




## Cashing in on Retirement

*“Now that I am retired, how much should I (or may I) withdraw from my retirement account?”*

 A very common question received by RBI staff is a variation of the following: “Now that I am retired, how much should I (or may I) withdraw from my retirement account?” Our answer depends on many different variables; each account holder must answer a few of these variables himself before we can give direction and guidance.

What people are generally trying to find out when they ask this question can differ from person to person. One person may want to know if there is an RBI or plan requirement for withdrawals. Another may have heard that there are certain minimum distribution requirements of the IRS when one reaches a particular age. Another may just want to know the maximum he can take out so that the money will always last. While there are more than just these variations, let's review these three.

First, there is no RBI, church or Retirement Plan requirement of how much or how little money you may take out of your account each year once you are retired. We generally suggest that each person desiring to receive money **on a regular basis** should setup monthly, quarterly or annual withdrawals – we call these “periodic distributions.” Each person can set the frequency and the amount to be what ever he or she wants, provided applicable federal requirements are met; please see the following paragraph.

Second, there are minimum distribution requirements imposed by the IRS on each

account holder once a person attains the age of 70<sup>1/2</sup>, if he or she is no longer working (that is, retired from PCA employment). Because RBI tracks ages within our database, we proactively send notification every November to this age group. Each year, we notify anyone age 70<sup>1/2</sup> or older that we will process a calculated minimum distribution unless we are notified by that person that he or she remains employed (is not retired from the PCA). After we have received responses, we process the distributions. These minimum distributions are calculated by looking at the account balance **at the end of the prior year** and dividing by a special divisor as supplied by the IRS (based upon the individual's age). The result is then compared with the amount already withdrawn by the participant throughout the current year. If the participant has already withdrawn enough, we are not required to distribute any more. If the participant has not withdrawn enough, RBI is obligated to distribute the money and to remit the appropriate taxes as required by tax law. We receive questions on this process each year. Many state that they do not wish to have or that they do not need the money. Others ask if they can send it back or “roll it over” to an IRA. Our response is that, whether you need the money or not, the IRS requires us to distribute the money to you so they may tax it. You certainly do not have to spend the money – you may simply keep it in an interest bearing account, but you are not allowed to keep the

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# Benefit BULLETIN

PCA RETIREMENT & BENEFITS, INC.

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PCA Retirement & Benefits, Inc. is a non-profit  
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## RBI Office Hours Schedule

The business hours of PCA Retirement & Benefits, Inc. (RBI) are Monday through Friday 8am to 5pm ET, following a devotional on Monday mornings at 9am. The RBI office will be closed the following holidays:

- Labor Day - Monday, September 3
- Thanksgiving - Thursday and Friday, November 22 and 23
- Christmas - Monday and Tuesday, December 24 and 25
- New Year's - Monday and Tuesday, December 31 and January 1

RBI reminds participants that the following resources are available year-round :  
[www.onlineretirement.org](http://www.onlineretirement.org)  
RBI website: [www.pcarbi.org](http://www.pcarbi.org)  
RBI e-mail: [rbi@pcanet.org](mailto:rbi@pcanet.org)

## A WORD FROM THE president



Sometimes, just the right questions asked can bring perspective to a difficult decision before us. I recently came across the following questions in a brochure from one of our investment managers regarding the challenges of managing a retirement portfolio.

- Are you confident in your ability to pick the right investment mix for your retirement goals?
- Do you have time to monitor your investment performance?
- Do you make adjustments to your mix of investment funds as your goals change?
- Would you prefer professional investment managers to make these decisions for you?

If your answers to the above questions are, "No, No, No and Yes" then the PCA Target Retirement Funds may provide the investment solution you need. Target Retirement Fund strategies are relatively new and, we believe, the most significant development in the retirement planning business to come along in decades. Imagine being able to make one investment decision and literally never to worry again about your investment plan. You simply calculate your retirement date and then invest your plan contributions and balances in a PCA Target Retirement Fund with the closest date. Your funds are automatically and broadly invested in "best in class" managers appropriate to your estimated date of retirement. The investment professionals at PCA Retirement & Benefits, Inc. will work to maximize your investment return potential throughout your working and retirement years.

The PCA Target Retirement Fund series is an option every participant in the PCA Retirement Plan should consider. We recognize that while many of our participants



Gary D. Campbell,  
President

have advanced degrees, most are not trained or educated in the world of money management. Even for those who may have some knowledge of investment management, the time requirements of pastoral or missional responsibilities leave little opportunity to focus on managing an investment portfolio.

Deciding whether or not you should use one of the PCA Target Retirement Funds is not a question you should put off for very long. A properly invested retirement plan will have significant benefits for those who choose to make good decisions as early as possible. We are thankful that many participants are calling the RBI, offices asking good questions and getting help with their retirement plans. Because of the importance of this decision for so many in our denomination, we will contact each retirement plan participant by letter who has not already accessed one of the PCA Target Retirement Funds. Our letter will provide a specific recommendation to each individual that will be appropriate for that person's expected date of retirement.

At the end of the day, it is our prayer that the work we do on your behalf will allow you to focus your time on ministry with the knowledge that your retirement plan is being properly cared for by experienced professionals. Should you have questions about the Target Retirement Funds or any of the plans we offer, please let us know. We look forward to serving you!

Blessings,

Gary Campbell, CFA— President (678) 825-1276

To arrange an appointment, please contact:

Sally Kaplan: (678) 825-1278

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**Cashing in... (continued from page 1)**

“required distribution” money in your PCA Retirement account, per tax law.

Third, there are calculations that you may use in order to ascertain just how much you may withdraw without depleting your account. This is a much more difficult question. Generally speaking, if an account is appropriately diversified (for example in Target Retirement Funds), a 4% annual withdrawal rate may protect you from outliving your money.” However, “the devil is in the details” and there are many details in this situation. One particular factor is that if you are over age 70½, you must follow the “minimum distribution requirements” as described in the second paragraph above. A second factor is that a 4% annual account distribution may be so little that the question is moot. A third factor is the most complex: how much is needed by the

account holder each year? This is the issue of concern to the vast majority of our participants, minimum distribution rules notwithstanding. Some may need nothing at first, living off of cash on hand, Social Security, or a spouse’s income. Others may need a great deal at first, needing to pay down debt, assist a child with tuition or assist an aged parent with healthcare. Depending on these needs, the 4% mentioned above can be grossly inaccurate.

Regardless of the need, the RBI staff can help you by asking you the right questions and answering any questions you have of us. While we certainly cannot make money materialize in your retirement account, we can guide you through these situations and assist you in making your decisions or in adjusting your retirement expectations as required 

*Regardless of the need, the RBI staff can help you by asking you the right questions and answering any questions you have of us.*

**CORRECTION**

**The last edition of the *Benefit Bulletin* contained an article, “PCA: On the Move!” In the section, “Document Move” it was stated that meals, if not reimbursed by the church, may be tax deductible. This is not true. The other items listed within the article are tax deductible. RBI apologizes for and regrets the error.**

**PCA RETIREMENT FUND UPDATE**

Investment Performance:	Average Annual Return Through 6/30/07			
	2nd Quarter 07	1 Yr.	3 Yr.	5 Yr.
PCA Mid Cap Growth Fund	8.1%	21.7%	12.2%	11.8%
PCA Mid Cap Value Fund	7.3%	21.0%	14.9%	12.7%
PCA Equity Fund	7.5%	16.0%	10.7%	9.7%
PCA Balanced Fund	3.9%	12.4%	6.8%	6.6%
PCA Income Fund	-0.7%	5.1%	2.6%	3.3%
Small Cap Fund	8.9%	19.6%	9.7%	13.6%
Int’l Stock Fund	7.6%	23.6%	18.2%	14.0%
Large Cap Growth Fund	6.0%	9.5%	9.8%	6.7%
Stock Index Fund	6.2%	19.9%	11.1%	10.1%
Bond Fund	0.6%	4.4%	2.6%	3.1%
Money Market Fund	1.1%	4.7%	3.2%	2.1%
<b>BENCHMARK INDICES</b>				
S&P 500 (stocks)	6.3%	20.6%	11.7%	10.7%
Lehman Aggregate (bonds)	0.52%	6.11%	3.98%	4.48%

\*Source - Morningstar • Note: Investment returns shown are net of investment manager, custodial and administrative fees. All 2007 figures are unaudited.

- SMALL CAP**  
Lord Abbett Small Cap Blend (LSBYX)
- LARGE CAP GROWTH**  
Waddell & Reed Advisor Vanguard (WAVYX)
- STOCK INDEX**  
Vanguard Institutional Index Fund (VINIX)
- INT’L STOCK**  
85% SSgA Int’l Stock Selection Fund (SSAIX)  
15% SSgA Emerging Markets Fund (SSEMXX)
- BOND**  
FPA New Income Fund (FPNIX)
- MONEY MARKET**  
Schwab Value Advantage Fund (SWAXX)

## Human Capital and the Ants

Go to the ant O' sluggard;  
consider her ways and be  
wise. Without having any  
chief, officer, or ruler, she  
prepares her bread in  
summer and gathers her food  
in harvest. (ESV Proverbs 6: 6-8)

*We are all born  
with a certain  
amount of Human  
Capital (ability to  
produce an income)  
and that Human  
Capital is high  
while we are young  
and diminishes  
as we age.*


— Morningstar



A favorite proverb to be sure, but where is it to be applied in our lives? One place to begin is with work itself. If we do not work to provide, it is clear in verses 9-11 what will become of us. If we have a healthy fear of the Lord, those words will ring in the ears of us all.

With that in mind let's consider the concept of retirement. Given that retirement is a historically recent development, there is no specific mention of it in the Bible. Perhaps in Numbers, but then do we think we are Levites as well as temple priests? We find no real prohibition or advocacy of retirement in the Scripture. The verses from Proverbs are helpful here in that they seem to indicate we should prepare for a time when we may face scarcity. As sold to us by many within the financial services community, retirement is a far away land of


dreams where everyone has second homes, yachts, beauty and health, as well as personal peace and security.

A recent Morningstar research report introduced a way of thinking about retirement that seems more honest. According to Morningstar, we are all born with a certain amount of Human Capital (ability to produce an income) and that Human Capital is high while we are young and diminishes as we age. The second component of the research discusses our Financial Capital which is most often meager while we are young and should increase as we sail on towards the horizon. Ideally, as we age our Financial Capital increases to offset our decreasing Human Capital. This Financial Capital is obtained from our ability to successfully steward and manage our financial lives. If we understand the ant, then we understand our responsibility to develop this Financial Capital for a time when our health, energy, ability, or interest may not sustain in us in our calling. There are those who will say "not I and certainly not now", but men rise and fall like wheat and the day will come when we will want for a storehouse to provide for our diminished Human Capital. 






## Health Insurance Assistance Fund

 The Health Insurance Assistance Fund is a special fund to assist pastors without call by providing payment of their health insurance premiums for up to three months. The PCA Christmas Offering and other year-round gifts fund this ministry along with other forms of Ministerial Relief.

These comments from grateful pastors indicate how your generosity in giving on behalf of the “least of these” glorifies God and blesses families.


Confidential applications for assistance can be found at [www.pcarbi.org](http://www.pcarbi.org) or by contacting Debby Brown at 678-825-1270. 

*My wife and I wish to thank you and all those connected to the Ministerial Relief Fund for the help you have rendered to us. For years I have encouraged churches to contribute to the PCA Christmas Fund, not realizing that I may, one day, be blessed by it. Your assistance has made these past few difficult months a little more tolerable and we thank God that we are a part of a denomination that cares for her ministers. Thank you for this expression of love.*

*On behalf of my family, thank you and the Ministerial Relief Fund for these past three months of assistance. It's amazing how perfect God's timing is. (My husband) has now accepted a call in another state and will begin next month. Thanks again and God bless you.*

*You also do not need to begin distributions once you retire, until you want to do so.*

## More of Your Questions Answered

 This quarter, we resume an occasional feature regarding your questions. We regularly receive many questions from you - through calls, mail, e-mail and even through our visits to local churches and schools. Many require detailed explanations, but several can be summarized more generally. A few of these questions, and their answers, are below.

### **Q: I no longer work for a PCA organization; can I leave my retirement fund where it is?**


**A:** Yes. You may certainly continue your account with PCA Retirement & Benefits, Inc. We will continue to maintain your account - you will still have the ability to view and change your investment options. However, in many cases (ordained PCA pastors are an exception), you will no longer be able to contribute funds, if you no longer work for a PCA organization.

target retirement funds that may be ideal. Each offers a unique allocation matching a more conservative approach, while retaining some exposure to equities. The funds will slowly reallocate during your retirement, until they reach the PCA Harvester Fund, which retains a fixed allocation.

You also do not need to begin distributions once you retire, until you want to do so. If retired, the IRS will require you to begin distributions once you reach age 70<sup>1</sup>/<sub>2</sub>, but until that time, you do not have to take money from your account. If nearing or considering retirement, feel free to call RBI to discuss the PCA Retirement Plan features.

### **Q: I don't know how much insurance I have. How can I find out?**

**A:** Broadly speaking, most callers are asking about our two lines of insurance: life and long term disability. Our largest life insurance plan is the PCA Standard Life Plan, which offers a descending death benefit based on your age (these amounts are noted on our website [www.pcarbi.org](http://www.pcarbi.org) on the Standard Life page in the Plan Highlights section). Many also have optional life insurance or dependent life insurance. Should you not recall how much you have you may call us 800.789.8765. (You may also ask your local treasurer or administrator to call Group Resources, our insurance billing administrator, at 800.721.3611.) If you want to update your coverage or increase your coverage, you will need to go through some medical underwriting, completing an evidence of insurability form. These forms are available from the RBI office.

Long term disability insurance should correlate to your salary (for pastors, salary plus housing). Each November, your treasurer or church administrator is asked to submit the most recent salary adjustments so your disability insurance is updated on a regular basis. It is very important that your salary is regularly updated. This not only determines the amount your church is billed, but it also determines the amount of insurance you have. Should a disabling event occur and your salary was not updated, your ability to collect the correct amount of insurance will be substantially jeopardized. 



### **Q: I am about to retire. Do I need to roll my money out of the PCA Retirement Plan?**

**A:** No. We encourage you to retain your PCA Retirement Plan account. Our plan offers low fees, 11 core options and 13 target retirement options. For those in or nearing retirement, we have four

## A Pastor, *Without Call* —

If the PCA pastor had a place akin to “Limbo” in this world, it would be named “Without Call.” This is the dreaded place some pastors find themselves in and are looking for a way out. Sometime you go into it voluntarily and other times it may be forced upon you. However we arrive, we soon discover it can be a dark and lonely place. If you are currently “Without Call” there are some important things to know.

First, relationships are key for survival. If you leave the church because of relational conflicts, then you may be reluctant to seek out relationships that can help in troubled times. You may feel burned, betrayed and battered, not to mention the hurt your family experiences. You may even feel God has let you down. Yet here is where healing begins: seeking the face of God, and remembering His faithfulness (Laminations 3:18-24). Keep in touch with the Presbytery Shepherding Committee (even if they don't call you), so they can know about your situation and stay current with you. Have a pastor friend who will watch over your heart as you will encounter new temptations (bitterness, anger, resentment, etc.).


Relationships are also important for finding God's new ministry field. Networking is the most productive and efficient way of discovering your next work, so stay in touch with the Administrative Committee, Presbytery Stated Clerks and other pastors who may pass on leads. Be mindful that God will call you in His time, and it may be soon, or it may be a long wait. During this waiting period, the Lord will deal with your heart and ready you for His next Kingdom work. He is also preparing the field for your ministry.

Second, finances can be a troubling part of Without Call. Your income has suddenly ceased or will end when the severance pay is complete. Keep in

mind God's promise of His faithfulness. He pledged to always provide and may use unexpected means to do this. Use your other skills, education and training to work in the marketplace, and if you find yourself working outside the church (or the “real world”) view this as a ministry opportunity. Ask the Lord to lead you to lost people for evangelism or to start a Bible study or discipleship group.

Third, remember RBI Ministerial Relief Fund administered by RBI if you need financial assistance. This assistance can be applied in two ways: monthly bills and medical insurance. You can download a Relief Application from the RBI website, [www.pcarbi.org](http://www.pcarbi.org), and send to Debby Brown. Also, you can call RBI at 800-789-8765, update us on any address and contact information changes and talk to us about your insurance and retirement plans. We also have staff that can sympathize with you, give counsel for your present circumstances and pray with you. RBI loves our PCA pastors, missionaries and their families and is willing to listen and advise. Don't hesitate to call us!

Finally, if you know a pastor Without Call, take the time to call and meet with him. He needs your encouragement, and it will boost his morale for you to take time out of your schedule to let him know of your love and concern.

We are Presbyterians! This means pastors, churches and members don't operate independently, but as the Body of Jesus Christ, we intentionally stay connected to support our leaders and pick up the fallen. Paul said, “Do nothing out of selfishness or empty conceit, but with humility of mind, consider one another as more important than yourselves, not looking out merely for your own personal interest, but also for the interest of others,” (Philippians 2:3,4). 



*Be mindful that God will call you in His time, and it may be soon, or it may be a long wait. During this waiting period, the Lord will deal with your heart and ready you for His next Kingdom work.*

## TRAVEL TIPS YOU CAN USE—

*no matter where you go*

### *Guarding against thieves*

- If your hotel has a safe, use it.
- Don't put valuables in the pockets of soft material bags, even if they're locked. Seams can easily be split.
- Coat pockets, handbags and hip pockets are easy access for thieves. Women should carry shoulder bags tucked under their arm. Men should put wallets in a front trouser pocket or use a money belt. A wallet wrapped in rubber bands is more difficult for a pickpocket to remove.

### *Amusement parks*

- Keep a recent photo of your child in your wallet in case you are separated and need help locating your child.
- Save the shows and indoor attractions for the hottest part of the day.
- When visiting large amusement parks, arrive as early as possible. Start at the back of the park and work your way forward to avoid long lines.



### *Using credit cards*

- If you plan to use your card extensively on your trip, contact your credit card company before you leave. Unusual spending patterns may cause them to suspect your card has been stolen and delay your purchases.
- Never give out credit card information on an incoming call in a hotel – even if the caller claims to be a hotel employee.

### *Leaving a trail*

- Leave a copy of your itinerary (names, addresses and phone numbers of persons and places you will visit) with relatives or friends at home.

Source: Unum Corporation and Assist America, Inc.

