

GuideStone - Quick Facts

A Training Resource for GuideStone Field Representatives

Subject: Deferred Compensation Plans Talking Points

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Talking Points for Employer and Deferred Compensation Arrangements

- Type of Arrangement Anticipated
 - Nonelective—Will Employer contribute funds, beyond or in addition to, the employee's current compensation package.
 - Elective—Employee allowed to contribute a portion of his own compensation to the plan.
 - Incentive—Employer wants some type of incentive attached to the nonelective contribution. If employee fails to satisfy the stated incentive, he/she forfeits the funds.
 - Combination Approach—Elements of more than one approach. Some employers use all three approaches.
- Potential Covered Employees
 - Number—How many
 - Position—All ministers (ministerial employees)? If not, how many non-ministerial employees might be able to participate in the plan?
 - Combination Approach—Discuss approaches—that is, Employer may want to use one approach for the ministerial group and another for the non-ministerial group.
- Compensation Matters
 - W-2 Compensation
 - Package approach
 - Salary, housing (if applicable) and benefits approach.
 - Outside Earnings (Ministerial 1099 Income)
 - Significant source of income?
 - Future possibilities
 - MAP opportunities
- Tax Matters Related to Ministers
 - Subject to Social Security (SECA)—How many ministerial employees that might be able to participate in the plan are subject to SECA?
 - Opted out of Social Security— How many ministerial employees might be able to participate in the plan who are not subject to SECA?
 - Withholding Approach—Do the ministerial employees, who might be able to participate in the plan, use the quarterly estimated tax approach or does Employer withhold federal income taxes at their request?
 - W-2 Preparation—Does Employer prepare its own W-2s or use a payroll service?

- Role of Employer & Decision Makers
 - Determine who makes decision to adopt deferred compensation plan
 - Not the pastor, president or employee to benefit under the plan .
 - Not the HR or business manager, unless plan in place and this position sets the compensation package.
 - Committee/governing body responsible for determining compensation & benefits package makes decision to adopt the arrangement.
 - After discovery process, start with strategic role of the 403(b) plan
 - Centerpiece of all deferred compensation strategies
 - Use of a discretionary employer contribution
 - Importance of the age 50 plus catch-up deferral
 - Note: If NQCCO—Importance of maximizing 457(b) plan before moving to a 457(f) arrangement

For more information contact your Relationship Manager