

# SERVANT SOLUTIONS NEWSLETTER JANUARY 2023



**Servant Solutions**  
YOUR RETIREMENT & FINANCIAL PLANNING PARTNER



## HOW TO RESPECT YOUR PASTOR

**ELLEN DANIELS,  
DIRECTOR OF ENGAGEMENT**

My husband, Rev. Dr. Rolland Daniels, and I retired December 2021 from full-time ministry after 40 years. What a ride! Through our 40 years of ministry, we were incredibly blessed with great experiences, lifetime friends and lots of growing opportunities! We continue working in ministry at a slower part-time pace because we love to serve God's Kingdom! At every church we served, we were blessed and honored to prepare for our retirement by contributing to the Servant Solutions Retirement Plan as a part of the benefits package.

In our first year of ministry, Rolland desired to put money away for retirement. But early on, I was too focused on the fact we were living paycheck to paycheck on our small annual salaries. I didn't realize it could be possible to take anything from our small salaries; but it indeed was. Making small monthly contributions made a big difference over time due to compounding interest. We began the healthy practice of raising our contribution amount annually, and every

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## A WORD FROM OUR PRESIDENT

### EMOTIONS CAN LEAD TO COSTLY INVESTMENT DECISIONS

Whew! Having a retirement account in 2022 was not a fun journey! After more than a decade of positive returns, the inevitable finally happened.

*Jim O'Bold*

The market tumbled. Not only stocks, but in a rare season, bonds even suffered where they usually have an inverse relationship to stocks. There was no place to hide if you were invested in the markets. However, there is much to learn from what happened in 2022 and how a healthy perspective can help us push on. I would like to share some thoughts (*and add some of my own*) from my reading of the Nov. 2022 Kiplinger's Retirement Report, as they provide wise counsel of how to navigate 2023 and beyond.

#### **COMMON INVESTOR MISTAKES**

##### ***Ceasing contributions in a down market***

I've heard some say they are pulling their contributions until the market recovers. Why? That's like waiting for a product/service to raise their prices before you buy. Doesn't make much sense, does it? Dollar-cost-averaging has always been a reliable contribution strategy, but it is handcuffed if you are not consistent in your contributions, not only through up markets, but especially in down markets.

##### ***Not understanding your investment strategy***

Make sure you understand why you built your portfolio the way you did, based on asset allocation, risk level, and investment selection. Your investment "sweet spot" changes as you grow older and as your retirement needs become clearer.

##### ***Getting swept up in market frenzies***

During periods of market volatility, people listen to the news and get too caught up in the action. To avoid overreacting to the next frenzy,

consider cutting back on the source. Watch less market news, delete the trading app from your phone and skip the breakfast buddy bragging sessions.

##### ***An unhealthy perspective on losses***

If someone asked if you were happy with your retirement balances two years ago, you would likely have said you were ecstatic with your returns up to that point. Well, it is time to add in some perspective on the 2022 market losses. The S&P 500 is slightly above where it was at the end of 2020. There is no need for panic—and the sky is not falling. In fact, the market is doing what it has been doing since its inception; trying to find a healthy base onto which to build future positive returns. Losses bring pain, especially if you are retired, but the market is still the most proven way to save for retirement. Let us let it do its work.

At Servant Solutions, we are here to help you navigate and avoid costly investment mistakes. We are here to Serve Those Who Serve!

## Have your heard of **CHURCHEXCEL?**

Servant Solutions and Church of God Ministries have partnered to offer access to the best resources available to assist your church regarding budgeting, compensation, current tax laws and regulations. This resource is CHURCHEXCEL, available through ECFA (Evangelical Council for Financial Accountability). The ECFA website includes many downloadable resources such as: Printable Manuals, Electronic Tax Guides, Podcasts, and Webinars. You can navigate to their resources from the Employer's Toolbox page at [Servantsolutions.org](https://servantsolutions.org).

## LEGACY NOTES

Naming a beneficiary ensures your legacy is left where you intend.

Tell us who should receive your retirement savings in the event of your death—and we'll help it get there. Add or update your beneficiary designation to make sure they match your wishes—it only takes a few minutes.

You can complete your beneficiary form online by visiting the FORMS section of our website: [servantsolutions.org](https://servantsolutions.org). Choose "member forms" and you'll see the beneficiary form option listed.

## RESPECT, continued from page 1

time we received a raise, because we learned the difference raising our contributions just 1% could make. We were striving to contribute 15% of our annual compensation between both our employee and employer contributions. The result is we were able to retire from full-time ministry with a comfortable retirement savings!

Sometimes we just made employee contributions from Rolland's paycheck. Some churches added an employer match to the employee contributions. And some churches contributed an outright non-matching employer benefit above and beyond Rolland's salary. We felt respect and appreciation through this gift that showed they desired we stick around! Even when we pastored churches that did not offer an employer contribution, it gave us a low-cost vehicle through which we could wisely begin saving regularly for our retirement years. Contributing towards our retirement also lowered our taxable income, a true gift!

Another blessing we received from the partnership with Servant Solutions was FREE financial planning. We did not feel we could afford such a luxury, but free financial planning is a gift every Servant Solutions member receives.

Even through the recession of 2008 and recent market fluctuations, we were able to create a retirement account that will sustain us for years to come. It would not have been possible for Rolland to have retired had we not made the decision to open a Servant Solutions retirement account years ago. And now, here we are 40 years later living out what seemed like a far-off adventure called retirement!



## ANNUAL NOTICE TO PARTICIPANTS

The National Securities Markets Improvement Act (the "Act") signed into law on October 11, 1996, exempts church plans from federal and state securities laws, except for anti-fraud provisions. In order to qualify for the exemption, church plans must satisfy eligibility requirements under Code Sec. 414(e) and the assets of church plans must be used exclusively for the benefit of plan participants and beneficiaries. Church plans continue to be subject to the Internal Revenue Code and its regulations regarding eligibility, governance, and operations of such plans. The following notice is provided in accordance with the Act:

The Plan or any company or account maintained to manage or hold assets of the Plan and interests in such Plan, companies, or accounts (including any funds maintained by Servant Solutions) are not subject to registration, regulation, or reporting under the Investment Company Act of 1940, the Securities Act of 1933, the Securities Exchange Act of 1934, Title 15 of the United States Code, or State securities laws. Therefore, plan participants and beneficiaries will not be afforded the protections of those provisions.



**Bob Haymond**

# SMART MONEY MOVES

## PRACTICAL THOUGHTS ON FINANCE FROM BOB HAYMOND, CFP®

Are you up for a quick recap of 2022? The Federal Reserve increased interest rates like we've never seen before, which led to the worst bond market in history and stocks are down by double digits. Never have both stocks and bonds been down over 10% in the same year. Inflation has been at levels not seen in the last 20 years. And there is still a Russian/Ukraine War. Some have said 2022 was the "Great Reset," and that may be true.

Yes, we acknowledge this was a messy financial season. However, **it will get better.** Some members have told me, "It's different this time!" and I agree. The economy has turned negative in the past and it is rarely for the same reasons. So yes, this is different. In its history, the market has had bumps, corrections, and recessions. Yet since 1930, it remains on an uphill climb.

So how do I feel about 2023? I think there's a slight chance we avoid a recession. It will take some time to move in a positive

direction, but there are some bright spots even now. Here are some notes I've gathered from various investment sources and articles I've read. **On the positive side:** There is optimism for bonds based on three factors; yields are the highest in years, the bulk of Fed rate increases will hopefully be over soon, and inflation will likely decline. Which means there is value in bonds. This is good news for the more mature member. **On the other side:** good economic and market news will prolong the Fed's fight against inflation. The pain the Fed is trying to cause (*their words*) raises concerns for jobs, wages and increased borrowing rates. This will squeeze corporate earnings. Volatility may continue for the first half of the year.

Please remember, **the market will get better.** Stick to your strategic plan for long term success. Don't have a plan? Servant Solutions is here to help. We offer free financial planning to members and can help you prepare for retirement. Contact us to schedule time to walk through the financial planning process by calling our offices or by visiting our website at [servantsolutions.org/financial-planning](https://servantsolutions.org/financial-planning).

# 2023 CONTRIBUTION LIMITS

In the case of employees and employers, the combined annual contribution limits for tax year 2023 are **THE LESSER OF:**

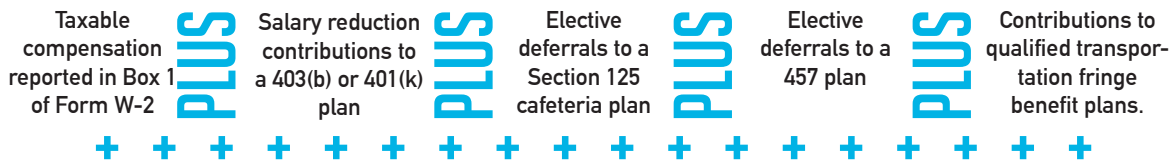


**\$66,000**

**OR**

**100% of the employee's "includible compensation"**  
which means the housing allowance paid to a minister is NOT included, per IRS Code 415(c).

It is important to note that "includible compensation" is defined by the IRS as follows:



If a person has \$24,000 reported in Box 1 on Form W-2, has contributed \$2,400 to a 403(b) plan through salary reduction, and has deferred \$2,600 to a flexible spending account under a Section 125 cafeteria plan, his/her includible compensation will total \$29,000. Therefore, his/her combined annual contribution is capped at \$29,000 since it is less than \$66,000.

## ANNUAL CONTRIBUTIONS CAN COME FROM FOUR SOURCES:

**1**

CHURCH/EMPLOYER CONTRIBUTIONS (PLAN CLASSIFICATION TYPE "D")

**2**

PARTICIPANT BEFORE-TAX CONTRIBUTIONS (PLAN CLASSIFICATION TYPE "A")  
limited to \$22,500 for 2023

**3**

PARTICIPANT ROTH 403(B) CONTRIBUTIONS (PLAN CLASSIFICATION TYPE "H")  
limited to \$22,500 for 2023

**4**

PARTICIPANT AFTER-TAX CONTRIBUTIONS (PLAN CLASSIFICATION TYPE "G")

FOR ADDITIONAL INFORMATION ON THESE CLASSIFICATIONS, VISIT [SERVANTSOLUTIONS.ORG/2023-CONTRIBUTION-LIMITS/](https://servantsolutions.org/2023-contribution-limits/)