Cody Dick is a Principal at Fayez Sarofim & Co., a Houston-based investment manager with about $20 billion in assets under management. The firm was founded in 1958 and invests in large, high quality companies with leading positions in attractive industries. Cody serves as the head research analyst for stocks in the energy sector and is a member of the firm’s investment committee. His expertise brings a uniquely valuable perspective to PCA Retirement & Benefits’ (RBI) Investment Committee, as he has a particularly hands-on understanding of what it means to successfully manage investments. We are incredibly grateful for his involvement on our Board of Directors and would love for you, our ministry partners, to learn a little bit more about him in his own words.

I grew up in Fort Worth, Texas as a child of the late 1980s. That period was a tough time for the Texas economy. As the economic recovery transpired, many generous and civic-minded leaders worked to transform the city. I saw the power of compounding investments at work in their own lives, but they also sought to use their resources for the good of others.

Early on, I knew that this was the career I wanted to pursue. However, I had several friends in both high school and college that helped redirect my selfish intentions toward the Lord. I distinctly remember one high school friend asking me what I really wanted out of life and not having a great answer. That moment along with the prompting of many friends led me to Christ during my freshman year of college at TCU.

I am very fortunate to wake up and go to a job I love each day. We have an independent firm with a sixty-year histo-
ry and a wonderful group of employees and clients. We recognize the responsibility of stewarding the hard-earned resources of our clients so that they can compound the impact for their families and communities.

Since 2001, Christ the King Presbyterian Church (CTK) has been our church home. My wife Mary Rebecca and I met at CTK and have two daughters, Catherine and Eleanor. We have benefited from nearly two decades of faithful worship and teaching from many pastors, but especially Clay Holland who arrived about the same time in Houston.

Serving with the church helps us all to better empathize with one another, particularly in light of our common need for the mercy and grace of Christ. As an elder, it is eye-opening to better understand how our pastors, staff, and their families give so much on behalf of others. It is vital that we support them.

Knowing my background, friends on staff at CTK introduced me to Gary Campbell of RBI. Gary previously served in a similar role in the financial world. He made a compelling case for the mission of RBI to prepare and protect our PCA pastors and ministry staff so that they are encouraged and enabled to be more focused on ministry. After witnessing the professionalism and devotion of RBI’s leadership and employees, it was a clear decision to become involved.

Jesus Christ has worked His own form of compounding on each phase of my life. Whether through faithful family members or proactive friends, God has consistently pursued us and challenged us to follow where He leads.

The PCA has had a remarkably diverse and direct role in my life: influential high school friends that I later discovered were in the PCA, RUF campus ministers like Dustin Salter, fraternity brothers that are now PCA pastors, my first co-workers in Houston, the introduction to my wife, a church home at CTK, and fellow co-laborers in our community.

Romans 12 and Ephesians 2 are among my favorite parts of scripture. I love seeing the body of Christ use the variety of skills and talents on behalf of others so that God is glorified. It is a pleasure to do a small part of that by serving with RBI. As Board Members, our challenge is to get the word out that RBI’s retirement, insurance, and relief funds are an important way the church body can come alongside the families of those who spend their lives on our behalf.

**WATCH NOW: NAVIGATING MEDICARE IN 2019**

Trying to understand the healthcare plans provided under Medicare can be more than a little confusing! When do I file? What benefits will I receive? What are my options? Is there a way to optimize my benefits? And if I fail to act in a timely manner, can I be penalized?

At this year’s General Assembly, Dave Anderegg, CFP®, a Financial Planning Advisor here at PCA Retirement & Benefits, presented a seminar on this topic. We recorded his presentation and have made it available on our website.

You can find a video of the seminar, as well as a pdf of the presentation slides, on our website at pcarbi.org/healthcare.

**THE CONTINUAL OPTIMIZATION OF THE PCA TARGET RETIREMENT FUND 2010**

Effective January 1, 2020, the PCA Target Retirement Fund 2010 will be closed to all new investors and the assets will transition into the PCA Harvester Fund. This transition is part of the intended design for all PCA Target Retirement Funds. Those interested can find out more information about the Harvester Fund by examining its fund fact sheet on our website pcarbi.org/tfh.

All investors in the PCA Target Retirement Fund 2010 should have already received a letter explaining these changes. We welcome an opportunity to speak with PCA Target Retirement Fund 2010 investors concerning these changes or other retirement related questions. An appointment can be scheduled by calling 678-825-1198 or emailing us at planning@pcarbi.org.
In Lewis Carroll's Alice in Wonderland, Alice asks the Cat, “Would you tell me, please, which way I ought to go from here?” To which the Cat answers, “That depends a good deal on where you want to get to.” I don’t believe that was the answer Alice was hoping for!

I think many of us feel like Alice in Wonderland when it comes to saving for retirement - our questions often seem to lead us to answers that aren’t particularly helpful. Like Alice in Wonderland, retirement planning can be bewildering as we enter a world of investments, tax laws and end of life decisions.

The choices you make with respect to the plans you use to save for retirement could have a significant impact on the amount of money you are able to contribute to your retirement investments, the taxes you will pay related to those contributions, and the taxes you will pay when you withdraw funds from your plans during retirement.

We, PCA Retirement & Benefits (RBI), are here to help you as you navigate this world and chart out your retirement planning path. However, a basic understanding of the retirement plans that are available to you will go a long way in making planning for retirement less overwhelming, less threatening and therefore much more doable.

Two Paths: 403(b) and IRA

A 403(b) and an IRA (Individual Retirement Account) are two types of retirement plans. A 403(b) is a retirement plan established by employers for the benefit of their employees whereas an IRA is usually a plan that you establish for yourself.

A 403(b) can be offered by educational, non-profit and religious institutions and is named for the section of the United States tax code where it is defined, just like 401(k) plans that are common among for-profit organizations. 403(b) plans and 401(k) plans have a good bit in common in terms of how they operate.

Putting Money In: Contributions

The PCA 403(b) Retirement Plan (PCA 403(b)) can receive two basic types of contributions from your employer: 1) employee contributions, including pre-tax, post-tax, and Roth post-tax contributions and 2) employer contributions. Self-employed ministers and chaplains are also able to make the same types of contributions directly to the plan. Contributions to an IRA are made directly by you to the account. Keep in mind there are multiple types of IRAs. Most allow you to contribute a portion of your earned income on a pre-tax basis, but some plans (Roth IRAs) permit contribution on a post-tax basis.

If your employer offers matching plans as part of their overall retirement policy, then make it a priority to receive the match by contributing to the 403(b) before you contribute to an IRA. If you fail to take advantage of the match, you are effectively “leaving money” on the table. Check with your employer to learn if they offer a matching plan.

The range of funds available and fees charged may also influence your decision about which retirement plan to use. As your 403(b) plan administrator, RBI provides you with this important information about our funds and fees on our website (pcarbi.org). Our 403(b) can take advantage of institutional pricing for the purchase of our funds whereas you may only be able to receive retail pricing with an IRA. In addition, we highlight and separate out our fees from the investment return you achieve on your account so you can clearly understand how much your investment is making. Depending on the institution providing the IRA, your total fees and expenses may not be evident or easy to figure out.

Contribution limits and rules are significantly different between IRAs and 403(b)s. Depending on your earned income (or joint income), your – and if married, your spouse’s – ability to contribute to IRAs may be limited or eliminated entirely. No such restrictions exist with a 403(b) plan.

For the 2019 tax year, a person may contribute up to $6,000 to a traditional or Roth IRA within that year. If the individual is over 50, they may contribute an additional $1,000 for a total of $7,000 annually. These contributions must be made with earned income. However, there is an exception with a spousal IRA where the spouse does not have to earn income, but the spouse receiving the earned income is able to fund the IRA for the non-income earning spouse.
For the 2019 tax year, a person may make an elective salary deferral of up to $19,000 with a catch-up contribution of $6,000 if the person is over the age of 50. The total contributions that can be made to the person's account (including both employee and employer contributions) is $56,000 with a catch-up contribution of $6,000 if the person is over the age of 50.

Ministers can take advantage of the tax laws to avoid paying 15.3% of their pre-tax employee contributions into the SECA (Self-Employment Social Security and Medicare) program. This provision is notably absent from an IRA.

Getting Money Out: Withdrawals

If you withdraw from either a 403(b) or an IRA before you reach age 59 ½, you will generally face a 10% excise tax-penalty. This can be waived in certain circumstances.

An IRA tends to offer more situations where you can waive the 10 percent ‘penalty.’ Specifically, first-time home buyers may withdraw up to $10,000, certain educational expenses can be covered, and unemployed people can take money from their IRAs to pay for health insurance. This can be a significant difference between a 403(b) and an IRA depending on your circumstances.

After you reach the age of 70 ½, you are generally required to begin withdrawing money from both a 403(b) and a traditional IRA. These mandatory distributions are called Required Minimum Distributions (RMD). Certain 403(b) plans may permit employees to delay taking RMD if they are actively employed after age 70 ½. The PCA Retirement Plan is an example of a plan whose governing document permits employees to delay taking RMDs until retirement or April 1st of the year after you turn 70 ½, whichever event comes first. Another exception are assets held within a Roth IRA. There is no legal requirement to withdraw money at a certain age within a Roth IRA.

And for ministers, there is a significant difference between receiving a withdrawal from the 403(b) plan and an IRA – the ministerial housing allowance. PCA Retirement & Benefits authorizes a Housing Allowance to ministers who are honorably retired and have taken a distribution from their 403(b). Receiving a Housing Allowance in retirement provides a very significant tax advantage to ministers.

Perhaps you’re feeling like Alice who said, “It would be so nice if something made sense for a change.” If so, call us at PCA Retirement & Benefits and we will help you make sense of the world of retirement plans and what is best for you and your particular circumstances.