The Pension Boards
United Church of Christ, Inc.
WHERE FAITH AND FINANCE INTERSECT

On the Path to Retirement

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Financial Planning for Retirement

A. Overview

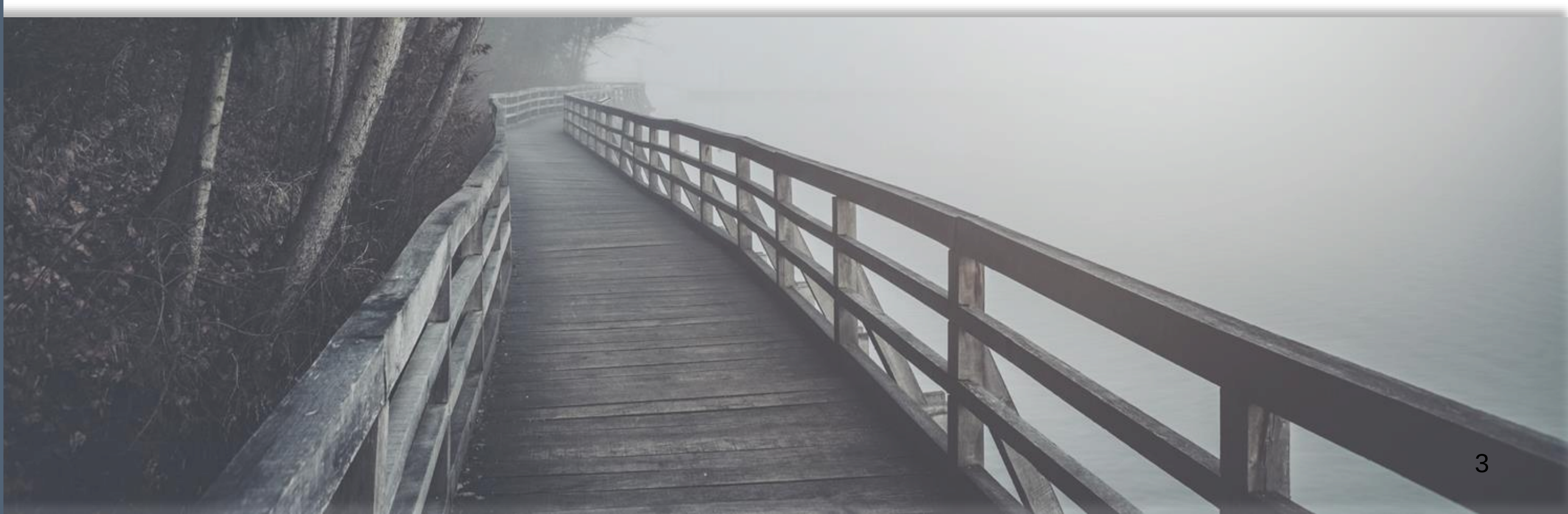
In the journey of life, retirement is a significant milestone! Suddenly, you have more time for things you always wanted to do, such as travel, start a new hobby, donate more time, or relax. It's also a chance to think about your achievements and plan for the future.

As you approach or enter retirement, it's common for your perspective on money to change. Where you may have been focused on accumulating wealth and building your career, you may now prioritize financial security and stability. You also have decisions to make around handling your debt, when to start drawing Social Security, how to manage your investments, healthcare and life insurance decisions, and critical estate planning considerations. This booklet provides a high-level discussion of many important financial planning topics you may be considering.

We dedicated a special section for Pension Board members who have not annuitized their retirement accounts. See "Section K. Your PBUCC Annuity (Lifetime Retirement Income Plan Payments)" to review this topic in detail.

Fidelity NetBenefits® and Fidelity Retirement Planners are available to PBUCC Members. Every PBUCC member, active or retired, has free and unlimited access to Fidelity Retirement Planners.

- Access Fidelity NetBenefit®: PBUCC.ORG > Member Login > Fidelity NetBenefits®.
- Contact Fidelity Retirement Planners through PBUCC Member Services at 1.800.642.6543, Monday-Friday from 8:30 a.m. to 9:00 p.m.



B. Know Your Financial Goals

The well-known motivational speaker Tony Robbins has said, “Setting goals is the first step in turning the invisible into the visible.” We recommend creating S.M.A.R.T. Goals: Specific, Measurable, Achievable, Relevant, and Time- Bound. For example:

S.M.A.R.T. GOALS Example:

Understanding your financial situation will help determine how much you need to save and invest to achieve your retirement goals. Ultimately, the better handle you have on your financial situation, the more peace you will have.

Specific:	I want to pay off my car loan in full
Measurable:	My remaining balance is $6,000
Achievable:	I will pay $450 plus interest every month toward my car loan
Realistic:	Given my overall financial situation, I will be able to afford these payments
Time-bound:	With this payment schedule, I will achieve this goal in 12 months

Setting a SMART savings goal

Setting financial goals can motivate you to save money. When these goals are SMART, you're more likely to achieve them.

Instructions

1. Review the elements of a SMART goal.
2. Write a short-term savings goal.
3. Add details to make it a SMART savings goal.
4. Create a savings target and determine how much you'll need to save each week.
5. Create an action plan to achieve your SMART goal.

SMART goal elements	Related questions	Your SMART savings goal
S = Specific	What are you saving for?	
M = Measurable	How much do you want to save?	
A = Attainable	Is this realistic? Is it doable?	
R = Relevant	Is this worth saving for? Is this important to you?	
T = Timebound	When will you meet the goal?	

Resources to Take Action:

- Fill out the **Setting a SMART Savings Goal** worksheet on PBUCC.ORG > Financial Wellness > Other Resources
- Use **Fidelity Full View** to organize your asset and liabilities, track your spending, and set financial goals. Go to Fidelity **NetBenefits®**, click **Plan** and **Learn** > **Manage Overall Finances**
- Discuss your financial goals with a **Fidelity Retirement Planner** via PBUCC Member Services at 1.800.642.6543 from 8:30 a.m. to 9:00 p.m. ET.

C. Cashflow and Budgeting

Build an Emergency Fund

If you imagine retirement as a road trip, your emergency fund is a spare tire that can keep you moving if you hit a pothole. Let's face it, unexpected expenses can occur anytime, and having a rainy-day fund can help alleviate financial stress and increase your peace of mind. For those of us in retirement who live on a fixed income, having an emergency fund could mean covering significant expenses without taking on debt or being forced to liquidate assets at a bad time.

Follow these steps to build your emergency fund:

- **Determine your required monthly expenses**: These include groceries, housing, and clothing, but not occasional expenses like vacations or eating out. Remember to account for required expenses that occur less frequently, for example, your annual homeowner's insurance bill. For expenses like this, determine the annual cost and divide it by 12 months.

- **Set a savings goal:** Once you have calculated your required monthly expenses, set a savings goal. Many financial planners recommend saving between 3-6 months of expenses in your emergency fund.

- **Automate your savings**: Establish a savings account for your emergency fund and set up automatic transfers from your checking account. Keeping your emergency fund in a savings account will help avoid impulse purchases.

- **Rebuild and review:** If you need to tap into your emergency fund, allocate money in a future month's budget to rebuild your emergency fund over time. Also, periodically review your emergency fund goal since your required expenses may change over time.

Resources to Take Action:

- Create your **Emergency Fund Goal** *on* Fidelity NetBenefits® > Plan and Learn*.*
- Discuss your financial goals with a **Fidelity Retirement Planner** via PBUCC Member Services at 1.800.642.6543 from 8:30 a.m. to 9:00 p.m. ET.

C: Cashflow and Budgeting

Maintaining a Budget While Living on a Fixed Income

Sticking to a budget in retirement can be challenging, especially while living on a fixed income. However, managing your finances effectively with careful planning and discipline is possible. Here are some tips you can use to stick to a budget with a fixed income:

1. **Create a realistic budget:** To create a budget, you need to know how much money you have coming in and going out each month. Start by listing all your fixed expenses, such as rent, utilities, and insurance. Then, allocate a portion of your income towards variable expenses like groceries, entertainment, and savings. Make sure that your budget is realistic and achievable.

2. **Track your spending**: Keeping track of your spending is essential to ensure you are sticking to your budget. Use a budgeting app or spreadsheet to monitor your expenses and income. This will help you identify areas where you can cut back and adjust your budget accordingly.

3. **Prioritize your expenses:** When you have a fixed income, you need to prioritize your expenses. Focus on paying for essentials like rent, utilities, and food first, then allocate money towards other expenses. Avoid spending money on unnecessary things until you have the basics covered.

4. **Use cash vs. a credit card:** Using cash can help you stick to your budget and avoid splurge spending. Withdraw the amount of money you have allocated for variable expenses and use it for your purchases. This will help you avoid overspending and stick to your budget.

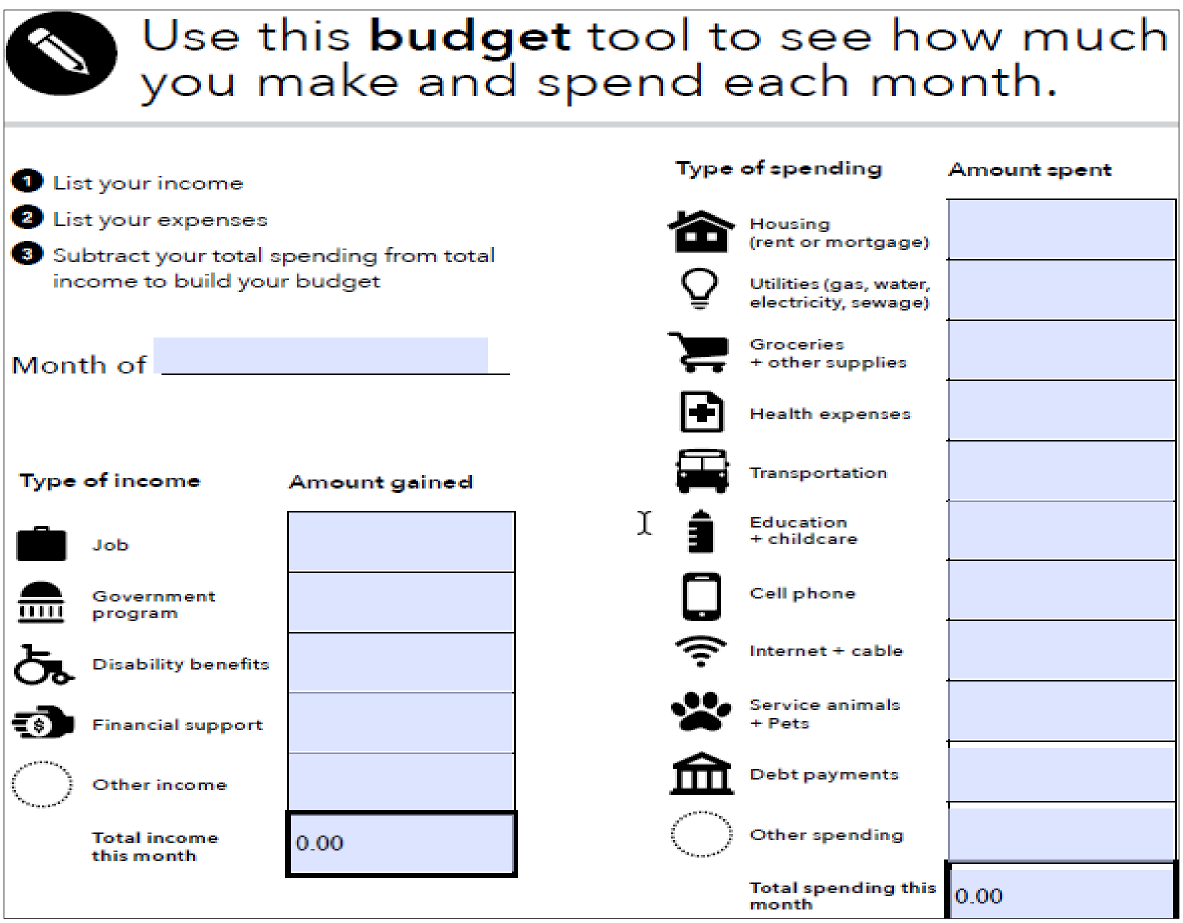
5. **Look for ways to save money:** There are many ways to save money. Look for discounts, coupons, and deals to reduce your expenses. Are there subscriptions like gym memberships or streaming services you are not using? Try to eat at home instead of going out to restaurants. Make your own coffee. Bundle your trips together to save gas and wear and tear on your car.

Maintaining a Budget While Living on a Fixed Income, *continued*

By following these tips, you can better stick to a budget with a fixed income and manage your finances effectively. Some retirees decide to take on part-time or seasonal work to help cover additional expenses around the holiday season or to fund their entertainment expenses. It's all about choices, and what's right for someone else may not be right for you. Remember, achieving financial stability takes discipline and commitment, but it is possible with the right mindset and approach.

Resources to Take Action:

- Create budgets and track your spending on **Fidelity Full View**. Go to Fidelity NetBenefits® > Plan and Learn > Manage Overall Finances.
- Use the **Budgeting Worksheet** on *PBUCC.ORG* > Financial Wellness > Other Resources.



Use this **budget** tool to see how much you make and spend each month.

1. List your income
2. List your expenses
3. Subtract your total spending from total income to build your budget

Month of ____________

Type of income	Amount gained
Job	
Government program	
Disability benefits	
Financial support	
Other income	
Total income this month	0.00

Type of spending	Amount spent
Housing (rent or mortgage)	
Utilities (gas, water, electricity, sewage)	
Groceries + other supplies	
Health expenses	
Transportation	
Education + childcare	
Cell phone	
Internet + cable	
Service animals + Pets	
Debt payments	
Other spending	
Total spending this month	0.00

D. Debt and Credit Management

Tips for paying down debt

One of the most common financial goals for people nearing and entering retirement is to pay off debt. For some, their dream of being debt-free is right around the corner, but for others, that goal is many years away. Regardless of where you are on your debt pay-down journey, here are steps you can take to help you get there.

1. **Make a budget:** The first step to paying down debt is understanding where your money goes. Make a budget that includes your monthly expenses and income and identify areas where you can afford to cut back.

2. **Pay at least the minimum but aim for more**: Make a list of all your debt including balance, interest rate, and minimum payments. Pay the minimum on all your debts and aim to pay additional towards at least one of the debts on your list. When you pay off the first debt balance, allocate those payments to the next debt on your list.

Some people focus the additional payments towards the highest interest rate debt. This will save the greatest amount of interest over time. Others focus the additional payments on the lowest balance. Focusing on the lowest balance is helpful because you can see progress quicker. Talk with an Fidelity Retirement Planner to help determine the best order of debt repayments for you.

3. **Consider debt consolidation**: If you have multiple debts with high-interest rates, consolidating them into one loan with a lower interest rate may help you save money and simplify your payments. Take into account fees when consolidating your debt. Also, if you are a homeowner, weigh the positives and negatives before taking a Home Equity Loan. A Home Equity Loan may offer you a low- interest rate compared to a credit card, but it could also put your home at risk if you become unable to pay it back.

4. **Negotiate with creditors**: If you're struggling to make payments, consider negotiating with your creditors to see if you can reduce your interest rate or work out a payment plan that fits your budget. Get an offer from creditors in writing before agreeing to a plan.

Tips for Paying Down Debt, *continued*

5. **Avoid taking on new debt:** While you're working on paying down your debt, try to avoid taking on additional debt. This takes discipline, but it's key to staying the course.

Remember, paying down debt takes time and effort but is worth it. By following these tips and staying committed to your goals, you can become debt-free and achieve your goal.

Resources Take Action:

- Create a debt pay-down plan on **Fidelity Full View**. Go to Fidelity NetBenefits® > Plan and Learn > Manage Overall Finances.
- Create your debt pay-down plan using the **Debt Worksheet** on PBUCC.ORG > Financial Wellness > Other Resources.

Use this **debt worksheet** to see all your bills and plan what you owe

1. List all the debts you have.
2. Fill out the table to see your total monthly debt payment.
3. Circle any debts in collections.

Debt type	Monthly payment amount	Monthly due date	Interest rate (%)	Amount outstanding	Payoff date or goal	Notes (including any fees)
Assistive Technology loan						
Auto Loan						
Back Child Support						
Credit Card Debt						
Friends & Family						
Medical Debt						
Past-Due Fees & Fines						
Mortgage or Past-Due Rent						
Payday loans						

Credit Report and Credit Score

Credit Report

It's a good idea to check your credit report regularly to ensure that everything is accurate and up-to-date. By doing so, you'll be able to catch potential issues early on and take steps to address them before they become more significant problems. For example, one of the fastest-growing crimes against older Americans is identity theft, and one way to help protect yourself is by reviewing your credit report.

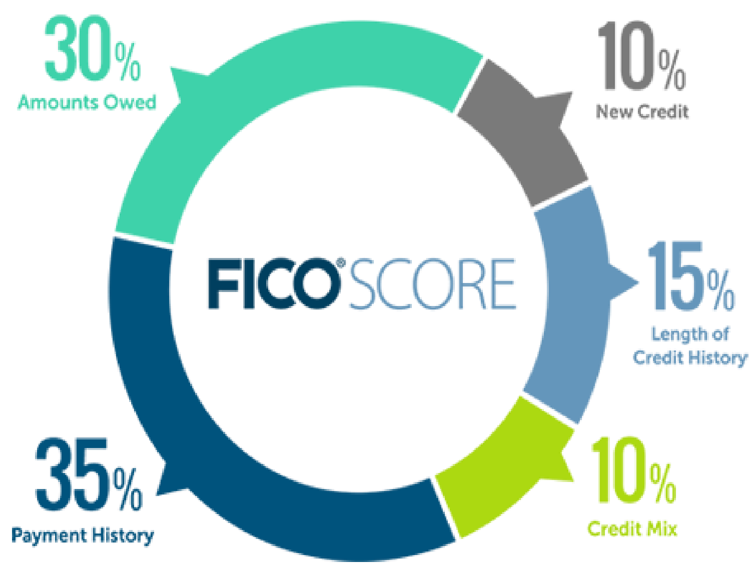
You can request a copy of your report from one of the three major credit bureaus: Equifax, Experian, or TransUnion. You're entitled to one annual free report from each bureau, so take advantage of this opportunity. Go to annualcreditreport.com to request your free credit report!

Once you receive your report, take some time to review it carefully. Look for any errors or inaccuracies that could negatively impact your credit score. For example, do you see any credit inquiries you did not make? Is your payment history correct? If you do find any mistakes, be sure to dispute them with the credit bureau in question.

Credit Score

Your credit score tells lenders how likely you are to repay a loan based on your credit history. The most commonly known credit score is the FICO® Score. The better your credit score, the more likely you will receive a lower interest rate on debt like a mortgage, car, or credit card. Depending on the loan, a lower interest rate can save you hundreds and even thousands of dollars over time. Most credit scores range from 300 - 850; the higher, the better.

You will want to focus on critical areas to increase your credit score. First and foremost, make sure you're paying your bills on time every month. Generally speaking, the longer your credit history and the more you pay your bills on time, the better your score. Late payments can have a big negative impact on your credit score. Additionally, try to keep your credit utilization ratio low. This means not using too much of your available credit at once. The chart below is a high-level overview of calculating a FICO® Score.



Resources to Take Action:

- Visit annualcreditreport.com to get your credit report for free.
- Many banks and credit card companies offer you a free credit score. You can also go to MYFICO.com to access you score for a fee.
- Click here for tips on how to protect yourself from fraud: If you debt situation reaches a point where you are considering bankruptcy, consider contacting the **National Federation of Credit Counselors** at NFCC.ORG or call 1.800.388.2227.

E. Estimate if I Am on Track for Retirement

Determining if you are on track for retirement can be daunting, but ensuring you have enough money to live comfortably in your golden years is essential.

According to the Social Security Administration, the average life expectancy for a 65-year-old is around 84 years for males and 87 for females. Living into your mid- 80s or later could mean you are retired for more years than you worked! You can use the life expectancy calculator on SSA.gov for more details. Here are a few steps you can take to evaluate your retirement savings:

1. **Determine your retirement goals:** Think about the lifestyle you want in retirement and how much money you will need to achieve it. If you are already retired, think about your goals from today forward.
2. **Calculate your retirement savings:** Look closely at your retirement accounts, including your Pension Boards retirement account, I.R.A.s, and personal savings. Add up the total amount you have saved.
3. **Estimate your retirement income:** Consider any sources of retirement income you will have, such as your Pension Boards monthly pension, Social Security, or rental income.
4. **Use a retirement calculator**: Many online tools, such as on Fidelity NetBenefits® can help you estimate how much money you will need in retirement and whether you are on track to meet your goals. You can also work with a financial planner to help calculate if you are on track.
5. **Review your progress:** Check-in periodically and as your situation changes to see if you are still tracking towards a successful retirement.

By following these steps, you can gain a better understanding of your retirement readiness and take steps to ensure a secure financial future.

Resources to Take Action:

- Discuss your retirement goal with a **Fidelity Retirement Planner** via PBUCC Members Services at 1.800.642.6543 from 8:30 a.m. to 9:00 p.m. ET.
- Create your **retirement projection** on Fidelity NetBenefits® > Plan and Learn > Manage Your Overall Finances > Retirement Analysis.

Social Security Retirement Benefits

Social Security is relied on by millions of Americans and is the bedrock of the United States retirement system. According to the Social Security Administration (SSA), Social Security covers over 65 million beneficiaries, including retired workers, dependents, disabled individuals, and survivors of deceased workers.

When can I collect Social Security and how is my benefit calculated?

Generally speaking, you can begin collecting benefits as early as 62 and as late as 70. You need 40 credits, or ten years of earnings, to qualify for Social Security benefits. The SSA looks at your highest 35 years of payments, indexed to today's dollars. The longer you delay benefits, the greater your monthly benefits.

When should I collect Social Security?

One of the most significant decisions is when to start collecting your Social Security benefits. The decision to take Social Security early or later will depend on your financial situation, goals, and your spouse's anticipated life expectancy.

Generally speaking, if you can afford to delay collecting your benefits and believe you will live long enough to make up for the payments you lost when you delayed, it could make sense to wait to collect. Since a surviving spouse effectively collects the higher of their or their deceased spouse's benefit, a larger benefit (as a result of delaying) could help hedge against longevity risk. It's important to weigh the pros and cons carefully and consider consulting with a financial advisor to help you make the best decision for your needs.

How is Social Security taxed?

You may have to pay federal income taxes on your Social Security benefits. It all depends on your federal tax filing status and your combined income. Your combined income is defined as your adjusted gross income (from your tax return), any nontaxable interest, and half of your Social Security benefits. Depending on this total amount and your federal tax filing status, up to 85% of your Social Security benefits may be taxable.

For more specific information, visit: **www.ssa.gov/benefits/retirement/planner/taxes.html**.

Social Security Retirement Benefits, *continued*

What happens if I work while collecting Social Security retirement benefits?

You can collect Social Security retirement benefits and work at the same time. However, your benefit is reduced if you are younger than full retirement age and make more than the yearly earnings limit. However, starting with the month you reach full retirement age, your benefit will not reduce no matter how much you earn.

Social Security uses the following earnings limits to reduce your benefits:

- If you are under full retirement age for the entire year, we deduct $1 from your benefit payments for every $2 you earn above the annual limit. (For 2023 that limit is $21,240.)

- In the year you reach full retirement age, we deduct $1 in benefits for every $3 you earn above a different limit, but we only count earnings before the month you reach your full retirement age.

If you will reach full retirement age in 2023, the limit on your earnings for the months before full retirement age is $56,520.

Starting with the month you reach full retirement age; you can get your benefits with no limit on your earnings.

Resources to Take Action:

- Discuss your Social Security in more detail with a **Fidelity Retirement Planner** via PBUCC Members Services at 1.800.642.6543 from 8:30 a.m. to 9:00 p.m. ET.
- To see how you may be impacted if you collect Social Security while working, use the **Retirement Earnings Test Calculator**.

F. Retired Clergy and Housing Allowance

The Retired Minister’s Housing Allowance

A minister’s housing allowance (sometimes called a parsonage allowance or a rental allowance) is excludable from gross income for income tax purposes*. It is an amount officially designated (in advance of payment) as a housing allowance and in reasonable compensation for services rendered as a minister.

Pension benefits usually are taxable as retirement income. However, it often comes as a pleasant surprise to clergy (ordained, licensed, or commissioned) that their Pension Boards pension benefits are eligible to be designated as housing allowance. Under current regulations and the Pension Boards’ actions, 100% of a retired minister’s pension may be spent on housing, including furnishings, utilities, and other allowable expenses. Withdrawals from the Retirement Savings Account (money that is not annuitized from the Pension Boards plan) also qualify for the housing allowance.

However, this applies only to Annuity Plan benefits that were earned in a ministerial capacity. Any money transferred from the Annuity Plan to an I.R.A. <u>does not</u> qualify for the housing allowance designation. Also, the amount you exclude as housing allowance cannot exceed the fair market or rental value of your property, including utilities and furnishings, if that is less than your actual out-of-pocket costs.

A housing allowance is also not available to a minister’s surviving spouse for benefits arising from the minister’s employment, even if the surviving spouse is also ordained. A housing allowance attributable to pension income should not be treated as self- employment income, and, accordingly, should not be subject to Social Security taxes.
This is a difference between the housing allowance of an active minister and the portion of pension income treated as a housing allowance by a retired minister.

*Not self-employment tax purposes

The Retired Minister’s Housing Allowance, *continued*

How are clergy person’s retirement benefits taxed?

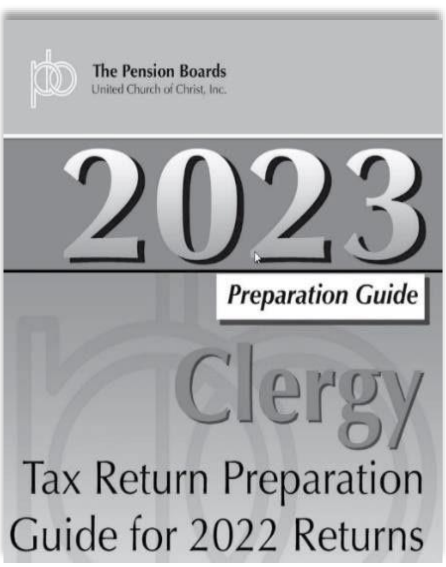
Once you receive annuity benefits, you will receive tax information and instructions to complete your tax return. Annuities paid by the Pension Boards are generally taxable as income in the year you receive them, partly because the money used to provide them was not previously taxed. However, if you have made after-tax contributions, part of your annuity will be tax-exempt. The I.R.S. requires the Pension Boards to withhold taxes from your monthly pension unless you tell us not to. When you retire, the Pension Boards will supply all the proper tax forms for money that’s annuitized or moved to a Retirement Savings Account. If you do not submit a tax form, we must withhold federal tax based on a marital status of Single. You should check for possible changes in I.R.S. rules by visiting the I.R.S. website at www.irs.gov and consult with your personal tax advisor to discuss the tax ramifications of your retirement decisions.

What About State Taxes?

Each state has its own tax policy on retirement benefits, so it is important for you to be aware of your local and state tax regulations. You should review any related issues with your personal tax advisor.

Resources to Take Action:

- Access **PBUCC’s clergy-specific tax resources** on PBUCC.ORG > News & Resources > Tax Resources



G. Investment Planning

Reviewing Investments

Reviewing your investments to ensure they align with your goals and risk tolerance is essential as you approach retirement. It's common for investors to be overly risky and subject to a sudden drop in the market without the time to rebound. On the other hand, it's also common for investors to be too conservative. Being overly conservative may mean you miss out on long-term growth and are not earning enough to keep up with inflation.

Since everyone's situation is different, we recommend that you discuss your investment mix with a financial professional. Here are some general guidance for managing your portfolio before and into retirement.

Assess your current portfolio mix: Look at your current investments and evaluate if it still meets your needs. Does the mix match your return needs, risk tolerance, and time horizon? Revisit your portfolio mix over time as you approach retirement and your situation changes.

Rebalance your portfolio: After you decide on an initial investment allocation, changes in the market could cause your mix of investments to change from your desired percentage. Rebalancing involves selling some investments and buying others to return your portfolio to your desired asset allocation.

Review your investment expenses: Look closely at the costs you are paying on your investments. Consider whether your fees are reasonable and how they compare with similar investments. Investment fees have a direct impact on your long-term return.

Reviewing Investments, *continued*

Our Faith and Finance Shared Understandings

The Pension Boards-United Church of Christ is committed to living at the intersection of faith and finance. This commitment is deeply rooted in our history and in the scriptural witness that God is the source of all wealth, and we are called to use our financial resources, however large or small, in covenant with God and one another (Deuteronomy 8:17-18). The faith mandate to leverage our resources for the sake of mercy and justice is embedded not only in the Judeo-Christian tradition; it also has a broad interfaith embrace resulting in shared values such as inclusion, justice, sustainability, and equity.

The Pension Boards takes seriously its fiduciary responsibility to manage assets in the best interests of its members. This is not, however, separate from its covenantal responsibility to manage resources in order that all of God's people and creation might share in God's abundant life (John 10:10). Our faith commitments and values must guide decision-making in the Pension Boards and be made manifest in our programs. The Faith and Finance Initiative has identified four target areas on which to focus our attention and action:

- The Sacredness of Creation: Human Rights
- Wellness of Clergy and Lay Members
- Underserved/Underrepresented Groups

Pension Boards Investment Options

If you still have an accumulating account at the Pension Boards, you have 11 investment options. The Pension Boards' Investment Program exists to provide the highest level of investment performance within the organization's guidelines.

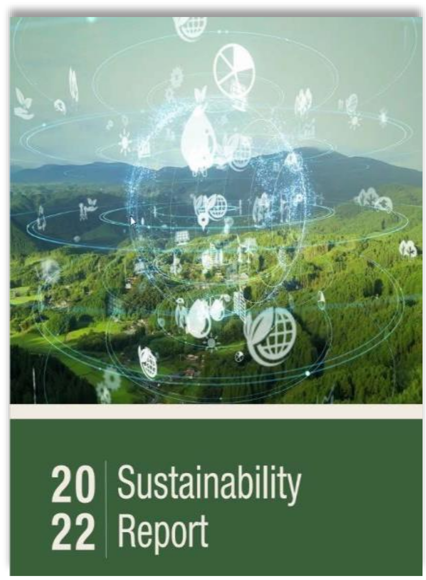
Reviewing Investments, *continued*

The pension plan administered by the Pension Boards for accumulating plan members includes eleven investment options: a Stable Value Fund, a Bond Fund, a Sustainable Balanced Fund, an Equity Fund, a Global Sustainability Index Fund, and six Target Annuitization Date (TAD.) Funds. The TAD Funds are "funds of funds." The TAD.Funds invest in the Stable Value, Bond and Equity Funds. These Funds have different return/risk characteristics so that plan members may create an investment program to match their objectives and their levels of risk tolerance. The allocation of contributions and balances between each of the Funds is determined by each member.

Broad diversification in the Funds is achieved by allocating each Fund's assets into a number of market segments appropriate to each Fund. Within each Fund, the Investment Committee approves eligible investments and sets asset allocation guidelines to be followed by the Chief Investment Officer. The Funds are available to all members that have deposits on account with the Pension Boards.

Resources to Take Action:

- If you want to **learn more about individual PBUCC funds**, go to the Pension Boards' website at PBUCC.ORG > and click Investments.
- **Rebalance your PBUCC retirement account** on Fidelity NetBenefits® or by calling **Fidelity through PBUCC Member Services at 1.800.642.6543 8:30 a.m. to 12:00 a.m. ET.**
- Discuss your investment strategy in more detail with a **Fidelity Retirement Planner** via PBUCC Members Services at 1.800.642.6543 from 8:30 a.m. to 9:00 p.m. ET.
- **Read the Pension Boards 2022 Sustainability Report** to learn more about our ongoing commitment to the values of faith and finance, and to the well- being of the planet. Visit PBUCC.ORG > Faith & Finance > Corporate Social Responsibility > CSR News and Education > Introducing the 2022 Sustainability Report.



H: Insurance Planning

Overview of Medicare

PART A:

- Covers inpatient hospital stays, care in a skilled nursing facility, hospice care, and some home health care

PART B:

- Covers certain doctors' services outpatient care, medical supplies, and preventative services

PART C: Medicare Advantage

- Offered by private companies and includes Part A and B, and usually Part D
- May offer additional services such as discounted fitness programs, some vision, hearing, and dental services

PART D:

- Helps cover the cost of prescription drugs including many recommended shots or vaccines

Medicare is the federal insurance program for people aged 65 or older and younger people with disabilities. There are four parts of Medicare: You can learn more about Medicare on **Medicare.gov.**

Overview of UCC Medicare Advantage Plan with RX (Part C Plan)

In 2020, the Pension Boards' Benefits Committee selected Humana to administer the U.C.C. Medicare Advantage Plan with R.X. For those who are not familiar with Humana, here are a few important facts to know.

- Humana is a proven nationwide leader in providing Medicare Advantage Plans and has consistently earned a 5-Star rating with the Centers from Medicare and Medicaid Services.

- Humana has a nationwide physician, hospital, and pharmacy network, and has a proven track record in providing Medicare Advantage plans to over 8.8 million Medicare beneficiaries across all 50 states for more than 30 years. This makes Humana a reputable choice in servicing our UCC Medicare population.

Insurance Planning, *continued*

What are some benefits of the UCC Medicare Advantage Plan with RX?

- Annual open enrollment available without underwriting
- Nationwide premium rate with no age rating
- No coverage gap
- In-network and out-of-network coverage
- One ID Card for all services
- International travel coverage
- SilverSneakers fitness program
- Wellness program (earn cash rewards for making healthy choices)

Life Insurance

Many people wonder if they need life insurance in retirement. The answer depends on your circumstances. Suppose you have dependents, such as a spouse or children, who rely on your income. In that case, it may be wise to maintain a life insurance policy to ensure their financial security in the event of your unexpected passing. However, if you have no dependents or have enough savings to support your loved ones in the event of your death, life insurance may not be necessary. It’s essential to consider your unique situation and consult with a financial advisor to determine if life insurance is needed for your retirement plan.

Insurance Planning, *continued*

Many people wonder if they need life insurance in retirement. The answer depends on your circumstances. Suppose you have dependents, such as a spouse or children, who rely on your income. In that case, it may be wise to maintain a life insurance policy to ensure their financial security in the event of your unexpected passing. However, if you have no dependents or have enough savings to support your loved ones in the event of your death, life insurance may not be necessary. It’s essential to consider your unique situation and consult with a financial advisor to determine if life insurance is needed for your retirement plan.

Resources to Take Action:

- To learn more about the **UCC Medicare Advantage plan with RX**, visit PBUCC.ORG > Click on Pension & Benefits > UCC. Medical Benefits Plan > then Medicare Advantage Plan on the left-side menu.
- **Contact PBUCC Member Services** at 1.800.642.6543, Monday through Friday from 8:30 a.m. to 4:30 p.m. E.T.
- Learn more about insurance planning on Fidelity NetBenefits® > Plan and Learn > Get answers to your financial questions.

I. Estate Planning

Beneficiary Designations

It’s crucial to regularly review your beneficiary designations to ensure they align with your current wishes and circumstances. This simple step can prevent complications and disputes down the line and ensure that your assets are distributed as intended.

Will

Creating a will is an essential step in planning for the future. It ensures that your assets are distributed according to your wishes, and it can also help to minimize family conflicts and legal issues. Without a will, the distribution of your assets will be determined by state law, which may not align with your wishes. It’s important to take the time to create a will and update it regularly as your circumstances change. This can provide peace of mind for you and your loved ones, knowing that your affairs are in order and your wishes will be respected.

Durable Power of Attorney for Financial and Health

- In the event that you become incapacitated, a durable power of attorney can ensure that your medical and financial decisions are placed in the hands of a trusted individual. Without a durable power of attorney in place, your loved ones may be left struggling to make decisions without clear guidance, which can lead to unnecessary stress and conflict. A durable power of attorney is effective whenever you sign it, but lasts until you pass away or cancel it. Take the time to create a durable power of attorney and have peace of mind knowing that your affairs will be managed with care and respect.

Estate Planning, *continued*

When to review your estate planning documents

1. It is important to review your estate planning documents periodically to ensure that they reflect your current wishes and circumstances. Here are some events that may prompt a review of your estate plan:

2. Changes in your family or personal situation, such as marriage or divorce, the birth of a child or grandchild, or the death of a loved one.

3. Changes in your financial situation, such as an increase or decrease in assets, the purchase or sale of property, move to another state, or the receipt of a large inheritance.

4. Changes in the law that affect estate planning, such as new tax laws or changes to regulations governing wills and trusts.

5. Changes to your health or the health of a loved one that may impact your estate plan.

By reviewing your estate planning documents regularly and making updates as needed, you can ensure that your wishes are carried out and your loved ones are provided for in the event of your incapacity or death.

Resources to Take Action:

- Learn more about estate planning on Fidelity NetBenefits® > Plan and Learn > Get answers to your financial questions.
- Discuss estate planning concepts in more detail with a **Fidelity Retirement Planner** via PBUCC Members Services at 1.800.642.6543 from 8:30 a.m. to 9:00 p.m. ET.
- To update your beneficiary on Fidelity NetBenefits®, go to Go to **Profile** and click **Beneficiaries**.

J. Maintaining Purpose in Retirement

Retirement can be an exciting time of life, but it can also be intimidating. After years of working, it's natural to wonder what comes next. Many people find that they need to find a new sense of purpose to stay fulfilled in their retirement years. This can mean pursuing hobbies, volunteering, or even starting a new career. Whatever the path, it's important to remember that retirement is a time to explore new opportunities and find joy in life. With the right mindset and a willingness to try new things, retirement can be a time of great personal growth and fulfillment.

Have you considered volunteering your time in retirement? It can be very fulfilling to give back to your community and make a positive impact. There are so many organizations that would benefit from your skills and experience. Whether it's tutoring kids at a local school, serving meals at a homeless shelter, or helping out at a hospital, there are countless ways to make a difference. Plus, volunteering can help you stay active and engaged in your community. It's a win-win!

K. Your PBUCC Annuity
(Lifetime Retirement Income Plan Payments)

This section is meant for PBUCC members who have not turned their retirement benefits into lifetime retirement income payments. When you retire, and change from accumulating to receiving benefits, your total accumulation is “annuitized” to provide your monthly annuity income. The greater your accumulation, the greater your retirement income.

There are five principal choices to be made that will also affect your retirement income:

1. When to retire and start annuity benefits
2. Which annuity income option to choose
3. Whom to name for survivor benefits
4. Whether to elect the Basic Annuity or the Participating Annuity
5. What percentage of your retirement account should you annuitize?

Choice 1: When to Retire and Start Annuity Benefits

The normal retirement age for members of the Annuity Plan for the United Church of Christ is 65, but retirement and benefits may begin either before or after that age, as explained below. Retirement effective dates are always the first day of the month. The later you begin to receive annuity payments, the larger they will be. If you die at any time before annuity payments begin, your full accumulation is payable to the beneficiary you have named, generally as a monthly annuity if your beneficiary is your spouse or another dependent.

Retirement Before Age 65

You can start your annuity income before age 65 if you are age 55 or older and either permanently terminate all employment with your employing UCC church or other participating employer or work no more than 20 hours per week. Your benefit can start as early as the first of the month following your termination of employment or your commencing part-time employment of no more than 20 hours per week.

Early retirement benefits will be considerably smaller than for retirement at an older age. At early retirement, smaller accumulations, resulting from fewer years of investment earnings and contributions, must be paid out over many more years of assumed life expectancy. Monthly benefits begun at age 60, for example, are typically 40% to 50% smaller than benefits begun at age 65.

Health is a material factor for many who consider early retirement, but if your health is satisfactory, you might decide to delay taking your benefit until the amount to be received, along with Social Security and other retirement income, will adequately provide for your needs without outside employment.

The cost of health insurance coverage is also a consideration. Before you become eligible for Medicare at age 65, premiums are considerably higher than for UCC. Medicare Supplement Health Plan coverage at 65 and older.

Retirement At or After Age 65

At any time after you reach age 65, you can start your annuity income or delay the start until you instruct us to begin payments. If you continue in UCC employment beyond age 65, your pension plan participation can continue.

Here too, of course, the deferral of the annuity starting date has a powerful upward leverage on the amount of monthly annuity payable at the later age.

Retirement At or After Age 65, *continued*

Under current law, your annuity benefits must begin no later than April 1 of the calendar year following the year in which you reach age 73*. However, if on that April 1 you are still employed in the denomination, you can delay the start of payments while such employment continues. Additionally, if you retire but later become employed in the UCC, that later employer may contribute to your Lifetime Retirement Income Plan account.

*For individuals who turn 72 after 2022

Choice 2: Which Annuity Income Option?

As a member of the Lifetime Retirement Income Plan , you may choose between a variety of income options detailed below. You can select only one option and your decision is irrevocable, so it's important to consider it and discuss your decision with a personal financial planner if needed. All of these options provide a lifetime income for you as the annuitant, and all but one also make provision for others to be named by you.

Benefits Without a 10-Year Guarantee

The Single Life Annuity Option pays you an income as long as you live and is larger than any other option because it provides nothing for a survivor. It is rarely chosen, other than by single people, widows, widowers, etc., with no dependents. A married member can only select this option if the Pension Boards receives the written, notarized consent of the spouse. Such a choice by a married member is made only in unusual circumstances, such as when the spouse has sufficient personal retirement income or assets, or where it's highly likely the member may far outlive their spouse.

The 66 2/3% Joint Life and Survivor Option pays you an income, smaller than the Single Life Option, as long as you live. If your Joint Life Annuitant survives you, they receive continuing payments for their life at 66 2/3% of the amount you would have received had you lived. If your Joint Life Annuitant dies first, it does not affect the amount of your continuing monthly payments. If your Joint Life Annuitant dies first, you cannot name another, and payments will cease at your death.

Benefits Without a 10-Year Guarantee, *continued*

The 100% Joint Life and Survivor Option pays a lifetime income, smaller than any of the options mentioned above, as long as you or your Joint Life Annuitant lives. The same benefit continues to your Joint Life Annuitant for life if he or she survives you as would have been paid to you had you lived. If your Joint Life Annuitant dies first, it does not affect the amount of your continuing monthly payments. If your Joint Life Annuitant dies first, you cannot name another, and payments will cease at your death.

Benefits With a 10-Year Guarantee

The *Single Life Annuity Option With 10-Year Guarantee* is the same as the Single Life Annuity but provides a smaller monthly benefit because it has the added provision that, if you die during the first 10 years of payments, monthly payments will continue to your beneficiary(ies) for the balance of the 10 years at the monthly amount you would have received. If you live beyond the 10 years, your payments go on for the rest of your life, ceasing only at your death.

The *66 2/3% Joint Life and Survivor Option With 10-Year Guarantee* is the same as the 66 2/3% Joint Life option, but provides a smaller monthly benefit because it has the added provision that, if both you and your Joint Life Annuitant die during the first 10 years of payments, monthly payments will continue to your beneficiary for the balance of the 10 years at 66 2/3% of the amount you would have received had you lived. If you and/or your Joint Life Annuitant live beyond the 10-year period, lifetime payments go right on as a full benefit while you are living, as a two-thirds benefit if your Joint Life Annuitant survives you, and ceasing at the death of the last survivor.

The 100% Joint Life and Survivor Option With 10-Year Guarantee is the same as the 100% Joint Life and Survivor Option but provides a smaller monthly benefit because it has the added provision that if both you and your Joint Life Annuitant die during the first 10 years of payments, monthly payments will continue to your beneficiary for the balance of the 10 years at the exact amount you and your Joint Life Annuitant would have received. If you and/or your Joint Life Annuitant live beyond the 10 years, a 100% lifetime benefit goes right on, ceasing at the death of the last survivor.

Benefit Illustration

For your income option choice, as with the other choices, all of the above can best be demonstrated through personal benefit illustrations. The *hypothetical illustration* below is for a member age 65 at retirement who names a 62-year-old spouse as the Joint Annuitant:

Relative Annuity Incomes for a Member Age 65 and Spouse Age 62	
Single Life Annuity	
Without 10-Year Guarantee	$1,000.00
With 10-Year Guarantee	$ 981.09
66 2/3% Joint Life and Survivor Option	
Without 10-Year Guarantee	$ 894.97
With 10-Year Guarantee	$ 893.75
100% Joint Life and Survivor Option	
Without 10-Year Guarantee	$ 849.23
With 10-Year Guarantee	$ 848.67

Choice 3: Whom to Name for Survivor Benefits

Naming a Joint Annuitant

If you are married, in all probability you will select a Joint Life Option, with your spouse as your Joint Life Annuitant. In fact, the Pension Boards must receive the written notarized consent of the spouse if anyone, but the spouse is to be named as Joint Life Annuitant.

Once payments have begun, the Joint Life Annuitant cannot be changed, nor can a replacement be named if the Joint Life Annuitant predeceases you.

Unmarried Pension Boards members tend to select a Joint Life Option only in special circumstances, such as where there is a parent, sibling with little or no financial means, or an adult child who requires continuing support.

A word or two of caution: The younger the Joint Life Annuitant, the smaller the monthly payments for the annuitant, since the ages of both determine how long the lifetime benefits are expected to be paid. Therefore, except for a spouse, it may not be appropriate to name as a Joint Life Annuitant a person considerably younger than the member.

Young children can be protected by naming them as beneficiaries for the 10-year guaranteed period of the various options.

Naming a Beneficiary

If you select an option, Single Life or Joint, that includes the 10-year guarantee period, the person or persons who you name as beneficiary(ies) will receive any death benefits payable during that period. Annuitants with children typically name their children as beneficiaries. Others often name a close relative, such as a parent or sibling.

You can change the person or persons named as a 10-year guarantee beneficiary even after payments begin. Furthermore, if you die during the 10-year guarantee period of a Joint Life Option, your Joint Life Annuitant could then change the 10- year guarantee beneficiary.

Choice 4: Whether to Select the Basic Annuity or the Participating Annuity

When you convert your accumulation account into an annuity, you must decide how those annuity reserves will be invested during your retirement. You can choose either the Basic Annuity or Participating Annuity, but not both. At retirement, your initial benefit amount will be the same whether you choose the Basic Annuity or the Participating Annuity.

At the time you begin your annuity, a monthly retirement income is determined based on your age (and that of your Joint Life Annuitant), the amount of assets in your accumulation accounts, and your choice of the form in which your benefit will accumulation accounts are pooled with the retirement reserves of persons who made investment choices similar to your own.

Basic Annuity. The assets supporting this annuity are invested in fixed- income securities that reflect high overall quality ratings. Given that most of these securities pay a fixed amount of interest, our current assumption is that these securities will produce an average investment return that is close to the 4% return assumption built into the base level annuity benefits. It is not currently anticipated that the benefit will be adjusted (to increase or decrease) in the near-term future. However, if interest rates rise or fall significantly above or below the 4% earnings assumptions for extended periods, there is always a possibility that the benefit could change.

Participating Annuity. The assets supporting this annuity are invested in a portfolio of stocks, bonds, and real assets (targeted allocation of 55% to stocks, 35% to bonds, and 10% to real assets). Over longer periods of time, this annuity should produce average returns that are higher than the 4% return assumption built into the base level of annuity benefits and should allow for benefit increases from time to time that are expected to continue to be paid over the annuitant's lifetime. If investment and mortality experience result in decreased assets that no longer support the benefit levels, the monthly benefit can also decrease.

4% per year assumed return:

Both the Basic and Participating Annuity incorporate a 4% annual return in your initial, and ongoing, monthly retirement income benefit. The 4% annual return is an important feature of the Pension Boards Retirement Plan and not something all retirement plans offer. Here is how this works.

When you annuitize your retirement funds, your money continues to work for you behind the scenes because the Pension Boards continues to invest your money throughout your retirement.

The Pension Boards assumes that it can provide average annual returns of 4% or better on your funds over the longer term. As a result, the Pension Boards builds in a 4% annual return assumption into your monthly lifetime be paid (for example, Single Life Annuity, or Joint and Survivor). Your retirement income at the onset. The result is an increase in your monthly lifetime retirement income payments.

To illustrate this point, let's look at an example for Rev. Susan:

Before	After
Rev. Susan's Monthly Lifetime Retirement Income Before the 4% Annual Return $100,000 divided by 240 (20 years) = $416.66/month *These calculations are strictly hypothetical and for illustrative purposes only.*	Rev. Susan's Monthly Lifetime Retirement Income After the 4% Annual Return $100,000 + 4% annual return per year = $145,000 $145,000 divided by 240 (20 years) = $608/month In this example, Rev. Susan is receiving $191.34 more a month!

4% per year assumed return, *continued*

This year, Rev. Susan is retiring and decided to annuitize her account, which holds $100,000 in investments. Based on her pension selection, the Pension Boards calculates her monthly retirement income and informs Rev. Susan how much her monthly lifetime retirement income will be over the next 20 years or her life expectancy. We'll use 20 years of lifetime retirement income for this illustration.

You can see that by the Pension Boards assuming a 4% annual return per year upon initiating the annuity, Rev. Susan's monthly lifetime retirement income increased from approximately $416 a month to $608 per month, an increase of $191.34 per month. So, again, this is an important feature of the plan and for our members.

Can the Pension Boards increase or decrease my monthly payments?

Each year, during the Pension Boards' Board of Trustees Meeting, our Benefits Committee and Investment team review the Basic Annuity and Participating Annuity payments based upon what we call the "funded status," and annual investment performance that is measured from September to September.

The Pension Boards reviews the value, in current dollars, of all its projected future payment obligations to all participants. In other words, we compare the plan assets to future pension obligations. Let's look at an example.

Let's say the Pension Boards knows that it must pay out Rev. Susan and others $50 million from the Basic Annuity over the next 20 years. A healthy funded status means that the Fund has sufficient assets to achieve this.

Now that we have defined Funded Status, let's take a closer look to understand when the Pension Boards might approve an increase in monthly payments to the Basic and Participating Annuities. The funded status is expressed as a ratio.

Funded Status (determines changes to lifetime retirement income)	
Fall below 95%	Lifetime retirement income may decrease
95% - 110%	Lifetime retirement income remain unchanged
Above 110%	Lifetime retirement income may increase

Usually, when the funded status bands between 95%-110%, lifetime retirement income remains unchanged. When the funded status percentage is over 110%, monthly lifetime retirement income payments may be increased. If funded status drops below 95%, payments may decrease. It's important to note, however, that payments have never decreased for the Basic or Participating Annuities since their inception in 2006.

To look at this another way, imagine the Pension Boards Retirement Plan in the lifetime income phase as a water well where members contribute their monies (not water) at the time they annuitize. Money is also contributed to the well over time through Annuity Fund investments. Money is removed from the well through monthly lifetime retirement income.

If the level of the well exceeds 110% of its capacity, the Pension Boards may decide to increase monthly lifetime retirement income. If the well drops below 95%, then the Pension Boards may decide to decrease monthly lifetime retirement income.

Be assured, the Pension Boards' disciplined and sophisticated management of the annuities by staff and consultants has resulted in very healthy funded status, compared to most corporate and state pension plans. In fact, as of May 2023, monthly lifetime retirement income payments have never decreased for the Basic and Participating Annuities since their inception.

Choice 5: What Percentage of your Retirement Account Should You Annuitize?

With a few exceptions, Pension Boards members must annuitize at least 80% of their employer accumulations and between 0% and 100% of their personal accumulations. The amount not annuitized reduces your monthly payment.

Any amount not annuitized is transferred into a Retirement Savings Account (R.S.A.) with the Pension Boards and continues to be invested according to your current options. You can change your investments at any time on Fidelity NetBenefits® or by calling Fidelity through PBUCC Member Services at 1.800.642.6543 8:30 a.m. to 12:00 a.m. ET.

Also, you can take a cash withdrawal or transfer your balance into another qualifying retirement account, such as an I.R.A. Cash withdrawals, whether from the R.S.A. or I.R.A., are generally subject to federal and possibly state income taxes.

Historical Increases		
Date	Basic Annuity	Participating Annuity
1/1/07	0.0%	3.5%
1/1/08	0.0%	6.0%
1/1/09	0.0%	0.0%
1/1/10	0.0%	0.0%
1/1/11	0.0%	0.0%
1/1/12	0.0%	0.0%
1/1/13	0.0%	0.0%
1/1/14	3.0%	3.0%
1/1/15	0.0%	2.0%
1/1/16	0.0%	0.0%
1/1/17	0.0%	0.0%
1/1/18	2.0%	2.0%
1/1/19	10%	2.5%
1/1/20	0%	0%
1/1/21	0%	0%
1/1/22	0%	2%
1/1/23	0%	0%
1/1/24	3.5%	5.0%

Resources to Take Action:

- Go to SSA.GOV **> Sign In** to run your Social Security estimate and view your earnings history.
- You can schedule a call with a **PBUCC Pension Counselor at 1.800.642.6543 from 8:30 a.m. to 4:30 p.m. ET** to discuss the annuity in more detail.
- Discuss your financial goals with a **Fidelity Retirement Planner** via PBUCC Members Services at 1.800.642.6543 from 8:30 a.m. to 9:00 p.m. ET. Monday to Friday.

Reflection on Your Financial Life

Identify one aspect of your financial life as an inspiration to prayer, and possibly, creative transformation.

Source: *The Jubilee Years: Embracing Clergy Retirement*
*B*y Rev. Bruce G. Epperly, Ph. D.

The Four Pillars of Retirement

In August 2020, Edward Jones and Age Wave launched “The Four Pillars of the New Retirement” thought leadership study in the U.S. and Canada. The study is based on a nine-month investigation into what it means to live well in retirement during which we surveyed 9,000 adults across the U.S. and Canada, interviewed over a dozen subject matter experts, and heard from nearly 100 working and retired adults through qualitative research.

Key findings from U.S. and Canada reports include: a new definition of retirement is emerging, and it requires new thinking about how one can successfully plan for and live well in retirement.

The four pillars of the new retirement are:

1. Health
2. Family
3. Purpose
4. Finances

They are inextricably interconnected, and each is essential to thrive in the new retirement.

The following are the findings of a study conducted during August 2020 by Edward Jones and Age Wave in the U.S. and Canada

1. Health: Lifespan and Healthspan – Uncertainty and Opportunity

More than nine in ten retirees in the U.S. and Canada say that “it’s never too late to improve your health,” yet there is an intention/action gap with too few taking regular healthy actions like exercising and eating healthfully. Consequently, our healthspans do not match our lifespans, with older adults in the U.S. and Canada living an average of 9 to 10 years in poor health. Cognitive or “brain” health is of supreme importance and worry for retirees. Alzheimer’s and other forms of dementia are the conditions that retirees in both countries fear the most—more than cancer or heart attack or even infectious diseases like COVID-19.

The Four Pillars of Retirement, *continued*

2. Family: The Expanding – and Morphing – Family Circle

Positive family relationships and close social connections play a major role in promoting health and total well-being in retirement, while isolation can lead to disability, illness, and a shorter lifespan. For most Americans and Canadians, family extends beyond blood relatives to include families of affinity, anyone they love and care for. Retirees display enormous generational generosity, with a large majority of retirees willing to offer financial support to family members, even if it means sacrificing their own future financial security. In the U.S., 24 million Americans have provided more financial support to adult children due to the pandemic. The vast majority of retirees say they would rely on family if they needed long-term care, yet one of their greatest fears is becoming a burden on their family members.

3. Purpose: The Sustaining Power of Purpose

Retirees with a strong sense of purpose are happier, healthier, and live longer. They report deriving their strongest sense of purpose from spending time with loved ones. They also face a new challenge and opportunity: how to use their newfound “time affluence” with roughly a third of retirees in the U.S. and Canada struggling to find purpose at the beginning of retirement. They don’t just want to keep busy; they want to spend their time in meaningful ways and to feel useful more than youthful. While only one-quarter of Americans and one-third of Canadians have volunteered in retirement, 89% of Americans and Canadians agree that there should be more ways for retirees to help in their communities.

4. Finances: Financial Security and the Freedom It Brings

Retirees say the role of money in retirement is to provide security and freedom. Over one-third of retirees in the U.S. and Canada say that managing money in retirement is even more confusing than saving for it. In the U.S., the top financial worry in retirement is the cost of health care and long-term care. Only 22% of U.S. retirees have budgeted for their health and long-term care expenses, and two-thirds of U.S. pre-retirees say they have no idea what their health and long-term care costs may be in retirement. In Canada, the top financial worry for retirees is unexpected expenses with over half (56%) of retirees wishing they had budgeted more for unexpected expenses.

The Pension Boards
United Church of Christ, Inc.

WHERE FAITH AND FINANCE INTERSECT

1.800.642.6543
www.pbucc.org