

STAY WELL AND FINISH WELL: TOP HEALTH PLAN, INSURANCE AND RETIREMENT STRATEGIES FOR MINISTRY

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Top 3 Defensive Plays Against Rising Health Care Costs





Year	Inflation Average
2020	1.7%
2021	3.6%
2022	6.5%
2023	4.8%



Average annual 2023 premium for employer-sponsored family health coverage:

\$23,968

The average employee paid **\$6,575** toward that coverage.



The average family
premium has
increased:

22% since **2018**



47% since **2013**



The top of the image features a dark green geometric design with overlapping triangles and polygons.

CLAIMS

+

FEES

=

**YOUR HEALTH
CARE COSTS**

DEFENSIVE PLAY #1:

**Have a long-term strategy —
but do market checks.**

UNDERSTAND YOUR LONG-TERM EXPERIENCE

- **Begin a relationship with a provider you trust.**
- **Ask the right kind of questions.**
 - What has my group's claim experience been like historically?
 - What strategies can we use to **reduce claims**?

DON'T OVER-SHOP



- Know the value of your benefits.
- **Shop your benefits responsibly.**
- Carriers will notice if you switch every year. Don't be bought by a cheap first-year quote to then experience costly increases.

DEFENSIVE PLAY #2:

Evaluate your plan strategy.

IS YOUR PLAN WORKING FOR YOUR POPULATION?

- Know the culture and medical needs of your environment.
- Look at a **long-term strategy** versus year-to-year to understand the needs.
- Example: Last 5 Years

EXPLORE NON-TRADITIONAL COVERAGES

See if new strategies could work for your population.

Consider:

- Health Reimbursement Arrangement (HRA)
- Health Savings Account (HSA)
- Cost-plus Plans
- High-performance Network/Narrow Network (if in a large metro area)

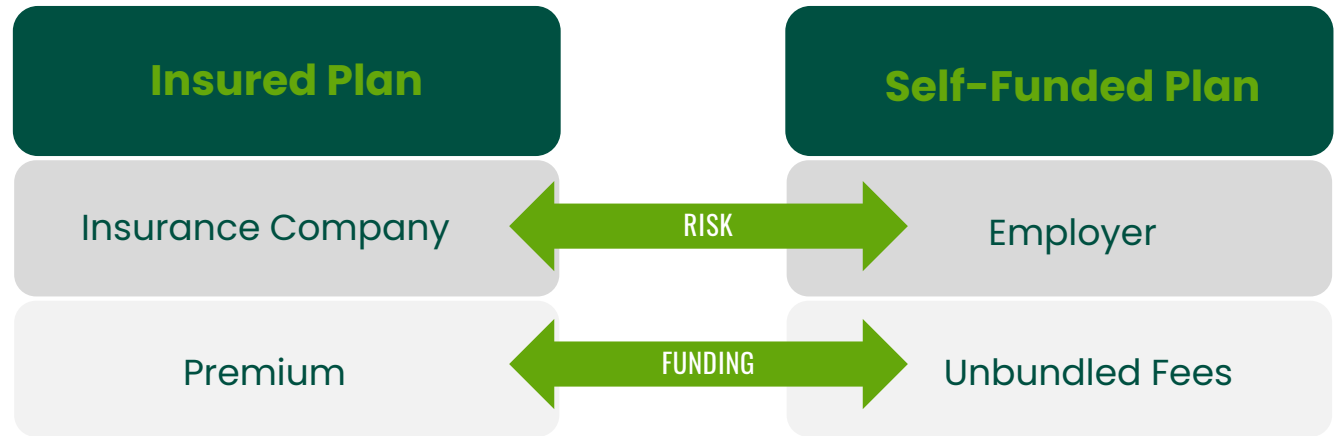
LEVERAGE SCALE

Larger populations come with advantages in health coverage.

Learn how to **take advantage of scale**, such as:

- A large church implementing self-funding
- A small church joining a large population in a church health plan

RISK/REWARD



SELF-FUNDING



- Are you willing to accept the **additional risk** associated with this approach?
- Do you have the **resources needed** to manage the plan?

CHURCH HEALTH PLAN



- Are you interested in being part of a **group plan or an individual product?**
- Are you willing to **submit health information?**

DEFENSIVE PLAY #3:

Prioritize employee education.

PRIORITIZE EMPLOYEE EDUCATION



Some programs are built into your coverage to help keep claims down.

Lower claims = lower health care costs

Teach your employees to **use these programs.**

EMPLOYEE EDUCATION - SKIN IN THE GAME

- Teach your employees how to allocate their dollars well.
- Consider having a benefit structure that incentivizes your employees to pay into the model if they need to use it.
- **Options to Consider:**
 - High Deductible Health Plan (HDHP)
 - Health Savings Account (HSA) or Flexible Spending Account (FSA)
 - Buy-up Solutions

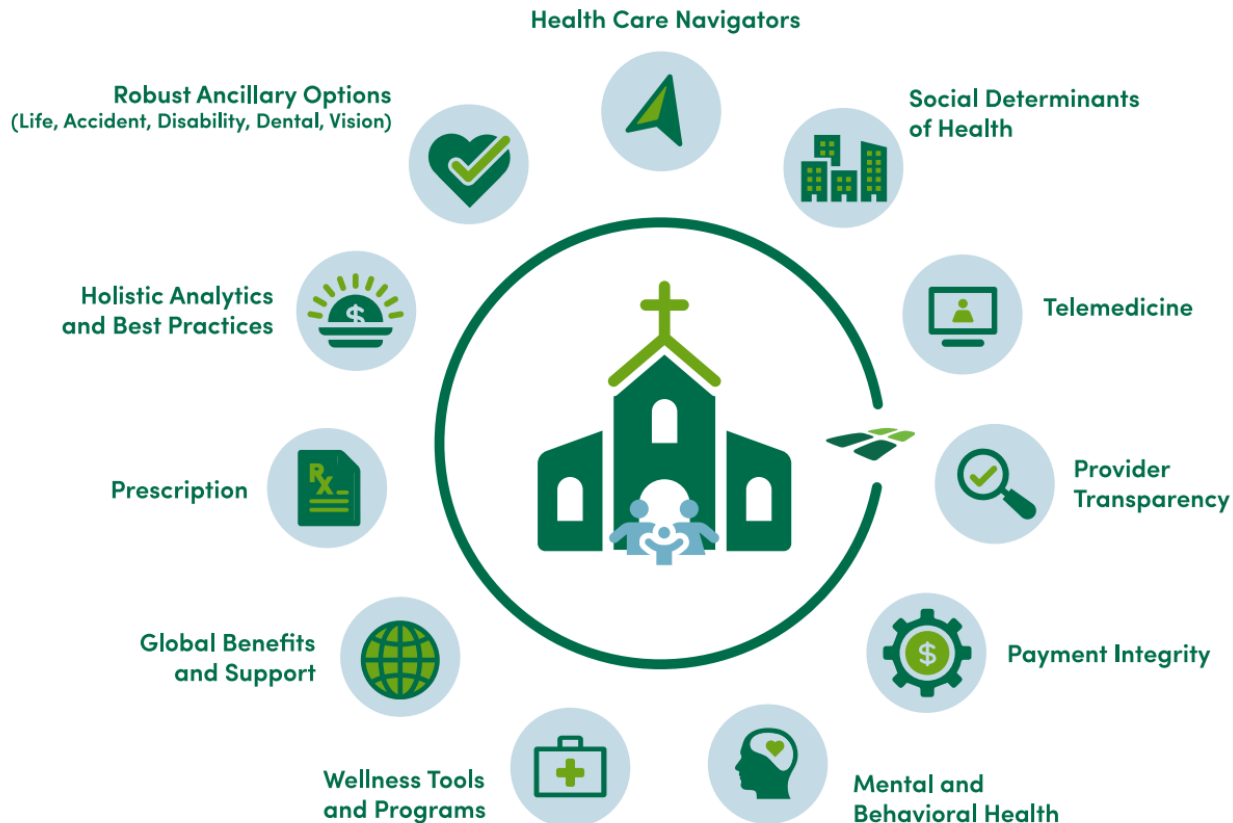
THIS IS WHAT YOUR HEALTH PLAN SHOULD BE DOING

- ✓ Create long-term stability for your organization using the synergistic ecosystem
- ✓ Work to keep costs down
- ✓ Double down on strategies that save you money





BUILT-IN HEALTH COVERAGE PROGRAMS



Coming Soon:

Extended Contracts

Lock in some of the lowest rates
available for **up to 19 months.**

GuideStone.org/IC3Health



| Retirement Redefined

Understand what's different.



LIVING LONGER

Due to increased life expectancy

WORKING LONGER

Due to either choice or necessity

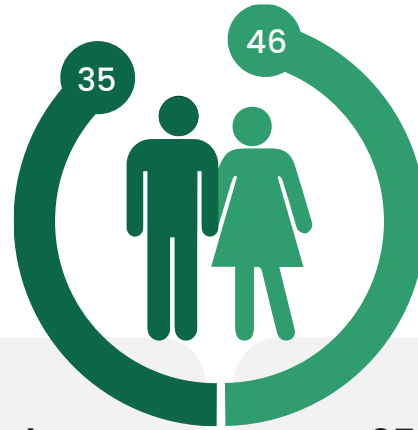
It's not
just about
the money!

RETIRING DIFFERENTLY

Continued service, family, volunteering, travel, hobbies

RETIRING EARLY

Due to unexpected health issues



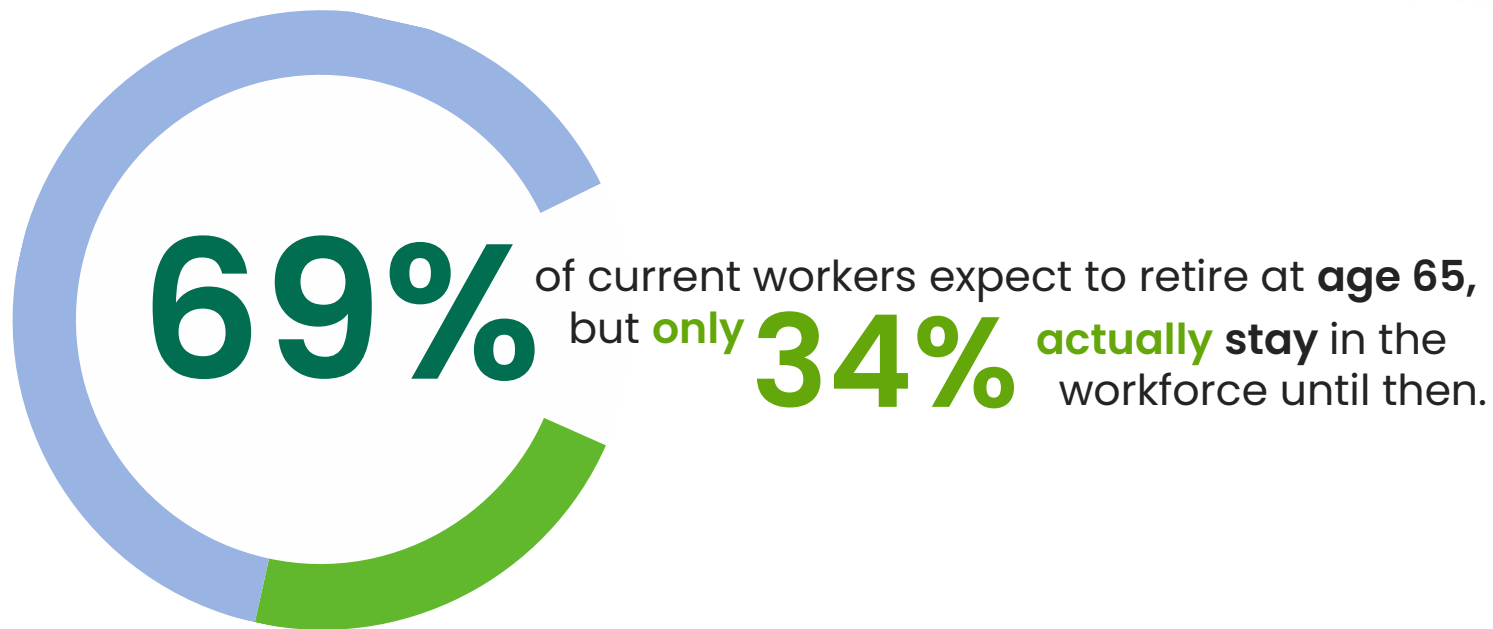
65-year-old males
have a **35% chance**
of living to age 90.

65-year-old females
have a **46% chance**
of living to age 90.

For the **average 65-year-old couple**, there is a **50% chance** both will still be alive at age 81, and that one will still be alive at age 92.

The number of
older individuals
on the job is rising.

Healthy individuals
age 65 and older are
working longer due to
either choice or
necessity.



Source: Employee Benefit Research Institute, Mathew Greenwald & Associates, Inc., 2022 Retirement Confidence Survey, Data as of 12/31/2022.



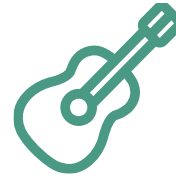
Continued
Service



Family



Volunteering



Hobbies



Travel

| Planning Overview

How to Prepare



IN YOUR CONTROL



Savings
Social Security
Insurance - Medicare
Budgeting
Asset allocation
Retirement plan

PARTIAL CONTROL



Work **longer** by
choice or necessity

Work **shorter** by
choice or necessity

OUT OF YOUR CONTROL



Longevity
Inflation
Policy/governmental
change
Market returns
Economy



Most financial planners suggest **replacing 70%–85% of your final working year's income** in order to maintain your standard of living.



By retirement, your goal is to have at least **8 to 10 times your final working year's income**.



To reach this goal, **annually contribute 15% of your salary** to retirement savings.

Receive Added Benefits for Waiting

The longer you delay, the higher your monthly benefit amount will be.



Access Social Security statement.

View earnings history.

Update Social Security information.

SSA.gov/MyAccount/Statement.html

Estimate with a Social Security Calculator

SSA.gov/Prepare/Plan-Retirement

75%

EARLY RETIREMENT

Age 62

Decreased benefit of 6.25% per year

100%

FULL RETIREMENT AGE

Age dependent on year of birth

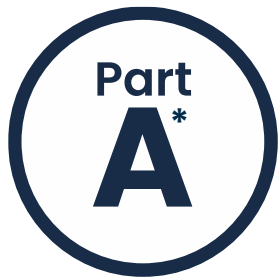
Increased benefit of 8.0% per year

132%

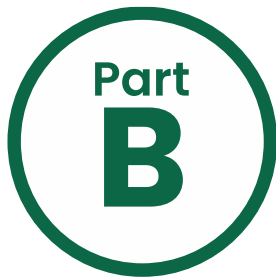
DELAYED RETIREMENT

Age 70

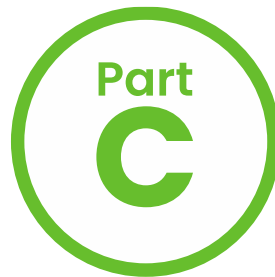
What is Medicare?



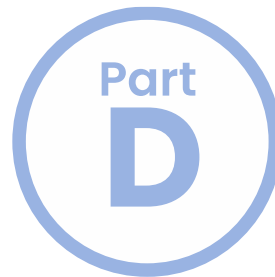
Basic hospital
insurance



Supplemental
medical
insurance



Medicare
Advantage
Plans



Prescription drug
coverage



For more information on Medicare, visit *Medicare.gov* or contact us at **1-844-INS-GUIDE** (1-844-467-4843), Monday through Friday, from 7 a.m. to 6 p.m. CT.

**You need to enroll in Part A at age 65, even if you're still covered under major medical.*

Planning Overview

In Your Control



Create a
budget.



Pay off debt.



Spend less
than you earn.

Ministerial Debt Statistics

90%

Feel some level
of financial
stress ¹

75%

Consumer
debt beyond
mortgages
and student
loans ²

23%

Hold more
than \$25,000
in consumer
debt ²

30%

Student loans
averaging
\$50,000 ³

25%

Medical bills
averaging
\$7,253 ¹

29%

Hold \$0 in
personal
savings ¹

1. Source: National Association of Evangelicals; "Majority of Pastors Suffer in Silence Over Financial Challenges"; nae.org/pastorresearch/ Published: April 26, 2016
2. Source: Presbyterian Church (USA) Presbyterian Mission; "Minister Survey shows pastors struggle with consumer debt, retirement planning"; presbyterianmission.org/story/minister-survey-shows-pastors-struggle-with-consumer-debt-retirement-planning/ Published: October 4, 2021
3. Source: Presbyterian Church (USA) Presbyterian Mission; "Some respondents report student loan payments equal to a mortgage payment"; presbyterianmission.org/story/minister-survey-reveals-the-lingering-effects-of-educational-debt/ Published: October 11, 2021

Other Financial Factors

84%

Worried about emergencies and larger purchases ¹

85%

Did not receive financial training from their seminary ¹

33%

Have under \$10,000 in retirement funds ¹

60%

Do not receive employer retirement contributions or health insurance ¹

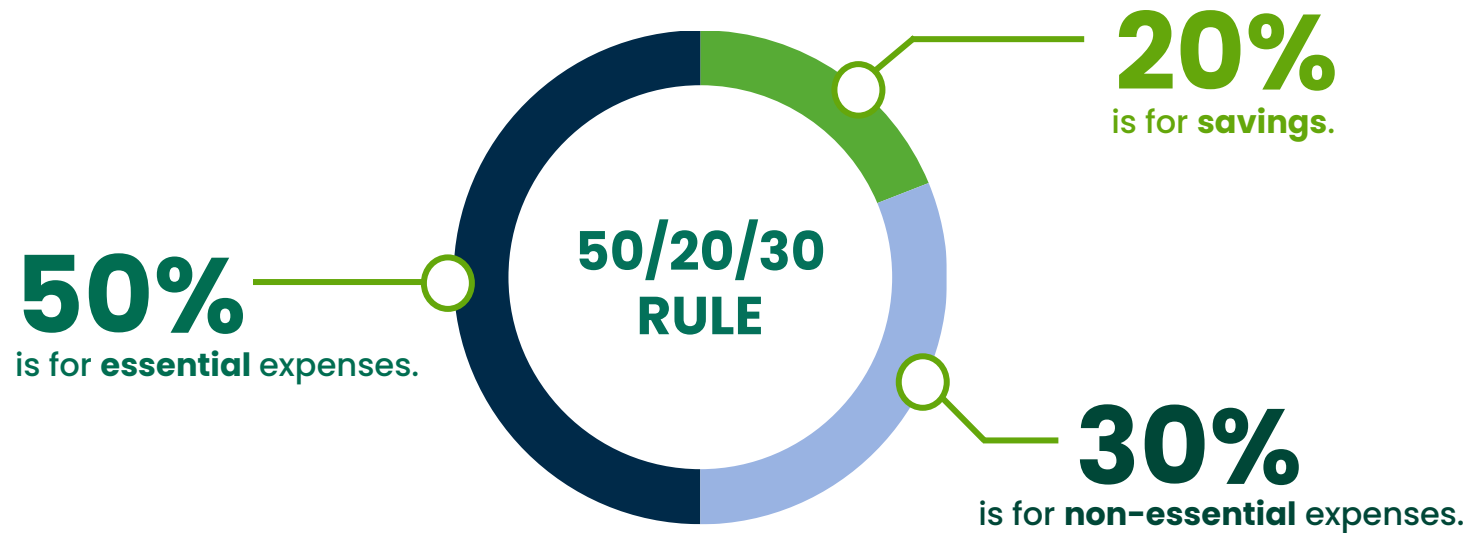
66%

Know pastors who left the ministry due to financial pressures ¹

37%

Earn less than \$50,000 in total effective salary ²

1. Source: National Association of Evangelicals; "Majority of Pastors Suffer in Silence Over Financial Challenges"; nae.org/pastorresearch/ Published: April 26, 2016
2. Source: Presbyterian Church (USA) Presbyterian Mission; "Minister Survey shows pastors struggle with consumer debt, retirement planning"; presbyterianmission.org/story/minister-survey-shows-pastors-struggle-with-consumer-debt-retirement-planning/ Published: October 4, 2021



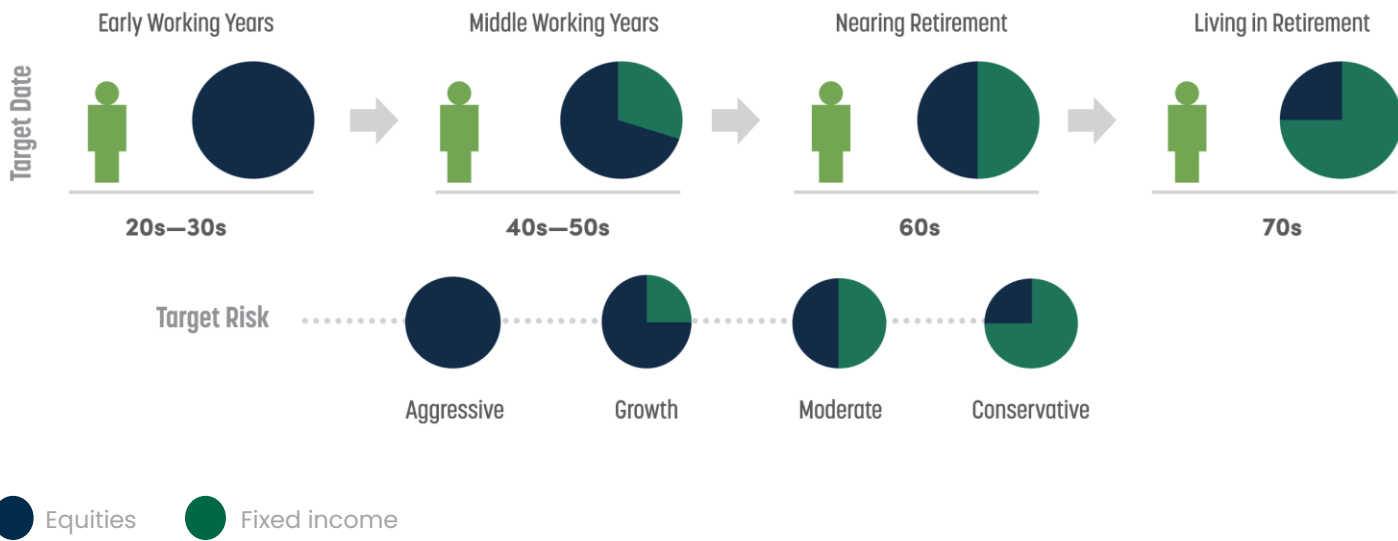
Proper Diversification

- Time horizon
- Risk tolerance
- Individual investment goals



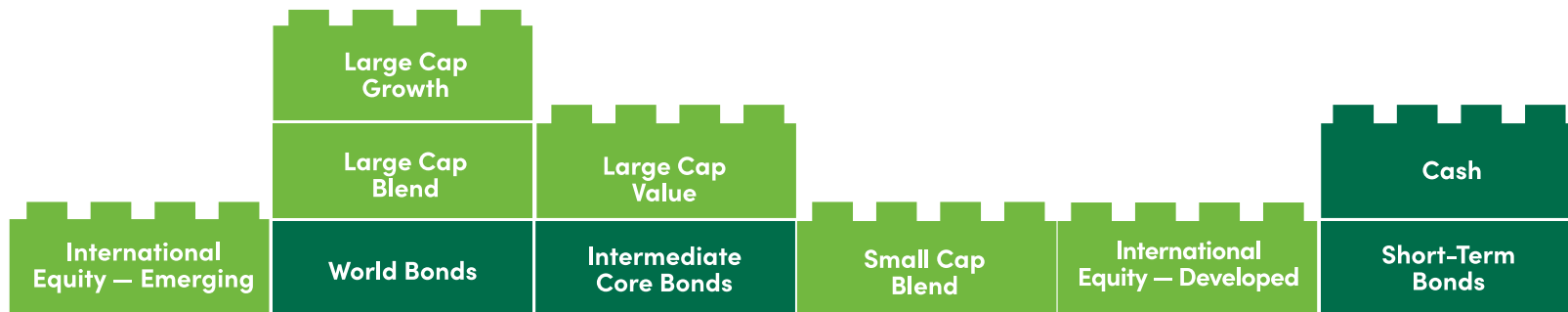


1. Asset Allocation Options





2. Core and Specialty Options



● Equities ● Fixed Income



3. Advisory Services

We offer a range of customized financial planning services, tailored investment strategies and ongoing investment management for those looking for a higher level of service.

People are **individuals**.
Risk tolerances are **unique**.



For more information,
visit [GuideStone.org/Advisors](https://www.guidestone.org/Advisors)



Advisory services offered through GuideStone Advisors, an SEC Registered Investment Adviser. GuideStone Advisors is a controlled affiliate of GuideStone Financial Resources. For more information about the firm, products and services please review the *GuideStone Affiliate Form CRS* (https://www.guidestone.org/-/media/Funds/files/pdf/Affiliated_Form_CRS.ashx).

Retirement Plans

Planning Overview

In Your Control

	Traditional and Roth IRAs	Simple IRAs	403(b)s
Basic Limit (Ages 50 and under)	\$7,000		\$69,000
General Limit on Salary Reduction Contributions		\$16,000	\$23,000
Additional IRA Catch-up Contributions (Age 50 or Over)	\$1,000		
Additional Salary Reduction Contributions (Age 50 or Over)		\$3,500	\$7,500

403(b)(9) Plans

PROS

- Provides higher contribution limits than IRAs and Simple IRAs
- Allows for employer contributions
- Structured as an Employer-Sponsored Retirement Plan
- No ERISA-required filing or testing
- Allows easier use of minister's housing allowance at retirement
- Designed for "church related" organizations
- Provides plan structure flexibility through eligibility and classes
- Roth contribution option
- 5-year post-termination provision

Ministers for Tax Purposes

Eligibility Requirements

- Ordained, licensed or commissioned
- Administers ordinances
- Conducts worship
- Religious leader

Tax Treatment

- Church reports Minister's income on IRS Form W-2
- Minister pays quarterly taxes, like self-employed SECA employee
- Church can make Minister's housing allowance designation on compensation paid by the church
- Minister can tax shelter compensation from the Church into the church's 403(b)(9) plan which reduces the Minister's federal and SECA taxes

Ministerial Retirement Plan Needs

- Plan design for ministry organizations
- Tax-sheltered and Roth contributions
- Provider who has the ability to facilitate housing allowance for retired Ministers

Minister's Housing Allowance

How to designate housing allowance:

- Minister's responsibility
 - Present an estimate of housing expenses
- Church's responsibility
 - Designate amount prior to paying minister
 - Review annually
 - Record it as set until changed by official decision
 - Remember housing allowance limits

Sample Housing Allowance Form

Planning Overview In Your Control

SAMPLE: MINISTER'S ESTIMATE OF HOUSING EXPENSES FORM

To (church): _____

From (minister): _____

Housing allowance for (year): _____

Item		
1.	Down payment on a home	\$
2.	Mortgage payments on a loan to purchase or improve your home (include both principal and interest)	\$
3.	Real estate taxes	\$
4.	Property insurance	\$
5.	Utilities (electricity, gas, water, trash pickup, local telephone charges)	\$
6.	Furnishings and appliances (purchase and repair)	\$
7.	Structural repairs and remodeling	\$
8.	Yard maintenance and improvements	\$
9.	Maintenance items (pest control, etc.)	\$
10.	Homeowners association dues	\$
11.	Miscellaneous:	\$
		\$
		\$
TOTAL EXPENSES		\$

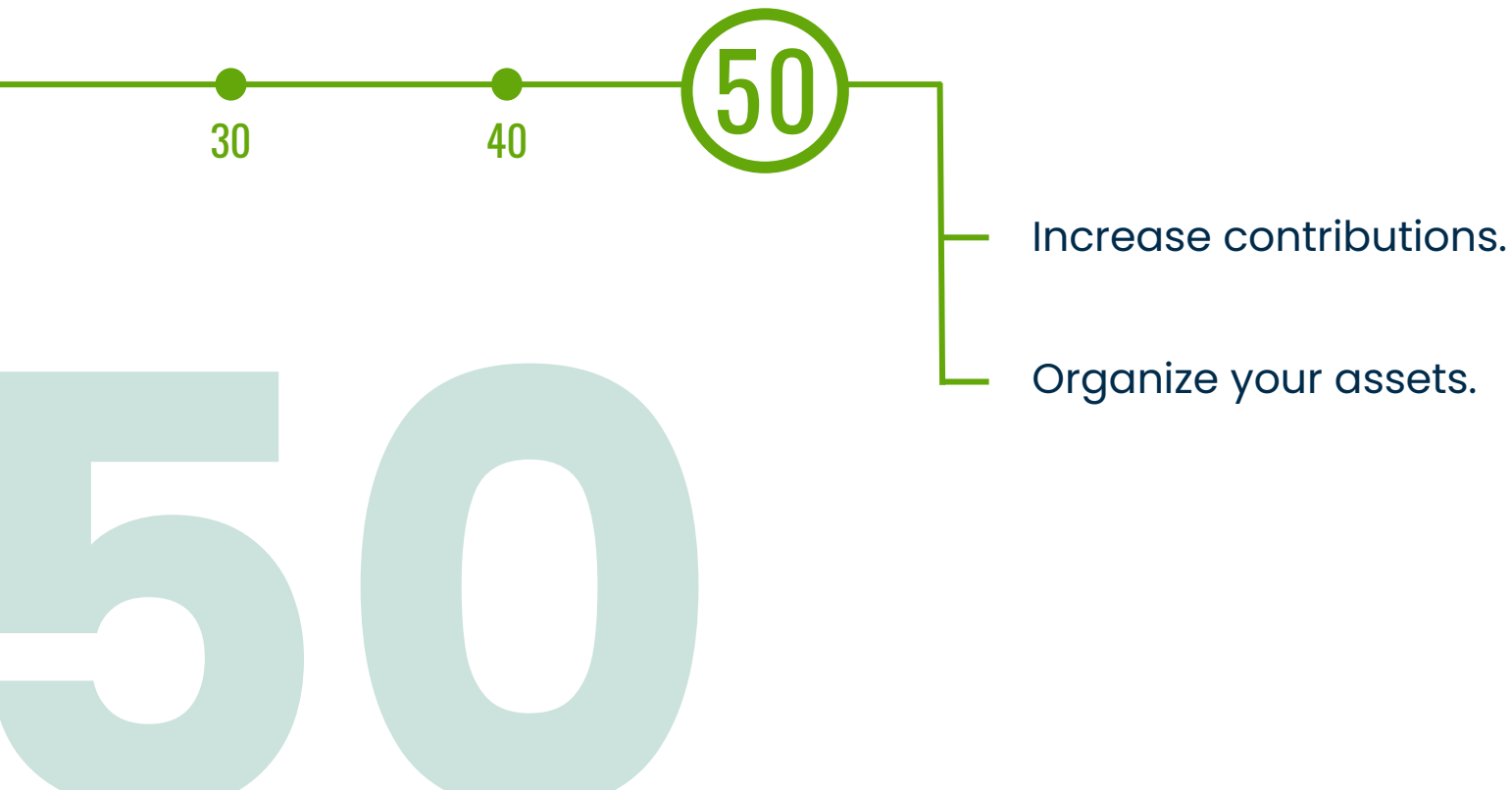
Minister's signature: _____

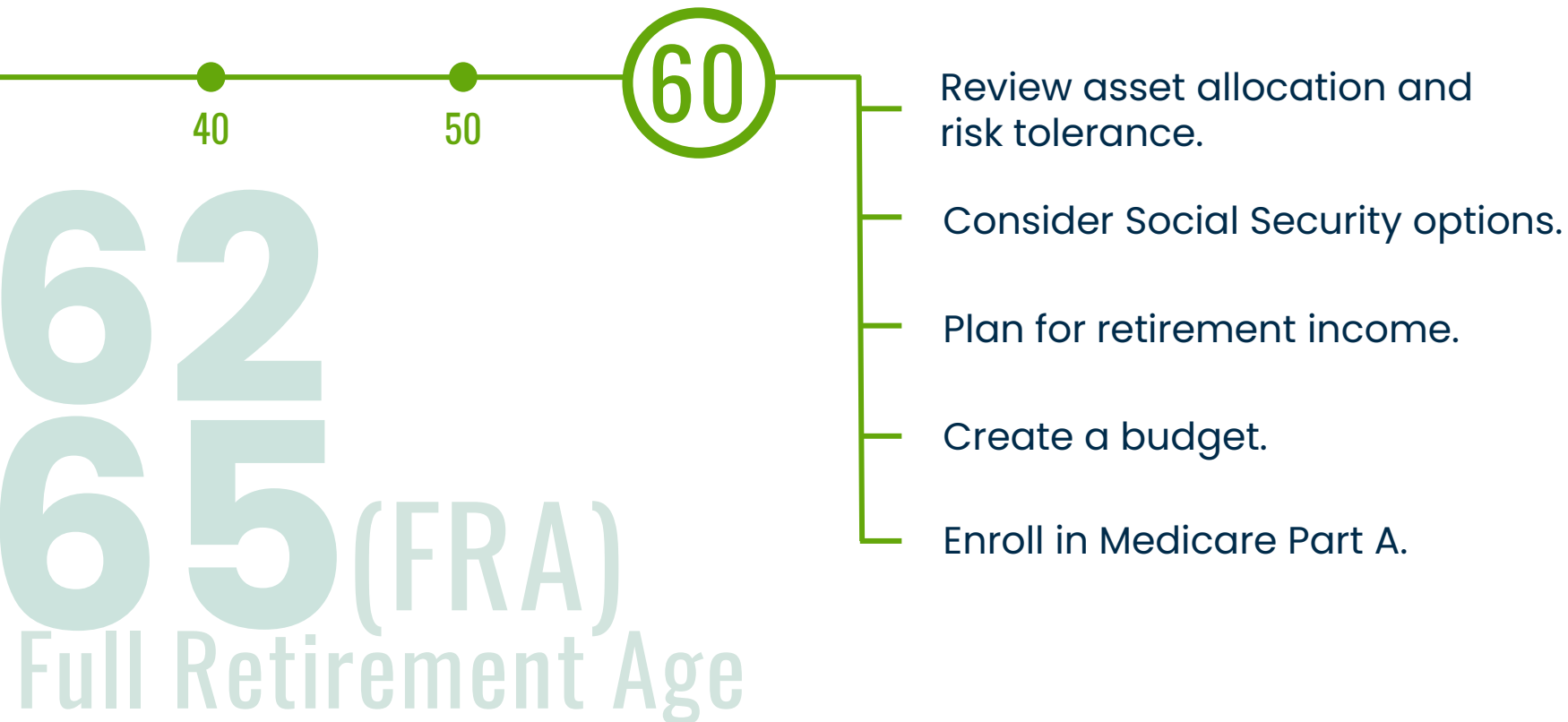
Date: ____ / ____ / ____

| Checkpoints

Key Retirement Ages & Stages









| Withdrawal Strategy Options

Fine-tuning Your Approach



1

STEP 1

Calculate your retirement income need.

2

STEP 2

Calculate your surplus or shortfall.

3

STEP 3

Understand and choose your retirement solution.

Consider these options to make withdrawals from your employer-sponsored plans, IRAs and/or personal savings:

- Systematic withdrawal
- Life income annuity
- Combining income solutions



| Next Steps

GuideStone Retirement
Resources





Estimate your retirement income benefit and see where you stand at [GuideStone.org/RetirementIncome](https://www.guidestone.org/RetirementIncome)



Consolidate your investments at [GuideStone.org/Rollover](https://www.guidestone.org/Rollover)



Access your MyGuideStone® account at [My.GuideStone.org](https://www.guidestone.org)



GuideStone Advisors® offers a professionally managed account service that represents our most personalized investment approach — **GuideStone Advisory Services.** Learn more at [GuideStone.org/Advisors](https://www.guidestone.org/Advisors)

Visit the Ministerial Resources Center

Find quick videos, detailed resources and relevant articles to address the most common financial, benefit and tax-related issues that ministers face.



Tax Issues



Salary and Benefits



Social Security



Housing Allowance



[GuideStone.org/MinisterialResources](https://www.guidestone.org/MinisterialResources)

Scan the QR code to access our free resources designed for pastors!

| Contact Us



1-888-98-GUIDE (1-888-984-8433)



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QUESTIONS



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