



# PCA Retirement Plan

*Plant a seed for your future...*





*We are all called upon to be good stewards of the resources entrusted to our care. When it comes to financial resources, being a good steward means saving for the future and investing wisely.*

*The PCA Retirement Plan provides a convenient and effective way to plant a seed for your future and prepare for your retirement years. Convenient, because it allows you to save through payroll deduction. Effective, because it offers a range of saving and investment options, allowing you to tailor the plan to fit your personal needs.*

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# How The Plan Works

The PCA Retirement Plan is a 403(b) plan that allows you to save while taking advantage of various tax benefits. You decide how much to save, and your employer may also contribute to the plan on your behalf. And you decide how to invest your savings, using the array of investment options offered by the plan.

It's as simple as that. Because saving and investing doesn't always seem simple, PCA Retirement & Benefits, Inc. (RBI) offers personal assistance and an array of tools to help you reach your financial goals.

Here is a summary of the PCA Retirement Plan features:

## Who May Participate

All active ministers, missionaries, school teachers and lay church employees who receive W-2 taxable income from a PCA church or PCA church-related organization are eligible to participate in the plan. Eligibility for lay employees begins on the first day of employment, and for ministers begins on the first day of employment or the ordination date, whichever date is first.

Additionally, active employees working for pre-approved 501(c)(3) organizations that share common religious bonds and convictions with the PCA may also qualify for participation in the PCA Retirement Plan. To find out about this opportunity, please contact our administrative office.

## Investments

You may diversify the investments in your PCA Retirement Plan account among a broad array of investment options – including PCA Target Retirement Funds, PCA Core Funds, and a self-directed brokerage account. Five of the PCA Core Funds (PCA Large Cap Growth, PCA Large Cap Value, PCA Mid Cap Growth, PCA Mid Cap Value, and PCA Diversified Bond) are invested using morally restricted guidelines. For details, see “Your Investment Options” on page 6.

## Morally Screened Investments

Moral screening is a feature offered to participants who prefer their investments to exclude companies involved in abortion, alcohol, gambling, tobacco, pornography, certain lifestyle issues, bioethics and human rights. The screening used by select PCA Core Funds is one of the most disciplined and thorough in the market. Investments in securities within these funds are independently monitored by RBI through a Christian investment consulting firm which specializes in this arena.

## Housing Allowance

Ordained PCA ministers are eligible for a housing allowance income exclusion during retirement, and RBI – as the retirement and welfare arm of the Presbyterian Church in America – is authorized to designate housing allowance amounts for all honorably retired PCA ministers who receive benefits from the PCA Retirement Plan. This provision may provide significant tax savings to you during your retirement years. For example, a minister in the 25% tax bracket with \$20,000 of annual housing allowance would **save \$114,145.60** in income tax over a 15-year retirement – and the tax savings would increase for ministers in a higher tax bracket or with a larger housing allowance.

Note: This important benefit may be forfeited if you transfer your retirement assets from the PCA Retirement Plan to a bank, brokerage firm, insurance agent, or other financial services provider who may not be aware of this unique feature of denominational retirement plans. As a service to our ministers, RBI wants to call your attention to this important financial benefit. Please contact RBI for additional information or if you have questions about the minister's housing allowance.





### Tax Advantages

There are two ways to save, each with its own tax advantages.

- With traditional 403(b) contributions, you save with pre-tax dollars, which reduces your taxable income and your current tax obligation. You pay no income tax on your savings or investment returns until you retire and begin taking a distribution from the plan.
- With Roth 403(b) contributions, you save with after-tax dollars. When you take a distribution from the plan, that distribution will be tax-free, provided your account has been open for at least five years and you are at least age 59½.

You may also split your contributions between traditional and Roth contribution types. See "Your Savings Options" on page 3.

### Low Cost

There are no commissions or sales charges to manage your PCA investment options, nor are there any transfer fees for changing your investments. Management, administrative, and investment costs are significantly lower than those in many other comparable plans. Additional information on plan expenses can be found online within the RBI Annual Report.

### Loans

You may borrow from your retirement account at competitive rates. The interest portion of your loan payment is paid into your account.

### Rollovers

The PCA Retirement Plan will accept qualified rollover contributions into a traditional 403(b) account from another qualified retirement plan such as another 403(b) plan, a 401(k) plan, or an Individual Retirement Account (IRA). Plan-to-plan transfers also may be made into a PCA Retirement Plan account, provided your former employer will enter into a formal agreement with RBI.

### Account Access

You can access your PCA Retirement Plan account 24 hours a day, seven days a week over the Internet. RBI Service Representatives are available to assist you with retirement and investment guidance Monday through Friday from 8 a.m. to 5 p.m. Eastern time. Our partners at Northwest Plan Services (NWPS) are available Monday through Friday from 9:30 a.m. to 9:00 p.m. Eastern time to assist you with your retirement plan transactions. You also can make an appointment to talk with a RBI Service Representative outside normal business hours.

**PCA Retirement & Benefits, Inc.: 1-800-789-8765**  
**NWPS' PCA Service Center: 1-877-543-0055**

automated line: 800.905.1453  
email: [retirement@pcanet.org](mailto:retirement@pcanet.org)  
retirement account website: [www.nwps401k.com](http://www.nwps401k.com)



Those are the highlights. When you enroll in the PCA Retirement Plan, you'll have some decisions to make. How much do you want to save? Do you want to make traditional or Roth contributions, or a combination of the two? And how do you want to invest your savings? The following sections provide details about your savings and investment options.

# Your Savings Options



Saving money in the PCA Retirement Plan breaks down into two separate decisions: how much you want to save, and what type of contributions you want to make.

## *How Much You Can Save*

When you enroll, you complete a salary reduction agreement indicating the percentage or amount of your salary you wish to set aside into your PCA Retirement Plan account. If you are an ordained minister, the percentage you select will be applied to your pay excluding that portion designated as housing allowance (which is already excluded from your taxable income). Your employer may also contribute tax-deferred dollars directly to your account. There is no minimum contribution required; the maximum is set annually by the IRS.

### **Type Of Contribution Subject To IRS Limits**

Your employee contribution

Your employee contribution combined with your employer's contribution (if applicable)

Catch-up contributions (available in a given year if you are age 50 or older as of December 31)

## *How Much You Should Save*

The importance of saving for retirement is self-evident, but how much should you save? The factors affecting this decision include your current age, anticipated retirement age, current salary, expected salary increases, annual rate of return on investments, and how many years you expect to need income in retirement, among others.



RBI offers an online tool to help you determine the percentage of your current salary you need to set aside now to have adequate income in retirement. Go to [www.pcarbi.org](http://www.pcarbi.org) and select the "Resources" icon. Next you will see a drop down menu. Click on the "Calculators" tab. Scroll down and select "Retirement Planner." You can enter your own assumptions and variables, defining the terms of your savings plan to fit your own circumstances and modeling the results. If you don't know how much you'll need when you retire – and how much you need to save now to reach that goal – we encourage you to make use of this tool sooner rather than later. For assistance, contact an RBI service representative at 1-800-789-8765.

### *What Type Of Contribution*

Under the PCA Retirement Plan, you may choose to make traditional pre-tax 403(b) contributions, or after-tax Roth 403(b) contributions. You also may divide your contributions between the two types. Each offers valuable tax advantages, and you should consult with your personal financial advisor to determine which would be best for you.

*Traditional 403(b) contributions* are deducted from your pay on a pre-tax basis, reducing your taxable income for the current year. Using this type of account, income tax on your contributions and investment earnings is deferred until you begin taking distributions from the plan. Those future distributions will be taxed as ordinary income in the year taken.

*Roth 403(b) contributions* are deducted on an after-tax basis and do not reduce your current taxable income. The tax advantage comes in the future, when you can take tax-free distributions of your contributions and their earnings if you meet two conditions:

- You must be at least age 59½, and
- You must have held the account for at least five years.

So, you can defer taxes until later with traditional 403(b) contributions, or pay taxes now and receive tax-free distributions later with Roth 403(b) contributions. Which is right for you?

You might be better off making traditional 403(b) contributions if...	Because...
You're certain you'll be in a lower tax bracket in retirement.	You're better off deferring taxes now and paying at a lower rate when you withdraw money in retirement.
Your pay spikes due to big commissions, bonuses, or other special pay.	Your tax rate might be higher this year than in retirement, so you're better off deferring taxes now and paying at a lower rate in retirement.
You're age 50 or older and behind on your retirement savings.	Chances are you'll be in a lower tax bracket in retirement, because your income will be reduced.
You might be better off making Roth 403(b) contributions if...	Because...
You contribute the maximum allowable amount to the 403(b).	Switching to Roth contributions would allow you to increase your savings, in effect, by paying taxes on those contributions today rather than deferring them until withdrawal.
Your income prevents you from contributing to a Roth IRA.	You can obtain the advantages of a Roth within the PCA Retirement Plan, which has no income restrictions.
You don't earn a lot today, but expect your income (and your tax rate) to increase over your career.	You can lock in your current low tax rate by contributing to a Roth and paying income taxes on your contributions now.
You pay low (or no) income taxes today.	Making Roth 403(b) contributions would cost you little or nothing today, and would result in a tax savings in retirement.

*(Note: The housing allowance income exclusion is a benefit available to ministers only through traditional 403(b) contributions. Ordained ministers should consult with their financial advisors to determine whether the Roth contribution feature would be of benefit to them.)*

If you are not certain about which type of contribution is best for you, you can diversify your tax risk by dividing your contributions between the two. Be sure your total contributions do not exceed the maximum limit set by the IRS for the year. And note that employer contributions are always tax-deferred.

Even though you might choose to make two types of contributions (traditional and Roth), you will have a single account in the PCA Retirement Plan. In other words, you don't have to make separate investment decisions for your traditional and Roth contributions. Instead, your investment elections will be applied to both.

### A Note About Tax Risk

The tax advantages described here are always subject to change based on changes to federal tax laws. Under current law, for example, qualified distributions from a Roth 403(b) are tax-free. However, there is no guarantee that the United States Congress will not change this or any other aspect of the tax code in the future.



# Your Investment Options

See an unfamiliar term? Check out “Important Terms You Should Know” on pages 20–23.



Investing and financial planning may not be constantly in your thoughts. However, most of us know we must save and invest now to be able to retire in the future with some financial certainty.

The PCA Retirement Plan offers a wide range of investment options and methods so you can customize your investments to suit your own investment expertise and risk tolerance.

You may:

- allocate your investments automatically using a *PCA Target Retirement Fund* based on your anticipated retirement date,
- diversify your investments among the *PCA Core Funds*, and/or
- if you have the interest and expertise, direct a portion of your investments using a *Schwab Personal Choice Retirement Account*<sup>®</sup>, which gives you access to a full range of mutual funds available in the marketplace. Visit our website [www.pcarbi.org](http://www.pcarbi.org) to download the PCA Self-Directed Brokerage brochure for more information.

Read the following descriptions of your investment options, then turn to “Creating An Investment Strategy” on page 14.

## *PCA Target Retirement Funds*

Your personal time horizon – the length of time you have before you reach retirement age – should be considered as you make your investment decisions. With the introduction of the PCA Target Retirement Funds, PCA Retirement & Benefits, Inc. will do the work of selecting investments based on your projected retirement date. It also will change the investment mix appropriately as you get nearer to retirement.

To use the Target Retirement Funds, simply select the fund that is closest in date to your expected retirement date (generally when you reach age 65 to 68). Your PCA Retirement Plan account will be invested automatically in a selection of investments deemed appropriate for your age and time horizon.





For example, the longer the time horizon, the greater the concentration in stock investments and the greater the market risk. As the time horizon shortens, investments will shift gradually from stocks into bonds, inflation-protected investments, and short-term reserves with lower market risk. When you reach retirement age and beyond, your assets are moved into increasingly conservative portfolios with enough stock investments to permit your earnings to keep pace with inflation. Eventually, your assets will merge into the Harvester Fund, the most conservative portfolio, which is primarily invested in bonds and other fixed-income investments.

Why should you consider the Target Retirement Funds? They offer these important advantages:

- **Easy to use.** You make one investment decision – but that doesn't mean you're putting all your eggs in one basket. Your account is invested in a diversified portfolio that is allocated and managed by professional investment managers, who do the work for you.
- **A smart investment choice.** Many retirement plan savers invest too conservatively to achieve the investment returns they need to reach their retirement goals; others experience losses by chasing returns and moving their money into whatever investment is "hot" in the current market – in other words, buying high, when prices are at their peak. The Target Retirement Funds help you avoid both of those pitfalls.
- **No more investment worries.** Once you've selected a Target Retirement Fund, you can rest assured your retirement savings are on target and invested appropriately – and your investments will be adjusted for you as you get closer to retirement. Your retirement plan is on autopilot, and it will get you where you need to go – no worries!

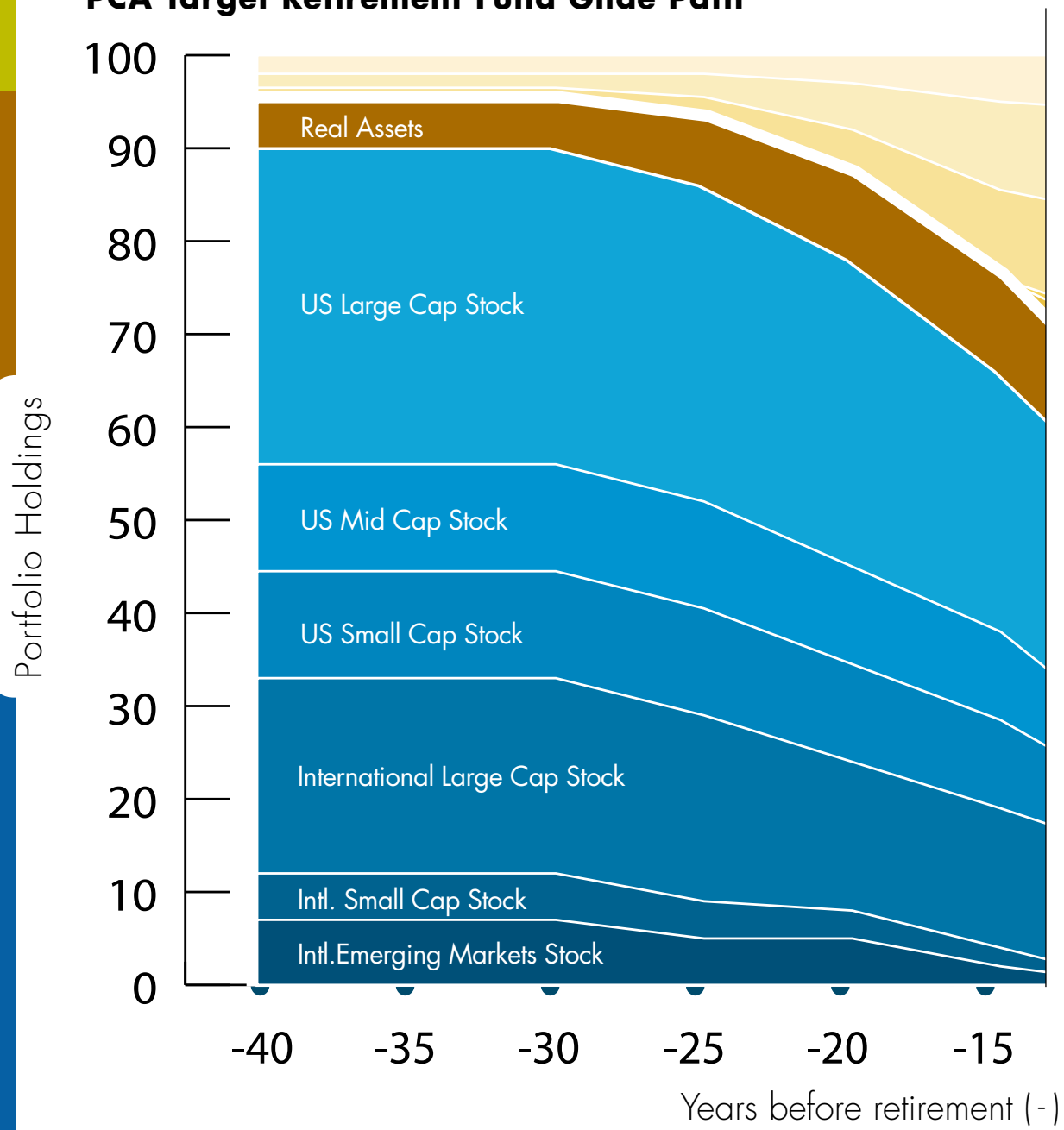
The PCA Target Retirement Funds use some of the PCA Core Funds described in the next section, as well as some investment options exclusive to the Target Retirement Funds.



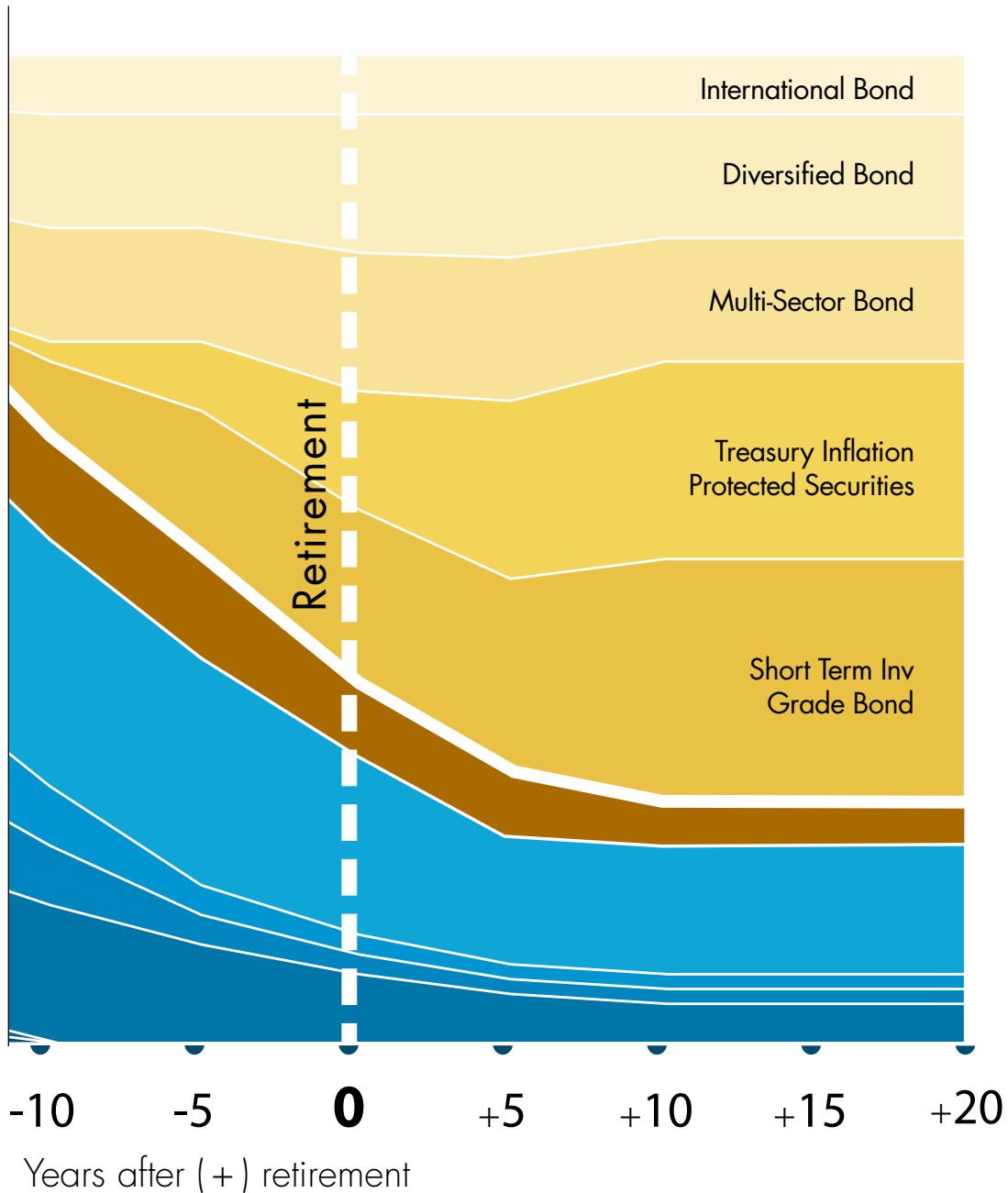


The chart below shows the percentage of a PCA Target Retirement Fund invested in stock and bond investments along a timeline of years before (-) and years after (+) retirement. You will note as an investor approaches retirement his/her allocation of stock investments (equities) will gradually decrease and be replaced with more

### PCA Target Retirement Fund Glide Path



conservative investments, such as bonds (fixed income). This is a very important process which automatically happens and incrementally reduces the risk associated with the Target Retirement Fund.

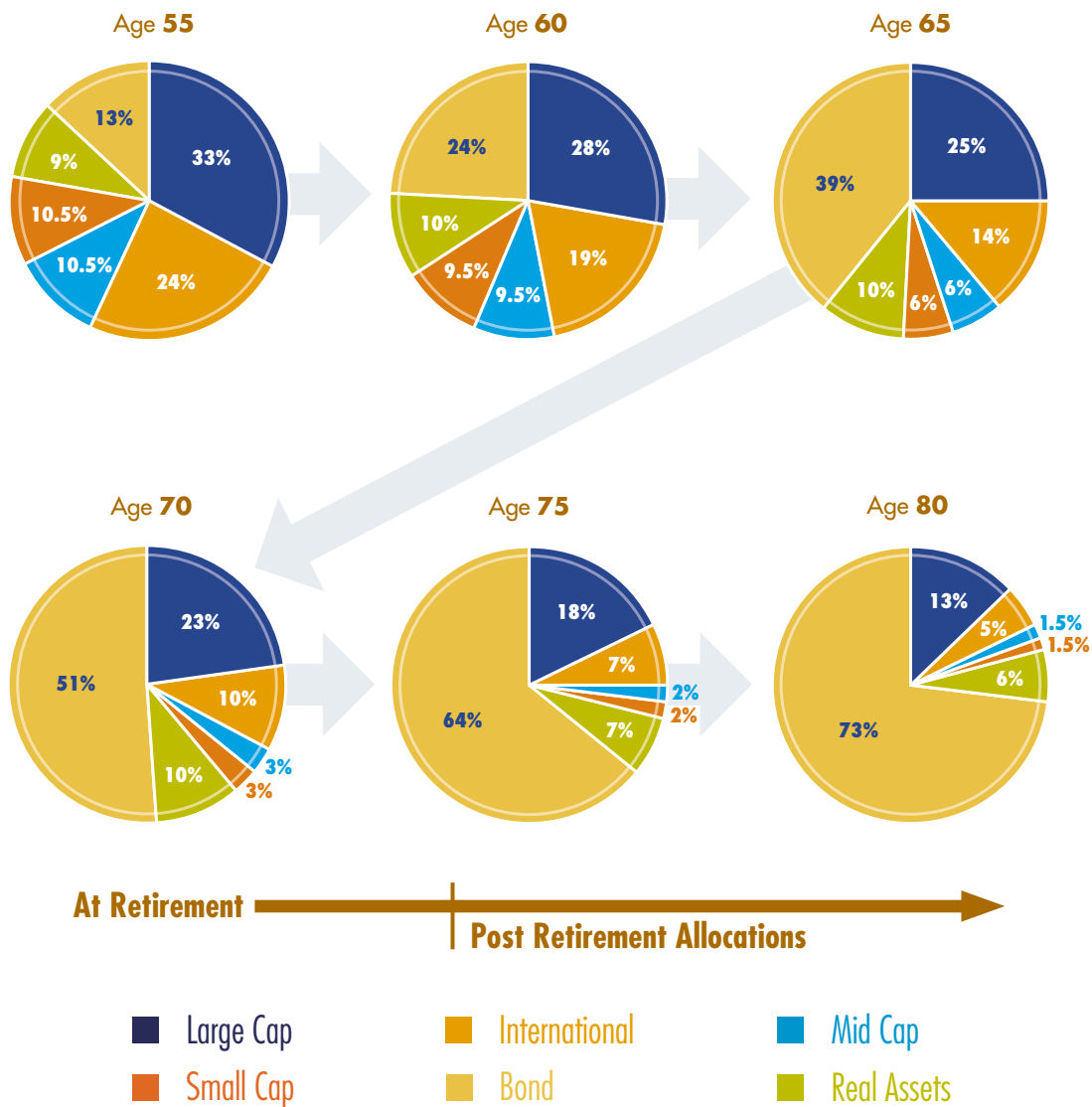




## A Practical Example

Consider the case of a 55 year old minister who expects to retire in 2030 at the age of 70. Here is how his investment allocation would change over time, if he were invested in a PCA Target Retirement Fund.

### (Target Retirement 2030)



The page features a decorative background. At the top, a stylized hand in shades of blue holds a globe. Below this, a vertical strip on the right side contains a photograph of a small green seedling growing from a bed of moss. The bottom right corner is dominated by a large, stylized tree graphic with a blue trunk and branches, and light blue leaves, set against a dark blue background.

## PCA Core Funds

The PCA Retirement Plan offers a variety of core investment funds to its participants. You may invest in any one or more of the funds, and change investments from one fund to another, with no fees or commissions. However, frequent short term trading is strongly discouraged. Certain mutual funds within the PCA Retirement Plan discourage this behavior by imposing trading restrictions or redemption fees. Most investors will not be affected by these measures and will find the investment, management, and administrative expenses of the funds significantly lower than those in many other plans. For more information on specific fund expenses, trading restrictions or redemption fees, please refer to the PCA Retirement & Benefits, Inc. Annual Report.

- **PCA Large Cap Growth Fund** – is a broadly diversified portfolio which invests in the stocks of large domestic companies using a growth style of investing. The U.S. companies held within this fund generally have market capitalizations (a measure of a company's size) greater than ten billion dollars. 25% of this fund is actively managed, and 75% is passively managed by investing in an index fund that replicates the stocks and companies listed in the "*Russell 1000 Growth Index*." This fund is invested using morally restricted guidelines.
- **PCA Large Cap Value Fund** – is a broadly diversified portfolio which invests in the stocks of large domestic companies using a value style of investing. The U.S. companies held within this fund generally have market capitalizations (a measure of a company's size) greater than ten billion dollars. 25% of this fund is actively managed, and 75% is passively managed by investing in an index fund that replicates the stocks and companies listed in the "*Russell 1000 Value Index*." This fund is invested using morally restricted guidelines.
- **S&P500 Stock Index Fund** – is a broadly diversified portfolio which invests by replicating the stocks of companies listed in the Standard and Poor's 500 stock index. The index is a composite of the 500 leading U.S. large companies and is considered a key indicator of the overall U.S. stock market.
- **PCA Mid Cap Growth Fund** – is a broadly diversified portfolio which invests in the stocks of mid-size domestic companies using a growth style of investing. The U.S. companies held within this fund generally have

market capitalizations (a measure of company's size) less than ten billion dollars but greater than two billion dollars. This fund is invested using morally restricted guidelines.

- **PCA Mid Cap Value Fund** – is a broadly diversified portfolio which invests in the stocks of mid-size domestic companies using a value style of investing. The U.S. companies held within this fund generally have market capitalizations (a measure of company's size) less than ten billion dollars but greater than two billion dollars. This fund is invested using morally restricted guidelines.
- **PCA Small Cap Fund\*** – is a broadly diversified portfolio which invests in the stocks of small domestic companies. The U.S. companies held within this fund generally have market capitalizations (a measure of company's size) less than two billion dollars. This fund is invested using morally restricted guidelines.
- **International Stock Fund** – is a broadly diversified portfolio which invests in the stocks of large and small companies based outside the United States. This fund has primary exposure to companies in developed markets, and to a lesser extent, in emerging markets.
- **PCA Diversified Bond Fund** – is a broadly diversified portfolio which invests in medium to high quality bonds across all sectors, including U.S. government, corporate, and mortgage-backed securities. This fund seeks to preserve income by placing emphasis on diversification and intermediate to long maturities. This fund is invested using morally restricted guidelines.
- **Conservative Bond Fund** – is a broadly diversified portfolio which invests the vast majority of assets in high quality bonds primarily within several sectors: U.S. government, corporate, convertible, mortgage backed, asset backed, private placement and short duration bonds. This fund seeks to preserve income by placing emphasis on investment flexibility and adjusting duration in response to actual yield curve conditions.

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**\*Morally Screened Investments:** Moral screening is a feature offered to participants who prefer their investments to exclude companies involved in abortion, alcohol, gambling, tobacco, pornography, certain lifestyle issues, bioethics and human rights. The screening used by select PCA Core Funds is one of the most disciplined and thorough in the market. Investments in securities within these funds are independently monitored by RBI through a Christian investment consulting firm that specializes in this arena.

- **Money Market Fund** – is a broadly diversified portfolio which invests in high quality, short term U.S. and foreign debt instruments that earn interest and strive to maintain principal.

**Detailed information about any PCA investment option can be obtained by visiting [www.pcarbi.org](http://www.pcarbi.org) or by calling RBI at 1-800-789-8765.**

### *Schwab Personal Choice Retirement Account<sup>®</sup>*

If you're comfortable making your own investment decisions and wish a broader array of investments than is offered within the PCA Target Retirement or Core Funds, you may open a Schwab Personal Choice Retirement Account (PCRA) and transfer a minimum of \$5,000 and up to 50% of your account balance. Through Schwab, you can invest in any of more than 7,900 mutual funds. Some sales and purchases may be subject to fees and commissions, and there are minimum purchase requirements.

You can open and access your Schwab account online, using a retirement plan user ID and password you will receive after you enroll. You also can enroll by submitting signed paper forms. Investment transactions can be initiated online at [www.schwabpcra.com](http://www.schwabpcra.com) or by phone at 1-888-393-PCRA (7272).

When you open a Schwab account, you gain access to Schwab's research reports, advanced investment screening tools, and market commentary from industry experts. You can join online or in-person Schwab investment workshops, and get personal assistance by phone for a fee from a knowledgeable broker.

**For more information, contact Schwab at 1-888-393-PCRA (7272).**

# Creating An Investment Strategy

Investing for a secure retirement is like tending a garden, in that you must plant the seeds and help them grow to enjoy a good future harvest. First, you must start with a plan – what are your investment goals? What mix of investments is appropriate for you? How do you manage your investments so they flourish over time?

The PCA Retirement Plan provides you with what you need to tend to your financial future throughout the various stages of your life. It's up to you to decide on the right approach to meeting your goals. Having a partner such as PCA Retirement & Benefits, Inc., is a real advantage. Your investment strategy should take into account:

- **Your time horizon** – The passage of time tends to smooth out the ups and downs of the investment markets. If you have a long time to go before retirement, you may be willing to ride out the fluctuations of the stock market, which is more volatile, but has historically earned greater average returns over the long run than other types of investments such as bonds. If you're nearing retirement, on the other hand, you might want to invest more of your nest egg in assets which are less likely to decline significantly in the short run.
- **Your financial resources** – Your decision about how to invest your PCA Retirement Plan account should be made in light of all your retirement investments, which might include IRAs, real estate holdings, confirmed inheritance, a spouse's pension benefit, and Social Security to name a few.
- **Your risk tolerance** – All investments carry some type of risk. You must decide how much and which types of risk you are comfortable with. For more on risk, see "The Risk/Return Tradeoff" on page 17.

Following are some important concepts to consider and understand as you create your investment strategy.





## Compounding

Compounding is one of the reasons it pays to start early if you are growing a retirement account. Through compounding, the interest income and investment gains your account earns go on to earn even more. The longer you stay invested and automatically reinvest your earnings, the more dramatically compounding can increase the value of your investment.

*Give your investments time to take root...*

**Here is how the power of compounding can work for you – and why it pays to start saving sooner rather than later. Assume that you save \$1,000 a year and earn an 8% annual return.**

Value	In 5 years	In 10 years	In 15 years	In 20 years	In 25 years
If you start today	\$5,867	\$14,487	\$27,152	\$45,762	\$73,106
If you start next year	\$4,506	\$12,488	\$24,215	\$41,446	\$66,765

*In this example, a one-year head start on a 25-year savings plan results in a \$6,341 increase in accumulated value.*

## Asset Allocation


Asset allocation is the process of determining how you want to invest your savings among the different investment options available to you. Do you want to allocate part of your contributions to stocks, and part to bonds? For your stock fund allocations, do you want to invest only in U.S. stocks, or divide that portion between U.S. and international stocks? What percentage mix is right for you?

The mix of investments best suited for you depends on your personal circumstances, including your time horizon and risk tolerance. Investments need to be monitored and adjusted periodically to maintain a desired asset allocation (see “Rebalancing” on the next page). If you invest in a PCA Target Retirement Fund, you can be assured your asset allocation strategy will be maintained over time, and that it will be adjusted automatically to suit the changes in your time horizon.



## Rebalancing

Because different types of investments gain and lose value at different rates, investment portfolios need to be rebalanced from time to time. Rebalancing means adjusting your investments in order to maintain your desired asset allocation (i.e., the relative proportions of stock and bond investments, conservative and high-growth investments, etc.). For example, you may want a mix of 40% stocks and 60% bonds, but if the stock market performs well for a period, the value of the stocks in your portfolio might grow to represent more than 40% of your portfolio. You would need to rebalance your portfolio to get back to the 40/60 ratio (in other words, move some of your assets out of stocks and into bonds).



The bottom line is there is more to investing than simply deciding on an investment strategy. You have to make sure your strategy stays on track. One of the advantages of investing in a PCA Target Retirement Fund is your investments are allocated and rebalanced automatically by professional investment managers. If you use the PCA Core Funds or the Schwab Personal Choice Retirement Account,<sup>®</sup> you will be responsible for your own asset allocation and rebalancing.

## Diversification

By spreading your assets over different investments, you substantially reduce your risk of being affected by the poor performance of any single investment. Diversifying among various asset classes may help reduce your risk of loss in a market downturn and may increase your long-term returns.

You can diversify in several ways, including:

- Selecting the appropriate PCA Target Retirement Fund, which offers diversification within and among different asset classes and is rebalanced automatically so your investment strategy is maintained regardless of market conditions.
- Allocating some of your portfolio among the various PCA Core Funds, each of which is diversified within its own asset class through investments in a wide selection of securities (e.g., stocks or bonds).

If you choose to manage your own asset allocation by investing in the PCA Core Funds or a Schwab account, be sure to pay attention to how your asset allocation changes with fluctuations in the stock and fixed-income markets. If your asset allocation moves away from your desired mix, you will want to rebalance your portfolio.

## *The Risk/Return Tradeoff*

All investments carry some degree of risk, either of loss of capital (value) or loss of purchasing power. For example:

- Investing in common stock (equity investments) carries the risk that the market as a whole might experience a decline, or the company in whose stock you invest may fail.
- Bond investments carry the risk of default by the issuing entity, or loss of value due to interest rate fluctuations.
- So-called “safe” investments like money market funds carry little risk of loss of principal, but in rare occasions, these investments may not earn enough yield to keep up with plan expenses. A more common risk that affects money market funds is the failure of these investments to keep pace with inflation. This results in a loss of your future purchasing power.

Typically, the long-term return on your investments should compensate you for the risk. The greater the risk, the greater the potential return. Conversely, if you are willing to invest only in very safe, low-risk investments, your return is likely to be correspondingly low. This is the risk/return tradeoff.

Your own risk tolerance will help you determine how best to invest your retirement account. In any case, diversifying your account in different types of investments can help you increase your returns and decrease your risks.



# Resources

Financial planning and investing are complex topics, so it is good to know where to turn for help. You can receive personal assistance by contacting an RBI service representative by phone (1-800-789-8765) or e-mail ([retirement@pcanet.org](mailto:retirement@pcanet.org)) Monday through Friday, 8 a.m. to 5 p.m. Eastern time. You may also make an appointment to talk with a representative outside normal business hours.

Additionally, you may log onto [www.nwps401k.com](http://www.nwps401k.com) for access to your PCA Retirement Plan account 24 hours a day, seven days a week. Or you can speak to a representative with our business partners at NWPS between 9:30 a.m. and 9:00 p.m. Eastern time, Monday through Friday, by calling 1-877-543-0055.

Want to know more? RBI offers a wide variety of resources on its website, including worksheets and calculators to help you with a variety of financial issues. Log on to [www.pcarbi.org](http://www.pcarbi.org) and check out these tools.

## Investment Calculators

**Asset Allocator** Your age, ability to tolerate risk, and several other factors are used to calculate a desirable mix of stocks, bonds, and cash.

**Investment Returns** There is more to investing than knowing your annual rate of return. Use this calculator to see how inflation, taxes, and your time horizon can affect your bottom line.

## Retirement Savings And Planning

**403(b) Savings Calculator** Your 403(b) retirement plan can be one of your best tools for creating a secure retirement.

**How Important Is Social Security?** Use this calculator to determine how losing this important retirement asset could affect you.

**Required Minimum Distributions** Use this calculator to determine your required minimum distributions (RMD) as an account owner of a retirement account. This financial calculator also looks at potential future years' distribution requirements.



**Retirement  
Contribution Effects  
On Your Paycheck**

Use this calculator to see how increasing your contributions to a traditional 403(b) or other tax-deferred plan can affect your paycheck, as well as your retirement.

**Retirement Planner**

Quickly determine if your retirement plan is on track — and learn how to keep it there.

**Social Security  
Benefits**

Use this calculator to estimate your Social Security benefits.

**Tax Calculators**

**1040 Tax  
Calculator**

How much will you pay in income taxes? Use this 1040 tax calculator to help determine your tax bill for next April.

**Marginal Tax  
Calculator**

Use this to determine your marginal and effective tax rates. This calculator sorts through the tax brackets and filing options to calculate your true tax liability.

**Self-Employment  
Taxes**

If you are self-employed or operate a farm, use this calculator to determine your self-employment taxes.

**Savings Calculators**

**Emergency Savings  
Calculator**

This calculator helps you determine how much emergency savings you may need, and how you can begin saving toward this important goal.

**Savings Calculator**

Find out how consistent investments, over a number of years, can be an effective strategy to accumulate wealth.

*These interactive calculators are made available to you as self-help tools for your independent use and are not intended to provide investment advice. PCA Retirement & Benefits, Inc. cannot and does not guarantee their applicability or accuracy in regard to your individual circumstances. All examples are hypothetical and for illustrative purposes only. We encourage you to seek personalized advice from a qualified professional regarding all personal financial issues.*



# Important Terms You Should Know



**Active management** – a portfolio management strategy that attempts to add value relative to a passive management style by employing a specialized strategy, such as market timing, sector rotation, factor or theme selection, and/or security selection. See *passive management*.

**Asset class** – in investments, the general type or category into which an investment falls. Asset classes include stocks (equities), bonds (fixed-income investments), and short-term investments.

**Balances** – the total accumulations in a member’s accounts.

**Bonds** – any interest-bearing or discounted government or corporate security that obligates the issuer to pay the bondholder a specified sum of money, usually at specific intervals, and to repay the principal amount of the loan at maturity. Bondholders have an IOU from the issuer, but no corporate ownership privileges, as stockholders do.

**Conservative** – referring to an investment philosophy that accepts below-average investment returns in order to avoid significant risks.

**Contributions** – in the PCA Retirement Plan, amounts paid into a member’s account by the member or an employer.

**Diversification** – in investments, spreading risk by putting assets in several categories of investments: stocks, bonds, money market instruments, and real estate, for example; or several industries; or a Target Replacement Fund, with its broad range of investments in a single portfolio.

**Dividend** – distribution of earnings to shareholders. The amount is decided by the board of directors and is usually paid quarterly. Dividends must be declared as income in the year they are received. Mutual fund dividends are paid out of income, usually on a quarterly basis, from the fund’s investments.

**Earnings** – in investments, the interest and/or dividends generated by an investment, plus the appreciation in the investment’s market value. Earnings can also refer to income of a business.

**Equities** – securities representing ownership interest possessed by shareholders in a corporation – stocks, as opposed to bonds.

**Expense ratio** – the amount shareholders pay annually for fund operating expenses and management fees, expressed as a percentage of total investment.

**Fund** – in the PCA Retirement Plan, one of the investment options available to members, including the PCA Large Cap Growth Fund, PCA Diversified Bond Fund, Money Market Fund, and others.

**Growth strategy** – an investment strategy that focuses on long-term capital growth (as opposed to dividend or interest income). The investment manager typically is looking for stocks of companies that are expected to have above-average increases in revenues and earnings.

**Income** – typically refers to the interest and dividends paid to investors in bonds and stocks.

**Inflation** – rise in the prices of goods and services, as happens when spending increases relative to the supply of goods on the market — in other words, too much money chasing too few goods. Moderate inflation is a common result of economic growth.

**Interest rate** – rate of interest charged for the use of money, usually expressed as an annual rate. The rate is derived by dividing the amount of interest by the amount of principal borrowed. For example, if a bank charged \$10 per year in interest to borrow \$100, it would be charging a 10% interest rate.

**Investment objectives** – financial objectives an investor uses to determine which kind of investment is appropriate. For example, if the investor's objective is growth of capital, he may opt for growth-oriented mutual funds or individual stocks. If she is more interested in income, she might purchase income-oriented mutual funds or individual bonds.

**Investment portfolio** – combined holding of more than one stock, bond, mutual fund, or other asset by an individual or institutional investor. The purpose of a portfolio is to reduce risk by diversification.

**Large cap** – refers to stock of companies with a large capitalization (number of shares outstanding times the price of the shares). Large cap stocks typically have at least \$10 billion in outstanding market value.





**Long-term** – typically refers to a holding period of five to ten years.

**Market** – a public place where products or services are bought and sold, directly or through intermediaries. Also called a marketplace.

**Market risk** – that part of a security's risk which is common to all securities of the same general class (stocks, bonds, etc.) and thus cannot be eliminated by diversification.

**Mid cap** – refers to stock of companies with a mid-level capitalization (number of shares outstanding times the price of the shares). Mid cap stocks typically have between \$2 and \$10 billion in outstanding market value.

**Passive management** – a portfolio management strategy that aims to match the performance of a market or customized index as closely as possible. See *active management*.

**PCA Core Funds** – a selection of individual investment options available to PCA Retirement Plan participants. Five of the funds — PCA Large Cap Growth Fund, PCA Large Cap Value Fund, PCA Mid Cap Growth Fund, PCA Mid Cap Value Fund, and PCA Diversified Bond Fund — are invested using morally restricted guidelines.

**PCA Target Retirement Funds** – a selection of investment portfolios designated by “target retirement” dates and invested appropriately according to time horizon. The longer the time horizon, the greater the concentration in stock investments and the greater the market risk. As the time horizon shortens, investments are shifted gradually from stocks into bonds, inflation-protected investments, and short-term reserves with lower market risk.

**Principal** – the value of a security, not including income.

**Returns** – in finance and investment, the profit on a securities or capital investment, usually expressed as an annual percentage rate.

**Risk** – typically refers to the short-term volatility or variability of an investment.

**Securities** – instruments that signify an ownership position in a corporation (a stock), a creditor relationship with a corporation or governmental body (a bond), or rights to ownership such as those represented by options, subscription rights, and subscription warrants.

**Short-term** – typically refers to a holding period of one year or less.



**Small cap** – refers to stock of companies with a small capitalization (number of shares outstanding times the price of the shares). Small cap stocks typically have less than \$2 billion in outstanding market value.

**Stocks** – in investments, ownership of a corporation represented by shares that are a claim on the corporation's earnings and assets. Common stock usually entitles the shareholder to vote in the election of directors and other matters taken up at shareholder meetings. Preferred stock generally does not confer voting rights but it has a prior claim on assets and earnings — dividends must be paid on preferred stock before any can be paid on common stock.

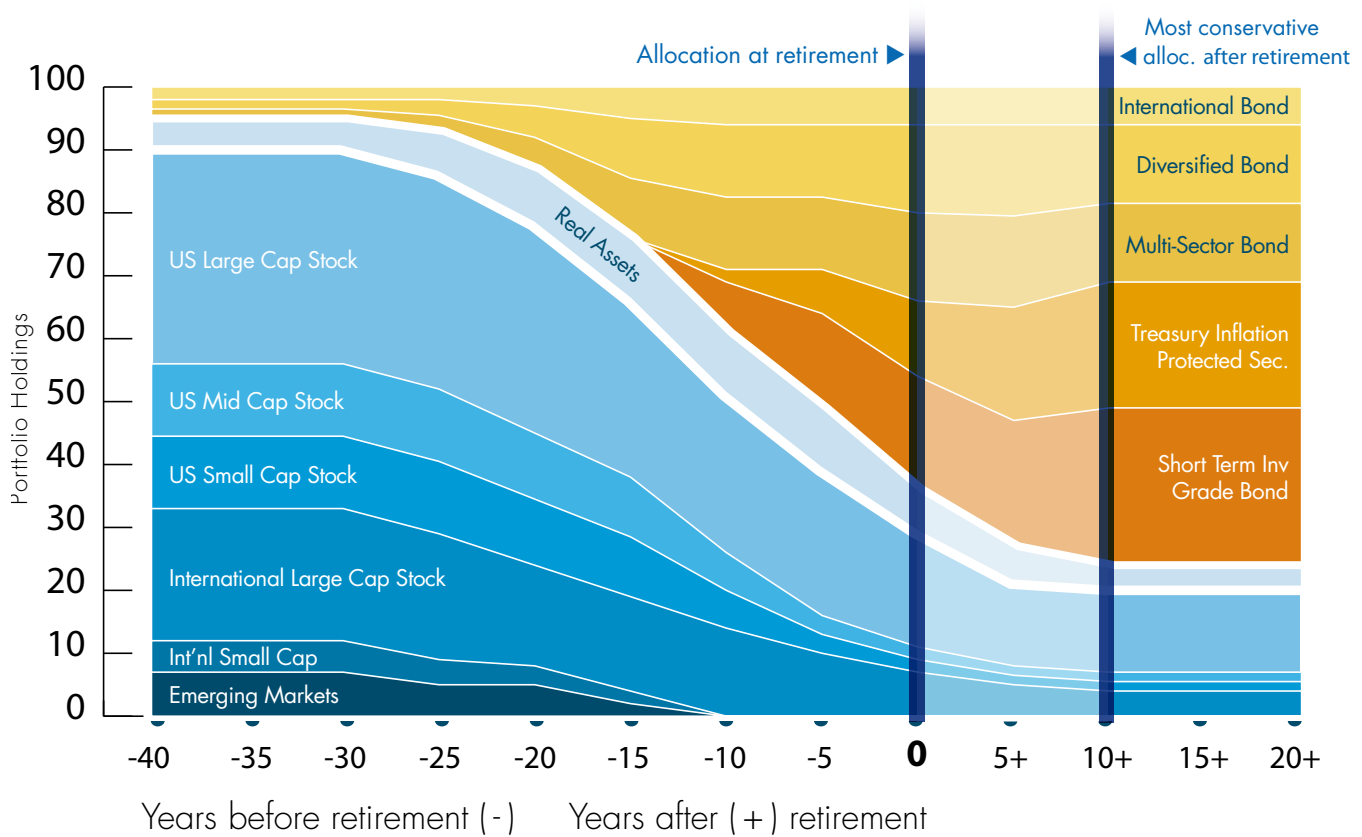
**Time horizon** – the time interval over which an investment program is to be completed. An investor's time horizon is very important in determining the types of investments that should be selected. For example, investments appropriate for an individual's retirement in 30 years are seldom suitable for reaching a short-term goal.

**Value strategy** – an investment strategy focusing on stocks of companies in which current assets exceed total liabilities on a per-share basis by more than the market price of the stock. Value investing emphasizes asset value more than earnings projections.

**Volatility** – characteristic of a security or market to rise or fall sharply in price within a short period. For example, stocks are generally considered more volatile than bonds as a class; individual stocks can have different levels of volatility.

**Weighted expense ratio** – the combined expense ratio of a portfolio of investments. See *expense ratio*.

## Target Fund Illustration:



**Target Fund Description:** PCA Target Retirement Funds are designed to provide the maximum level of investment assistance for participants who have little interest, time or experience investing in the financial markets. The beauty of the funds is that on-going investment decisions are turned over to an experienced portfolio management team. Its goal is to create a portfolio that is properly diversified and adequately reflects the risk for an investor's current stage of life. Target Funds with dates far out in the future are designed to be more aggressively invested. Over time the fund will gradually become more conservative as investors approach their retirement date and beyond. To assist our ministry partners, PCA Retirement & Benefits, Inc. (RBI) has designed twelve Target Retirement Funds that reduce the responsibilities of maintaining a portfolio. Each fund has a number within the target fund name (e.g. PCA 2055). This number refers to the approximate year a participant can expect to retire and begin to gradually withdrawal the value of their account in retirement.

The professionals at RBI regularly monitor and adjust each PCA Target Retirement Fund to provide investors with greater stability and reduced risk.

## Instructions for Completing the PCA Retirement Plan Enrollment Form

For enrollment into the PCA Retirement Plan only, please use the form on the back and complete the following:

### Section *Employee and Employer Information*

1

Provide ALL employee and employer information requested within Section 1 of the enrollment form. Incomplete forms **cannot be processed until all information is complete. Incomplete forms will delay contribution processing not only for you, but for other employees within your organization as well.**

**Ordained PCA Ministers ONLY:** In addition, the following information must be complete before processing can begin:

- 1) Ordination Date
- 2) Current Presbytery

**Married Participants:** In addition, the following information must be complete before processing can begin:

- 1) Spouse's Name
- 2) Spouse's Birthdate
- 3) Spouse's Social Security Number

Please provide all applicable information for the named **primary and contingent beneficiaries**. If you have multiple primary and/or contingent beneficiaries, please complete the *Beneficiary Designation* form found on our website ([www.pcarbi.org](http://www.pcarbi.org)) under "Forms" located to the left of the search field found at the top of the page.

### Section *Contribution and Investment Information*

2

**Provide contribution information for both employee contributions and employer contributions.** First, you will need to determine the 1) percentage of your salary or 2) annual dollar amount to be deducted from your paycheck and contributed to your retirement account. Next, you will need to determine the method you will use to contribute a portion of your salary to your retirement account: traditional pre-tax contributions or Roth after-tax contributions. Unlike traditional pre-tax contributions, Roth after-tax contributions are included in your gross taxable income for the year. However, if you meet certain requirements upon retirement, your Roth contributions and earnings will be non-taxable. If your employer is making any contributions for you, please designate the percentage or specific annual dollar amount.

**How will your contributions be invested?**

All newly enrolling participants will be invested into an age-appropriate PCA Target Retirement Fund. You will be able to select from among other investment options, if you desire, after your account has been established. To learn more about the PCA Target Fund or other investment options, please visit our website at [www.pcarbi.org](http://www.pcarbi.org).

### Section *Employer and Employee Signatures*

3

Sign the form at the bottom of the page.

**Return the enrollment form to your business administrator's office.** Your administrator will send the form to RBI. You may wish to keep a copy signed by you and your employer for your records. You may also need to complete a Salary Reduction Agreement for your church or church-related organization. Instructions and the Salary Reduction Agreement form are provided for you on pages 27 and 28.

**If you need help determining how much to contribute to the retirement plan or selecting an appropriate investment portfolio, please speak with one of our RBI Service Representatives at 1.800.789.8765 Monday through Friday, 8 a.m. to 5 p.m. Eastern time.**

# PCA Retirement Plan Enrollment Form

## Section 1 — Employee and Employer Information

Full Name: First \_\_\_\_\_ MI \_\_\_\_\_ Last \_\_\_\_\_

Street Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Social Security Number: \_\_\_\_\_  Male  Female Phone: (\_\_\_\_) \_\_\_\_\_

Email: \_\_\_\_\_ Birth Date: \_\_\_\_/\_\_\_\_/\_\_\_\_  Married  Single  Widowed  Divorced

Employer Name: \_\_\_\_\_ Phone: (\_\_\_\_) \_\_\_\_\_

Street Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Job Description: \_\_\_\_\_ Date of Hire: \_\_\_\_/\_\_\_\_/\_\_\_\_

Spouse's Name: First \_\_\_\_\_ MI \_\_\_\_\_ Last \_\_\_\_\_

Spouse's Birth Date: \_\_\_\_/\_\_\_\_/\_\_\_\_ Spouse's Social Security Number: \_\_\_\_\_

Primary Beneficiary Name: \_\_\_\_\_ Relationship: \_\_\_\_\_

Contingent Beneficiary Name: \_\_\_\_\_ Relationship: \_\_\_\_\_

Are you a teaching elder? Yes  No  Ordination Date: \_\_\_\_/\_\_\_\_/\_\_\_\_ Current Presbytery: \_\_\_\_\_

## Section 2 — Contribution and Investment Information

Please select the type(s) of contributions, and the amount or percentage that you intend to contribute:

Types of Contributions	Pre-tax	Roth After-tax	Employer
Percentage of Salary <sup>1</sup>	%	%	%
Specific Dollar Amount <sup>2</sup>	\$ /yr.	\$ /yr.	\$ /yr.

Notes for ordained clergy:

- 1) The percentage above should be computed as a percentage of you Salary + Housing Allowance.
- 2) Your maximum annual contribution amount cannot exceed the amount of your Salary (and your Housing Allowance cannot be added to your Salary in order to determine the maximum contribution amount—i.e. Salary less Housing Allowance.)

How will your contributions be invested?

All newly enrolling participants will be invested into an age-appropriate PCA Target Retirement Fund. You will be able to select from among other investment options, if you desire, after your account has been established. To learn more about the PCA Target Fund or other investment options, please visit our website at [www.pcarbi.org](http://www.pcarbi.org).

## Section 3 — Employer and Employee Signatures

Treasurer/Administrator's Signature\*\*: \_\_\_\_\_ Date: \_\_\_\_/\_\_\_\_/\_\_\_\_

Employee Signature: \_\_\_\_\_ Date: \_\_\_\_/\_\_\_\_/\_\_\_\_

## Instructions for Using the Salary Reduction Agreement

You may use the form on the back to: 1) contribute money from your salary to your PCA retirement account, 2) change your current employee contribution percentage or specific dollar amount, or 3) stop the employee contribution to your account.

### General Information

Your Salary Reduction Agreement is a legally binding document between you and your employer. It directs your employer to reduce your otherwise taxable compensation by a specific percentage or dollar amount. Your employer takes on the responsibility of sending your contribution, as specified in the Agreement, to the PCA Retirement Plan. Your employer may also make contributions to the plan in addition to your employee contributions.

For most participants, it would be prudent to designate a contribution as a percentage of salary rather than a fixed dollar amount (if your employer permits that choice). With the percentage method, if your salary increases during the year, your contributions will increase automatically without your having to complete a new Agreement.

IRS maximum limitations on annual contributions apply (please see Article V of the Plan). You may make changes to the percentage or dollar amount of your current employee contribution at any time, but these changes cannot be made retroactively. Your current Salary Reduction Agreement will continue in effect until you sign a new Agreement. You may cancel your Salary Reduction Agreement at any time by completing a new Agreement.

Participating organizations may have additional restrictions on employee elections and effective dates. Please check with your employer to verify such information as (i) whether Roth after-tax contributions are permitted, (ii) whether you are limited to reducing your salary by either a percentage or a dollar amount, and (iii) how often you can make changes to your Salary Reduction Agreement.

### Section *Employee Information*

# 1

Provide all the employee information requested. This form is not valid unless all applicable sections are completed.

### Section *Employee Election*

# 2

Provide detailed information about your employee contribution. First, determine whether you are going to make a traditional pre-tax contribution or a Roth after-tax contribution to your account. Next, under the appropriate contribution type, select one of the three options listed. (If you are a first time participant in the plan, check "New". If you are already a participant in the plan and you wish to modify your current contribution, check "Change". If you wish to stop your contributions to the plan, check "Terminate".) Last, if you checked "New" or "Change", indicate the percentage of your salary or the specific annual dollar amount you want to have contributed to your PCA Retirement account.

### Section *Effective Date*

# 3

Specify an effective date for your Salary Reduction Agreement. The effective date can be the first day of your next payroll period or another date in the future. If you select another date in the future, you need to fill in the date in the space provided.

### Section *Employee and Employer Signatures*

# 4

Indicate your authorization by signing and dating the form at the bottom of the page. Return the Agreement to your business administrator's office.

Keep a copy of the Agreement signed by you and your employer for your records. Your employer will keep the original. **Do not send the Agreement to RBI.**

**If you need help completing this Agreement, please speak with one of our RBI Service Representatives at 1.800.789.8765 Monday through Friday, 8 a.m. to 5 p.m. Eastern time.**

# PCA Retirement Plan Salary Reduction Agreement

## Section 1 – Employee Information

Participant name: First \_\_\_\_\_ MI \_\_\_\_\_ Last \_\_\_\_\_  
Street Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_  
Social Security Number: \_\_\_\_\_ Marital Status:  Married  Single Birth Date: \_\_\_\_/\_\_\_\_/\_\_\_\_  
Daytime Phone: (\_\_\_\_) \_\_\_\_\_ Email: \_\_\_\_\_

## Section 2 – Employee Election

This agreement is made between the employee and the employer. Any change to this agreement must be filed in accordance with procedures established by the employer.

I, the undersigned employee, authorize my employer to reduce my gross annual salary by the dollar amount or percentage listed below. I understand that this change can only be made on my future earnings.

### Traditional (pre-tax) contributions

New  Change  Terminate Reduce my salary by \$\_\_\_\_\_ (dollar amount) or \_\_\_\_\_% (percentage of salary) not to exceed applicable legal limitations.

### Roth (after-tax) contributions

New  Change  Terminate Reduce my salary by \$\_\_\_\_\_ (dollar amount) or \_\_\_\_\_% (percentage of salary) not to exceed applicable legal limitations.

## Section 3 – Effective Date

- Make the effective date of this agreement the first day of the next pay period.  
 Make the effective date of this agreement as of: \_\_\_\_/\_\_\_\_/\_\_\_\_. (Must be a date in the future)

## Section 4 – Employee And Employer Signatures

I understand the amount of such reduction, pursuant to this election, will be withheld from my paychecks and paid by my employer into my account in the plan. I understand that percentage salary reductions will be made based on otherwise taxable compensation, therefore excluding any non-taxable housing allowance or any other form of non-taxable compensation. I understand (1) my election regarding Roth contributions is irrevocable once the employer withholds the contributions from my paycheck; and (2) any change of election regarding Roth contributions is effective only for contributions from paychecks I receive after the plan administrator accepts my change of election. I further understand that written notice must be given before the effective date of any modification. Finally, I understand that the IRS imposes limitations on maximum amounts able to be deferred in a particular year. This election will remain in effect until I revoke it in writing or until I complete a new Salary Reduction Agreement.

Employee signature: \_\_\_\_\_ Date: \_\_\_\_/\_\_\_\_/\_\_\_\_

Employer signature: \_\_\_\_\_ Date: \_\_\_\_/\_\_\_\_/\_\_\_\_

Plan name: **Presbyterian Church in America 403(b)(9) Retirement Plan (PCA Retirement Plan)**

**Complete and Return to Your Employer**

**For further information or questions,  
call PCA Retirement & Benefits, Inc., at 1-800-789-8765.**

Benefits available from PCA Retirement & Benefits:

- PCA Basic Long Term Disability Plan
- PCA Enhanced Long Term Disability Plan
- PCA Voluntary Long Term Disability Plan
- PCA Basic Life Plan
- PCA Standard Life Plan
- PCA Enhanced Life Plan
- PCA Dependent Life Plan
- PCA Voluntary Accidental  
Death & Dismemberment
- PCA Retirement Plan
- PCA Core/Buy-up Dental Plan
- PCA Voluntary Dental Plan
- PCA Core/Buy-up Vision Plan
- PCA Voluntary Vision Plan
- Long Term Care Insurance
- Property & Liability Insurance
- PCA Ministerial Relief

*All benefits described in this booklet are subject to the definitions, limitations, and exclusions listed in the PCA Retirement Plan Document. If there are any conflicts discovered between the language of this booklet and the contract, the contract will supercede. No oral statement of any person shall modify or otherwise affect the benefits, limitations, and exclusions of this booklet, convey or void any coverage, increase or reduce any benefits under the Plan, or be used in the prosecution or defense of a claim under the Plan.*



PCA RETIREMENT & BENEFITS, INC.

1700 North Brown Road, Suite 106  
Lawrenceville, GA 30043-8143

**Toll-free:** 1-800-789-8765

**Phone:** 678-825-1260

**Fax:** 678-825-1261

**E-mail:** [rbi@pcanet.org](mailto:rbi@pcanet.org)

**Website:** [www.pcarbi.org](http://www.pcarbi.org)

**Retirement Plan Information:**

**automated line** 1-800-905-1453

**call center** 1-877-543-0055

**retirement account website:** [www.nwps401k.com](http://www.nwps401k.com)

