

SERVANT SOLUTIONS NEWSLETTER JANUARY 2025



Servant Solutions
YOUR RETIREMENT & FINANCIAL PLANNING PARTNER



TWO THINGS EVERY YOUNG PASTOR NEEDS TO KNOW ABOUT FINANCES

AMY ARTIGA, CFP®, CKA® THE PASTOR'S WALLET

I have noticed a common theme among the struggles that pastors face and the regrets that they have regarding their finances. There are two things that I hear over and over again that pastors wish they had known or paid attention to. So, young pastors, if you can only do two things, these are the ones you should do. For now, forget all my blog posts about maximizing the housing allowance and doing your taxes. These two things will be the foundation of your success in every other area of your financial life:

Stay Out of Debt

As Proverbs 22:7 says, the borrower is slave to the lender. Jesus said in Matthew that you cannot serve two masters. Can you really do all that God has called you to when you are under obligation to your creditors? What if he calls you to something that doesn't provide enough money to make your monthly payments? When you're in debt, you're working to serve your creditors. You gave them your word that you would.

Debt can handicap you for a lifetime. Let's say you put \$2,000 on a credit card because you had to go to your best friend's wedding. Or your computer died and you needed a new laptop to write your sermons. It could be anything; everyone seems to find a way to put \$2,000 on a credit card.

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(800) 844-8983



info@servantsolutions.org



servantsolutions.org



A WORD FROM OUR PRESIDENT

YOUR RETIREMENT PORTFOLIO— DIVERSIFICATION HELPS REACH YOUR GOALS

Jim O'Bold

As a leader in ministry, you're familiar with the weight of responsibility that comes with serving others. Your days are often filled with meeting the needs of your congregation or ministry, leaving little time to think about your own future—particularly your financial future. However, one of the most critical steps you can take to ensure a secure retirement is to diversify your investment portfolio.

Investing can be an emotional journey. It's easy to get caught up in the excitement of a rising market or panic when things take a downturn. The temptation to “chase returns” can be strong, especially when you see certain investments outperforming others. But this approach can be risky. Instead, the best results are often achieved by those who take a strategic approach to their investments—one that aligns with their goals and the time horizons for needing distributions from their portfolio.

Diversification is key to this strategy. By spreading your investments across different asset classes, such as stocks, bonds, and real estate, you reduce the risk that comes with putting all your eggs in one basket. When one asset class underperforms, others may help stabilize your portfolio. This balanced approach can provide more consistent returns over time, helping you stay on track with your retirement goals.

It's also important to have the discipline to stick with your strategy, especially when the inevitable market storms come. These storms can be unnerving, but those who maintain their course, trusting in their diversified strategy, are often better positioned to weather the volatility. Remember, your investment strategy should reflect your personal goals and time horizon, not

the latest market trends.

At Servant Solutions, we have 70% of our members taking advantage of our LifeFunds (our target date strategy). The best part about LifeFunds are they are low cost, diversified, and reflect your time horizon for when you start your distribution phase in retirement. This approach takes the emotion out of wild market swings and “protects us from ourselves” if we are tempted to have a knee-jerk reaction to volatile markets.

If you're feeling uncertain about your investment strategy or need help navigating your specific situation, I encourage you to reach out to our financial planning staff. We're here to support you in making informed decisions that align with your long-term goals.

Your work in ministry is invaluable, and so is your future. By diversifying your retirement portfolio and staying disciplined in your approach, you can ensure a more secure financial future—allowing you to continue serving others with confidence.

Have you established ONLINE ACCESS?

With online account access, you can

- access your account information
- view your statement
- make changes to your investment position
- utilize excellent planning tools

Start by visiting the Servant Solutions website at servantsolutions.org. In the top menu bar of the home page, select “personal account login”. This takes you to a secure log in page for our recordkeeper, Principal®. Have your latest printed statement handy, and bear in mind, that for this situation, your employer is **Servant Solutions**.

QUESTIONS, continued from page 1

Credit cards usually have a minimum payment of 2%-5%. Right now, the average interest rate for a new card is 23.18%, so we'll use that with a 2% minimum payment for our calculations. If you pay \$40 a month (2% of \$2,000), do you know how long it will take you to pay off that little \$2,000 credit card balance? One hundred seventy-seven months. That's over 14 years! On top of that, you'll end up paying over 3½ times as much with over \$5,000 in interest.

Remember, that's only a \$2,000 credit card balance. Many people carry a lot more debt. Don't let debt handicap you. It's hard to get ahead when you start out so far behind.

Save for Retirement

Your goal is to get ahead of your monthly expenses so that you can put some aside for retirement when you cannot work any longer. This is the second major area where pastors struggle and fail. Retirement saving is important for everyone, but no one more so than pastors who opt out of Social Security. At least I can depend on the government to give me a couple thousand dollars a month when I can't work anymore. But if you've opted out of Social Security, you don't even have that to fall back on.

Young people often put off saving for retirement because they think they will have plenty of time and money later. But life gets more expensive with children and other responsibilities, while salaries may not increase. There is no easier time to start saving for retirement than when you are young. Live like a college student to avoid debt and save for retirement.

Avoid debt. Save for retirement. These are the priorities. Make sure to do these two things and everything else will fall into place around them. No financial trick will help if you're deep in debt and have nothing saved for retirement. Now is the time to take action to avoid future regrets.



Amy Artiga, CFP®, CKA® is a CFP® professional, Certified Kingdom Advisor® and has Bachelor's degrees in theology and business, an MBA, and a Masters in Family Financial Planning and Counseling. She is the founder and owner of *The Pastor's Wallet*.

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 }**

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

Taxable
compensation
reported in Box 1
of Form W-2

PLUS

Salary reduction
contributions
to a 403(b) or
401(k) plan

PLUS

Elective
deferrals to a
Section 125
cafeteria plan

PLUS

Elective
deferrals to
a 457(b) plan

PLUS

Contributions to a
qualified
transportation fringe
benefit plan

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A pastor receives \$30,000 in wages per year and claims housing allowance of \$10,000. The W-2 shows \$20,000 in Box 1 as regular wages and \$10,000 in Box 14 as housing allowance. His or her combined annual contribution would be capped at \$20,000 since that is the amount of includible compensation received.

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

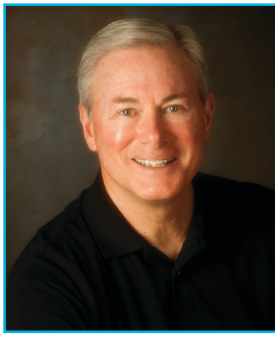
PARTICIPANT BEFORE-TAX
CONTRIBUTIONS (PLAN
CLASSIFICATION TYPE "A")

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/)



Dr. Jerry Fox, CFP®

SHAPING YOUR RETIREMENT BUDGET

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

Budgeting is an uncomfortable word for many. To some it may sound like going through life wearing handcuffs which inhibit their freedom to enjoy life. But a healthier view of budgeting is to

see the process as a roadmap to help you reach your most important goals.

This may be even more essential in retirement. The key is to understand that with some planning we can usually have and do the things we value most. We just can't have and do everything that catches our attention. This may mean dropping some activities and expenses which we have chosen during our working and earning years.

Here are a few suggestions drawn from conversations with recent Servant Solutions retirees which could help make your retirement budget go farther:

Rethink your transportation plans.

Do you really need a new car? Or multiple cars? Purchase costs, maintenance and repairs, registration/plates, and insurance can really add up. Can some planning and scheduling allow the members of your retirement home to get around with a single, reliable vehicle? The savings can be many thousands of dollars each year.

Review your insurance needs.

Life insurance is meant to protect those who depend upon your income. If your kids are raised and your mortgage is paid, your need for life insurance may be minimal, if needed at all. This is especially true for term policies which are so costly in your later years. If you've saved well for retirement and your beneficiaries will inherit your account balance at your death, drop the life insurance and save those premiums.

Drop rarely used memberships and subscriptions.

Are you still making it to the gym? And using enough of the equipment there to make it worth the trip? If you could get the same health benefits by exercising at home and walking the neighborhood, cancel at renewal time. And what about entertainment costs? Are you really watching Netflix and Prime and Apple+ and Hulu and your other paid streaming services? Pick your favorites and drop the rest. Are you still paying for cable TV? If you have home internet, shop for a streaming service that provides what you watch for a fraction of the cost. Or use an inexpensive digital TV antenna to pick up local stations for free.

Make your best housing decisions.

You may have considered purchasing the home of your dreams at retirement, but it may be time to reevaluate that idea. Your priorities and family situation, along with market factors and transaction costs, should guide your decisions. What other expenses would change with this new address? Taxes, insurance, maintenance, services, and higher travel costs to visit family, access healthcare and more could overshadow any savings from downsizing and relocating.

By God's grace, and with some good planning and saving, retirement can be a time to do more of what you love most. Now is the time to begin planning to make sure your budget reflects those priorities.



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.