999 employer provided Retirement Allowance directly to the employees Defined
Contribution plan account. The benefit is considered a retirement benefit, and is thus
not subject to employee deferral limits, and perhaps more importantly, is not subject to
payroll taxes, such as FICA. Thus both the employer and the employee save money.
Not all employers have adopted ‘Special Pay.’ Your employer can inform you if ‘Special
Pay’ has been adopted.
Decisions
During the retirement application process, the following decisions will be made:

1. Select an Effective Benefits Date ___/01/____
2. Annuity Type: Single Life or Joint & Survivor
3. What to do with the Lump Sum Retirement Benefit.
   a. Cash it out (paying tax) or
   b. Tax defer (via rollover to an IRA or DC Plan Account)
Bridges Between Plans

On December 31, 1999, the previously described pension plan was frozen in favor of the previously described defined contribution retirement savings plan. There were several bridges which were put in place to provide assistance during the transitional period between the two plans.

Transitional Enhancement
The Transitional Enhancement is a provision that recognizes transitional employees may suffer retirement losses because of two facts:

- They hadn’t met all of the thresholds of the frozen pension plan on 12/31/1999
- They don’t have enough time before retirement for the new defined contribution plan to maximize its potential.

The Transitional Enhancement policy ‘tops-up’ the frozen pension plan by an amount calculated at retirement and intended to make the retiree ‘whole’ for potential losses over what the benefit would have been, had there been no freeze of the pension plan.

Pastor John Bozinski is our sample employee. He’s Joe’s brother. Here is his situation:

- 20 Pre-2000 Years of US Service Credit
- 15 Post-1999 Years of US Service
- Retires at age 66
- In 10 post-freeze years his moderate plan would have grown to an employer provided account of say $76,500.

Had we never frozen the pension plan, John would have received a single life benefit based on 35 total years of service. However since the last 15 years were under the defined contribution tax-deferred retirement savings plan, we estimate what the annuity would be based on employer contribution account value. By combining the frozen pension, and the theoretical annuity from the employer contributions to the DC plan, we discover that John has been ‘transitionally disadvantaged’ by approximately $26 per month. This amount becomes a permanent enhancement to his frozen pension plan.

<table>
<thead>
<tr>
<th>John Bozinski’s Transitional Enhancement Calculation</th>
<th>Actual</th>
<th>No-Freeze</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Life Benefit</td>
<td>$602</td>
<td>$1,053</td>
</tr>
<tr>
<td>DC Estimated Annuity</td>
<td>$425</td>
<td></td>
</tr>
<tr>
<td>Total Combined Single Life Annuity</td>
<td>$1,027</td>
<td>$1,053</td>
</tr>
<tr>
<td>Transitional Enhancement</td>
<td>$ 26</td>
<td></td>
</tr>
<tr>
<td>Total Single Life Benefit</td>
<td>$1,053</td>
<td>$1,053</td>
</tr>
</tbody>
</table>
Because the calculation is made based on many moving parts, we do not provide an estimate for this benefit. Many retirees have not been transitionally disadvantaged, and thus do not receive a Transitional Enhancement.

**Other Bridges Between Plans**  
**Vesting:** The two plans have vesting reciprocity. Years in the pension plan count for vesting in the retirement savings plan and vice versa. As noted above, since 1/1/2011 the vesting requirement for the defined contribution retirement plan no longer exists, thus the vesting reciprocity allows post-freeze service to count towards vesting in the frozen defined benefit pension plan.

Let’s use Heather Bozinski, John’s wife, as an example. Heather started working for the church late in life during 1997. After only 2 ½ years of service, the pension plan under which she was working was frozen. Does she thus lose the unvested 2 ½ years of service credit?

Plan provisions allow for Heather to continue to work under the new tax-deferred retirement savings plan and complete the ten year vesting requirement for the frozen plan. She had until December 31, 2014 to complete ten years of full time equivalent employment with a participating employer in order for the 2 ½ years of pre-2000 years of service to apply.

**Other Thresholds**  
Post-freeze years under the tax-deferred retirement savings account provision count towards meeting initial thresholds required by the DB plan

- Healthcare Eligibility - 15 years
- Spouse Allowance Eligibility - 20 years (the first 10 at least must be pre-2000)
- No-penalty Early Retirement Eligibility - 40 year
You May Need These!

Retirees should work with competent legal counsel to have in place appropriate estate planning documents and insurance.

**Last Will & Testament:** Many employers have a Trust Services Department able to assist a member with preparation of such a document at nominal cost or without a charge. The will ensures that the individual’s wishes are carried out in the case of death as to the disposition of personal belongings and care of dependents.

**Trust:** Some individuals find a trust to be of value in managing sizeable estates. A trust is particularly useful when making provision for a spouse or relative who is unable to manage funds in case of death of the retiree. It has the advantage of confidentiality, probation avoidance, timeliness and a trust may be revocable.

**Advance Directive:** This document is “Your voice if you are alive, but not able to speak or act for yourself.” Generally there are two steps: Selecting a healthcare advocate to speak for you, and making your wishes known given various possible scenarios. The Conference Trust Office or your State’s Attorney General web site can provide models. You may wish to carry a notice in your wallet for emergency situations.

**Financial Power of Attorney:** This document allows someone to act on your behalf financially should you become incapacitated.
**Long Term Care Insurance:** History suggests that almost three out of four Americans will someday need long-term care. Many think that this will be cared for by Medicare or SHARP. Unfortunately neither respond to long-term care needs. Adventist Risk Management has made provisions for LTC coverage. To explore this option, contact LTC Financial Partners at 866 862 1457 or visit www.benefitsLTC.com.

**Life Insurance:** While most retirees do not maintain life insurance because of cost and declining values. However it may be prudent to consider life insurance if a retiree has a mortgage or a special needs family member. Adventist Risk Management makes provision for new retirees to convert a Basic Life coverage to an individual policy. In addition, Supplemental Life can be continued, keeping the same rate as the retiree had as an active employee. Forms are available at: http://www.adventistrisk.org/employee-benefits/life-disability-benefits/life-disability-forms
Conversion or continuation of life insurance is available within 30 days of retirement. All forms need to be submitted within that 30 day period. The Human Resource department of the retiree's prior employer should be contacted for information and forms. The HR representative of the retiree's prior employer must sign the conversion and/or continuation forms so they should be first point of contact for assistance.

Please note, Retirement personnel are not trained in or authorized to provide advice or assistance with insurance products provided by ARM, ReliaStar or LTC.
Decisions

1. Will and Testament updated?
2. Trust needed?
3. Advance Directive
   a. Who do you want to make medical decisions for you if you can’t?
   b. What do you want done in various situations?
4. Financial Power of Attorney
   a. Who will make financial decisions for you if you can’t make them yourself?
   b. What are your instructions to that person?
5. What insurance products do I want to carry into retirement?
   a. Life Insurance?
   b. Long Term Care?
Other Stuff

Perhaps one of the most common questions employees in their late fifties ask is: When should I Retire?

- As Soon As Possible? Under both the frozen pension plan and the current defined contribution plan, the earliest retirement age is 59 ½. But there may be significant Healthcare & Pension Penalties
- At constituency?
- When forced out by health challenges?
- As part of a carefully developed plan?

Some critical issues to consider when looking at retirement are:

- NRA = Normal Retirement Age
- No Tuition Assistance in Retirement
- 40 Years Service
  - For Pre-Medicare Eligibility
  - For No-Penalty Early Retirement
- Age 59 ½ Years age Earliest Benefits Eligibility under Pension Plan
  - Early Retirement Penalty
  - No Pre-Medicare Healthcare

The following Biblical Injunction was brought to our office by an employee looking forward to retirement:

Numbers 8:24 “This is what applies to the Levites: from twenty-five years old and upward they shall enter to perform service in the work of the tent of meeting. 25 "But at the age of fifty years they shall retire from service in the work and not work any more. 26 "They may, however, assist their brothers in the tent of meeting, to keep an obligation, but they themselves shall do no work. Thus you shall deal with the Levites concerning their obligations."

Starting the Process

There are specific steps required to begin the retirement application process. For the frozen Defined Benefit pension plan it is important to plan ahead. The Retirement Plan requires three to four months from the time the application is received until the time that payroll distribution begins.
Initiate the process by contacting your current or last denominational employer. That organization has your service record. You will make some important decisions as you fill out the forms:

- Healthcare Options (SHARP)
- Joint and Survivor or Single Life
- One-time Lump Sum Retirement Allowance
- Rollover
- Cashout

Monthly benefits are paid preferably by direct deposit, on or around the 27th of each month.

For the Defined Contribution plan, the process is generally straightforward. Upon your termination at or above 59 ½, your employer will send a code to the Plan which will be forwarded to the third-party administrator. Once completed, the retiree can simply contact Great-West Financial and request a termination/withdrawal packet. Standard procedure requires a forty-five-day waiting period between termination date and release of funds if you are less than age 59 ½.

Decisions you will consider include:

- Cash-out Creates ‘Tax Incident’
- Rollover Protect Tax Deferred Nature
- Leave It Continue to Manage
- Annuitize Guaranteed Flow till Death

**The Last Three Years**

Assuming that you are planning ahead, what should you be thinking about during the last three years of your employment in order to be best prepared for retirement? Many employees have more discretionary income just prior to retirement then at other times in their career. The children are gone, perhaps the house is paid for, or mortgage payments have been deflated. Retirees have suggested to us that employees should consider where they want to be in connection with:

- Consumer Debt
- Retirement Automobile
- Major Household Equipment
- Housing

**Consumer Debt**

The Goal: Don’t Go Into Retirement With Consumer Debt
You Can’t Consistently Earn Credit Card Finance Charge Rates (16% to 22%). If you can’t keep up with your credit cards while employed, how will you keep up with them when on a pension? Plan to be debt free in retirement.

The Retirement Vehicle
The Goal: Don’t Go Into Retirement With a worn out vehicle
2nd Goal: No vehicle payments in Retirement

An unreliable vehicle becomes a major stressor for anybody, but for retirees it can be dangerous. There are as many theories on car-buying as there are people. Many retirees have found success in buying low-mileage vehicles from super-dealers holding inventories of vehicles with less than 30,000 miles and still under warranty.

Major Household Equipment
The Goal: Enter Retirement with New Major Appliances
The table includes examples that are mostly from Sears’ Kenmore mid-range products. You can obviously spend more or less! The table can serve as a worksheet to estimate your target savings.

<table>
<thead>
<tr>
<th>Appliance</th>
<th>Est. Mid-Range</th>
<th>Yours?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Washer</td>
<td>$500 to $1500</td>
<td></td>
</tr>
<tr>
<td>Dryer</td>
<td>$400 to $1000</td>
<td></td>
</tr>
<tr>
<td>Refrigerator</td>
<td>$500 to $1300</td>
<td></td>
</tr>
<tr>
<td>Freezer</td>
<td>$450 to $1000</td>
<td></td>
</tr>
<tr>
<td>Stove/Range</td>
<td>$500 to $1300</td>
<td></td>
</tr>
<tr>
<td>Dishwasher</td>
<td>$300 to $1100</td>
<td></td>
</tr>
<tr>
<td>Microwave</td>
<td>$250 to $750</td>
<td></td>
</tr>
<tr>
<td>TV/Audio</td>
<td>$400 to $1200</td>
<td></td>
</tr>
<tr>
<td>Computer</td>
<td>$300 to $1200</td>
<td></td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$3600 to $10,350</strong></td>
<td></td>
</tr>
</tbody>
</table>

Three Year Savings Plan
Now it is possible to estimate a target to go into retirement without consumer debt, with new appliances and with a relatively recent-model vehicle. Again, the table provides an opportunity to set some personal savings goals between now and retirement.

The Dream Home
Unfortunately many retirees move out of their dream home within a few years of retirement. Reasons may include proximity to quality healthcare or children or special climate needs, or the need to downsize.

In brief, many retirement dream homes are not what the market wants. Then the Retiree takes a bath on the sale of the house. In addition to location criteria in popular books, consider roots, family, lifestyle. Some advice from Retirees:

- *Don't buy too much land around your home. In a few years it gets too much to take care of and then the need for another move.*
- *If you are moving, rent at first, and if you are moving to be with your kids, don't plan on them staying there forever!*
- *You will need to have your house paid for, car paid for and look for low cost of living areas where you want to retire.*
- *Try very hard to pay off your home mortgage before you retire. Life is comfortable in retirement when you do not have a mortgage to deal with.*

Where do Adventist Retirees live? They live everywhere! The map shows the population distribution of Adventist employees living in retirement.

**Home Ownership Survey**

In a limited survey of Adventist retirees, most responding retirees own outright. Retirees repeatedly told us, “Have your home paid for!”
**Retirement Move**
Denominational policy makes provision for a Retirement Move, if the denomination has moved the employee during his/her career. The policy grants significant employer discretion in managing this benefit.
- If 30+ years of service credit, a full move of ‘reasonable’ household goods & travel expense within NAD
- If less than 30 years of service credit, employer may pro-rate
- Must be within five years of retirement and limited to one move!
- Value of move is taxable to retiree. The IRS does not consider this move to be an employment move.

**Summary**
Today’s employee has a complex task in planning for retirement. While there are tools and advisors aplenty, the decisions on how to prepare are the responsibility of the retiree. Major pieces of the planning puzzle include:
- Social Security
  - Medicare
  - Monthly Benefits
- Frozen Defined Benefit Plan
  - Monthly Pension
  - Healthcare & Welfare Supplement
- Defined Contribution Plan
  - Retirement Savings Plan
A Word from Del!

Adventist employees approach retirement in different ways. Some anticipate idleness. A close friend once told me, “When I retire, I’m going to sit on this side of the table in the morning, and on that side of the table in the afternoon! I’m going to read and write articles and books I never had time for when employed.

Some are surprised: “What? 65 Already?”
Or, “When I retire, I know the brethren are going to take care of me.” And “I don’t need to plan for retirement. I can’t believe I’ll ever reach retirement age before the Lord comes.”

In 1947, my dad, mom and sister\(^5\) shipped out to Asia as missionaries, just two years after the close of WWII. After only six months in a country which had been devastated by war, Dad concluded, “We’ll never go home on furlough. Jesus will have come by then.”

Well, we did go on our first furlough. That’s me on Dad’s arm. Dad worked in Asia for 23 years. Total service for the church was 40 years. He passed away in 2008 at age 92. He was always grateful that both he and the church made prudent plans for his retirement.

What is a Prudent Retirement Plan for the Christian truly looking forward to an imminent Advent and an eternity in Heaven?
Adventist employees approaching retirement to:
- retirement standard of
- support their local church projects

have told me they want
- Maintain their pre-living
- Continue to tithe, and
- and other church
- Have access to quality and affordable healthcare

---

\(^5\) When you write a book, you can put pictures of your family in it! How cool is that?
• Remain financially independent, not relying on family or church for charity.
A Word from Ellen White

“The history of John affords a striking illustration of the way in which God can use aged workers. When John was exiled to the Isle of Patmos, there were many who thought him to be past service, an old and broken reed, ready to fall at any time. But the Lord saw fit to use him still. Though banished from the scenes of his former labor, he did not cease to bear witness to the truth....

And it was after John had grown old in the service of his Lord that he received more communications from heaven than he had received during all the former years of his life.

The most tender regard should be cherished for those whose life interest has been bound up with the work of God. . . . They have borne test and trial, and though they have lost some of their vigor, the Lord does not lay them aside. He gives them special grace and wisdom.”{AA 571-572}

A Word from Dan Jackson

It is my joy to send along greetings to you from my fellow officers of the North American Division. If you are reading this, it means that you are on the brink of another of life’s transition points - retirement. You are at a point of looking back over your years of service to the Lord and to the Seventh-day Adventist Church. I hope that you can clearly see the impact that has been made through your service in the lives of people all over this division and around the world. Thank you for your commitment, dedication and sacrifice. Only in eternity will you know the full extent of your impact in service. May you be blessed as you look forward to a new phase in your life as a disciple of Jesus Christ.

Your Brother in Christ
Dan Jackson
President, North American Division