

TOMORROW

Dear Friends,

As we reflect on 2020, the one word that comes to mind is resilience. As Americans we faced momentous challenges from a global pandemic to racial unrest to political discord to economic hardship. We pray that 2021 brings our nation some semblance of healing and peace.

First, we bring you the initial article by our guest writer, Rev. Abner Cotto-Bonilla, *Stewardship... What We Can Do With What We Have*. In it he discusses why good stewardship is important to the church in carrying out its financial plans.

Next, *Understanding the 2021 Annuity Payout* explains how the MMBB Board of Managers, in consultation with independent actuaries and staff determined the 2021 annuity payout.

In *How COVID-19 May Affect Your 2020 Taxes*, we outline just a few of the many financial changes that may affect your 2020 tax return. MMBB reminds our readers of tax implications that may be of particular interest.

Next, *Year-End Portfolio Review – Rebalancing Your Assets* discusses the importance of ensuring that your investment mix remains aligned to your goals, investment time horizon, risk tolerance, and financial situation. Our financial planners can help determine if rebalancing your assets will benefit you.

How to Avoid Charitable Scams is a reminder that cybercriminals are on the web waiting to take advantage of the generosity of unknowing and willing donors. In this article, you'll learn how to protect yourself and your money.

Finally, *MMBB... Blessed to be a Blessing* demonstrates our commitment to members during these unprecedented times.

We thank you for placing your trust in MMBB and allowing us to offer guidance throughout a difficult last year. As we embark upon a new year we pray for God's strength and guidance for you and your families and for those you serve.

Grace and Peace,



Louis P. Barbarin, CPA
Chief Executive Officer

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Stewardship... What We Can Do With What We Have

By Pastor Abner Cotto-Bonilla

The end of December is the time when ministers and church leaders are thinking about what ministerial programs they should fulfill for the coming year. During this process, they have to review their financial results from the current year and determine what their budget will be for the next one. Without question, a church cannot plan their ministerial (program) calendar without considering the budget. Good financial stewardship is not only important to a church, but it is also one of the main ingredients that makes the activities on the program calendar possible. Religious institutions that often fail to have a good stewardship plan for their finances not only risk potentially not being able to fulfill their church calendar but may also not be prepared to manage any unexpected situations that arise. In fact, 2020 serves as a good example of such unexpected situations. Even though back in December 2019 everything looked to be “business as usual” for the upcoming new year, nobody expected that we were about to suffer a global pandemic from pretty much the very beginning of 2020. This is when good financial stewardship asks for accountability.

Being a pastor of a Hispanic congregation in White Plains, New York (Misión Bautista Hispana de Westchester), has taught me how important it is to be prepared in advance when it comes to economic matters. I believe that our congregation was able to cope with the pandemic because we were adequately prepared for unexpected events. This allowed us to continue paying salaries and current expenses. However, the church is called to fulfill God’s mission inside and outside the community, and part of that mission is to help people in need when crises come. What if the church cannot fulfill such a mission because they are struggling financially? The challenge not only relates to paying salaries and current expenses, but also to helping those who are seeking help and hope in the midst of their economic crises. We have come to realize that many churches have not been able to pay their pastors salaries in these months of pandemic.

God has called us not only to have faith in what God can do with financial resources, but we have also been called to be good stewards in the place we are serving.

The inability to pay salaries raises great financial concern for the ministers and their families.

What can we do to be prepared for extraordinary experiences like a pandemic which continue to persist? We can answer that question by saying that no one is truly ever prepared. On the other hand, God has called us not only to have faith in what God can do with financial resources, but we have also been called to be good stewards

in the place we are serving. It does not mean that this task is easy to fulfill. It requires a good and constant process of discerning, evaluating, implementing, and most importantly, trusting.

The biblical narrative of the “Feeding of the five thousand” is a good example of this. (John 6:1-15 CEB) Jesus noted that there were many people in crisis seeking hope and fulfillment of their needs. They were hungry and there was no food in the area. Can we call this a crisis? The disciples could have thought,

"we are with Jesus. He can do everything for these people." Surprisingly, Jesus asked them, "where will we buy food to feed these people?" Can you imagine the disciples' faces? I imagine some of them saying, "um, Jesus, we did not come prepared for this." The gospel according to Matthew shares with us an important detail when the disciples suggested to Jesus that he "send the crowds away so they can go into the villages and buy food for themselves." (Matthew 14:15 CEB) Have we ever been in the disciples' position? Have we acted like them in the midst of people's crises? Why did Jesus want them to act before him? These and other questions lead us to think that good financial stewardship is very relevant for today's mission.

The establishment of priorities should also not be forgotten and is a key part of the discernment, evaluation, and implementation of a financial plan. In doing so, we must first think about what our ministry's expectations will be for the next year. Second, such expectations have to be hand in hand with the budget. Furthermore, we can review how funds were used in the prior year, and then evaluate what party should have a higher priority relative to others for the coming year. We cannot forget that a good financial practice does not only consist in considering a single year, but that it is a year over year process.

Working with a sister church has also helped us fulfill the needs of the community. We have been working together with a program called "Food Coop." Members of the church are sponsors for families in the community that are in need. Most of them are single mothers with children. They not only receive food from the church, but they have also found a family through the program. This program was extended to families from the church who lost their jobs as result of the pandemic. Thankfully, we have been a witness of what God can do in the midst of crises. I believe that God prepares us for the mission to which we have been called. It is on us to believe what God can do with the resources we have on hand. As Margaret Marcuson states, "we can do more than we thought with what we have, and we have more than we thought." (Marcuson, 5) In other words, it is not simply about knowing what we have, but what we can do with what we have.

Thankfully, we have been a witness of what God can do in the midst of crises. I believe that God prepares us for the mission to which we have been called. It is on us to believe what God can do with the resources we have on hand.

Abner E. Cotto Bonilla is the Pastor of Misión Bautista Hispana de Westchester in White Plains, New York. Abner previously held positions as Treasurer, Vice-President and President of Youth, Bible school teacher, coordinator and educator of the Institute of Theological Training and as Pastoral Assistant in the Baptist Church of Mamey in Gurabo, Puerto Rico.

Pastor Abner was an educator at the Biblical Institute of the Theological University of the Caribbean in the Caguas region, chaplaincy assistant and Christian values teacher at CeDin (School Laboratory of the Interamerican University of Puerto Rico, San Juan, PR) and teacher of Christian education at the Baptist Academy of Puerto Nuevo, Puerto Rico.

In his collaboration with the Baptist Churches of Puerto Rico, he was also Promoter and President of the Union of Young Baptists of P.R and member of the Executive Board.

He is the current President of the National Hispanic Caucus of ABCUSA.

Pastor Abner received a Bachelor of Arts from the Theological University of the Caribbean, Trujillo Alto, Puerto Rico. He received a Master of Divinity and a Master of Sacred Theology from Yale Divinity School, New Haven, CT. He is a member of the Board of Trustees of Andover Newton Seminary at Yale Divinity School.



Pastor Abner Cotto-Bonilla

Understanding the 2021 Annuity Payout

The MMBB Board of Managers, in consultation with independent actuaries and staff, determined that the annuity payout for 2021 is \$71.03. Let's take a look at the distinctive features of the MMBB Annuity Product and how the 2021 payout was calculated. The annuity is designed to be a lifetime annuity. MMBB will pay you benefits for as long as you live. Also, if you are married and have chosen a joint annuity, your spouse will receive benefits for as long as he or she lives.

The annuity is variable. Your benefit depends upon the investment performance of the markets as well as other factors.

The MMBB annuity has a guarantee, which means you receive downside protection. Your annuity will not drop more than 5 percent in the first year of market underperformance, or more than 10 percent in the second or any subsequent year of underperformance.

The MMBB Board of Managers, in consultation with independent actuaries and staff, determined the value of 2021's annuity unit based upon the factors listed below:

• **Investment Performance:** Calculated on a 12-month basis from October 1, 2019 to September 30, 2020, the investment performance of the Annuity Fund was 4.44 percent.

• **Value of the Underlying Assets:** The value of the underlying assets in the Annuity Fund was \$73.82 prior to the advanced earnings assumption and mortality adjustment.

• **4 percent Advance Earnings Assumption:** MMBB assumes the investments in the Annuity Fund will earn 4 percent a year during each of your retirement years. MMBB advances you 4 percent more units than you actually purchase when you first create your annuity. As a result, investment results must exceed 4 percent before any increase is passed on to you.

• **Actuarial Adjustments:** In order to secure the Annuity Fund, we must calculate payout obligations based on the expected lifetimes of our annuitants. On average, MMBB annuitants are living longer. However,



as a result of a higher than expected number of deaths in our annuitant population from October 1, 2019, through September 30, 2020, the payout value was adjusted by +\$0.04.

- **Recovery of Excess Payments** – The COVID-19 pandemic caused market volatility in 2020, which in turn impacted the 2021 annuity payout. The U.S and global markets fell in the first quarter of this year. As a result, the unique value of the Annuity Fund dropped to \$63.48 per unit on March 31, 2020. Because the 2020 annuity payout is guaranteed for this year, annuitants were paid more than the value of the underlying annuity assets at the rate of \$74.00.

Thus, a series of overpayments were made when the payout was above the actual value of the underlying assets. When excess payments, the investment performance, value of the underlying assets, the advance earning assumption and actuarial adjustments, come into play, they must be accounted for so that lifetime annuities can remain in place for our retirees— as well as those yet to retire.

The Annuity Payout Value is determined on September 30, each year using the higher of:

- The actual value of a unit of the Annuity Fund as of September 30, 2020 – **\$71.03**
- The six-month average value of a unit of the Annuity Fund as of September 30, 2020 – **\$69.18**
- The downside guarantee of 95% of the current payout value – **\$70.30**

As of September 30, 2020, the unique value was the highest of the aforementioned values at \$71.03 (or 4.01 percent below the 2020 payout value of \$74.00). **For a more detailed explanation, we invite you to view the MMBB 2021 Annuity Payout Webinar at <https://www.mmbb.org/download-documents-resources/category/webinars/2317/>.**

The Annuity Fund is 100 percent funded as of September 30, 2020 and remains invested in a diversified portfolio designed to address both up and down markets as well as a long-term time horizon.

With the annuity payout decreasing 4.01 percent, MMBB understands that the current value of the annuity payout may put stress on your finances. We are here to help.

First, MMBB has emergency funds available to provide assistance if you find yourself making choices about purchasing food, prescription drugs or medical services or necessary home repairs.

Second, we invite you to contact our financial planners. They will work with you to manage your financial resources, so you can continue meeting your goals in retirement.

Whether for emergency assistance or financial planning, we urge you to get in touch with one of MMBB's Senior Benefits Specialists at **800.986.6222** or **service@mmbb.org**. We are here to assist you with just about any element of your financial well-being.



How COVID-19 May Affect Your 2020 Taxes

One thing is certain, everyone will remember 2020 as the year of the COVID-19 pandemic. It has affected our health, our finances and almost every dimension of our lives. As the new year begins and we start to think about filing taxes, MMBB wants to remind you of tax changes that may be of particular interest to you.

The taxability of unemployment benefits is a big question for many this year. By law, unemployment compensation is taxable and must be reported on a 2020 federal income tax return. Taxable benefits include any of the special unemployment compensation authorized under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, enacted last spring. If you received any unemployment benefits and have not had taxes withheld, you may owe federal taxes on this income when you file your 2020 federal income tax return. To avoid this situation in the future, people receiving unemployment compensation can elect to have tax withheld from their benefits.

Teleworking raises tax issues for workers who earned income in the state where they reside and in a different state where they work or where their employer is located. With so many employers sending workers home to work to prevent the spread of COVID-19, it's possible workers who live and work in different states may end up paying taxes to two jurisdictions. This could happen if you reside in one state, even temporarily, but your income is still derived from work done for an employer located in another state. Unless you instruct your employer to withhold taxes for the appropriate states, you could get an unexpected tax bill. This is a complex issue that is treated differently by each state. Please consult a professional who is familiar with your state tax laws.

Millions of workers may find themselves with smaller paychecks in early 2021 as employers try to recoup deferred *payroll taxes*. The coronavirus related tax break was authorized in an executive order on August 8, 2020 and ended on December 31, 2020. The CARES Act allowed employers to defer the deposit and payment of the employer's share of Social Security taxes and allowed self-employed individuals to defer payment of certain self-employment taxes. The payroll tax deferral only affects employees who earn up to \$4,000 every two weeks and less than \$104,000 annually. Unless Congress acts to forgive the deferred tax, the break could become a burden for a lot of people. From January through April, employers will have to recover the payroll money they didn't withhold. If your employer participated, you will be responsible for repayment and need to consider how you will pay it back. To learn more about the payroll tax deferral, please visit <https://www.irs.gov/newsroom/deferral-of-employment-tax-deposits-and-payments-through-december-31-2020>.

Working remotely brings to mind the *home office deduction*. Many workers may try to take this deduction. Employees are not eligible to claim the home office deduction, even if an employer requires remote work because of COVID-19. The Tax Cuts and Jobs Act passed in 2017 eliminated employee business expenses on Schedule A. However, independent contractors and the self-employed can still take a home office deduction.

With the majority of colleges and universities moving to online classes, refund of 529 funds becomes an issue for many parents. If you withdrew money from a 529 college savings plan to pay for eligible expenses such as college housing and food and received a refund for unused services, you'll need to put the money back

to avoid paying taxes and penalties. When you receive a refund from the school you have just 60 days from the date of the refund to return the money to the 529 account without incurring taxes and the 10 percent penalty on earnings. When returning the money to a 529 plan, be sure it's characterized as a "recontribution" of a previous-qualified distribution. Also make sure that the amount you are recontributing is the exact amount of the refund. These are just a few of the many 2020 tax implications that may arise from the pandemic. MMBB recommends that you discuss your individual tax situation with a qualified professional. Our staff of financial planners is available, at no-cost to assist our members. Contact us at **800.986.6222** or **financialplanning@mmbb.org**.



Year-End Portfolio Review – Rebalancing Your Assets

By Alex Kim, CFP®, MBA, CPA

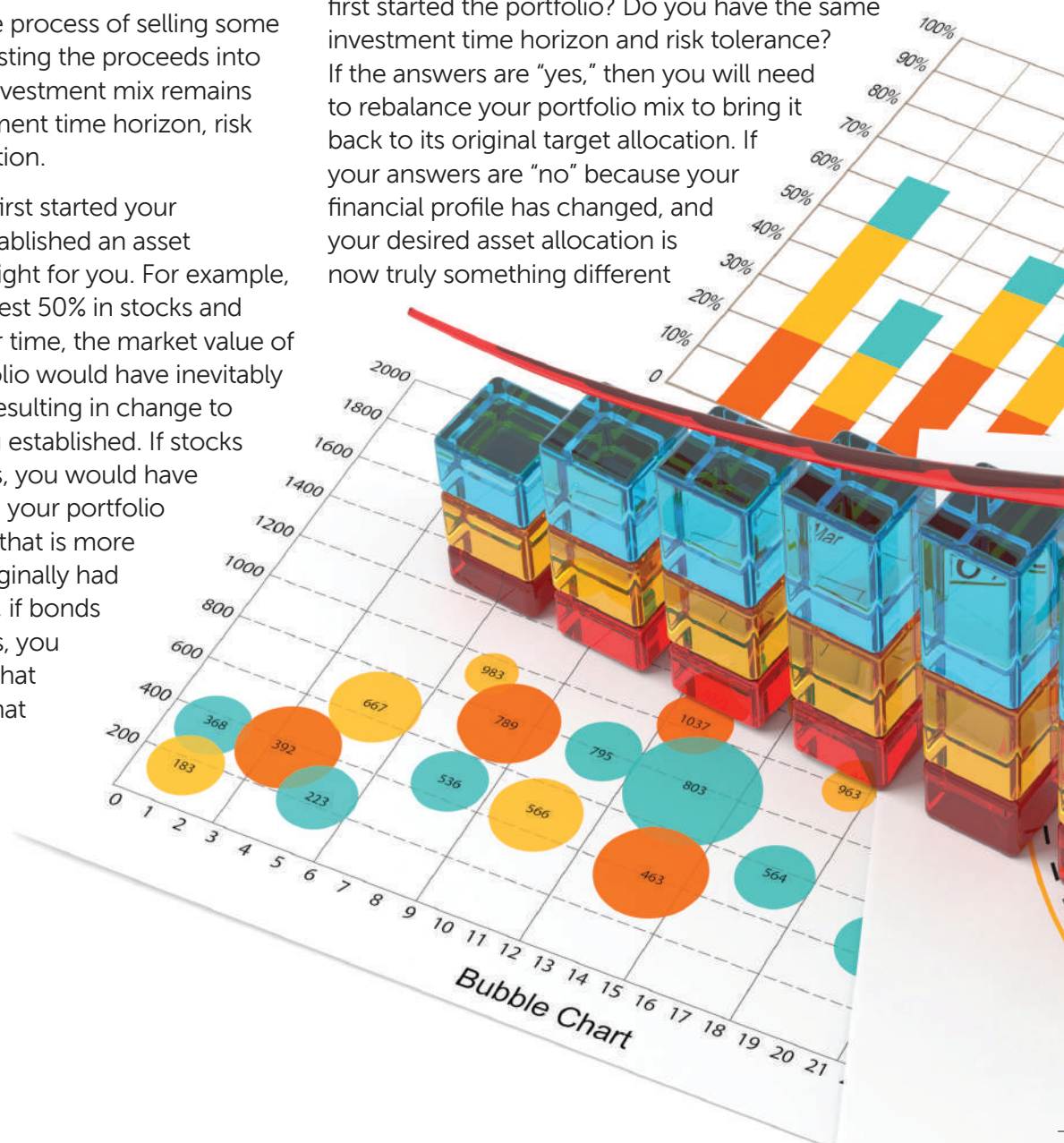
A Wild and Epic year! 2020 has certainly been a very challenging year, to say it kindly. It will likely go down as a wild and epic year. Investors have experienced dramatic market swings and portfolio volatility, testing our nerves and pushing us to question our investment strategies. With the new year beginning, it is a great time to check ourselves in the mirror and reassess our investment strategies. And if a reset to our investment portfolio is needed, a great way to bring about that change is through rebalancing.

What is Rebalancing and Why Rebalance?

Simply put, rebalancing is the process of selling some investment assets and reinvesting the proceeds into others, to ensure that your investment mix remains aligned to your goals, investment time horizon, risk tolerance, and financial situation.

Chances are that when you first started your investment portfolio, you established an asset allocation strategy that was right for you. For example, you may have decided to invest 50% in stocks and 50% in bonds. However, over time, the market value of each asset within your portfolio would have inevitably produced different returns, resulting in change to the overall asset mix that you established. If stocks performed better than bonds, you would have more in stocks than bonds in your portfolio mix, representing a portfolio that is more aggressive than what you originally had intended. On the other hand, if bonds performed better than stocks, you now would have a portfolio that is more conservative than what you had targeted. This result is called “asset allocation drift.” As a result of “asset allocation drift,” you must look in the mirror and reassess what you want out of the portfolio.

Do you have the same goal in mind as when you first started the portfolio? Do you have the same investment time horizon and risk tolerance? If the answers are “yes,” then you will need to rebalance your portfolio mix to bring it back to its original target allocation. If your answers are “no” because your financial profile has changed, and your desired asset allocation is now truly something different



than your original asset allocation, you will still need to ensure that your actual portfolio mix represents your desired portfolio mix – and this may, or may not, require rebalancing, depending on how far off your current portfolio mix is from your desired portfolio mix.

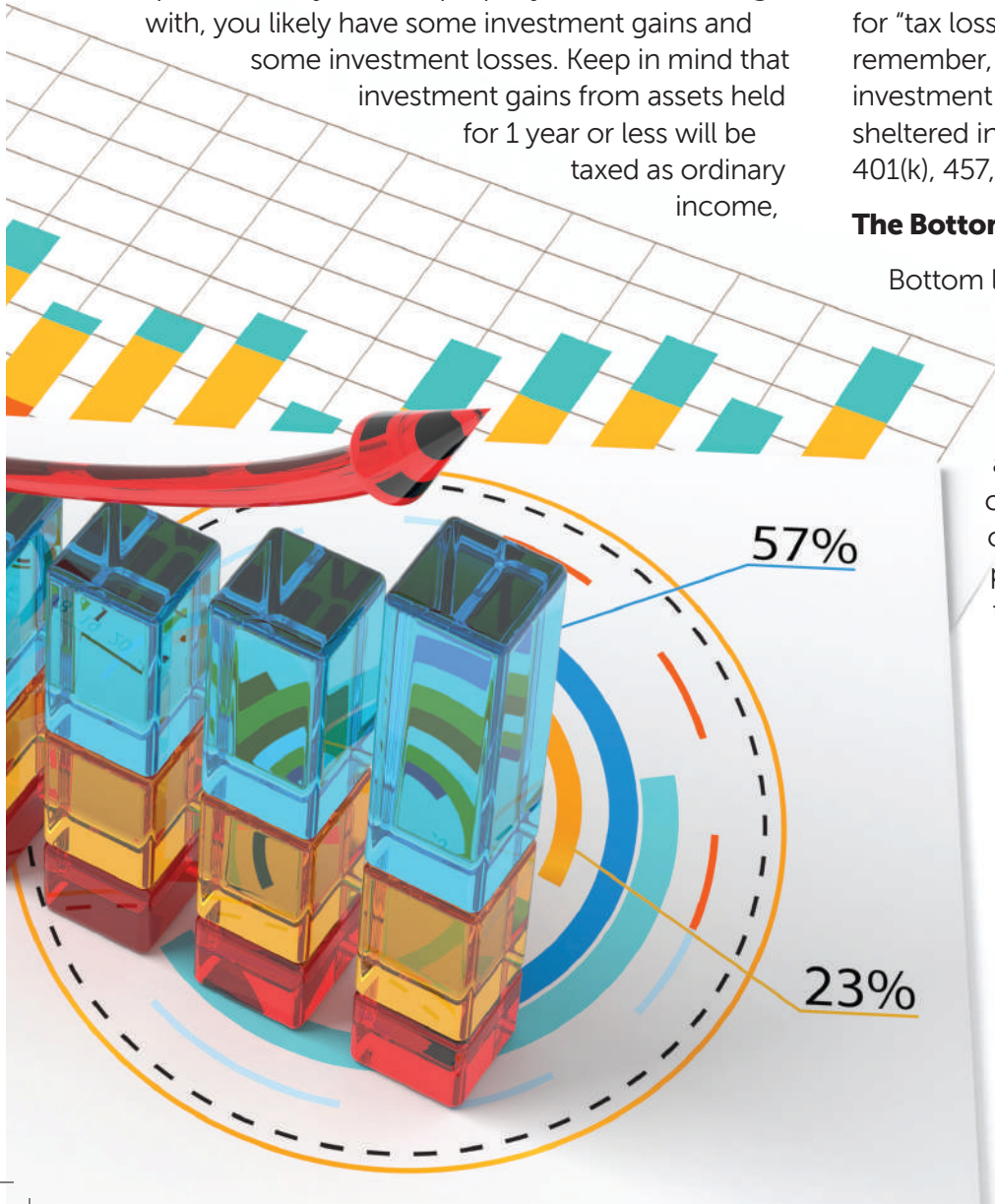
Tax Considerations When Rebalancing Outside Your Retirement Accounts

When rebalancing your investment portfolio that is in a taxable account (outside your tax-sheltered retirement savings accounts), you will also need to consider tax implications. If you were properly diversified to begin with, you likely have some investment gains and some investment losses. Keep in mind that investment gains from assets held for 1 year or less will be taxed as ordinary income,

while investment gains from assets held for more than 1 year will be taxed at a more favorable capital gains rate. However, investment losses can help you reduce taxes by offsetting gains. If you have more capital losses than gains, you can use up to \$3,000 a year to offset ordinary income and carry over the rest to future years. This process of offsetting investment gains with investment losses for tax benefit is referred to as “tax loss harvesting.” This strategy transforms an investment that has lost money into a “tax benefit” and helps you to reduce taxes now and in the future. So, a volatile market with many ups and downs that creates investment winners and losers can be an opportunity for “tax loss harvesting” and produce tax benefits. But remember, “tax loss harvesting” only applies to taxable investment portfolios – not your retirement tax-sheltered investment portfolios, such as 403(b), 401(k), 457, or IRA.

The Bottom Line

Bottom line, when you rebalance, the goal is to align your investment portfolio with your desired asset allocation – whether that is your original target allocation or something totally different. The desired asset allocation should be based on your current financial circumstances (not the ones from when you first started your portfolio), including your goals, investment time horizon, and risk tolerance. And given the likely gyrations that you experienced in your portfolio during the 2020, and the new year beginning, there’s no better time than now to rebalance. By rebalancing, you can ensure that your portfolio correctly represents what you want. If you are interested in examining how rebalancing may benefit you, please give us a call at **800.986.6222**.



How to Avoid Charitable Scams

Last year Americans gave nearly \$450 billion¹ to charitable organizations. That generosity supports approximately 1.54 million charitable organizations from diverse arenas including health care, education, environmental protection, the arts and numerous other causes. Unfortunately, it also opens the door to fraudsters who look to profit from donors' generosity.

Many scams focus on raising funds for veterans and disasters. Fraudsters realize how readily we open our wallets to those who served our country and those rebuilding their lives after hurricanes, earthquakes, wildfires or other natural disasters. Charity scammers are more active during the holidays, the biggest giving season of the year.

They also take advantage of current events. The coronavirus pandemic has generated a lot of fake appeals to contribute to both immediate relief needs and long-term recovery efforts.

Scam charities are successful because they mimic the real thing. Similar to genuine nonprofits, they reach out to consumers via telemarketing, direct mail, email and door-to-door solicitations. They also create

well-designed websites with deceptive names. So, how do you know if your donations are not going to organizations that are genuinely helping others?

Here are a few red flags to watch out for:

1. Pressure to give right now. A legitimate charity will welcome your donation whenever you choose to make it.
2. A thank-you for a donation you don't recall making. Trying to make you think you've already given to the cause is a common trick that fraudsters use to lower your resistance.
3. A request for payment by cash, gift card or wire transfer. Scammers favor these payment methods because the money is difficult to trace.



When considering a charitable donation there are some things that you can do to ensure the organization is legitimate.

- Check watchdog organizations like Charity Navigator, CharityWatch and the Better Business Bureau's Wise Giving Alliance for how they rate the organization.
- You can also visit <https://www.nasconet.org/resources/state-government/> to verify that the organization is registered to raise money in your state.
- Before you give, ask how much of your donation goes to overhead and fundraising. One rule of thumb, used by Wise Giving Alliance, is that at least 65 percent of a charity's total expenses should go directly to serving its mission.
- Always keep a record of all your charitable donations and regularly review your credit card account to ensure that you are not being charged for more than you agreed to give or unknowingly agreed to a recurring donation.

When making a donation, there are some things that you should not do.

- Don't give your personal and financial information such as your Social Security number, date of birth or bank account number to anyone soliciting a donation. Legitimate organizations will never ask for this information and scammers use it to steal your identity.
- Don't make your donation using cash or wire transfer, using a personal check or credit card is safer.
- If you receive unsolicited email, Facebook or Twitter fundraising messages; don't click on any links, they can unleash malware. Don't donate by text without first confirming the number on the charity's official website.

When in doubt, you can check the Internal Revenue Service online database <https://www.irs.gov/charities-non-profits/tax-exempt-organization-search> to determine whether an organization is a registered charity and if your donation will be tax-deductible. If you suspect that a charity is a scam, you can report it to the Federal Trade Commission <https://reportfraud.ftc.gov/#/> and to your local authorities.

1 <https://www.nptrust.org/philanthropic-resources/charitable-giving-statistics/>

MMBB... Blessed to be a Blessing

2020 was a difficult year for our country, we have been faced with a global pandemic, economic uncertainty, political strife and racial unrest. As a financial services ministry, MMBB is proud to walk alongside our members and employers throughout these unprecedented times.

Many MMBB pastors find themselves called to offer greater care and outreach for congregations and communities who are experiencing serious health, financial and spiritual challenges and losses. Yet, pastors and their families have also been adversely affected. Since the start of the pandemic, MMBB has been blessed to provide \$514,000.00 in emergency assistance as appropriate to our active pastors and lay leaders. We are also offering premium assistance for qualifying ordained pastoral leaders enrolled in our Comprehensive Plan by placing them on a \$10 a month continuance to pay their premiums on behalf of churches (employers) who are unable to pay for up to 2 years.

MMBB understands that our pastors may continue to experience financial challenges in the coming year. We are here to provide emergency assistance to pastors who may be faced with making choices about purchasing food, prescription drugs, medical services or necessary home repairs. MMBB also invites you to contact our financial planners. They will work with you to manage your financial resources, so you can maintain your financial health.

Whether for emergency assistance or financial planning, please contact MMBB's Senior Benefits Specialists at **800.986.6222** or service@mmbb.org. We are here to assist you with just about any element of your financial well-being and it is a privilege to serve you.

Resources for You

MMBB	800.986.6222 (phone), service@mmbb.org (email) or www.mmbb.org (website)
Conduent (formerly Xerox HR Solutions) Retirement plan account balances, transactions, investment selections, loans, lost PIN	877.626.4032 or www.mmbbaccounts.org
WebTPA Medical Claims Administrator for The Hartford Retiree Health Insurance Plans, for annuitants who are Medicare-eligible	844.380.4556 or www.webtpa.com
UMR Eligibility, premiums, billing, and enrollment assistance for The Hartford Retiree Health Insurance Plans, for annuitants who are Medicare-eligible	866.868.0502 or www.tpa.com/mmbb For prescription drug questions for The Hartford Retiree Health Insurance Plans, call CVS Caremark at 800.966.5772
The Hartford Disability Services	877.889.0242
Governmental Resources	
• Internal Revenue Service	800.829.3676 or www.irs.gov
• Medicare	877.267.2323 or www.medicare.gov
• Social Security Administration	800.772.1213 or www.ssa.gov

TOMORROW

Send us your story ideas!

We are always interested in story ideas from our members. What would you like to see in *Tomorrow*? Send your ideas to **tomorrow@mmbb.org**; your idea could be featured in a future issue.

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Editor Yvette Vanterpool

MMBB Financial Services
475 Riverside Drive, Suite 1700
New York, NY 10115-0049

T 800.986.6222
F 800.986.6782
W www.mmbb.org