Retirement planning help from Financial Engines

Personalized financial advice for Pension Plan members

When the Brethren Pension Plan transitioned last year on June 1 to its new recordkeeper, Northwest Plan Services, one good change resulted in another. In addition to the many services NWPS offers to enhance members’ ability to monitor and manage their pension funds, this new recordkeeper brings to members the services of Financial Engines, a firm that offers a new array of investment advisory services for members. This is something Brethren Pension Plan has not been able to offer in the past.

To begin, each Plan member will receive from Financial Engines a retirement evaluation which, for no cost, will analyze current savings and investment strategies, and offer suggestions for improving their financial future. The evaluation uses a traffic light approach with green, yellow, or red indicators to get the member’s attention about changes that may be needed.

In addition to this free service, Financial Engines offers two additional programs that provide the assistance of a professional adviser for a fee. Plan members were given the chance to take advantage of an offer for the Professional Management option, in which they could sign up for an introductory three-month trial of the fee-based services at no cost.

The Financial Engines consultation services add value, but also...

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BBT Board

November 2019 Board meeting wrap-up

A strategy for the future was the focus of the BBT board members when they met in November in Melbourne, Florida. Prior to the meeting, BBT senior staff completed a SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats), in order to provide data with which to work when setting goals and a direction for the organization. Michelle Kilbourne, BBT’s director of Human Resources and Administrative Services, began the session, which took up most of the second day of the 3-day board meeting. Michelle led the group through an explanation of how the SWOT analysis would apply to the insurance and asset management departments at BBT.

Todd Timmerman, of Retirement Plan Analytics, then took over to discuss the Pension Plan portion of the analysis, and present his vision for BBT. Timmerman, who is considered an expert in the field of retirement plan advisers, including the faith-based arena, was hired as a consultant to develop a foundation for BBT’s strategic plan, which will take shape and play out over the next 3-5 years. Todd’s presentation at the board meeting allowed time for questions, and provided much food for thought. BBT president Nevin Dulabaum commented on the value of...

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The noise behind the silence

You haven’t heard much from us about Brethren Pension Plan lately. There have not been articles in Benefit News, and for those of you who are members of our retirement program, you did not receive a copy of the quarterly newsletter, Pension Perspective, for several months.

Why? Because we are emerging from a time of complex transition, designed to better serve Brethren Pension Plan members.

About seven years ago the recordkeeping responsibilities for Brethren Pension Plan were shifted from our internal operations to a third-party vendor, which was designed to give our members more capabilities, knowledge, and resources. However, that relationship never reached the level of support that we needed in order to serve our members. The last straw came in early 2018. After waiting 18 months for Brethren Pension Plan to be launched on our recordkeeper’s new website (being virtually the last client of theirs to be given access to their new site), many enhancements did not work for our members. This was unacceptable. Coupled with feedback from members and employers about service levels, this final problem led our team to seek a change — one that would, above all, incorporate ways to best meet the needs of our members.

On June 1, 2019, we transitioned to a new recordkeeper, Northwest Plan Services. NWPS gives members online account access and management capabilities that are user-friendly, including easy instructions for making investment changes, and access to benefit projections. It also provides callers easy access to a live person without a complex phone tree to navigate. We are excited about this transition that allows us to streamline our operations to create new efficiencies. Simply put, we now have a partner in NWPS that enables us to better serve our members.

Also on June 1, 2019, we launched seven new lower-cost indexed mutual funds. We added these because while we continue to have members who want their retirement funds invested in a socially responsible manner — a key distinctive of our self-managed funds — some members are more focused on having the lowest fees possible. Thus, we created two platforms — a values-based investment platform using managers that seek returns that exceed those of their benchmarks, and a lower-cost investment platform that attempts to match its benchmarks through an indexed strategy.

Because of the new funds, the back page of our quarterly publication, Pension Perspective, needed to be redesigned. That prompted envisioning what a Pension-focused publication should look like in the future. The result is the newly redesigned, monthly Pension Perspective. The first edition of this revised publication went out in January.

We also have identified the need to send focused information to our larger plan sponsors, so we plan to launch Executive Notes, an electronic newsletter that gives high level Plan and industry news to our largest Plan sponsors.

One other change being launched right now is the availability of investment advice. This is one service we had hoped to offer with our prior recordkeeper, but technical issues prevented that from being realized. However, with the partnership of NWPS, we have contracted with Financial Engines to provide both free and fee-based services.

An assessment has been sent to every plan member as part of the free service. This assessment will help members gauge if their Pension Plan asset allocation represents the time horizon they are seeking and the risk factor they are willing to take. Once a report is generated, members can go online to change their asset allocation according to the recommendation provided by Financial Engines. Again, this service is free. However, for an additional fee, Financial Engines will also change and periodically review the asset allocation or even serve as a full-fledged financial planner for members. Each of these services are “opt-in” services; no member should feel pressured to use them.

Finally, we spent 2019 having our retirement readiness consultant expand his impact on those he serves. Not only does Ed Shannon, one of BBT’s three Certified Retirement Planning Consultants, meet with members in person, on the phone, or electronically to review their financial situation and to help give guidance to their retirement planning, but he now is engaging in a number of campaigns designed to help our members receive information they need for their retirement planning. One such initiative is a text service that focuses on a different aspect of personal finance on a regular schedule. Call Ed at 847-622-3370 to be added to that list.

2019 was an active year for BBT, full of transition and change, all designed to better serve Brethren Pension Plan members. Although we were responding to calls and emails, and although our investment returns are available online, we regret that we have been virtually silent on changes to Brethren Pension Plan. But, like a butterfly coming out of its cocoon after a wonderful transformation, Brethren Pension Plan is emerging from its time of transformation with better services, information, and processes to serve you.

Though we may not have been shouting out the news, we are excited about how all of these changes will positively impact our Pension Plan members.
In a previous issue of Benefit News, the question was posed “Does retirement planning change as people get older and closer to retirement?” The answer is yes, and in that issue we covered what those changes are for people in their 20s, 30s and 40s. In this issue we offer the things that should be considered if you are in your 50s, 60s, 70s, or 80s.

In your 50s — begin to do some heavy lifting in your retirement planning.

• If your children are out of college and your mortgage is paid off, add more money into your retirement.
• Take care of your credit card debt. Get rid of high-interest loans. Clean up your credit history.
• Think about specifics — what date you want to retire, how you want to live, what income you hope for.
• Consult with family members.
• Have a discussion with your financial adviser about reducing your investment risk by lowering the percentage of stocks and increasing your bonds.
• Keep to a budget and avoid debt.
• Your savings goal should be to have 6-10 times your salary by age 59.
• If you are helping adult children and/or caring for elderly parents, don't allow your efforts to damage your finances; if you do, you won't be able to help them or yourself.
• Consider reducing life insurance coverage. Enroll in long-term care insurance if you haven't already.

In your 50s — it's the home stretch.

• If you have good health, you can always consider working past 65 (if you want to).
• If you decide to retire, map out your strategy. Line up Medicare and supplemental health insurance.

In your 60s — you can always consider working past 65 (if you want to).

• Plan for an efficient and careful withdrawal of pension funds and Social Security so you can make your retirement funds last longer.
• Your goal is that by retirement you should have saved 10-16 times your salary.
• Continue to keep to a budget and avoid debt.
• Make sure your estate plan and beneficiaries are up to date.
• Keep long-term care insurance current.
• Be sure there is a source of money for final expenses.

In your 70s, even though you are retired, there are things to do.

• Pay attention to your monthly withdrawals. Open and read mail that concerns your retirement account.
• Don't be afraid to draw on the principle. Just follow a plan that assures your money will last.
• Continue to keep to a budget and avoid debt.
• Do the things you enjoy — travel, learn new skills, spend time with family.

In your 80s and beyond —

• Work with your adviser to ensure your income plan will — last as long as you need it, outpace inflation, provide some cushion in the event of a health issue, and pay for your needs and wants. All of this should have already been addressed, but it doesn't hurt to double-check.
• If you plan to leave significant wealth to your children or grandchildren or even to a favorite cause, ask your financial adviser to work with your estate attorney and a tax professional to ensure the smooth transfer of your assets when the time comes.
Caring for those in need

Did you know about BBT’s benevolent fund?

Through the Church Workers’ Assistance Plan, BBT has saved three homes from foreclosure when families had fallen on hard times. It paid for highly specialized tax advice with translator support to help get a tax return corrected. The program has provided free financial counseling, helped people pay off tax liens and medical bills, assisted in paying insurance premiums, provided for emergency home repairs, supplemented income for those below the poverty line, and assisted folks with a variety of unforeseen circumstances that created severe financial burdens.

The Church Workers’ Assistance Plan was created by a directive from the Church of the Brethren Annual Conference, and was designed to help current and former pastors and other employees of churches, districts and camps who have a severe financial need, and have exhausted all regular channels of financial help. The plan is funded by contributions from individuals, congregations, and districts, and overseen by Brethren Benefit Trust. Board-approved guidelines are are used when reviewing each situation. A committee of BBT staff reviews all applications, including a regular exception-review process that ensures no application is turned down without additional consideration.

There is a simple application process. Because financial distress is such a difficult and personal matter, BBT staff are especially careful to protect the privacy of applicants. However, in 2019 there was a Church Workers’ Assistance Plan grant recipient who was so grateful for the assistance her family received that she agreed to let BBT share her words in a video shown at the Church of the Brethren Annual Conference. Her family, due to circumstances beyond their control, had fallen behind on their house payments and were on the brink of foreclosure. They filled out the grant application, and soon after got a call from BBT with the news that they had been approved for assistance. They truly felt that it was God working through this benevolent program to save their house.

In 2019, more than $314,000 in grants was distributed. There were 33 retired grant recipients, including seven Medicare Supplement Grants, for a total of $187,485. An additional $127,031 was given to 20 actively working employee applicants.

There are three kinds of grants. The Retired Church Workers’ Grants are available for those who have worked at least half time for 10 years or more. The Active Church Workers’ Grants are available for those who have worked for a least half time for five years or more and who are still employed by a church, district, or camp. The Medicare Supplement Grants are for any retired or active worker who has worked at least half time for 10 years or more and who has purchased Medicare Supplement Insurance through BBT.

The $314,000 given in grants in 2018 is a fraction of the more than $500 million in assets that BBT manages, but the relief and joy that the grant money brought was far in excess of its comparative value. The assets BBT manages are important because they are your assets, but it’s not only how much you have and how carefully it’s managed, but also how you use it and share it that matters in the end.
How we benefit from the CBA

What if you could learn best practices and gain economies of scale without having competition? That’s what BBT has gained through its CBA affiliation.

The Church Benefits Association held its annual CBA conference in Jacksonville, Florida, this past December. BBT is privileged to have a strong affiliation with this group because of all it brings to the organization. BBT president Nevin Dulabaum has served as a director on the CBA board for 4 1/2 years, and is also the convener of the Small-Mid size CEOs, a group of approximately 30 people. As the convener, he chairs the face-to-face quarterly meeting of this subcommittee and in December, led them through a series of topics, some of which were covered by other BBT staff.

Michelle Kilbourne, BBT’s newly hired director of Human Resources and Administrative Services, was attending her first CBA meeting. With her background in organizational leadership and analysis, she was able to report before the Small-Mid group about her plan to streamline the process for a report they are responsible for producing annually.

 Jeremiah Thompson, director of Insurance Operations at BBT, presented information to committee members about the new ICHRA (Individual Coverage Health Reimbursement Arrangement) benefits available to church workers. Jeremiah encouraged the folks in attendance to call him if they need help navigating the planning and paperwork for this employer-funded, tax-free health benefit, which is available to employer groups of 50 or less.

According to Dulabaum, being a part of the CBA is “important because we can meet with our peers in a non-competitive environment and work collaboratively on issues that are beneficial to us all.”

BBT’s CFO, John McGough, is also active with CBA as the chairman of the Audit Committee, but was not able to attend the December meeting. In addition to holding committee positions, BBT employees sometimes give presentations within their topical interest area. At the 2019 meeting, Ed Shannon, BBT’s Retirement Planning Consultant, presented on an initiative he spearheaded to improve marketing efforts at BBT. Ed created the “Tips by Text” concept, having done all the research and cost analyses for this mass texting platform. For the CBA group, he described his efforts to design and implement this opt-out program, and also showed the 30-second video that had recently been texted to members.

Being a part of the Church Benefits Association is invaluable to BBT since it provides staff with everything from advocacy to education to the advantage of being part of a medical plan consortium.
Thinking about your health

Brethren Benefit Trust produces a monthly newsletter, Well Now, with articles and suggestions for supporting and enhancing your health. From time to time we will include in Benefit News excerpts from Well Now that we hope might be useful to you. This list of things you can do to keep your brain healthy appeared in the January 2019 issue.

Be smart and stay sharp

As with the other organs and systems of your body, there are things you can do to keep your brain healthy. Here is a compilation of actions, activities, and practices from a number of sources that will help keep your brain in good shape and functioning well.

Seek mental stimulation
Learn a language, read more, read aloud, play games, take up a hobby, do calculations in your head rather than on the calculator in your smartphone. According to scientists, such activities stimulate new connections between nerve cells and may even help the brain generate new cells.

Switch things up
Mixing things up, like switching to your other hand for routine activities such as brushing your teeth or using your fork, can sharpen brain function. Even eating with chopsticks (if you don’t know how) will stimulate your brain. Take new routes when you drive so you are not running on autopilot.

Get physical
Using your muscles increases the number of tiny blood vessels that bring oxygen-rich blood to the brain. Exercise spurs the development of new nerve cells and increases connections. It also lowers blood pressure, improves cholesterol levels, keeps blood sugar in balance, and reduces stress.

Eat smart
Research shows these smart foods will help: blueberries, wild salmon, nuts and seeds, avocados, whole grains, beans, and dark chocolate. Drink pomegranate juice and freshly brewed tea. In general, eat a Mediterranean-style diet emphasizing fruits, vegetables, fish, nuts, unsaturated oils and proteins from plant sources.

Watch your levels
Watch your diet and get exercise. Stay lean and fit to keep your blood pressure as low as possible. High LDL is associated with the risk of dementia. Diabetes also puts you at risk for dementia. So control your weight, and be sure to take your medications – for cholesterol, blood sugar, or blood pressure levels, if they have been prescribed for you.

Get to sleep
Sleep helps solidify memory, clears toxins in the brain, improves cognition, enables creativity, and helps prevent depression.

Ask your doctor about aspirin
Studies suggest low-dose aspirin may reduce risk of dementia.

No smoking
Stay away from all forms of tobacco.

Everything in moderation
Excessive alcohol use is a major risk factor for dementia.
Donna March retired Dec. 31, 2019, as Brethren Benefit Trust’s Director of Human Resources and Administrative Services. Donna began her tenure in May 1984 as support staff in the ministry department for the Church of the Brethren General Board, and then in the General Secretary’s office. She joined the BBT staff on July 31, 1989, and for the next 30+ years she served in several managerial positions, starting out in the insurance and pension programs, and was promoted in March 2007 to her role in the administrative department. She was made part of the BBT Management Team officially in 2015. Donna served as one of the corporate officers of BBT, supporting the president, the Board of Directors, and the staff. Donna took the lead for many years coordinating BBT’s 5K Fitness Challenge at Annual Conference. Her final Annual Conference was in Cincinnati in 2018.

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... Financial Engines  (continued from page 1)  

have some limitations. For example, their staff will consider all available investments without regard to Brethren values, and may show bias to lower-cost index funds. Members wishing to invest purely according to BVI guidelines will benefit from the self-help recommendations, but would then have to select the BVI version of the recommended asset classes. The self-help method allows them to organize their investments using Target Date Funds, BVI guidelines, index funds, or any combination of BBT’s investment lineup. This Financial Engines benefit went live in January. Members will be able to find a direct link on the NWPS website for a complimentary self-help model. There is also an app for mobile phones.

BBT is excited about its new recordkeeper, NWPS, and this excellent investment resource that now comes with it. With these new services, Pension Plan members have great tools to plan for a meaningful retirement.

... Board meeting wrap-up  (continued from page 1)  

Certified public accountant Jan Fahs talked to BBT guests and Board members about the challenges of being a church treasurer.

having Todd to guide BBT through this process. “There are so many factors to consider in the ever-shifting landscape of both our country’s financial climate and the Brethren denomination. Todd’s knowledge and expertise is really appreciated since we are trying to navigate our strategic pathway. Plus, he’s really gotten to know BBT over the last few years and has developed constructive suggestions for us, which gives us a good roadmap.”

Other Board actions from the November meeting included approving the budget for 2020, and reaffirming the return of former board member Jerry Patterson to the Board this July. It was also affirmed that Wayne Scott would be the board candidate on the April ballot, representing the retirement communities.

On the final day of the meeting, Board and staff welcomed about a dozen Brethren Pension Plan members who accepted an invitation to join them for lunch and an interactive session on church finances with Jan Fahs, a Brethren CPA and Manchester Church of the Brethren treasurer.
Important 2019 tax filing information for Brethren Pension Plan members

Due to the recordkeeper change in June, Pension Plan members may receive two 1099s for 2019 —

Jan. 1 thru May 31 • Empower 1099
June 1 thru Dec. 31 • NWPS 1099
Questions? Call NWPS at 866-723-0001

You can find past issues of Benefit News as well as other BBT publications online at cobbt.org/news

FREE professional tax advice for pastors is now available on the BBT website. Clergy Taxes is presented by Rev. Deb Oskin, and produced by BBT. The 2-hour workshop, which covers topics such as housing allowance, business expenses, health insurance, and taxes for retired clergy, can be viewed all at once or in sections. Viewable in English or Spanish.