

hark!

Bringing you great tips for responsible investing

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October 2019

“When the challenge e-mail came, we knew it was God's way of encouraging us to do it.”

REVEREND BRANDON MOORE

Challenge Accepted!

Wespath recently launched its 3-Month, 1% Challenge. Clergy participants were encouraged to increase their personal contributions to the United Methodist Personal Investment Plan (UMPIP) by 1% for the months of September, October and November.



Reverend Brandon Moore

Reverend Brandon Moore was beginning his first appointment in the Western Pennsylvania Annual Conference when he decided to become one of the nearly 600 clergy who took us up on the challenge to work toward a better financial future.

“My wife and I were interested in [making UMPIP contributions],” said Rev. Moore, “but we weren’t sure if we could financially swing it. We prayed for God to give us direction. When the challenge e-mail came, we knew it was God's way of encouraging us to do it.”

Rev. Moore was also inspired by other clergy. “A lot of peers encouraged me to join and participate.”

Rev. Moore and his wife are adjusting their entertainment spending to afford the UMPIP contributions. He says, “It actually won't affect our current budget all that much. We might see a movie or two less a month. Not too big of a deal, really.”

After the challenge is over, Rev. Moore will continue his UMPIP contributions and plans to find ways to increase his contributions. “Saving for retirement is investing in our future,” said Rev. Moore. “This plan will help us have what we need when we reach retirement age, so that we are not stressed about finances in our golden years.”

While the 1% Challenge has now closed, it's still the perfect time to make a commitment to improving your financial future. You can change your UMPIP contribution percentage at any time by completing a **Contribution Election form** and returning it to your church, conference or employer.

Challenge yourself to increase your contributions today!



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2019 Stock Market Volatility

From the Office of the CIO

In August, for the second time in 2019, the U.S. and world stock markets experienced a sudden decline of about 6%. While not as jarring as the nearly 20% decline in late December last year, investor anxiety has been high for several months.

Root Cause

Market observers indicate that world politics may be contributing to this anxiety. Of course, the U.S.-China trade dispute has taken center stage. But other world events are also meaningful.

Britain's moderate leader, Theresa May, resigned after Parliament did not support her Brexit plans. May was replaced by Boris Johnson, a conservative populist leader. Japan and South Korea are having their own trade spat. Political unrest in Hong Kong, which featured mass protests and airport closures, has captured the attention of the world. German manufacturing, according to business polling, is in a "freefall," largely due to fewer exports to China and pressure on the auto industry resulting from a change in carbon emissions standards. Iran has seized ships in important trading routes. North Korea is again testing missiles. The U.S. President regularly criticizes the actions of the U.S. independent central bank, the Federal Reserve.

Despite these seemingly disruptive world events, the movement in the stock market is normal. Significant market declines happen cyclically, and investors should expect periodic market retreats similar to what they have observed this year. Stocks experience an average decline of about 11% from their highest peak to their lowest point during any year. For perspective, an 11% decline today would translate to a nearly 3,000-point drop in the Dow Jones Industrial Average.

Markets must be managed for the long-term

No one can predict market increases or decreases exactly. A change in direction could be occurring while you are reading this; it could be next week, next month, a year from now or sometime farther in the future. History has shown that investors who panic by dumping their stock holdings will often return to the markets too late to benefit when the markets rebound—and would have been significantly better off had they done nothing. Stock market declines can be healthy, and they present opportunities for long-term investors.

Wespath manages through a long-term, disciplined strategy

Wespath remains focused on the long term. We adhere to a consistent, long-term and disciplined strategy for managing a diversified investment program. We continue following this strategy in both up markets and down markets, and it has successfully stood the test of time. We are confident that our approach is prudent and will continue to faithfully serve the retirement needs of our participants.

Coming Soon: New Participant Websites

It's time for an update. Participants will experience two new websites in the coming months, featuring updated technology and more concise and streamlined information to help with benefits decisions.

EY Navigate

EY Financial Planning Services' new site, **EY Navigate, will be live on November 5.**

The new site will offer simpler registration, new ways to reach EY planners, more focused questionnaires with bite-sized actions you can take, and more.

All participants will need to re-register to access the site, which ensures that participant information remains secure. We will send registration details once the site launches. If you have questions about the new site, call your EY planner at **1-800-360-2539**.

Wespath Websites

Both the Wespath Benefits and Investments and the Wespath Institutional Investments

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websites will also get a refresh this year. Site content is being rewritten to be more accessible and easier to understand, and the site will be updated to make it faster for participants to find what they're looking for. **The new websites will launch on December 6.**

Clergy Contemplating Social Security Opt Outs—Consider the Risks

Social Security has a special provision for certain ministers, members of religious orders (who take vows of poverty), and Christian Science practitioners that was created by Congress to honor sincerely held religious objections to social insurance. The provision allows these ministers to “opt out” of Social Security, provided they submit an IRS form, under penalty of perjury, stating that they are “conscientiously opposed to, or because of religious principles opposed to, the

acceptance (for services performed as a minister) of any public insurance that makes payments in the event of death, disability, old age, or retirement; or that makes payments toward the cost of, or provides services for, medical care, including the benefits of any insurance system established by the Social Security Act”.

While United Methodist clergy *can* apply for an exemption from Social Security taxes—they probably *shouldn’t*. First,

UMC beliefs tend not to support a conscientious objection. In fact, the UMC Social Principles and Book of Resolutions support public insurance systems like Social Security, Medicare and universal health coverage, and the Church’s retirement and health plans are designed under the assumption that clergy will receive Social Security and Medicare benefits. Second, the decision to opt out can be financially disastrous, and once you make this decision, you cannot opt back in.

Opting out of Social Security impacts the following benefits:



Medicare Clergy would be ineligible for Medicare. Medicare Part A, which covers hospital costs, ordinarily has no premium. If you opt out, you may need to purchase comparable health insurance. Opting out also typically negates the value of any retiree health care coverage that may be provided by your conference, since most programs are based on a retiree having Medicare for primary coverage.



Disability Social Security disability offers monthly income if you qualify due to catastrophic illness or injury. If you opt out, you may need to purchase a costly disability income insurance policy for comparable benefits. Even though the church provides disability benefits for eligible clergy through the Comprehensive Protection Plan (CPP), those benefits are reduced by the amount of benefits you would have received from Social Security had you not opted out.



Retirement benefits Some people worry about the dependability of Social Security. But, as we explained in “**Is Social Security Safe,**” benefits will still be paid even if the trust runs out of money. The average Social Security benefit is \$15,228 annually. You would need to save more than \$300,000 to provide this same benefit over 20 years. If you live longer, you would need significantly more.



Survivor life insurance benefits CPP provides a death benefit to your spouse and dependents, but it doesn’t replace Social Security survivor benefits. If you opt out, you may need to purchase a potentially expensive life insurance policy to provide comparable benefits.

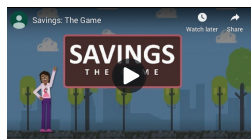
So saving some taxes means taking on a lot of risk. And even if you opt out, you’d still need to pay Social Security taxes on income earned from secular employment. Before you make a permanent decision to opt out, speak to a professional who specializes in clergy tax issues and consider everything you’d be giving up.

More Information is Available Considering the consequences, it’s generally not a good idea to opt out of Social Security. Wespath recently presented a webinar to address questions about Social Security benefits. To view the replay, visit: wespath.org/socialsecurity.

If you’ve already opted out and need help determining how much additional insurance and savings you need, contact EY Financial Planning Services or a tax professional. EY offers confidential consultations at no additional cost by calling **1-800-360-2539**. * Financial planners are available business days from 8:00 a.m. to 7:00 p.m., Central time.

* Costs for these services are included in Wespath’s operating expenses that are paid for by the funds. Services are available to active participants and surviving spouses with account balances, and to retired and terminated participants with account balances of at least \$10,000.

Videos to Check Out



Savings: The Game

Watch our fictional saver find ways around roadblocks to a happy retirement at wespath.org/retirement/plans/umpip



Events

See what to expect at the Clergy Benefits Academy and revitup! wespath.org/events/revitup-cba-video/



Markets At-A-Glance

Wespath's Chief Investment Officer Dave Zellner reviews the September markets and key economic indicators at wespath.org/investments/markets-at-a-glance-september-2019/

Improve Your Well-Being with the Dimensions Newsletter

The October issue of Wespath's *Dimensions* newsletter is now available. Visit wespath.org/benefits/newsletter to learn about the importance of getting your zzzs, prioritizing an attitude of gratitude and seeing things from others' perspectives.

Mark Your Calendars!

UMPIP Webinar

October 23, 2019
11:00 a.m. to noon, Central time

October 24, 2019
1:00–2:00 p.m., Central time

A chance to learn how saving in UMPIP can help prepare you for your financial future.

Financial Well-Being 101 Webinar

November 5, 2019
2:00–3:00 p.m., Central time

Financial well-being has its own language—Roth, defined contribution, defined benefit, 401(k), 403(b)—once you add in United Methodist acronyms like UMPIP, and CRSP, it becomes even more confusing. This webinar will help take the mystery out of financial well-being.

revitup!

October 28–30, 2019
Sheraton Inner Harbor Hotel
Baltimore, MD

A unique opportunity for young clergy aged 25–39 to strengthen personal, financial and leadership skills.

Clergy Benefits Academy

November 11–13, 2019
Hilton Myrtle Beach Resort
Myrtle Beach, SC

For clergy of all ages and stages of ministry—new ordinands, early-career clergy, mid-career clergy, ready-to-retire clergy, district superintendents, clergy in extension ministries—and spouses.

Register at wespath.org/events/.

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Missed a webinar? Recordings available at wespath.org/benefits/webinars-and-workshops/

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