RETIREMENT PLAN REVIEW

PCA RETIREMENT & BENEFITS, INC.

4th Quarter 2014

As a financial planning advisor at RBI, it is my privilege to talk with PCA employees and their spouses about their financial lives. Some are seasoned in ministry, and others are just starting out in their ministry careers. Just a few weeks ago, for example, I was talking with a young couple who wanted to know how much they needed to be contributing to their retirement plan in order to replace 85% of their income in retirement. After we had calculated the estimate, and had discussed the importance of beginning to make those contributions as soon as possible, they asked if there was anything else they needed to focus on at this point in their lives.

That was a great question. Before I knew it, I had rattled off a long list of appropriate and important financial concerns, like: setting goals, developing a spending plan, establishing an emergency fund, paying off debt, purchasing sufficient life and disability insurance coverage, and creating an estate plan (a will, a durable power of attorney, and an advanced medical directive). Almost everyone needs to address each of these issues at one time or another, but they are especially crucial to newlyweds and to young families. Have you considered each of these matters?

> Begin developing a good **financial plan** by prayerfully imagining where you would like to be financially in **5, 10, 20** or even **50 years.**

Where should you begin in developing a good financial plan? Begin by prayerfully imagining where you would like to be financially in 5, 10, 20 or even 50 years. If you are married, talk and pray about this together. Would you like to pay off debt, establish some savings, buy a car, own a home, send your kids to a Christian school or college, give generously to missions, start a company, or simply be able to pay your bills in retirement someday? What does that picture look like? Ask God to give you a financial vision that would glorify Him, and the self-discipline to work toward it. Having a mutually shared vision or goal makes it easier to say no when tempted to buy more junk food, the latest styles, or technology.

With a vision and a few defined goals in mind, you can carefully design a spending plan that will help you accomplish them. Opportunities to spend are unlimited, but your resources are not. Without a plan, unnecessary purchases may prevent you from reaching your long term goals. Alternatively, spending plans help you make intentional decisions about what to buy, and what not to buy, when to purchase, and when to wait. To accomplish long range goals, you must spend less than you earn. What should you do with those savings? You must begin to work toward two goals simultaneously.

First, begin to contribute to your retirement account immediately. When it comes to retirement, saving early is absolutely critical! Early contributions will compound and multiply more than any other contributions you will ever make. If you are unable to contribute 10% of your salary, begin by contributing something now. Then, increase

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The Peril of PROCRASTINATING

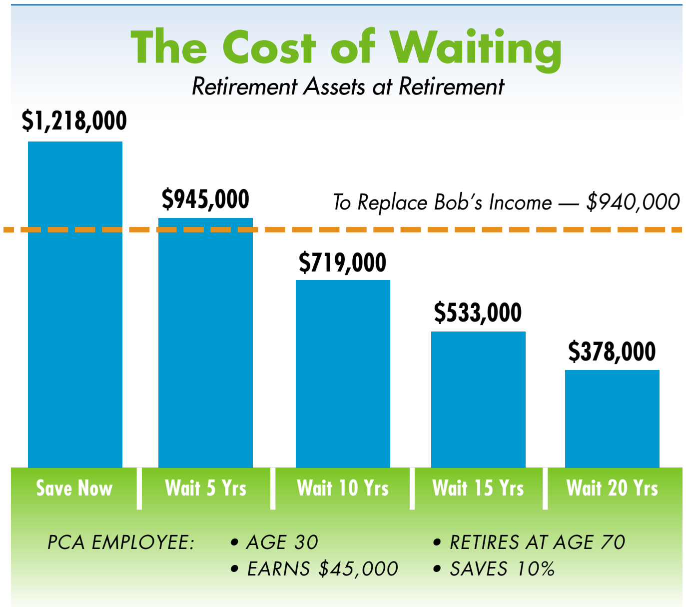
Do you ever feel like a pot calling a kettle black? That's how I feel as I write this. I have struggled with procrastination all of my life. I may not be the 'poster child' for procrastination, but it is definitely not foreign to my nature. I suppose we all know something about it. Do you recall those last minute term papers, midnight-hour cram sessions before a big test, or perhaps even ripping a sermon or two from your printer just in time for worship?

Procrastination is perilous because it causes us to settle for something less than what we were capable of achieving. And perhaps nothing negatively impacts our lives more than procrastination in financial matters. Think of the costly consequences of paying bills late, missing annual enrollment periods and tax deadlines, or dying intestate. These result in unnecessary taxes, interest, penalties, low credit scores, and a myriad of forfeited opportunities. But believe it or not, almost nothing is as financially perilous as waiting to save for retirement.

Without question, the single most impactful thing you can do to prepare for retirement is to make contributions as early as possible. Why? Because money has a 'time value.' A dollar invested today can earn a return and be worth more tomorrow. And tomorrow, that same dollar + the return it earned today, can be reinvested and earn an even larger return. As someone cleverly put it "the money that money earns, earns money!" This process of continually reinvesting earnings is called compounding, and it's amazingly beneficial. With enough time, invested dollars can literally multiply. Procrastination, however, erodes the necessary time needed for compounding, and results in less growth and the need to save significantly more. It gradually forfeits your greatest financial opportunity.

Consider Bob for example. Bob is a 30 year old church employee who earns $45,000/year. If he contributed 10% of his annual income to his retirement plan throughout his career, and earned just a 7% return, he would retire at the age of 70 with $1,218,000 in savings. But if he waited for just 5 years to begin saving, his retirement account would only reach $945,000. That's still a lot of money, but it's also a difference of $273,000! That's more than 10x what Bob would have contributed in those first five years. Time matters. Here's the stark reality: if you start saving early, time works for you; if you wait, it goes away.

— Dave Anderegg, *Financial Planning Advisor*



Beginning Your Financial Journey *Continued from cover*

your contributions annually as your salary increases until you are saving an adequate amount. And contribute to an Employer plan (like the PCA 403b) if possible. Pastor's traditional IRA contributions are subject to 15.3% self-employment taxes. These can be avoided in the PCA Retirement Plan.

Second, establish an Emergency Fund. Emergency Funds are basically savings accounts with a balance sufficient enough to cover 3-6 months of living expenses. If you lose your job, get sick, or experience some other kind of emergency, this fund is available so you can avoid having to go into debt. Emergency Funds should be easily accessible. So, don't be discouraged if you don't have enough to fund it immediately. Continue to make regular deposits until you reach a sufficient level. And if you need to withdraw from it, replenish it as quickly as possible.

What are your most pressing financial concerns or needs? Do you know how much insurance you need, and what kind to buy? Do you know how much to save? Are you on track to accomplish your goals? Give me a call and let's discuss it. I am here to assist you and look forward to your call!

— Dave Anderegg, *Financial Planning Advisor*

Large Cap Manager Changes

The Investment Committee of PCA Retirement & Benefits, Inc. (RBI) has recently voted to replace two of the investment management firms within the PCA Large Cap Funds (i.e. Waddell & Reed and Loomis Sayles), both Core Funds and holdings within the Target Retirement Funds. The manager change was the second change in our Large Cap strategy. Earlier this year, RBI adopted a "Core Satellite" strategy. To implement this strategy, RBI paired a small (satellite) allocation to a concentrated actively managed fund with a larger allocation to a core index fund. We have already added the core strategy by hiring Rhumbline Advisers Corporation, an index manager seeking to replicate the performance of the Russell 1000.

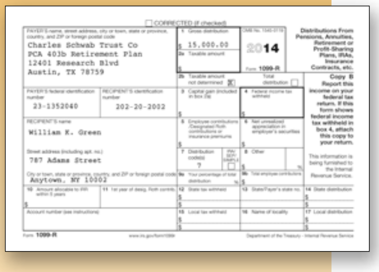
The Investment Committee, along with our Investment Consultant, Callan Associates, believes this strategy will reduce our investment expenses and may allow us to outperform the broad market index over a full market cycle. After a thorough manager search, RBI has decided to replace our large cap growth manager, Waddell & Reed with Wedgewood Partners, Inc., and our large cap value manager, Loomis Sayles with Huber Capital Management as of December 2014. The other manager within the PCA Large Cap Growth and Value Funds, Rhumbline Advisers Corporation, will remain.

Minimum Required Distributions

The Internal Revenue Service (IRS) requires that participants begin annual distributions from the PCA Retirement Plan beginning at age 70 ½. Most of our ministry partners are not aware of these requirements and many do not know how to calculate minimum required distributions (MRD). We understand these challenges, and as a result, PCA Retirement & Benefits, Inc. will calculate and process a MRD for select participants.

Earlier this year we sent out communications to all participants 70 ½ and older informing them of their MRD options. We have taken appropriate action on those who responded to our correspondence. Those who did not, had their MRD processed as described in the notice. If you have any questions or concerns about your MRD, please contact the PCA Service Center at 877-543-0055 or pcateam@nwp401k.com.

Year End Tax Reporting: 1099-R


Charles Schwab Trust Co
PCA 403b Retirement Plan
12401 Research Blvd
Austin, TX 78759
15,000.00
2014
23-1352040
202-20-2002
William K. Green
787 Adams Street
Anytown, NY 10002

The Internal Revenue Service (IRS) requires PCA Retirement & Benefits, Inc. to issue a Form 1099-R to all participants who received more than ten dollars in distributions from the PCA Retirement Plan. Depending on their circumstances, participants may need to report this income on either Form 1040 or Form 1040A.

One of our custodians, Charles Schwab, will mail 2014 1099-Rs for the PCA Retirement Plan by January 30, 2015. Please allow two weeks to receive these forms. If you have not received a form by February 16, 2015, please contact the PCA Service Center at 877-543-0055 or pcateam@nwp401k.com to order a reprint of 1099-R forms.

INVESTMENT PERFORMANCE: 4th Quarter 2014

		4th Qtr 14	1 Yr.	3 Yr.	5 Yr.
		Average Annual Return Through 12/31/14			
PCA CORE FUNDS	PCA Large Cap Growth	4.34%	12.76%	17.13%	13.51%
	PCA Large Cap Value	4.82%	13.15%	21.28%	13.90%
	S & P 500 Stock Index	4.80%	13.13%	19.80%	14.83%
	PCA Mid Cap Growth	3.44%	6.09%	19.15%	14.46%
	PCA Mid Cap Value	5.18%	10.35%	21.07%	16.67%
	PCA Small Cap	5.57%	-2.92%	15.96%	N/A
	International Stock	-5.25%	-5.84%	6.93%	3.09%
	PCA Diversified Bond	1.50%	5.42%	2.88%	4.40%
	Conservative Bond	0.09%	1.01%	0.97%	1.45%
	Money Market	-0.10%	-0.44%	-0.43%	-0.44%
PCA TARGET FUNDS	PCA TR2055	0.79%	3.10%	15.06%	N/A
	PCA TR2050	0.79%	3.10%	15.06%	10.30%
	PCA TR2045	0.79%	3.10%	14.82%	10.19%
	PCA TR2040	0.79%	3.10%	14.28%	9.99%
	PCA TR2035	0.99%	3.39%	13.59%	9.70%
	PCA TR2030	1.08%	3.88%	12.64%	9.32%
	PCA TR2025	1.09%	3.84%	11.44%	8.70%
	PCA TR2020	0.93%	3.81%	10.05%	8.01%
	PCA TR2015	0.66%	4.00%	8.59%	7.27%
	PCA TR2010	0.55%	3.93%	7.10%	6.56%
	PCA TR2005	0.32%	3.66%	5.83%	5.87%
	PCA Harvester	0.35%	3.64%	5.40%	5.48%

Note: Investment returns shown are net of investment manager, custodial and administrative fees. The above returns are unaudited.

Pastor's Corner: Lessons from The Proverbs

According to Homer's *Odyssey*, the Greek army left the city of Troy a wooden horse for a gift after a failed ten year siege. As the Greeks appeared to sail away, the people of Troy brought the horse statue into the city. Trojan leaders were cautioned of a possible trick but ignored the warning. They failed to discover an elite group of Greek soldiers hiding inside the horse. Later that night the Greek soldiers emerged from the wooden steed and opened the city gates to the returning Greek army. Troy fell to the Greeks that night as its leaders made bad decisions to bring in the Trojan Horse and ignore the wise warning!

Poor decisions are common in all of our lives, but with wise words and guidance we may avoid costly errors. One source of sound advice in the area of finances, is the Book of Proverbs. By embracing the words of Proverbs, we are directed toward good decisions that will build character and faithfulness in us.

The Book of Proverbs provides us guidance to make good decisions that will build character and faithfulness.

Let's consider four significant principles for financial advice from Proverbs: **give generously, work hard, avoid significant debt** and **plan wisely**.

Concerning **giving generously**, the first principle, Proverbs 11:24, 25 states, "One person gives freely, yet gains even more; another withholds unduly, but comes to poverty. A generous person will prosper; whoever refreshes others will be refreshed" (NIV). As a pastor in several churches, I witnessed congregations struggling financially, knowing that numerous members gave little or nothing. Our temptation is to hold on to what we have, thinking we cannot afford to give to God's work. But this proverb advises just the opposite! The passage is not promising prosperity through giving, since gaining monetarily is not the goal. Rather, the person who helps others in their need will be blessed through spiritual and/or financial increase. "Refreshing" others in their financial need will bring refreshment to the giver. It is better to give than to receive, (Acts 20:35, NASB).

The second financial principle urges us to **work hard**. Proverbs 12:11 observes, "Those who work their land will have abundant food, but those who chase fantasies have no sense" (NIV). Proverbs 10:4 adds, "Poor is he who works with a negligent hand, but the hand of the diligent makes rich" (NASB). These two proverbs praise the person who works faithfully and conscientiously at their job. It does not claim one profession is more valuable than another, nor pit blue-collar against white-collar jobs. All moral work is noble to God, and He rewards the faithful stewardship of that endeavor. Note: Low income does not equate to poor job performance or slothfulness; nor high income suggests the person has favor with God. Rather God blesses those who work well and thoroughly in their occupation, and they will have all they need. On the other hand, the lazy person will find themselves in want.

Avoiding significant debt, the third principle, is an important financial tenet in Proverbs. Many people find themselves in serious debt which weighs heavily upon them. To illustrate the pain of liability, debt or usury in Hebrew can be translated "to bite", thus, "high interest 'eats' the borrower's full use of the value of the money," (Debt, *Tyndale Bible Dictionary*). Proverbs 22:7 strongly warns against debt, "Just as the rich rule the poor, so the borrower is servant to the lender" (NLV). Most people acquire some debts, such as, mortgage on a home or a loan on a car. This is not necessarily bad debt, especially if the money owed is readily paid off on schedule. However, missed payments tighten the noose of debt, and the borrower suffers great pressure to pay off the balance. Surprisingly, avoiding debt or limiting debt is a possibility: a budget helps to control spending and sets spending limits. Moreover, be careful of getting caught up in the world's values that can entice you to buy unwisely and needlessly.

The final principle, **plan wisely**, comes from Proverbs 10:5 which declares, "He who gathers in summer is a son who acts wisely, but he who sleeps in harvest is a son who acts shamefully" (NIV). Saving is a forward looking action that requires discipline. Self-denial and avoidance of self-gratification will empower you to be a diligent saver. Saving helps us on those rainy days when we need extra cash for emergencies. At other times, we all will face unemployment, either in job loss/change or retirement, and in those periods, we will be glad we saved. To assist you in developing a saving habit, create a budget that includes redeeming part of your monthly paycheck to a savings account. Plan for your retirement now, not later when it may be too late.

Be a wise steward and servant of God, paying close attention to God's Word in Proverbs for good financial decisions.

— Harry Cooksey, *Relationship Manager*

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