



Your Journey to Financial Wellness Begins Now!

MMBB

A Financial Services Ministry™

Introduction

As Christians, we know that everything comes from God and we are called to exercise wisdom in how we spend and save. Financial decisions can be challenging especially for pastoral leaders who are concerned with so many aspects of ministry. Money talks. But talking about money is hard. Achieving financial wellness does not have to seem like an elusive goal. MMBB Financial Services created this workbook to guide you on your path to Financial Wellness.

At MMBB, we define Financial Wellness as a complex balance of the psychological, spiritual and physical aspects of money management that results in a financially healthy life. Financial wellness means you have an honest understanding of your financial circumstances and you manage them so you can be prepared and adjust when unexpected situations arise. Those who achieve it can live a life characterized by¹:

- Minimal financial stress
- Having control over day-to-day, month-to-month finances
- An understanding of where your money is coming from and where it is going
- Having the capacity to absorb a financial emergency (\$10K)
- A strong financial foundation defined as little to no debt, an emergency savings fund and living below your means
- An ongoing plan that leads participants on a path to meet future financial goals
- Having the financial freedom to make the choices that allow you to enjoy life

Essentially, Financial Wellness is a state in which you practice wise planning, spending and saving with regards to the financial resources which God gives you. Reaching your personal and family goals will be easier when your financial house is in order. Let's get started.

For which of you, intending to build a tower, does not sit down first and count the cost, whether he has enough to finish it.

—Luke 14:28 (NJKV)

¹Consumer Financial Protection Bureau

Table of Contents

Compensation and the Pastoral Package	4
Budgeting and Debt Management	7
Retirement Planning	14
Investing	18
Insurance and Estate Planning	20

Compensation and the Pastoral Package

Are your finances in good shape? What are your financial goals? Before you can begin thinking about how to achieve your financial goals, you need to have a sense of your individual compensation and how much total income is coming into your household.

What is compensation?

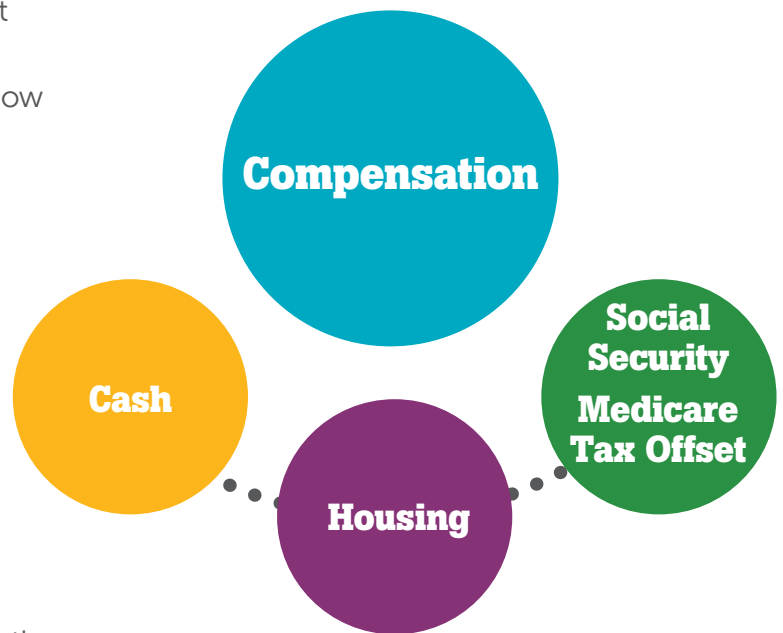
It is not uncommon to think about compensation as a lump sum or package that covers all costs related to a pastoral or lay staff position. MMBB believes it is important to think of compensation in separate buckets:

Those buckets are: **Cash, Housing, and Social Security/Medicare Tax Offset**

If cash, housing and equity are defined as compensation, what is NOT compensation?

- Benefits—retirement, life insurance, disability insurance, health insurance, Flexible Spending Account (FSA) , paid leave
- Ministry related expenses

To get a sense of an Employment Package, see the sample pastoral budget (Page 5), then use the blank pastoral budget form on page 6 to fill out your information.



Sample Pastoral Budget

COMPENSATION – \$32,300	
Cash Salary	\$15,000
Housing Allowance	\$10,000
Social Security Offset	\$2,300
Equity Allowance	\$5,000
BENEFITS – \$14,400	
Retirement, plus Life and Disability Insurance	\$4,400
Health Insurance	\$10,000
REIMBURSEMENT FOR MINISTRY OR JOB RELATED EXPENSES – \$3,300	
Auto Reimbursement	\$650
Conventions	\$1,400
Hospitality	\$250
Subscriptions/Books	\$200
Continuing Education	\$800
Total Employment Package:	\$50,000

Housing Allowance

Housing allowance allows ordained staff deduct the cost of housing expenses from income that is subject to federal taxes. For federal tax purposes, housing allowance is limited to the lesser of:

1. The amount designated by the church, or
2. The amount actually spent on housing by the minister for the year, or
3. The fair rental value of a furnished house plus utilities such as gas, electricity, oil, telephone, and water.

Pastoral Budget Worksheet

Minister's Compensation	This Year	Next Year
Cash salary		
Housing (either a or b)		
a. Parsonage rental value	a)	
Parsonage allowance		
Utilities allowance		
b. Housing allowance	b)	
Social Security/Medicare tax offset*		
Total compensation	\$	\$
Benefits	This Year	Next Year
Comprehensive Plan premiums		
Retirement Only contributions		
Medical and dental premiums		
Total benefits	\$	\$
Ministry Related Expenses**	This Year	Next Year
Automobile expenses (at _____ a mile)		
Convention expenses		
Continuing education		
Books, periodicals, other resources		
Hospitality fund		
Other expenses		
Total reimbursement for ministry-related expenses	\$	\$

Negotiating Compensation

Feeling good about your compensation allows you to focus on doing your best work in ministry. Negotiating a fair compensation package requires collaboration between the pastor and the church. Work together with your church to conduct those discussions in a spirit of good will that avoids rancor and ensures a positive outcome.

* Employers choose whether or not to include the Social Security/Medicare tax offset for determining The Comprehensive Plan premiums.

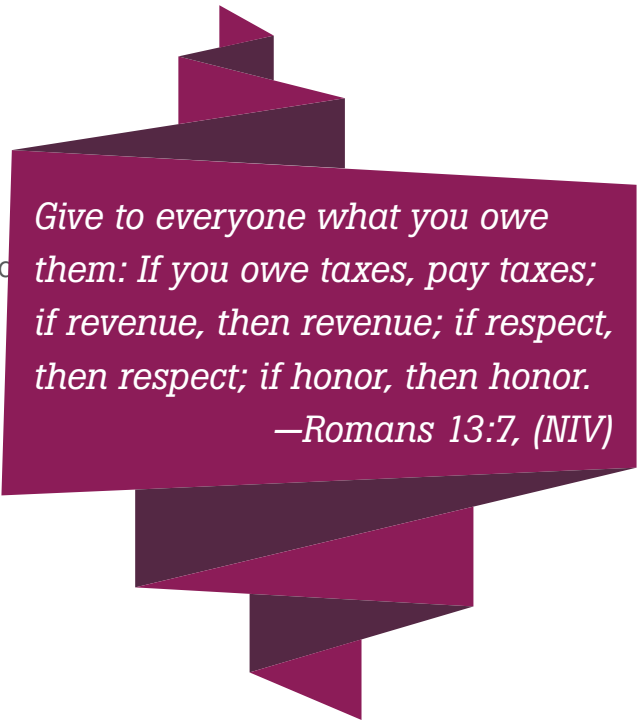
**Most Ministry Related Expenses should be reimbursed under a tax advantaged accountable plan.

Budgeting and Debt Management

Let's be realistic, in today's world most of us are on a tight budget and/or have debt. Learning how to manage your debt and stay within your budget are essential steps to creating financial wellness. If you have debt you are not alone but what will set you apart is facing your debt with a healthy approach.

The first step in managing your debt is to establish your financial goals. Begin with prayerful consideration and a thorough assessment of your finances.

Let's review your current income and spending. Budgeting is an important component of financial success and allows you to have some control over what you spend. Complete the following personal/family Spending Plan worksheet to show your current budget.



Give to everyone what you owe them: If you owe taxes, pay taxes; if revenue, then revenue; if respect, then respect; if honor, then honor.
—Romans 13:7, (NIV)

Spending Plan Worksheet¹ – Current

Get out your pay stubs, checkbooks, credit card and bank statements, and write down how much you make and how much you spend now each week, month and/or year – to the penny!

INCOME		PER MONTH	WITHHOLDINGS		PER MONTH
Salary 1	\$		Federal Tax	\$	
Salary 2	\$		State Tax	\$	
Commissions	\$		Social Sec./Medicare	\$	
Social Security	\$		Other	\$	
Other	\$		Total Income	\$	
Other	\$		Total Withholdings	\$	
Other	\$		SPENDABLE INCOME	\$	

A “must” expense is something you must pay each month... or else you and your family will experience severe hardship.

MUST EXPENSES		PER MONTH			PER MONTH
Home: mortgage/rent	\$		Insurance: life	\$	
Property tax	\$		Disability	\$	
Insurance	\$		Liability	\$	
Electric/gas	\$		Other	\$	
Water/sewer	\$		Debts: credit card 1	\$	
Telephone	\$		Credit card 2	\$	
Maintenance	\$		Other	\$	
Tithing	\$		Other	\$	
Car: loan payment	\$		Savings: emergency	\$	
Insurance	\$		Retirement	\$	
Gas/oil	\$		Other	\$	
Maintenance	\$		Daily: groceries	\$	
Other	\$		Child care	\$	
Medical: insurance	\$		Other	\$	
Doctor/dentist	\$		Other	\$	
Prescriptions	\$		Other	\$	
Other	\$		TOTAL “MUSTS”	\$	

A “want” expense is something that makes life better but isn’t truly necessary. You can be flexible – some people would say charity or pets are “musts” – but don’t put everything you like into the “must” list.

WANT EXPENSES		\$	PER MONTH	
Cable TV	\$	Gifts	\$	
Dining out	\$	Allowances	\$	
Hobbies/Clubs	\$	Other	\$	
Vacation	\$	Other	\$	
Pet care	\$	Other	\$	
Charity	\$	TOTAL “WANTS”	\$	

If expenses are greater than income, you need to make changes – starting with a new spending plan.

SPENDABLE INCOME	\$
LESS TOTAL MUST AND WANT EXPENSES	\$
MONTHLY SURPLUS OR DEFICIT	\$

¹This worksheet is for educational purposes only. © 2012 Financial Planning Association® All rights reserved.

It’s important to analyze where your money is going and where you would like it to go.

How Much Should You Have In An Emergency Savings Account?

The cornerstone of a successful financial plan is having an emergency fund. Clergy may need to save enough money to pay expenses for 3-6 months. Since it may be difficult for clergy to find a pastoral position that pays the same or better in 3 months, setting aside a 6-12 months emergency fund is the best practice.

Build an emergency fund to:

- Cover unexpected expenses

The amount needed in an emergency savings account is 6-12 months of:

- Fixed expenses
- Variable expenses
- Estimated income taxes (if self-employed)

If you are like most people and have debt, it is important to understand how much you owe and to whom. This will enable you to create a plan, get out of debt and stay out of debt.

Debt Management Plan

The worksheet on the following page will show who and how much you owe. It is important to know your credit score. Check with any of these credit bureaus (*Experian; TransUnion; Equifax*) to obtain an accurate credit report.

**It's not easy saving money,
here are tips for saving.**

- 1 Save Salary Increases**
- 2 Increase Saving Percentage Annually**
- 3 Enroll in MMBB or Workplace Retirement Account**
- 4 Automate your Savings to come directly from your Paycheck**
- 5 Save all Honoraria**



Debt Management Plan¹

List all of your creditors, the amount owed to each, the interest rates, and monthly minimum payments.

CREDITOR	TOTAL OWED	INTEREST RATE	MINIMUM PAYMENT
1.	\$	%	\$
2.	\$	%	\$
3.	\$	%	\$
4.	\$	%	\$
5.	\$	%	\$
6.	\$	%	\$
7.	\$	%	\$
8.	\$	%	\$
9.	\$	%	\$
10.	\$	%	\$
Total	\$		\$

Then re-order your debts according to which you want to get rid of first. One way to approach paying off debt is to pay off the highest to lowest interest rate – that should save the most money in the long run. Another is from smallest to largest amount – that may help you build momentum by successfully eliminating one creditor from your list relatively quickly.

CREDITOR	TOTAL OWED	INTEREST RATE	MINIMUM PAYMENT
1.	\$	%	\$
2.	\$	%	\$
3.	\$	%	\$
4.	\$	%	\$
5.	\$	%	\$
6.	\$	%	\$
7.	\$	%	\$
8.	\$	%	\$
9.	\$	%	\$
10.	\$	%	\$
Total	\$		\$

¹This worksheet is for educational purposes only. © 2012 Financial Planning Association® All rights reserved.

Now attack Debt No. 1. Repay as much above the minimum amount as you can each month until it's gone while paying the minimum on the rest. Then attack Debt No. 2. Keep going until all your debts are gone.

THE KEY TO SUCCESS – DON'T BUILD UP NEW DEBTS WHILE PAYING OFF THE OLD ONES!

CREDITOR	REPAY MORE THAN MINIMUM	REPAY JUST THE MINIMUM
1.	\$	
2.		\$
3.		\$
4.		\$
5.		\$
6.		\$
7.		\$
8.		\$
9.		\$
10.		\$
Total	\$	\$
TOTAL of all debt repayments	\$	(Put this in your spending plan)

Define Your Goals

Identify financial goals and determine what is required to reach them. What are your financial goals? Are your goals SMART?



SMART Goals¹

START DATE:	DATE ACHIEVED:
SPECIFIC: Name a financial goal? (What? Why? And How?)	
MEASURABLE: How will you measure your progress (How many? How much?)	
ATTAINABLE: Is this goal attainable with effort and commitment? What steps are involved?	
RELEVANT: What skills and knowledge are necessary to reach this goal? Is it do-able?	
TIME BASED: When will you achieve this goal?	

¹1981 Issue of Management Review by George T. Moran.

Retirement Planning

A well-structured retirement plan can help you to accumulate the necessary savings for a comfortable retirement. We often focus on money but there are many aspects to consider when planning for retirement. Here are a few:

- What does retirement look like for you?
- Do you want to work during retirement?
- How much is enough?

Cardinal rules of retirement planning:

- Never put off to tomorrow what you can do today
- Retirement may last 25 years or longer. You need a plan for those years.
- Understand the time value of money
- Start with the end in mind

Retirement Savings to Income Ratio Age (Multiple of your annual income you should have saved)	
26	0.1
31	0.5
36	1.3
41	2.2
46	3.6
51	5.2
56	7.2
61	9.6
66	12.6

The Joe and Joanna story illustrates the time value of money.

	Joanna	Joe
Years of Active Saving	20	20
Years money is invested	40	20
Monthly amount saved	\$50	\$165
Total amount saved	\$12,000	\$39,600
Account value at age 66	\$76,472	\$76,472
Assumes a 6% rate of return on investments		

KEY POINTS Each of them actively saved for 20 years. Because Joanna started early at age 26 her money was invested for 40 years, while Joe who began at age 46 was only invested for 20. Joanna and Joe had the same account value at age 66 but Joe had to save more than three times as much as Joanna for the same result (\$39,600 compared to \$12,000.)

Set A Savings Goal

How much you will need to save for retirement? It is important to start early and understand what your ultimate retirement savings needs will be. A rough rule of thumb is ten times your last full-time salary. Depending on your family situation or lifestyle you could need more. The following model assumes an ideal savings goal—Don't let that scare you. With a few modifications in your savings plan, you can make a big difference in achieving your goal.

Once you have determined the approximate amount, set a savings goal.

Age	Savings Rate
20s	10%
30s	12%
40s to retirement	15%

Retirement Savings Worksheet

My Earnings Now My current annual salary:

\$ _____
Box 1

My retirement savings rate now

Current annual amount my employer contributes to my retirement

\$ _____

Current annual amount I save for retirement:

+ \$ _____

Total amount saved annually for retirement:

= \$ _____
Box 2

My current retirement savings rate: (box 2 divided by box 1)

_____ %

My Retirement Assets Now

Current total amount in retirement savings: (include IRAs, 401(k), 403b)

\$ _____
Box 3

Current savings to income ratio: (box 3 divided by box 1)

My Retirement Savings Goal (see "Set A Savings Goal" above)

My target retirement savings rate is:

It's Your Choice

Today I choose to save \$ _____ per month from my salary

This is _____ % of my salary

Planning for Retirement – It's Your Choice

As both a ministry and a financial services organization, MMBB's plans are tailored to be affordable and flexible for the church or faith-based organizations as well as sensible and reliable for staff.

MMBB offers three plans that your employer may offer to help you reach your retirement goals. —

The **Comprehensive Plan**, an employer-paid plan that allocates contributions to the employee's retirement account.

This program includes:

- Retirement Benefits
- Disability Income
- Death Benefit

The **Retirement Only Plan**, an employer-paid plan that offers the benefits of flexibility and affordability. MMBB can match a current plan or help your employer construct a brand-new plan that is tailored to meet your needs.

This program allows:

- Use of vesting and other plan features to meet your needs
- Occasional contributions
- The option to combine with **The Member Contribution Plan** to allow employer and employee contributions and construct a matching plan.

"If you have capital worth about 12-15 times your gross annual income at age 65, this should put you in a position to live on about 80% of your preretirement income." —Charles Farrell, Your Money Ratios: 8 Simple Tools for Financial Security at Every Stage of Life.

The **Member Contribution Plan** allows you to contribute to your own retirement. Social Security benefits and employer contributions to your retirement account may not be enough to maintain your standard of living in retirement. Even small member contributions made over time can significantly increase your retirement income.

This program allows:

- Contributions to your retirement on a pre-tax basis through easy payroll deduction. This means that you do not pay taxes on your contribution until the money is withdrawn.
- Rollover funds from existing retirement accounts into your MiMBB account.

You decide how much to contribute up to IRS limits.

What is Your Full Retirement Age to Receive Social Security?

Social Security Benefits

If you were born in.....	Your full retirement age is.....
1943-1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 or later	67

It's the age at which you can receive a full, or unreduced, Social Security retirement benefit.

Your full retirement age ranges from 66 to 67, depending on the year you were born. If you begin receiving benefits earlier than this age, you'll receive a reduced benefit. If you begin receiving benefits after this age, you'll receive a higher benefit up to age 70 because you will earn delayed retirement credits. To check with the Social Security Administration to receive an estimate of what you will earn visit, www.ssa.gov.

Investing

At MMBB, we have nine professionally managed funds structured like mutual funds.

Fixed Income

- Money Market Fund
- Stable Value Fund
- U.S. Bond Fund

Multi-Asset Class Funds

- Balanced Fund
- New Horizon Fund

Stock Funds

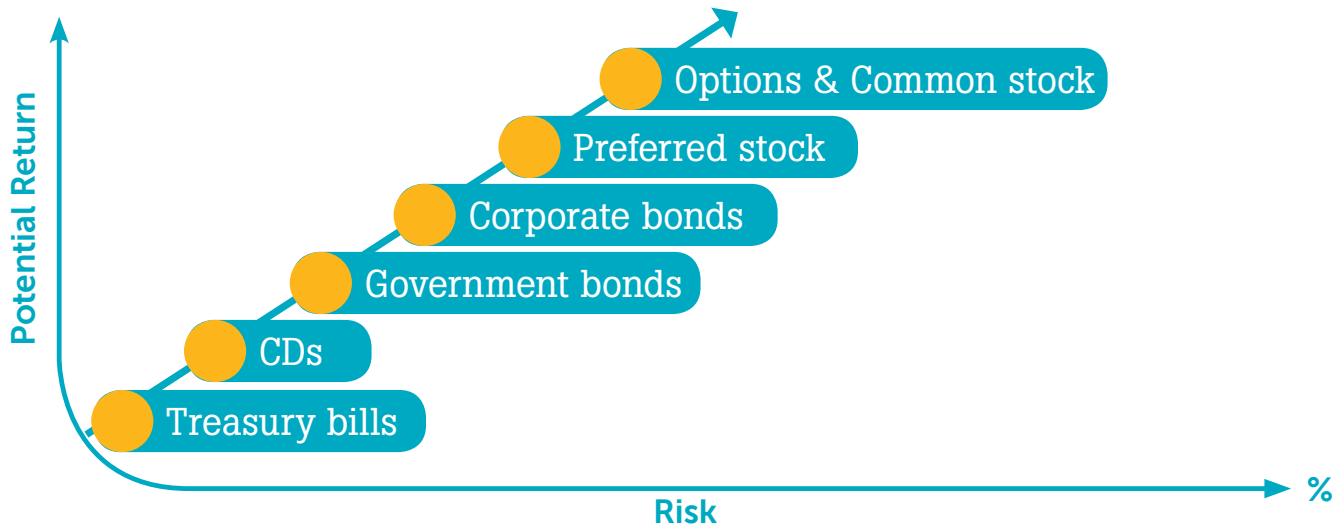
- International Blended Equity Fund
- Social Awareness Fund
- U.S. Blended Equity Fund
- U.S. Equity Index Fund

MMBB offers members a broad range of investment options. You may invest your entire account in one of our nine funds or you may choose to split your contributions among several investment funds – the choice is yours. Your tolerance for risk in investing will depend on your time frame and ability to handle volatility.

403(b) plans and IRAs are not investments—they are tax-advantaged vehicles that hold individual investments

Risk vs. Return

Most of us are familiar with the trade off between risk and return. As the potential for return increases, so does the level of risk. In other words, the less risk an investment has, the lower the potential for return. The key is to try to maximize returns at a level of risk that you're comfortable with.



Investment Inclination	MIMBB Fund(s)
I don't like risk	Stable Value Fund or Money Market Fund
I'd like an expertly built, diversified portfolio, but one that is on the conservative side	Balanced Fund + Stable Value Fund
I don't want a whole lot of risk and would like to know that I am investing in a socially responsible way	Stable Value Fund + Social Awareness Fund
I'd like an expertly built, diversified portfolio	Balanced Fund
I'd like the most diversified portfolio I can get	New Horizons Fund
I'd like an expertly built, diversified portfolio, but one with more upside potential	Balanced Fund + U.S. Equity Index Fund or New Horizons Fund + U.S. Equity Index Fund
I don't want to miss out on the highest returns even if I experience some significant declines along the way	Social Awareness Fund U.S. Equity Index Fund U.S. Blended Equity Fund International Equity Fund

Tips to Investing:
Keep it simple. It is not about picking the best investments each year.
Do not try to time the market.
Choose an appropriate risk level for your goal.

Insurance and Estate Planning

Insurance policies help us manage the risks associated with certain life events or material possessions. Common types of insurance that help protect you and your assets from different risks:



Risk Management with Insurance

Know your risk tolerance to potential financial liabilities that are not covered. Make sure that you have enough in savings to pay for unexpected events not covered by your insurance policies.

Ways to Better manage or Save on these Policies Include:

- Look for discounts by having multiple policies with one carrier.
- Consider not taking Comprehensive coverage for an older vehicle.
- Talk to your insurance company to see if you are properly covered.
- Review your policies annually to ensure proper coverage.
- Consider higher deductibles to lower your monthly premiums.
- Consider exploring whether excess liability insurance is right for you.

Estate Planning

What is an Estate Plan?

An estate plan is a guide that reflects the way you want your personal and financial affairs to be handled upon your death or if you become incapacitated.

Fundamentals

- Intestacy
- Wills
- Trusts
- Planning for incapacity

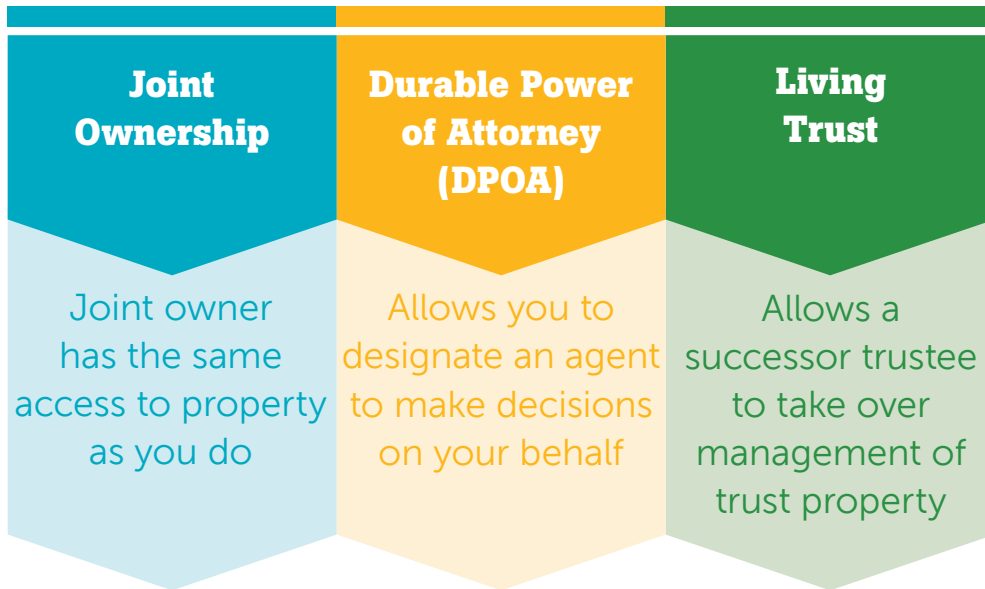


Who needs an Estate Plan?

All adults should have an estate plan. It is important to have your estate plan up to date in the event you become incapacitated or die. If you die intestate (without a will) the state where you reside will decide how your property is distributed. Failing to plan means:

- A court would have to appoint a guardian
- Increases the burden on your guardian
- The appointed guardian's decisions might not be what you would want
- Increased tax liability on the estate may occur if you don't have one in place

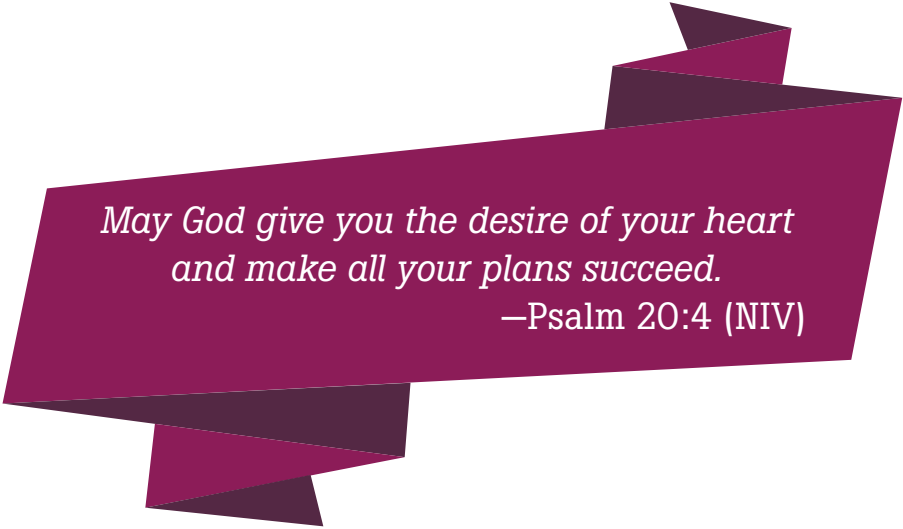
An estate attorney can assist you in creating a will, power of attorney documents, living will, and advanced directives.



Let MMBB Financial Services Walk With You

Service and financial expertise truly sets MMBB apart and, as a ministry, are the heart of who we are and what we do. MMBB can meet your financial planning and investment needs. This workbook provides a vehicle to get you started on your journey to financial wellness. You are not alone on your journey. We are here to listen, advise and serve.

As an MMBB member, you are eligible for personal financial consultations with our staff of experienced CERTIFIED FINANCIAL PLANNER™ professionals. Our financial planners are not driven by commissions and do not sell products – we provide this service to you at no cost as a benefit of membership. To work with one of MMBB's financial planners, please call 800.986.6222 or send an email to financialplanning@mmbb.org.



*May God give you the desire of your heart
and make all your plans succeed.*

—Psalm 20:4 (NIV)

Who we are

MMBB Financial Services (The Ministers and Missionaries Benefit Board) offers flexible and affordable benefits packages to faith-based employers and their staff throughout the U.S. and Puerto Rico. MMBB carries forward the 100+ year tradition of The Ministers and Missionaries Benefit Board—pioneers in providing employee benefits. With \$2.5 billion in assets, MMBB offers churches, church-related employers and those who work for them the consultative services they need to succeed. MMBB will walk the journey towards financial wellness with its members. Financial planning is a benefit of membership.

Contact Us

MMBB Financial Services
475 Riverside Drive, Suite 1700
New York, NY 10115-0049
T 800.986.6222
F 800.986.6782
E service@mmbb.org
www.mmbb.org

