

THE RETIREMENT SOLUTION

A RESOURCE TO HELP YOU ADMINISTER YOUR SERVANT SOLUTIONS RETIREMENT PLAN

Welcome to the Retirement Solution Newsletter. Our goal with this annual employer newsletter is to bring you relevant information about issues that are important to you as a leader at your church or ministry organization. We will also highlight best practices from ministries who partner with Servant Solutions. It is an honor to work with you to help your ministry grow and thrive!

CHURCH SPOTLIGHT

FAIRFAX CHURCH, FAIRFAX, VA

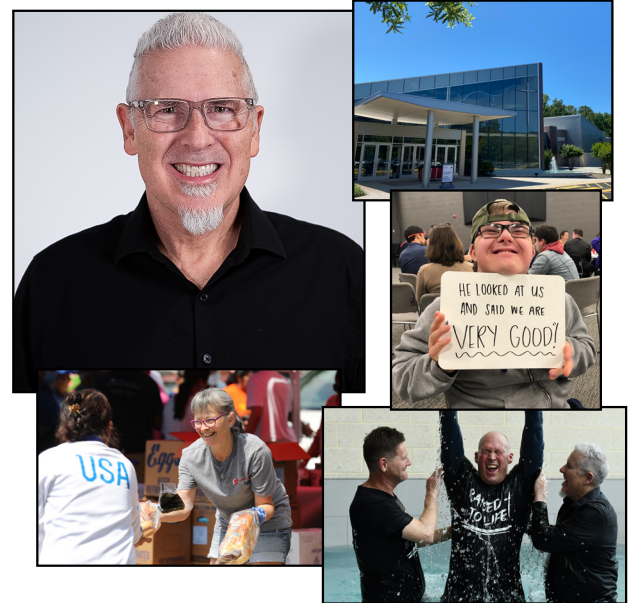
Servant Solutions turns the spotlight on member employers to highlight how they are making a difference and how they connect with Servant Solutions. We invite you to share your story! To be featured in The Retirement Solution, connect via email to jhull@servantsolutions.org.

Fairfax Church, founded in 1929, is a thriving congregation located in Fairfax, Virginia, with an average weekly attendance of around 2,000 and a dedicated team of 37 full-time and 10 part-time staff. Under the leadership of Senior Pastor Rod Stafford, who has served the church since September 1986, the church has grown both in size and impact. In 2005, they moved to their current location, and in 2014, the church expanded, doubling its footprint to create additional worship space for children and students from birth through 12th grade.

The church's mission is centered around five core values: Pray, Give, Invite, Mentor, and Serve. These values guide every aspect of their ministry. Through prayer, Fairfax Church acknowledges their dependence on God, empowering their congregation to live gospel-centered lives. Generosity is another central value, where giving flows not from guilt but from a heart transformed by the gospel, contributing to God's mission of redemption and restoration.

Fairfax Church also emphasizes outreach and discipleship, inviting people to experience the good news of Jesus Christ. Through mentorship, they equip others to serve and lead, ensuring the sustainability of their mission. In service, they strategically utilize individual strengths and passions to advance God's work, both locally and globally.

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- Fairfax Church in Fairfax, Virginia
- Average attendance: 2,123
- Staff: 37 full time, 10 part time
- History: Founded in 1929
Moved to current location in May 2005. In 2014 they doubled their footprint to provide needed worship space for children and students age birth - 12th grade.
- Rod Stafford is their Senior Pastor and has been leading the congregation since September 1986
- Fairfax Church has been partnering with Servant Solutions since 2006. They currently give 3% of the gross for full time employees and match up to an additional 3%
- They have a full-time Director of Finance who has been on staff since 2006.

A REMINDER FOR YOUR EMPLOYEES:

If you intend to take an end of year distribution, please be sure to submit it by Tuesday, December 17 to ensure 2024 processing.

RETIREMENT BENEFIT CHANGES ARE COMING SOON

WITH AUTO ESCALATION AND AUTO ENROLLMENT

- Did you know saving at least 10-15% of your pay throughout your entire career is estimated to provide you with enough savings to replace about 85% of your pre-retirement income? Many save too little or start too late.
- Longer lifespans mean many realize too late that they have undersaved, creating financial challenges during retirement that could have been prevented with better planning.
- Servant Solutions is making saving for retirement and receiving the full Employer matching contributions easier with two plan changes listed below. These plan changes will be implemented beginning January 1, 2025.

Employees are struggling to save for retirement, but automated plan design features may help your employees get on track to reach their retirement goals.

Automatic Enrollment : Simplifying the Start

To jump-start savings, all eligible employees who are not contributing to the Servant Solutions Retirement Plan, or who are contributing at a rate below 1% can now be automatically enrolled to contribute 1% of regular pay to the Servant Solutions Retirement Plan on a pre-tax basis. Contributions will be invested in the default LifeFund investment option appropriate for the member's age unless directed otherwise.

If the member is already contributing 1% or more pay to the Servant Solutions Retirement Plan, the contribution amount won't change.

Automatic Annual Increase : Growing Savings Over Time

Many people begin contributions to their retirement plan and then forget about it. This is fine if they start immediately saving at 10%, but most do not. Automatic annual contribution increases help make it easier for employees to reach their retirement goals. Regularly increasing contribution amounts is much easier if it happens automatically. If an employee is contributing less than 10% (*pre-tax and Roth combined*) of pay to the Servant Solutions Retirement Plan, their contribution percentage can now be automatically increased by 1% once annually as designated by the employer, up to a maximum 10% contribution rate. Employees must be notified on an annual basis prior to the automatic increase. (*If employees do not want their contribution rate automatically increased, they can opt out on an annual basis.*)

By automatically increasing contributions, Auto Escalation helps ensure that account holders' retirement

savings grow as their income and financial capacity increase, reducing the risk of shortfall in retirement.

Why It Matters

At Servant Solutions, we understand the unique challenges faced by those in ministry. With options like Auto Enrollment and Auto Escalation, we aim to make retirement planning as seamless and effective as possible. These tools are designed to serve you by simplifying the process and enhancing your financial security for the years to come.

By taking advantage of ***Auto Enrollment*** and ***Auto Escalation***, you can ensure that you and your staff are on the right path to a secure and fulfilling retirement, allowing you to continue your mission of serving others with peace of mind.

Q: What do I need to do?

The plan changes outlined above will take effect on January 1, 2025. Employers who choose to participate will need to:

1. Annually, 30 to 60 days before the start of your fiscal year, notify employees:
 - a. Their contribution rates will automatically increase by 1% unless they are already contributing 10% (*employer & employee amounts combined*).
 - b. They need to opt out annually if they choose not to participate.
2. Annually, at the start of your fiscal year, increase each account holder's contribution rate up by 1%. Do NOT do so for an employee if:
 - a. He/she has completed an opt out form for this year.
 - b. They are already contributing 10% or more and do not wish to contribute more (*employer & employee amounts combined*).



The auto-escalate option makes it easier for members to gradually increase their contributions over time leading to greater financial security.

Visit our website using this QR code for additional information and a sample opt out form.



IT'S THAT TIME...

TIMELY REMINDERS FOR YOUR END OF YEAR LIST FROM REV. DAVID BOOTS

As a long-time Executive/Administrative Pastor, I understand the unique challenges this time of year brings—especially when it comes to budgeting for the year ahead. At the same time, there are also those important ‘year-end’ tasks that require attention. To help, here are some key items to keep in mind as you approach the fiscal year-end on 12/31:

Staff Compensation: If your new annual budget begins January 1, now is the time you would be finalizing those numbers. Consider whether you will be adding staff in the year ahead, as well as any cost-of-living adjustments (COLA) or merit raises to be included. Perhaps you have added or expanded responsibilities to a staffer this past year; now is a great time to be sure they are being compensated fairly.

Housing Allowance: Be sure to designate/approve any housing allowance(s) before the first payroll of the new year. Remember: it is the minister’s responsibility to designate their Housing amount (*as a portion of their total cash compensation*). This is then submitted for approval and documentation in the Board minutes. Although the board may use the wording that this is approved “for the current year and all future years,” it still needs approved every year, whether it will remain the same, or not. Servant Solutions provides a Housing Allowance Worksheet on our website.

Retirement Benefit for Staff: This is the time annually that churches review their contribution for their staff retirement benefit and consider increasing that amount by at least 1% of the staffer’s salary. Our recommended target for the church contribution is to reach at least 11% of their total salary/housing amount, and this is usually done in incremental steps to make it become a reality. Consider offering 1% of any planned COLA increase as “an increased retirement benefit.” In this way, the employer is showing as much concern for their staff members’ financial future as well as the present.

New W-4: Remind staff on or before January 1 that they may want to complete and sign a new W-4, should they have any updates or changes (*marital status, birth, child turned 21, etc.*) and also if they want to voluntarily have \$X.00 “other” withheld from their pay to be sent for any Federal/SECA liability for the coming year (*in lieu of paying estimated taxes.*)

Review Classification of Staff: Whether staff are added or have left this past year, it is important to review each of your staff to be sure they are properly classified. Not doing this and having staff mis-classified can result in a significant penalties and interest... even if it is “due to negligence.” Our friends at FreeChurchAccounting.com have a very

helpful article about this issue. The online version of this newsletter includes a link to it. It will also help guide you regarding “W-2 vs. 1099” classification for pastors and other employees.

Reimbursement Reminder: Now is the time to send a reminder to all staff that, if they have any reimbursements not yet submitted, they must be turned in by 12/31 (*or if your office is closed, on the first open day in the new year*). Without this reminder, staff will often “forget” about a reimbursement until after the financial books are closed, creating an added expense to the new year’s budget.

I hope you find this list helpful and have a blessed Advent and Christmas season!



Rev. David Boots

2025 CONTRIBUTION LIMITS

The combined annual contribution limit for employer and employee retirement plan contributions for tax year 2025 is **THE LESSER OF**



\$70,000 OR

100% of the employee’s “includible compensation”

{ the housing allowance paid to a minister is NOT included, per the IRS }

ANNUAL CONTRIBUTIONS CAN COME FROM FOUR SOURCES:

1

CHURCH/EMPLOYER
CONTRIBUTIONS (PLAN
CLASSIFICATION TYPE “D”)

2

PARTICIPANT AFTER-TAX
CONTRIBUTIONS (PLAN
CLASSIFICATION TYPE “G”)

3

PARTICIPANT BEFORE-TAX
CONTRIBUTIONS (PLAN
CLASSIFICATION TYPE “A”)

4

PARTICIPANT ROTH
CONTRIBUTIONS (PLAN
CLASSIFICATION TYPE “H”)

Each of these types is limited to \$23,500 for 2025
either individually or combined.

FOR ADDITIONAL INFORMATION ON THESE CLASSIFICATIONS, VISIT
[SERVANTSOLUTIONS.ORG/2025-CONTRIBUTION-LIMITS/](https://servantsolutions.org/2025-contribution-limits/)

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ADDRESS SERVICE REQUESTED

CHURCH SPOTLIGHT CONTINUED FROM PG 1

Fairfax Church believes everyone has a place within the body of Christ and is necessary within the fabric of the church. They recognize the invaluable contributions of people with disabilities to church life. Friends for Life offers adults (22 and older) with disabilities a chance to learn and grow into the men and women God made them to be. Another notable ministry is Fairfax Church's Global Impact Trips, where members travel internationally to meet needs, provide resources, and support local communities. Fairfax Church creates opportunities for everyone to serve, including through Fairfax Creative, which allows members to use their creative talents in music, production, and communications for worship and outreach.

The Fairfax Resource Center, launched in 2021, supports vulnerable families with weekly distributions of groceries, hygiene items, and baby essentials. Originally

a response to COVID-19, the center now fulfills special requests, such as car seats and strollers, and offers support groups for local social service professionals.

With a mission to ensure no child is without basic necessities, the center collaborates with frontline workers—teachers, social care workers, and more—to provide families with short-term resources until they can



access sustainable assistance.

Fairfax Church lives out the gospel through service, generosity, and outreach, impacting lives locally and globally. We are honored to spotlight their commitment to serving others.

REMINDER: In order to ensure all contributions are posted to member accounts by the end of the year and reflected on the 12/31/24 member statements, online contributions need to be submitted by 3:30pm EST Friday, December 27th. . . and sooner is even better!

Any contributions submitted after 3:30pm EST on December 27th will reflect as 2025 activity on member statements. From a legal perspective, there is no issue with posting retirement contributions in January that were associated with December payroll. We are only suggesting that if you want to ensure that contributions for year-end payroll appear on 4th quarter account statements, you will want to remit the contributions by the 3:30pm Friday, 12/27 cutoff.