

SERVANT SOLUTIONS NEWSLETTER OCTOBER 2024



Servant Solutions
YOUR RETIREMENT & FINANCIAL PLANNING PARTNER



LOOKING BACK

JULI ERHART-GRAVES, CFP®, TRUSTEE

Years ago, I was at a check-up with my doctor and lamented about growing old (*if I remember correctly, I had recently turned 30. LOL!*). With a stern look on her face, my doctor said, “It beats the alternative.” Her comment gave me perspective and has stayed with me all these years. Since then, I have tried to be grateful for each year I get.

On a professional level, the years I’ve been blessed with have given me experience as an investor and investment advisor. Recently, I’ve been thinking back to what happened in the late 90s and early 2000s. For those of you that remember, it was an investment period with above-average stock returns driven by dot-com companies. I hadn’t been working for Grace Worley very long, but I remember she was getting calls from concerned clients who were frustrated with getting “only” 15% returns on their portfolio. Their friends were making more, and they wanted to know why their portfolio wasn’t doing as well. Grace would explain diversification and steer clients away from loading up on the dot-com company stocks their friends were buying. As we know, she was right, and diversification is a great long-term investment strategy.

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Jim O'Bold

A WORD FROM OUR PRESIDENT

FLEXIBLE RETIREMENT DISTRIBUTION OPTIONS WITH SERVANT SOLUTIONS

As you approach retirement, one of the most important decisions you'll make is how to receive your retirement benefits. At Servant Solutions, we understand that flexibility is

key to ensuring your financial security in retirement. That's why we offer two distinct distribution options: Annuity Benefits and Retained Control Account benefits. You can also choose a combination of both to best suit your unique needs.

The first steps in planning for these distributions are to request an Estimated Benefits Statement from Servant Solutions and a Personal Earnings and Benefit Estimate Statement from the Social Security Administration. These requests are typically made within five years of your planned retirement date, giving you a clear picture of your expected income sources.

If you prefer to maintain control over your retirement funds, the Retained Control Account is an ideal choice. This option allows you to keep your current Servant Solutions account, where you'll continue to receive periodic statements and make investment decisions. You have the flexibility to determine the method and level of income that best suits your needs. Whether you decide on a fixed monthly payment over a specific number of years or prefer to withdraw a specific dollar amount to meet your income budget, the choice is yours. There are two key things to remember with a Retained Control Account:

- 1. You have control over your money.***
- 2. With control comes the responsibility to monitor your funds closely to avoid drawing down your account too quickly.***

For those who would rather not make ongoing investment decisions and desire a stable, lifelong income, the Annuity option may be the right choice. The Annuity provides you with a regular monthly check for life, offering peace of mind and financial stability. This option is a contract between you and

Servant Solutions, ensuring that you never have to make another decision about your retirement income once you've selected it. However, it's important to note that the decision to choose an annuity is irreversible, so careful consideration is required.

At Servant Solutions, our mission is "Serving Those Who Serve," and our vision is to improve the financial security of church and ministry staff. We're proud to offer lower fees and expenses than the average retirement plan, along with free financial planning services for all our members. We also provide free DIY family legal documents and allow retired ministers to claim the Minister's Housing allowance tax benefit, further enhancing your retirement experience.

If you have questions or need help navigating your retirement options, our Certified Financial Planner is available to assist you. We're here to support you every step of the way, ensuring that you can make informed decisions about your retirement income. Your retirement should be as fulfilling as your years of ministry, and with Servant Solutions, you have the flexibility and support to make that a reality.



END OF YEAR REMINDER

As you receive an increase in your annual compensation, complete a new salary reduction agreement and **increase your contribution by a minimum of 1% each year**. Hopefully, you can increase it by more, but definitely increase it by 1% annually. You'll like what it does for your retirement account's balance as it grows for 15, 20, 25 or even 30 years!

By no means is today's market a repeat of the dot-com era where companies that had little or no earnings were appreciating at unbelievable rates, culminating in the bursting of the tech bubble. However, we are seeing market concentration at a level above that of the early 2000s. In fact, according to Capital Group's January 11, 2024 article titled Five Keys to Investing in 2024 by Lawrence Kymisis, Oliver V. Edmonds and Mike Gitlin, *"As of December 2023, the 10 largest companies in the S&P 500 accounted for 30.9% of the market capitalization compared with a 26.6% weighting for the 10 largest companies in March 2000."* To continue the comparison, most of today's 10 largest companies are in the technology industry.

Although it may be tempting to chase returns, let's not forget that diversification is a time-tested strategy meant to smooth out our investment ride over the years. In the end, that should help us stay the course when areas of the market experience turbulence or corrections. Let's use our experience to continue to be better investors!



Juli Erhart-Graves, CFP®



SERVANT SOLUTIONS WELCOMES NEW DIRECTOR OF FINANCIAL EDUCATION

Servant Solutions is pleased to welcome **Nathan Bowers** to our team, serving as our Director of Financial Education. Nate will lead initiatives to engage new and current members, as well as ministry organizations, to address and meet their financial education needs. He will also help advance the organization's financial planning efforts, offering professional and pastoral care to guide members.

For the past six years, Nate has served as the Executive Pastor of Catalyst Church of God in Pendleton, IN, leading and overseeing operations, strategic planning, administration, and finances. His heart for the church is to love, serve, and help others connect to the love and abundant life Jesus Christ offers. Nate is deeply committed to Servant Solutions' mission of "serving those who serve," by providing financial

wisdom and security to those in ministry.

Nate holds an MBA and bachelor's degree in Finance from Anderson University. Prior to his pastoral calling and ministry, Nate worked in corporate and small business finance, including positions at Lilly and Roche Diagnostics.

He and his wife, Stacey, have been married for 23 years and reside in Pendleton, IN. They are proud parents to three teenagers - Samuel, Maximus, and Amelia. In his free time, Nate enjoys spending time with his family and friends, reading, and indulging his love for sports, especially golf and soccer.



Nate Bowers



Dr. Jerry Fox, CFP®

WHEN I'M SIXTY-FOUR

by Dr. Jerry Fox, CFP®, Director of Financial Planning

If you recognize that song title, like me you may already be beyond that important birthday. It's a hit from the Beatles' legendary album Sgt. Pepper's Lonely Hearts Club Band. In the lyrics Paul McCartney speaks as a young man looking towards his golden years with the love of his life. He asks her, *"Will you still need me, will you still feed me when I'm sixty-four?"*

For those of you too young to know this classic song, now is the time to plan well for your sixties and beyond. Here is a checklist of smart money moves you can make now. And the sooner, the better!

20s – Confirm your understanding of God's gifting and call in your life. Pursue the education, training and experience you need to answer that call. Minimize both education and consumer debt. Build relationships with mentors and your career network. Use your income and benefits to provide needed insurance coverage, save for housing costs, and of great importance, begin saving and investing for retirement in a tax-favored plan like Servant Solutions. Even if you must start small, do get started. Time is the biggest multiplier to grow your retirement nest egg.

30s – Still paying on student loans? Pay them off! Do the same with all other debt other than what is needed for a home mortgage (that rare appreciating asset). Leverage your growing skills and experience to increase income. New or growing family? Budget well towards priorities. Review your insurance needs, especially life insurance

to protect your family. Say "no" to things you won't care about (or regret!) a year from now. Build an emergency fund of at least three months of regular expenses...you'll need it. Take full advantage of employer contributions and matches to grow your retirement savings to at least 10% of your gross income.

40s – Got kids? Teach them to prioritize and budget with you. Education, transportation, weddings, family vacations,

holidays can be huge in this decade.

Explore career opportunities to increase income and benefits, especially health and retirement contributions. Work to get the combination of your own retirement contributions plus those from your

employer to total 15% or more of your gross income.

50s and 60s – Paul McCartney may have targeted age 64 for retirement, but that's not possible for many, especially if you've not done all the things above. But all is not lost. Much ground can be gained in these peak earning years when the nest empties. Kids raised? Mortgage paid? Less need for life insurance? Promotion or new job? Use the new income or lower expenses to increase your contributions to your retirement plan.

It's never too early nor too late to improve your financial security in retirement. You can make "Smart Money Moves through the Decades" and Servant Solutions is here to help. We've even created a video series by that name in the Learning Center on our website. Check it out. Then contact us for free financial planning services to help you reach your goals.

Even if you must start small, do get started. Time is the biggest multiplier to grow your retirement nest egg.

COMPENSATION PLANNING FOR MINISTRY STAFF

THE ELEPHANT IN THE BOARDROOM: CRITICAL CONVERSATIONS

On **November 7th at 2:00PM EST**, Servant Solutions is hosting a valuable webinar on the topic of Compensation Planning **specifically designed for board members and church leaders**. Join Jim O'Bold, Rev. Dr. Chuck Myrick, Rev. David Boots and Nabil Safi as they provide practical insights into structuring fair and effective compensation for ministry staff—particularly pastors.

We understand that discussing compensation can be a sensitive issue for pastors, but it's essential for ensuring their financial well-being. Our team will

discuss the distinction between the cost of ministry and the cost of a minister, while demonstrating strategies to maximize a pastor's income by reducing federal tax obligations.

To register, visit the **Educational Videos** page in the **Learning Center** of our website at servantsolutions.org, where you'll find a registration link. If you can't attend the live session, a full recording will be available on the same page the following week. Don't miss this opportunity to equip your board with the knowledge to better support your ministry staff.