

# Retirement Contributions as an Employer Benefit

**A church should include an employer contribution toward retirement for all ministers, for all full-time non-ministerial employees and for some part-time employees, especially if they work more than 20 hours per week.**

A 403(b) plan should always be used for church employees. (*403(b) plans are the non-profit counterpart to 401(k) plans in the for-profit world.*) For Southern Baptist churches, the Church Retirement Plan through GuideStone Financial Resources of the SBC offers advantages employees generally cannot get in any other plan. (*One of those advantages is featured below.*)

## **CONTRIBUTIONS**

Employer retirement contributions should be calculated as a percentage of the employee's compensation (salary + housing for ministers). 10% of Compensation is recommended. Employer contributions are tax deferred for income taxes and are exempt for social security tax for all employees.

An employee may make additional contribution by salary reduction up to the legal limits. These contributions may be tax deferred or tax paid (Roth). Tax deferred employee contributions are subject to FICA for non-ministers but are NOT subject to self-employment social security for ministers.

## **ADDED PROTECTION BENEFITS**

For most Southern Baptist church employees the state convention is a partner in the plan, providing valuable protection benefits for eligible plan participants. Eligibility is defined by each state convention. These benefits are provided at no cost to the employee and can include:

- Depending on the age at death, up to \$ 100,000 Survivor Benefit. (a life-insurance type of benefit)
- Up to \$ 500 per month disability benefit.  
(While disabled, in addition to receiving the \$ 500 per month benefit, the survivor benefit continues and \$ 35 per month is added to the retirement account.)

## **INVESTMENT FUNDS**

GuideStone offers a complete family of award winning registered mutual funds with unique ethical guidelines. Various investment options allow an individual to use an investment strategy appropriate for their goals, time horizon and comfort level for investment risks.

## **BENEFITS IN RETIREMENT**

GuideStone provides a variety of retirement benefit options, including lifetime benefits, systematic withdrawal options, fixed period payments, and single sum distributions. Upon retirement, participants select the benefit option that best meets their needs.

As a denominational pension plan, a minister can have a portion of their retirement benefit from GuideStone designated as tax-free Housing Allowance.

## **FOR MORE INFORMATION**

Comprehensive Church Retirement information is available on line at [www.guidestone.org](http://www.guidestone.org) or in print from GuideStone Financial Resources, 2401 Cedar Springs Road, Dallas, TX 75201. Phone: 888-984-8433.