

Ministers housing allowance challenged in court; BBT signs on to brief filed by Church Alliance

On Nov. 22, Judge Barbara Crabb of the U.S. District Court for the Western District of Wisconsin ruled that the housing allowance that is made available to clergy by the Internal Revenue Service is unconstitutional. This allowance is a historic tax incentive that makes a designated portion of a minister's salary excludable from gross income for income tax purposes.

This decision has no immediate impact because it is not yet effective. This ruling has been put on hold until all appeals have been exhausted. The ruling is expected to be appealed to the 7th U.S. Circuit Court in Chicago. If Crabb's ruling is upheld by that court, the case is then expected to be appealed to the U.S. Supreme Court. These steps could take several years before a final decision is rendered. Until that time, brethrenbenefittrust.org/news. — B.S



this important tax benefit will continue to be available to clergy.

In association with the Church Alliance, a coalition of the chief executive officers of 38 church benefit programs including Brethren Benefit Trust, BBT's president, Nevin Dulabaum, will soon sign on to an amicus curiae brief (a document submitted to the court by a person or entity that has expertise or interest in a particular case) in support of the continuation of the minister's housing allowance. Church of the Brethren General Secretary Stan Noffsinger and Associate General Secretary Mary Jo Flory-Steury will also sign on to this brief.

BBT will post further information about this brief, and the court case, at

Insurance Services

It's back: this tax credit can save your congregation thousands of dollars

If your church or organization employs fewer than 25 full-time employees, pays an average wage of less than \$50,000 to each of those employees (excluding pastors), and pays at least half of employees' health insurance premiums, it's likely that there's a tax credit available.

Once again, the Internal Revenue Service is making available the Small Business Health Care Tax Credit. Now in its fifth year, this credit has changed for 2014, but it can still make a big impact on a congregation's bottom line.

The changes

The updated policy in 2014 has an upside and a downside: While the maximum credit will increase to 50 percent of premiums paid for

small business employers and 35 percent of premiums paid for small tax-exempt employers, this credit is only available for organizations that offer a health insurance plan through the Small Business Health Options Program Marketplace (healthcare.gov/marketplace/shop). (In previous years, the credit was 35 percent for small businesses and 25 percent for tax-exempt employers.)



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Benefit News is published by Brethren Benefit Trust, an agency of the Church of the Brethren that provides health and welfare benefits, pension and employee financial services, asset management, deferred gifts, and financial advocacy for the entire denomination and its affiliated organizations.

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What's in your wallet retirement account?

One of the most familiar taglines heard on television these days is the phrase, "What's in your wallet?" You probably can name the company that developed that slogan. While that statement focuses on which credit card you might use, a more relevant question that you should contemplate is, "What's in your retirement account?"

For most Americans, the answer is, "Not enough money."

According to Fidelity, the average 401(k) retirement balance at the end of 2012 was \$77,300. At first glance, that might seem like a lot, but consider —

- The average life expectancy in the United States is 78.64 years. Even with a decent rate of investment earnings and the benefit of compounding interest, that balance spread over 12.64 years will most likely amount to less than \$10,000 per year. Even with Social Security, that may not be enough to adequately live. And that number presumes a person will only live to their life expectancy. In this example, the money runs out at that time.

- According to a study I heard recently at an employee benefits symposium, a person retiring today reportedly will need \$250,000 just to pay for uncompensated medical expenses.

- According to Aon Hewitt, a rough calculation to determine how much one needs to maintain their standard of living in retirement would be to multiply one's salary at retirement by a factor of 15.7. It is obvious that the average 401(k) retirement balance cited above is not nearly enough to sustain a person in retirement.

One of the key factors to reaching your financial goals in retirement is to begin saving early. If a person began saving for retirement early in his or her career, contributed \$673 per month for retirement, and earned a 5 percent rate of return on those funds during each of those years, the accumulated amount upon retirement would be \$1 million. For a 40-something starting to save later in life, he or she would have to save \$2,459 each month with 5 percent earnings to achieve that same \$1 million level.

One consideration that must be factored in is whether your retirement savings will last throughout your lifespan. Social

security will, and so will Brethren Pension Plan payments, but 401(k)s and perhaps other 403(b) plans won't. How much do you need to save, and how much of that do you spend each year in retirement, when you know that your savings could run out before you die?

So what should you do if you haven't done enough? Start making changes now.

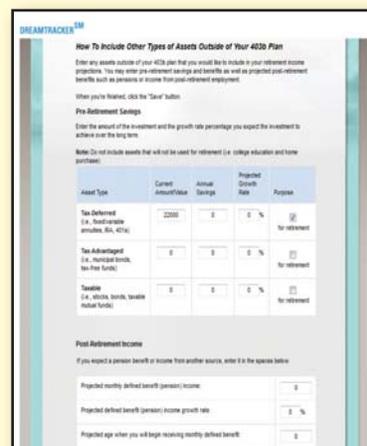
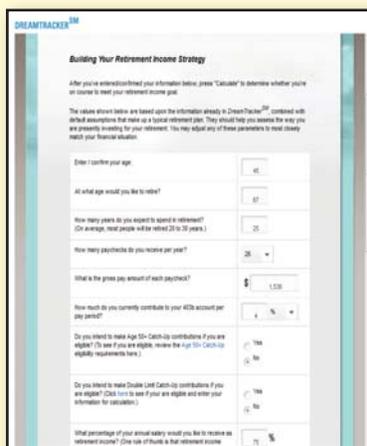
First, many retirement plans, including Brethren Pension Plan, offer a variety of retirement readiness tools. From information to calculators to analyzers that will illustrate whether you're saving enough now to meet your retirement needs then, there are plenty of resources to help you plan for your future.

Second, some retirement plans offer target date funds that help you with your asset allocation throughout the years you contribute to the plan. Brethren Pension Plan has begun work to eventually launch its own line of target date funds.

Finally, a financial planner can be a big help. Some planners sell investment products; others just give advice. Choose the kind that works best for you.

What's in your retirement account? If you don't know, it's time to get to work. — N.D.

(Nevin Dulabaum presents a workshop called "Building a solid financial foundation" upon request at congregations, retirement communities, and at Church of the Brethren conferences. The session is part of BBT's lineup of financial stewardship seminars. Contact Loyce Swartz Borgmann at 800-746-1505, ext. 364, or lborgmann@cobbt.org to schedule a workshop.)



The Great West Web portal offers tools to help determine your retirement strategy.

Pause your fast-forward life for a moment (or more) to relieve stress

How's your relationship with stress these days? If you two have met once or twice but aren't close, then congratulations. But if stress is constantly looking over your shoulder and interrupting your day, you might want to consider making some relationship changes.

Stress is a hormonal reaction that scientists believe is our body's way of helping the mind deal with a problem — but the elevation of blood pressure and heart rate, and the mind-racing energy that comes from it, often feels like more of a hindrance than a help.

While stress management is a long-term project that's best left to you and your physician or mental health professional, there are some simple, short things you can do when you feel stress levels on the rise.

Pray. In her book *The SuperStress Solution*, Dr. Roberta Lee cites several studies that indicate a spiritual connection can provide needed relief from stress. She writes, "On an intellectual level, spirituality

connects you to the world, which in turn enables you to stop trying to control things all by yourself. When you feel part of a greater whole, it's easy to understand that you aren't responsible for everything that happens in life." Using your faith, consider taking a moment to close your eyes, fold your hands, and recite a simple prayer asking for peace, guidance, comfort, or simply the presence of God.



Stretch. Stress is a mental phenomenon, but it manifests itself

in the body for many people: tight shoulders and neck, increased blood pressure, elevated heartbeat, quickened breathing. Taking even a minute to step away from a stressful situation and move your body in an intentional way can start to shut down those defensive behaviors our bodies go through when we're feeling stressed. In a quiet, secluded place, roll your shoulders, bend at your waist, practice some yoga poses if you are familiar with them, do some lunges or squats, and breathe deeply throughout your stretching. When you're done, your body might feel lighter and looser — and your mind might, too.

Write. Even if you're not a creative person, it might help to write down your stressors as a way of removing them from your inner mind and moving them out into the open. In a Harvard Medical School study from 2011, a group of healthy college students wrote about either



personally traumatic life events or trivial topics for 15 minutes on four consecutive days. For six months following the experiment, students who wrote about traumatic events visited the campus

health center less often, and used a pain reliever less frequently, than those who wrote about inconsequential matters. Even if you don't have 15 minutes, consider writing down a few sentences about your problem(s) and feeling(s). Then, tear up this paper, or hold on to it and look at it in a few days or weeks.

Laugh. In stressful times, it might be hard to find a reason to laugh, but laughter might be the key to relieving your body's reactions to stress. The Mayo Clinic reports that laughter enhances the intake of oxygen-filled air, stimulates circulation, aids muscle relaxation, and increases endorphin release in the brain. But that's not all laughter can do — in the long term, Mayo Clinic cites studies that show laughter improves the immune system, relieves pain, and reduces depressive symptoms. Next time you're stressed, ask a friend or coworker to tell you a humorous joke. Alone? Think back to childhood. For many of us, there's bound to be a funny memory from youth that'll get the giggles rolling. — B.S.



BBT staff relieved some stress by enjoying some fun games in the warmth of last summer's sunshine.

Brian Solem

Five things you need to know about BBT's investment program

Doing God's work happens in more ways than work camps, pastoring a church, and feet-washing. It can also happen through the dollars that pass through the offering plates each Sunday and into a pastor's retirement fund, a church's endowment, or a music director's life insurance premium.

BBT's ministry to the Church of the Brethren is about money. And as a church organization managing assets, BBT inevitably does things a little differently than an average retirement plan provider or investment firm. Here are five helpful examples —

1. BBT invests based on historic Brethren values.

By screening companies out of its actively managed portfolios that earn significant revenue from activities that work against historic Brethren values, BBT expresses its connection to the denomination. BBT also offers members and clients an investment vehicle that helps make loans to under-resourced organizations. Shareholder activity is also a priority for BBT; it effects change through direct engagement and letter-writing campaigns with companies it's invested in. How many other investment managers out there offer investments that reflect Brethren values?

2. BBT takes a long-term approach to investing.

Because BBT manages retirement accounts and investments for churches and other traditionally conservative and long-term investors, we take a long-term view of the markets. We form an investment plan and stick to it. This means that the "hot" equity or bond or investment style at the moment is not chased, because our investment managers are directed to invest in high-quality investments that display strong results over the long term.

3. BBT is likely to outperform benchmarks in a down market ...

It's inevitable that the markets will rise and fall. But when they fall, BBT's investments typically fall less significantly than their

benchmarks. This is because of BBT's long-term approach to investing, which favors higher-quality assets that don't often dip as low as lower-quality stocks and bonds.

4. ... And underperform benchmarks in an up market.

That said, because of BBT's commitment to high-quality assets, times when the stock markets are performing exceptionally well can restrain overall returns. This is because oftentimes, those "boom" periods are the result of lower-quality assets gaining unusually good returns. This means that our top-quality assets might perform well and earn strong returns, but they might not help our portfolios outperform benchmarks or other portfolios that are interested in investing in a variety of asset qualities. In 2013, for instance, several of BBT's funds that have historically outperformed their benchmarks failed to achieve that goal during that strong economic period.

5. BBT checks in with investment managers monthly, quarterly, and more.

A rigorous vetting process helps ensure that BBT offers the best funds for members' and clients' needs — and that our investment managers are abiding by BBT's investment guidelines. Each quarter, BBT's Investment Team (made up of staff members) meets with a longstanding investment consultant to review performance and discuss the portfolios. Each quarter, that same team, along with the investment consultant, meets on the phone (or, once per year, in person) with each investment manager to review the quarter's performance and get an overview of their thoughts on the economy. At each BBT Board meeting, the Investment Committee (made up of Board members) and the Board review investment performance and meet in-person with representatives from one investment manager. Each manager is reviewed on a three-year basis.

More questions? Contact **Nevin Dulabaum**, BBT president, at ndulabaum@cobbt.org or **800-746-1505, ext. 388**. — B.S.

It's back: ..." continued from Page 1

The impact

Churches like Manchester (Ind.) Church of the Brethren have been taking advantage of this credit since it began back in 2010. That church's treasurer, Jan Fahs, has seen a significant impact on their health care costs thanks to this credit.

"The Small Business Health Care Tax Credit as applied to nonprofit organizations seems to make little economic or accounting sense; however, if we think of it as an incentive to provide benefits for our employees, the impact can be substantial," said Jan. "In the four years of

the credit's life, the Manchester Church of the Brethren has averaged about \$5,000 each year."

Questions? Visit IRS.gov and search "small business health care tax credit" or contact Assistant Director of Employee Benefits **Tammy Chudy** at **800-746-1505, ext. 372**, or tchudy@cobbt.org. — B.S.

Insurance Services



Jan Fahs (left) speaks with attendees after presenting a workshop for church treasurers.

Brian Solern

Wellness programs on the rise; healthfulness follows

In theory, wellness programs present a win-win situation: Employers who offer these programs can potentially save money in health care costs, and employees get access to comprehensive tests and coaching to help them work on their individual health challenges.

So why aren't more employers offering these programs? Because the wins aren't guaranteed.



Patrice Nighthingale

As part of its array of wellness initiatives, BBT sponsors a 5k Fitness Challenge each year at Church of the Brethren Annual Conference.

Broadly speaking, a “wellness program” is an incentive-based system in which employees agree to maintain or improve their overall health, which is graded based on a blood test and/or other data. According to a RAND Employer Survey of employers with 50 or more employees, about half of those employers surveyed offer wellness promotion initiatives, which typically include “wellness screening activities” (which identify health risks) and “interventions” (which reduce risks and promote healthful living by targeting specific health concerns).

The RAND study suggests that, while participation in interventions is low (around half of all individuals take the survey that identifies the health concerns that need to be addressed, and only about one-fifth of those who do take the survey seek assistance through the wellness program

for their health concern), success for those who do participate is high.

And success for wellness programs leads to savings in health care costs: The authors of the RAND study write, “Our statistical analyses suggest that participation in a wellness program over five years is associated with a trend toward lower health care costs and decreasing health care use.”

Therefore, “winning” requires active participation by both employer and employee. Brethren Benefit Trust's wellness program, created in partnership with Interactive Health Services, based in Schaumburg, Ill., has a 100 percent participation rate, and in January 2014, a group screening determined that all staff members had met or exceeded their goals from the previous year (or were in close consultation with a health care professional about improving their health).

BBT also makes this program available to all Brethren Medical Plan employer groups as an optional enhancement for their program.

“Everyone benefits from increased awareness of — and encouragement to maintain or improve — their personal health,” said Scott Douglas, director of Employee Benefits for BBT. “Wellness programs like the one offered by Brethren Insurance Services are an innovative way to motivate us all to take better care of ourselves.”



For information about BBT's wellness plan, contact **Tammy Chudy**, assistant director of Employee Benefits, at tchudy@cobbt.org or **800-746-1505, ext. 372**. — B.S.

BBT Workshops

Your church's business is YOUR business

Have you ever wondered what goes on behind the scenes in your church's financial matters? It might be a good thing for you to be curious about.

Managing the unique business needs of a church can be difficult, and even more difficult when the task falls to volunteer treasurers and church boards that meet infrequently. How can you help those individuals stay ahead of rules and regulations and protect themselves — and the church — against potential error? Brethren Benefit Trust has two solutions —

1. **A list of questions for a church's leaders.** Visit brethrenbenefittrust.org/church-business to download a list of

questions BBT encourages your church's business leaders to ponder. You can help lead this project simply by bringing these questions up with your church's leadership.

2. **Two workshops about solid business practices for your church.** Presented by experts at BBT and key speakers in Church of the Brethren congregations, BBT offers two free workshops to districts, churches, and other organizations about shoring up your church's small business and employment standards. Contact **Loyce Swartz Borgmann**, manager of client relations, at **800-746-1505, ext. 364**, or lborgmann@cobbt.org to learn more. — B.S.



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BBT responds to a major court case regarding the ministers housing allowance.

OUR REPORT. YOUR WAY.

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OR
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to you after July 1.

Once again, BBT's Annual Report will be distributed primarily through its website (brethrenbenefittrust.org/annual-report) and via email (register at brethrenbenefittrust.org/green). BBT decided to minimize the printing of its *Annual Report* to save money (last year's electronic *Annual Report* saved \$7,500 in printing costs) and natural resources. Paper copies can still be requested via email at communications@cobbt.org or phone at 800-746-1505, ext. 376.

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