Benefit Bulletin

To help our ministry partners steward God’s financial resources with wisdom and compassion.

Should We Trust God or Buy Insurance?

Consider a mother in her late fifties. She is healthy, works a well-paying job, and has life insurance. She is in her twenty-third year of marriage and has three kids in college at the same time. She is a woman of God, her faith motivates her warmth and kindness. Her parents were immigrants and she also wants to give her kids the best, though she has dreams of her own. Everyone knows her as someone who gathers things—mementos, memories—and people, in her home and around a table. Her name is Sara.

When Sara is diagnosed with stage IV, triple negative, metastatic breast cancer, she un-

(continued page 2)

The mind of man plans his way, but the Lord directs his steps.

Proverbs 16:9

Staff Profile
Ingrid Krein | page 4

INSIDE:
RBI on the Road • 7 Things I Want You to Know About Me, Ingrid Krein, God’s Poster Child • Implementing Enhanced Measures for your Security • Updated Version of the Call Package Guidelines is Ready For Use • Church Budgets and Compensation Packages • The Tax Cuts and Jobs Act Will Modify a Number of Employee Benefits • How do You Cherish Your Pastor’s Wife? • The PCA Church Leader Podcast • Web Resources and Where to Find Them • 2017 President’s Report • The Future of the Clergy Housing Allowance • History of the Freedom From Religion Foundation’s Legal Challenges to the Minister’s Housing Allowance
Benefit Bulletin

Should We Trust God or Buy Insurance?

continued from cover

dergoes treatment, and she prays for healing. She is confident in the Lord, knowing He is faithful and loving and has promised to provide for her needs, and she continues to pursue different cancer therapies. When the last treatment option fails her, she decides to pursue in-home hospice care to stay with her family. Four months after she was diagnosed, she dies. Sara trusted God and prayed for healing, yet she also sought medical care, insured her life, and gently prepared her family for her departure. Did Sara trust God?

The answer is yes. Buying insurance and trusting God are not mutually exclusive. As Christians, we should do both—act prudently (i.e. buy insurance) and trust God. The question of whether to do one or the other is a ‘binary trap’ that pits the faithful attitude of our hearts against faithful and responsible actions. We are to act wisely, faithfully,

We are to act wisely, faithfully, and responsibly, and at the same time, trust God with all of our hearts to provide for our needs.

and responsibly, and at the same time, trust God with all of our hearts to provide for our needs. Like Sara, we pursue healing in ordinary ways while we pray for extraordinary healing.

As gray and as tense as it may seem to hold responsible actions and trust in God together, we see this juxtaposition in Scripture. Nehemiah 4:9 says, “And we prayed to our God and set a guard as a protection against them day and night” (emphasis added). God calls us to the faithful and wise use of ‘ordinary means’ that He has established, blessed, and ordained for our provision and care—but it does not stop there.

Because we have multiple calls on our lives, we are called to care and provide for ourselves and for others. That is why we need insurance—we need it because God calls us to care for our families and communities. As the primary provider for her family, Sara knew that to care for her husband and children meant having insurance in place to pay for unexpected, tragic circumstances. She knew that God never promised to keep us from experiencing pain, and so she planned well for all contingencies. Her life insurance policy paid off her medical bills, the mortgage on their home, her kids’ student loans, and gave her husband a debt-free new beginning. The greatest gift she gave her family, other than setting a Godly example of selfless love and care, was the hope of a future without her.

To assume that nothing bad can happen is understandable, but it is also unwise. Your family, your friends, and your church congregation will be burdened if you are called home at a time in your life when you have financial obligations without adequate coverage. At PCA Retirement and Benefits, we believe it is wise to corporately protect those you love, as much as you are able, from the inherent risks of living in this fallen world.

If you want to know how to trust God by taking responsible actions through providing care for our families and communities, we would love to talk with you.

Email insurance@pcarbi.org to discuss your insurance needs with one of RBI’s Financial Planning Advisors.
RBI on the Road

PCA Retirement and Benefits will be hitting the road to visit churches and teach financial planning seminars this fall. We meet with and conduct workshops for church staffs, presbyteries, Christian school teachers, and others. Our goal is education and wellness. We want people to know their options and make good decisions in order to reach their financial goals.

RBI's heartbeat is relational. To that end, we have teaching elders on our staff who are professionally trained in financial planning. We know the church and we know financial planning. We travel so we can know you and respond to questions specific to your circumstances. Through workshops and one-on-one meetings, we personally educate church staff members on insurance, retirement, social security, call package guidelines, and related services.

Visit pcarbi.org/seminar to see when we will be in your area. You can also request a visit from our staff.

Upcoming dates and locations:

September 10  
Grace PC  
WASHINGTON, D.C.

September 12  
Emmanuel PC  
ARLINGTON, VA

September 19-20  
RTS  
JACKSON, MS
7 Things I Want You to Know About Me, Ingrid Krein, God’s Poster Child

I was born in upstate New York to a dad who was a first generation German and my mom, a card-carrying member of the Daughters of the American Revolution. We lived on an old quarry and across the gravel road from a farm. We had no TV and a lot of freedom. My younger brother and I spent days outside exploring and just being kids. At the ripe old age of 10, shortly after the arrival of my younger sister, we packed up and moved to the sunny south.

I’ve been asked to share some of my favorite things. I love mangoes because they remind me of my dad. He told a story of eating a magnificently ripe and juicy mango in the ocean while on a mission trip to St. Lucia. The story was so vivid that every time I taste a mango, I picture my dad slurping and dripping juice into the ocean. My oldest son also enjoys mangoes. For his graduation I gave him a nice leather backpack and stuffed it with mango nectar, chocolate covered mango and the like.

I love the theatre - especially the playwright, William Shakespeare. I started attending productions of Shakespeare in high school and have been a fan ever since. I’ve seen countless shows, each interpretation different in staging, costuming and characterization. I love the language, the humor, and the universality. Seeing all his plays on stage is a goal in progress.

I also enjoy the silver screen. Sharing a name with Ingrid Bergman, I sought out her movies. Casablanca is my favorite. The film won awards for a reason. The next time you watch it, look at the shadows. There is such artistry in the black and white cinematography. And, Humphrey’s white dinner jacket—swoon!

Esther must be my favorite book of the Bible, because it tells a story of a woman’s courage while walking in obedience and accomplishing something for God in her surrender.

My favorite pastime? This one is a little harder because I have several. I love to craft and scrapbook. But I would have to say reading tops the list. I host a book club every month in my home. We’ve been meeting for 8 years and we

“Look for yourself, and you will find in the long run only hatred, loneliness, despair, rage, ruin, and decay. But look for Christ, and you will find Him, and with Him everything else is thrown in.” -C.S. Lewis

INGRID KREIN • Administrative Assistant/Receptionist
ingrid.krein@pcarbi.org

"Look for yourself, and you will find in the long run only hatred, loneliness, despair, rage, ruin, and decay. But look for Christ, and you will find Him, and with Him everything else is thrown in.” -C.S. Lewis
really do read and discuss the books! The ladies in my group have become such supportive and loyal friends. We haven’t missed a month…… not even when I was weak on the couch going through chemo. Recently they brought the book club to me at the hospital while I was attending my daughter.

It’s no secret; I love my job, really I love everything about my job at RBI, but my favorite task is delivering packages. I love seeing people’s expressions when they receive a box or padded envelope. It heals my heart a little every time. The circumstances of my life are hard, but the Lord has provided this job for me as a blessing in the middle of it. I cannot be silent about the way He has shown His love for me during these trials. I would truly like to take out a billboard to advertise His faithfulness. He has provided through His church, friends and through my new job here at RBI. I want desperately not to hurt, grieve and struggle, but if this is what it takes for God to “show off,” then I will be His poster child.

I know this opportunity is a gift from God and I desire to be a blessing in return. Thanks for your time and interest. I hope to be able to say, “Guten morgen” to you on the phone one morning!

Implementing Enhanced Measures for your Security

Earlier this year in response to increased reports of hacking and fraud attempts and due to a noticeable increase of falsified information being submitted to our offices, we implemented additional security measures including verification and confirmation of certain requests. While we have long required signatures, notary stamps, medallion signature guarantees and corroboration of personally identifiable information, it became apparent we needed to do more. Although the increased measures may seem like a hassle and may increase transaction time – it’s being done to keep your assets safe from fraud.

What’s included?

Requests that would trigger money outflows, including loan applications, distribution and rollover requests and life insurance claims. We will also be verifying individually submitted mailing address changes as well as mailing address change confirmations both to the new and the former mailing address.
How will my information be verified?
For those employed with a client ministry, we will verify contact information with employers.

For those retired, terminated, in between or without call or otherwise no longer working for a client organization, we will require the submission of government-issued photo IDs (driver license, passport, military) to verify identity.

What about online requests?
We are working with our vendors to implement enhanced security measures including multi-factor identification, individually-submitted secret questions and password change frequency. As we use several vendors to serve client needs, the security measures used on each application platform may vary.

What is multi-factor identification?
Use of an additional form of verification in addition to login and password, such as a PIN number mailed, e-mailed or texted to a cell phone.

Can I still use paper forms?
We serve thousands of participants and hundreds of ministry organizations, each with differing levels of needs and sophistication. While we are dedicated to serving each one, we must ensure that we conduct our operations in a secure fashion. We will continue to accept paper forms, but we are moving toward online security verification using the techniques mentioned earlier – we wish to protect you from both, old-fashioned paper fraud and hi-tech cyber fraud.

Is my information secure?
Client information and account balances are vitally important to us. You can be assured that all information held on RBI databases and offsite with vendors is secured and encrypted. We regularly perform financial audits and security tests to ensure data is accurate and systems are current.
The 2018 version of the Call Package Guidelines was recently submitted to the 46th General Assembly of the Presbyterian Church in America for their approval. The Assembly, which met in Atlanta, Georgia, exhorted Presbyteries and member churches to implement their use of the guidelines.

Through this document, PCA Retirement & Benefits (RBI) is attempting to provide best practice guidance regarding the content and structure of ministerial call packages for ordained clergy. Also included are discussions on a number of topics like opting out of Social Security, a minister’s dual tax status, and challenges in preparing ministers' tax returns. The final section contains forms and policies that are helpful to pastors and churches.

It is our hope that this document will be a valuable reference for ministers, churches, Sessions, Presbyteries and PCA-related organizations. In writing this booklet, every attempt has been made to create broad-based support by inviting compensation experts from all Presbyteries to participate in creating this document. We pray that God would use this valuable resource for the edification of His Church and the propagation of the Gospel.

To obtain a copy of the latest version of the Call Package Guidelines, please visit www.pcarbi.org and move your cursor over the ‘Forms & Resources’ bar. Next, click on the ‘Publications’ page, which appears on the dropdown menu screen. You will see the “Call Package Guidelines 2018” listed on the RBI Publication page.
Church Budgets and Compensation Packages

As churches being creating budgets for the coming year and reviewing their pastoral call packages, PCA Retirement and Benefits (RBI) may be able to lend assistance. We know the importance of annually reviewing call packages, and we even created guidelines for you to follow. Some crucial benefits to reviewing a call package include:

- Minimizing your pastor’s taxes;
- Safeguarding the financial welfare of your pastor and your congregation;
- Ensuring adequate coverage in the case of unforeseen events, protecting everyone involved.

A call package is a pastor’s compensation accounted for as part of a church budget. We can help review call packages on quality and compliance, making sure all the right bases are sufficiently covered. RBI can also help churches structure and review compensation packages for their staff, if needed.

Why review a call package?

1. An annual review ensures the compensation is in compliance with the PCA Call Package Guidelines. Churches that fail to provide life and disability insurance benefits assume significant liability. And inadequate retirement
plan contributions keep pastors from having sufficient funds when their revenue-generating years come to an end.

2. An annual review helps determine how much of the pastor’s salary is designated in advance as part of his housing allowance. Because the pastor’s housing allowance is embedded in his salary, it is important to review and ensure a sufficient amount of money has been designated towards his housing.

3. An annual review considers the adequacy of a pastor’s salary. Some pastors rarely receive increases—even after years of service. Consider the needs of his family and the impact that inflation may have had on the purchasing power of his paycheck. According to one of RBI’s Financial Planning Advisors, Dave Anderegg, “It’s very difficult for most pastors to work side-jobs to provide for a shortfall in needed income, so it’s important to drill down and determine how much money he is actually receiving every month to pay bills.” It is not unusual for churches to set aside a lump sum of money in their budget for their pastors’ compensation. However, they and the pastors, might not realize the consequences once allocations have been made for taxes, retirement contributions, and insurance premiums.

It is imperative that churches and pastors don’t just think of compensation as a lump sum but have clarity about how that lump sum will be allocated. We understand the needs of our pastors and know how to structure adequate call packages. PCA RBI often serves as an advocate for pastors when their compensation package is being designed. Our Financial Planning Advisors—like Dave Anderegg—would love to help you start the reviewing and restructuring process.

Please visit our website at pcarbi.org to contact us, or simply to review our PCA Call Package Guidelines.
The Tax Cuts and Jobs Act Will Modify a Number of Employee Benefits

President Donald Trump signed into law the Tax Cuts and Jobs Act on December 22, 2017. This piece of legislation is broad in scope and will affect almost every individual and business, including PCA churches and church related organizations.

While the act is broad, the review below is limited to changes to select employee benefits within the Act. We are listing a brief review of the changes to certain employee benefits. This review is not intended to be a complete listing of all employee benefit changes or a comprehensive discussion of the changes.

If you require expert assistance in determining how the Tax Cuts and Jobs Act will affect your ministry, the services of a competent professional should be sought. If you want to find out more information about the Tax Cuts and Jobs Act, there are a number of law firms that have produced a review. Contact us if you need assistance in finding a good review.

**EMPLOYEE BENEFITS**

**529 Account Funding**

Beginning in January 1, 2018, a definition of higher education expenses now includes eligible expenses up to $10,000 per year for tuition at an elementary or secondary public, private or religious school. In the past it was limited to accredited public or private colleges or universities.

**Rollovers from ABLE account**

Distributions from 529 plans can now be rolled over to an ABLE account (i.e. a tax advantaged savings account for disabled individuals) without penalty. The ABLE account must be owned by the designated beneficiary of the 529 plan or a member of the beneficiary’s family. This provision becomes effective after December 22, 2017.

**Suspension of Exclusion for Qualified Bicycle Commuting Reimbursement**

Under former law, employees could exclude qualified bicycle commuting expenses from their taxable income. The new law eliminates the exclusion after December 31, 2017.

**Treatment of Transportation Benefits**

After December 31, 2017, employers cannot deduct the expense of any qualified transportation fringe benefit (e.g. transit passes provided by an employer, van pooling, bicycle commuting reimbursement, and parking) provided to an employee. In addition, the employer cannot deduct any expense incurred for providing any transportation (payment or reimbursement) to
an employee in connection with travel between the employee’s home and the office, in most cases. Employers will not only lose the deductions, but will have to pay FICA taxes on the value of the benefit.

One aspect of Treatment of Transportation Benefits is troubling and many churches and church-related organizations are unaware of this provision and its implications. Ministries will now be subject to unrelated business income tax on the cost of parking provided to its employees. This tax applies to all organizations that provide parking for their employees, whether the employee is charged for parking or not. Many churches and church-related organizations will now be required to file a Form 990-T and some may also need to file state income tax returns and possibly pay state income tax. There is a growing effort to rescind this tax but no action has been taken as of mid-July.

Suspension of exclusion for moving expenses reimbursement

After December 31, 2017, most employees will lose an important exclusion; the ability to exclude qualified moving expenses from gross income. This means the value of moving expenses paid by employers will be treated as taxable income.

Limit Deduction on Employee Meals

After December 31, 2018, the 50% limit on deductions for food or beverage expenses also applies to food or beverage expenses that are excludable from employees’ income as a de minimis fringe benefit. However, food or beverage expenses at holiday parties (e.g. employee recreation) are not subject to the 50% limit on deductions.

Limited Exclusion on Employee Achievement Awards

Employers may exclude the value of tangible personal property that is given to an employee as an award for either length of service or safety achievement. After December 31, 2017, employers may not claim a tax exclusion for awards of cash or cash equivalents (e.g. gift card, etc.). In addition, employers may not claim an exclusion for vacations, meals, lodging, tickets to events, securities and similar items.

Removal of Computer Equipment from Listed Property

Computers and peripheral equipment owned by an employer and used at home, were treated as listed property before January 1, 2017. As such, the fair market value of an employee’s personal use of that computer was treated as a taxable fringe benefit. The Act removes computers from the definition of listed property and computers are no longer subject to stringent substantiation requirements.

Elimination of Individual Mandate Penalty

After December 31, 2018, the Act will repeal the individual Mandate of the Affordable Care Act. The individual mandate requires most US citizens to obtain and maintain medical insurance or pay a tax penalty. That penalty, while still present, is technically reduced to zero.

Employer Credit for Paid Family and Medical Leave

A new employer credit is available in 2018 and 2019 for paid family and medical leave. The Act affords businesses to claim a business credit equal to 12.5% or more of the wages paid to an employee, out on paid family and medical leave, subject to certain provisions.

How do You **CHERISH** Your Pastor’s Wife?

“Andy, please, I need to talk to you tonight.”

“I’m sorry Kim. I won’t be finished with the session meeting until at least 11 or 11:30. I’ll be home afterward.”

“But Andy, I’m hurting, and I need my husband tonight. Isn’t there any way you could cut the meeting short and come home earlier? You know there is no one else I can trust to confide in.”

“Kim, I’m sorry, but I can’t. I promise we can talk tomorrow night. Ok?”

Conversations like these play out too often in homes all over the country where the husband is a pastor. A pastor’s wife is one of the most important assets to a church. Yet all too often she finds herself without anyone to talk to, especially when she needs it the most. She loves the church, but her relationship with it is complex. And it is complicated further because the body of Christ is her husband’s employer. Vocational ministry often takes her husband away from time with her and their children. It may also leave her husband emotionally and relationally fatigued with few resources left to invest in the family.

Dr. Tasha Chapman in the book, *Resilient Ministry* states, “A pastor’s wife is the most significant factor when it comes to their husband’s sustainability in ministry. They support and encourage their husband’s ministry while actively contributing to the life of the church in their own unique ways.”

In a recent survey conducted for Ministerial Relief, we learned only 7 out of 10 pastors’ wives feel they have few people they can confide in and 8 out of 10 said they would make use of Christian counseling if offered to them at a cost they could afford.

RBI and CDM’s Women in Ministry are partnering to encourage these ladies with the 2018 Women’s Love Gift. With funds provided by churches, women’s groups, Sunday School classes and individuals across the country, RBI Ministerial Relief will begin to offer affordable and confidential Christian counseling to PCA pastors’ wives. This program should be up and running sometime during the first quarter of 2019.

But we need your help. We need you to give generously to this ministry. Cherish is a practical way for us to be the hands and feet of Jesus to pastors’ wives. Donations can be made at [www.2018lovegift.org](http://www.2018lovegift.org).
Our mission at PCA Retirement & Benefits (RBI) is to care for PCA church servants and this care expands beyond providing retirement and benefits. We are committed to understanding and responding to a variety of needs felt by PCA employees and leaders, as our desire for them is to experience health in every area of their lives. As a result, we have launched a number of initiatives, such as ServantCare and CHERISH, both of which are counseling resources designed for individuals in specific ministry positions.

Over the years, we have seen a desire from PCA church leaders to hear from and engage with other PCA church leaders. We are delighted to announce that RBI has recently begun sponsoring and producing the **PCA Church Leader Podcast**. We launched this podcast series in order to provide PCA church leaders various tools, tips, and everyday insights from other PCA church leaders. We hope you find the podcast both enlightening and engaging. May you experience comfort and encouragement as you hear from some of the folks God has called to lead His church.

**Listen. Learn. Lead.**
Tune in at pcarbi.org/podcast. Available on iTunes.

**FEATURING**
Alexander Jun
Debbie Locke
Will Huss
Rick Downs
Mary Vassar Hitchings
...and more
Web Resources and Where to Find Them

PCA Retirement & Benefits is here to serve you. As the employee benefits provider for the Presbyterian Church in America, we provide information, resources and guidance on retirement, insurance, ministerial relief and several other services such as call package guidelines and ServantCare to meet our ministry partners’ needs. This is a significant amount of information and it can be challenging to find everything. While clients are welcome to contact our offices to ask for assistance, many resources are available online through our main website or through our partner websites. A list of resources and locations are below.

MAIN RBI WEBSITE AT PCARBI.ORG

• Information on products and services such as
  • Brochures
  • Investment fund fact sheets
  • Enrollment, application and request forms
• Publications such as
  • Call Package Guidelines
  • Church and Clergy Tax Guides
  • Wise Planning Resources
  • Archived issues of Annual Reports, Benefit Bulletins, Retirement Plan Reviews and Treasurer Communications
• Interactive web-based Financial Calculators on
  • Investments, Savings, Tax and Insurance
• Links to login and vendor sites for
  • Retirement account access
  • Insurance account access
  • Retirement contributions
  • Insurance invoice payments
  • Ministerial Relief donations
• Links to Employer Resources such as
  • Church Manuals
  • Policies
  • Plan Administration

**RETIREMENT ACCOUNT PORTAL**
**AT NWPS401K.COM**

Individuals with a PCA Retirement Plan account each have online account access through our recordkeeper Northwest Plan Services.

• Account balance and history
• Activity summary
• OnDemand Statements
• Account profile confirmation
• Investment election changes and account rebalancing
• Loan modeling, applications and requests (coming soon)

**INSURANCE ACCOUNT PORTAL**
**AT SMARTBEN.COM**

Individuals with PCA Group Insurance products such as life, disability, dental and vision each have their own insurance account through SmartBen with access to a variety of information.

• Insurance product information including
  • Account summaries, insurance invoice amounts, statements and product descriptions
  • Certificates, policies and forms for access to unique insurance-oriented needs such as accelerated benefits, evidence of insurability, conversion, portability and return to work assistance
• Enrollments and life event benefit change requests
• Beneficiary information and beneficiary change requests
• Online address change requests
• Ancillary services access available through enrollment in PCA Group Insurance including
  • Travel assistance benefits
  • Employee Assistant (EAP) Services
  • Legal Services (Wills, Estate Settlement and links to legal guidance)
  • Discounts on products and services (Eyeglass, Hearing Aids & Tests and Funeral Services)
We are pleased to present the 2017 Annual Report on behalf of the Board of Directors and Staff of PCA Retirement & Benefits

As each year passes, the richness of God’s blessings on PCA Retirement & Benefits fills my heart with thanksgiving. There is no question we have experienced the growth pains of very challenging periods in our history, but by and large, we have witnessed the goodness of the Lord in significant ways. Here are a few highlights of the past 5 years of God’s work in this ministry of the Presbyterian Church in America.

• We began a significant effort responding to a 2011 church-wide survey of teaching elders. This survey provided significant understanding into the needs of these ministry servants.

• RBI published the PCA Call Package Guidelines in 2012 which the General Assembly “exhorted Presbyteries and member churches to implement for their use.” This free resource has been updated every year since its original publication.

• RBI implemented Investment Refresh in 2014, a Target Retirement Fund reinvestment option. This program resulted in 94% of retirement plan participants selecting an age appropriate fund designed to achieve consistent risk adjusted returns over the long term.

• In further response to the 2011 survey, RBI significantly expanded participant advisory services by providing free financial planning assistance to all PCA church employees who participate in the PCA Retirement Plan. Through sequential hires in 2010, 2015, and 2017, we are fully staffed with leadership, financial planners, and support staff.

• RBI continues to offer free financial planning seminars to PCA church employees throughout the United States. In addition, we offer free consultative services to church sessions, finance committees and pulpit committees in the PCA.

• Responding to the needs of our teaching elder families, in 2016 RBI created a new ministry of care and counseling support called Servant-Care ministries for participating presbyteries. This program offers convenient and confidential on-line counseling services to PCA pastors and their wives at reduced rates.

• The 2017 overall expense ratio for the PCA Retirement Plan is at a near record low point. (A very good thing!) Presently at 0.92%, this expense ratio is the lowest experienced by the plan in 17 years.

• Finally, the PCA Retirement Plan exceeded $600 million in assets under management (AUM) during the first several weeks of 2018. This compares to AUM of $368 million 5 years ago.

We are so thankful to God for guiding and growing RBI’s ministry of service so profoundly over the past 5 years. In an effort to put these changes in perspective, I decided to reread the 2012 RBI Annual Report. My response to reading these words were, “Thank you God for what you are doing through us!” Below are some key quotes from this report.
“Since its beginning, RBI has been significantly involved in the material needs of our ministry partners. This means we have always been concerned about the retirement readiness of our PCA employees and their need to protect their spouses and family members with health, life and long term disability insurance.”

“Concern for these material needs frequently involves us in decisions between husbands (teaching elders) and wives as they make very difficult, life altering choices. Financial hardship in a pastor’s marriage often leads to long term consequences for retirees and their widows.”

“God has given us the privilege of walking with these families through periods of deep grief and financial insecurity.”

“And finally, there is the financial disaster that typically proceeds from moral failure. One of my saddest moments here at RBI was receiving a phone call from a cherished friend and pastor’s wife as she described the crushing blow of her husband’s sin which resulted in their divorce.”

So, we stand on the promise of the gospel message; that Jesus is growing his kingdom and fulfilling his promise of reconciliation and restoration through our work. The success of our work is not about us, but about the promise and evidence of the gospel’s work in our midst. We are tremendously grateful and filled with joy to serve you in this way!

Turning to the financial markets, 2017 was a year to remember! Stocks in the U.S., as measured by the S&P 500 were up 21.8% for the year. Since 1928, stocks have risen by more than 20% for 35% of this time period. Given the infrequency of this result, it’s important for long term investors to be “present” or fully invested when these opportunities arise. Every Target Date Fund in the PCA Retirement Plan has exposure to stocks and thus this excellent result accrued (in various degrees) to almost all participants in the plan. This good result was bolstered by strong corporate earnings, deregulation, expectations for corporate tax reductions, and share buybacks.

Bonds or fixed income investments had a relatively flat year as these markets reflected the Fed’s tightening bias (the plan to incrementally raise interest rates) and very moderate inflation expectations. Most high quality U.S. Bond indexes provided returns that roughly equaled the average coupon (the stated interest rate at time of issue) that ranged between 3.0% and 3.5%.

Given the recent (early 2018) volatility of the stock markets, it would seem to most an indication of problems ahead. But it depends what you mean by

(continued on back cover)

“Here’s the big point. If you are ministry minded, it is impossible to go about the work of a “transaction” business while ignoring the relational needs of those you serve. I believe the gospel compels RBI to enter into the hurt and despair of those we serve and to apply ministries of healing and care if we are able. If we see a need, God has given us the privilege of taking action out of love for our brothers and their families.”
An important case is currently making its way through the federal courts which will impact ministers, and to a lesser extent churches, nationwide. On Oct. 6, 2017, the federal district court declared the clergy housing allowance unconstitutional in the Western District of Wisconsin. In response, certain Chicago area ministers have appealed the case to the Seventh Circuit Court of appeals. A decision is expected to be reached in the second half of 2018.

The court case challenging the clergy housing allowance was first introduced in 2011 when the co-founders of the Freedom From Religion Foundation (FFRF) challenged the provision as unconstitutional, preferential, and discriminatory for permitting tax-free housing to “ministers of the gospel.” The case was voluntarily dismissed by the FFRF. A second suit was filed in 2013 and the district court judge ruled the Housing Allowance was unconstitutional. A year later, a circuit court vacated the lower court’s judgement. A third case has been brought before a district court and again, the court found the clergy housing allowance was unconstitutional. Now, the seriousness of the case (i.e. Gaylor v. Mnuchin) is being realized as an appeal is being heard by the U.S. Seventh Circuit Court.

The minister’s housing allowance has allowed PCA churches and church-related organizations to use limited resources more effectively. A loss of this benefit would negatively impact PCA ministers and their families and would limit resources available to them in Gospel ministry throughout the United States.

This article addresses three basic questions surrounding the housing allowance case.

**What is the housing allowance?**

The housing allowance is a provision, section 107(2) of the Internal Revenue Code, which permits ministers to exclude from federal income tax all or a portion of their income designated as a housing allowance.

The allowance is commonly misunderstood in the Christian community as an additional monetary stipend. However, the allowance is not a bonus. Rather, it is part of the pastor’s salary, set aside for housing and free from federal income tax. The exclusion was created by Congress in 1954 to protect ministers and other workers whose jobs require them to live in the communities they serve from disadvantageous tax treatment.

**Who will be affected if the housing allowance is invalidated?**

The minister’s housing allowance has allowed PCA churches and church-related organizations to use limited resources more effectively. A loss of this benefit would negatively impact PCA ministers and their families and would limit resources available to them in Gospel ministry throughout the United States.
If the Seventh District Court overrules the appeal supporting the housing allowance, then the case could be subject to review by the Supreme Court. Ministers everywhere would feel the effects of the exclusion’s annulment.

Ministers in Illinois, Indiana, and Wisconsin would feel the disruption first if the district court’s decision stands. But because the provision applies to ministers of all churches, ranging from small neighborhood churches to nationwide, multi-site churches, some ministers will be affected more than others.

Most churches within the Presbyterian Church of America are not large multi-staff churches. The PCA is made up of many small churches that serve their communities, often with less than three or four employees. It is these churches led by ministers with modest pay that benefit the most from the housing allowance. Smaller churches with solo ministers will be the most disadvantaged by the decision.

How should churches prepare?

Start setting aside money for ‘a rainy day fund.’ Pray for the Lord’s care and provision and begin planning for changes to the stewarding of your church finances. If the housing allowance is discontinued, churches may want to offset all or part of the increase in the minister’s new income tax liability. For instance, the loss of a $20,000 housing allowance would amount to a tax liability of around $5,000.

Many churches remain unaware of their pastor’s tax exclusion and could be caught off guard by the disappearance of funds. Small congregations do not typically have lots of discretionary income to help ministers, so saving money in advance is the best option to compensate church leaders.

While the appeal is still being reviewed, an Amicus Brief was filed with the Seventh Circuit Court by several organizations including the Church Alliance, with which PCA Retirement and Benefits is affiliated. The brief describes in detail the lengthy history of the housing allowance and the immense financial burdens ministers would face without it.

If churches or ministers have questions about contingency planning, they should schedule an appointment with one of our Financial Planning Advisors – 678.825.1198 or planning@pcarbi.org.

History of the Freedom From Religion Foundation’s Legal Challenges to the Minister’s Housing Allowance

<table>
<thead>
<tr>
<th>YEAR</th>
<th>COURT</th>
<th>JUDGE</th>
<th>PARTIES</th>
<th>VERDICT</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>U.S. District Court (Western District of Wisconsin)</td>
<td>Judge Barbara Crabb</td>
<td>Freedom from Religion Foundation et al v. Lew et al</td>
<td>Ruled Unconstitutional</td>
</tr>
<tr>
<td>2014</td>
<td>U.S. Seventh Circuit Court</td>
<td>Judges Joel Flaum, Ilana Rovner, and David Hamilton</td>
<td>Freedom from Religion Foundation et al v. Lew et al</td>
<td>Ruled FFRF had no standing. Vacated judgement of District Court and dismissed complaint.</td>
</tr>
<tr>
<td>2017</td>
<td>U.S. District Court (Western District of Wisconsin)</td>
<td>Judge Barbara Crabb</td>
<td>Freedom from Religion Foundation et al v. Munchin et al</td>
<td>Ruled Unconstitutional; however, court delayed effect of order until 180 days after the conclusion of all appeals.</td>
</tr>
<tr>
<td>2018</td>
<td>An appeal is expected later this year to the U.S. Seventh Circuit Court.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

If the court appeal is denied, your rainy day fund can be used to allow the pastor to continue serving your church. Should the appeal stand, your congregation can decide how to spend or reallocate the saved funds, which for most churches should not be a challenge.
“ahead.” Over the short run, I would argue that the U.S. economy is in a good place. Inflation is low, our economy is still in the expansion mode, interest rates are moderate, lower corporate tax rates will boost economic growth, and unemployment has reached historic lows. Apart from the Bitcoin hoopla there doesn't seem to be any particular event that will be the catalyst to drive us into the next recession.

However, the primary concern at this point in the economic cycle is that the Fed might step on the monetary policy brakes too hard and significantly slow down the hard won growth we've experienced during this recovery. This is the reason the markets seem fixated on employment and inflation expectations at this time. This is only logical in my view and may translate into a more choppy experience for investors in various world markets. So, keep your seat belts buckled and please don't attempt to market time. The smart choice is to remain invested and keep your eyes on long term results.

Thank you for your support of PCA Retirement & Benefits. Through your participation in the Retirement Plan, Group Insurance products and Ministerial Relief, we are able to sustain programs that encourage and support our churches and employees.

The business hours of PCA Retirement & Benefits (RBI) are Monday through Friday 8 a.m. to 5 p.m. ET, following a devotional on Monday mornings. The RBI office will be closed on the following holidays:
• Labor Day – Monday, September 3
RBI reminds our ministry partners that the following resources are available year-round:
• RBI Website: www.pcarbi.org
• Retirement Plan Website: www.nwps.401k.com
• Retirement Plan call center: 1.877.543.0055
• Insurance Plan Website: www.smartben.com