

The Tax Code Changed— Now What?



The federal tax code was updated significantly under legislation passed at the end of 2017. While the full impact is still being debated, revised wage withholding tables may provide a boost to your take-home pay. So how much extra will you get and what could you do with extra cash?

Figure Out the Impact

The changes to your after-tax income are highly dependent on your personal tax situation. The impact may be very different for a married, childless person in Texas than for a single parent in California. The impact may also depend on whether you typically apply the standard deduction each year, or if you

itemize deductions. Consider discussing your particular circumstances with a tax professional to find out what changes to expect in your after-tax income.

Also, consider adjusting your federal income tax withholding if you will have fewer deductions under the new law, to make sure you aren't under withholding for taxes.

Pay Off Debt

It can be hard to reduce debt when you have other competing financial priorities. However, using unexpected extra take-home pay toward debt can help you pay it off quicker. Focusing on paying off debt can also help down the line, because you will save what you might otherwise pay in interest on your debt.

Create an Emergency Fund

Having an emergency fund is also important. If you don't have emergency savings, financial emergencies (e.g., job loss, significant medical expenses, home or auto repairs) can require you to dip into savings or eligible retirement accounts. That's why financial advisors recommend that you set aside at least three to six months of living expenses in an accessible account (such as a savings or money market account).

Additional take-home pay may be just what you need to start or fund your emergency account. Consider making automatic deposits into your emergency account from your main account on your payday. If you hold accounts at separate banks, you can often transfer funds between banks for free.

(Continued on page 2)



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With extra cash, consider:

1. Paying Off Debt



2. Creating an Emergency Fund



3. Investing It in Your Future



4. Getting Assistance



Relocating?

The tax law changes the taxation of moving expense reimbursements, such as those provided to clergy. The exclusion from gross income and deductibility of such amounts are temporarily suspended in 2018 through 2025. Wespath is analyzing how this law change may impact retirement benefits of clergy receiving such amounts.

The Tax Code Changed— Now What? (continued)

Invest It in Your Future

When you receive a boost in take-home pay, it's easy to spend the extra money if you're not intentional about saving. Consider saving your extra income for the future through contributions toward your United Methodist Personal Investment Plan (UMPIP) or Horizon 401(k) Plan account.

Retirement account contributions give you even more of a tax benefit. Contributing to your plan with before-tax income can help reduce your current taxable income, so less federal tax is withheld from your paycheck. And investment earnings on these contributions are tax-deferred until you take distributions from your account. Your contributions could provide up to double the value if you participate in CRSP or if your plan sponsor offers matching or conditional contributions.

Remember, you can change or increase your contribution amount or percentage at any time. Simply submit a *Contribution Election* form to your conference or salary-paying unit to begin contributing or to increase your contributions to UMPIP or Horizon.

Get Assistance

Wespath offers one-on-one, confidential, professional financial planning assistance at no additional cost to you from EY Financial Planning Services.¹ EY can help you plan for the tax changes or help with other financial questions or concerns. Call EY at **1-800-360-2539** or visit their website at <https://wespath.eyfpc.com>.

¹ Costs for EY Financial Planning and LifeStage services are included in Wespath's operating expenses that are paid for by the funds. EY Financial Planning 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.

Make Financial Moves in 2018

Check up on your finances periodically to make the most progress. Consider the following:

1. **Take the EY Financial Wellness Assessment** at <https://wespath.eyfpc.com>.
2. **Log on to Benefits Access** and review your LifeStage Personal Investment Profile to ensure it's appropriate. Or, if you self-manage your investments, review your investment strategy and rebalance, if necessary. Want help? Call EY at **1-800-360-2539**.
3. **Set your goals for savings** (e.g., retirement contributions, children's education fund or home down payment) **and debt repayment** (e.g., student, mortgage, personal or car loans). Be specific with your commitment amount and write your plan down. Contact EY for help.
4. **Review your credit report to ensure accuracy.** A low score can increase your costs for credit and insurance, and can even impact your employability. Recent data breaches emphasize the importance of staying informed. You're entitled to one free report annually from each bureau—order online from annualcreditreport.com. Choose one of the three to check every four months.

Learn more at Wespath.org/Makemoves.

Fund Name Change: ESVPF Becomes SVCEF

On April 7, the name of the Equity Social Values Plus Fund (ESVPF) changed to the Social Values Choice Equity Fund (SVCEF), to align with the naming convention adopted for the “Social Values Choice” suite of funds.

SVCEF is a passively-managed equity fund that adheres to investment guidelines addressing concerns expressed in resolutions approved by a threshold number of United Methodist annual conferences dealing with:

- Companies that derive a significant amount of revenue from the production of fossil fuels; and
- Companies named in petitions related to peace in the Middle East

SVCEF is one of three funds in the “Social Values Choice” suite of funds for participants with a heightened focus on companies’ environmental and social performance.

The new fund name is already reflected in informational and educational fund materials and forms. No action is required of participants who are invested in the fund.

Read more about SVCEF at wespath.org/investingoptions.



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Wespath

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a division of Wespath Benefits and Investments

Principled Fund Management



We continue our series highlighting Wespath’s investment beliefs, which help define our investment philosophy, while aligning our products and services with the principles of The UMC.

Long-Term Perspective—Wespath’s dedicated focus on long-term, risk-adjusted performance will benefit our investors because financial market returns tend to revert to long-term averages. A long-term focus best aligns investment returns and risks with investor needs, and supports the management of plan liabilities. Integral to our long-term view is our obligation to cooperate with other likeminded investors to mitigate systemic financial risk.

To view all of our investment beliefs, visit wespath.com/assets/1/7/5066.pdf.

Improve Your Well-Being with the *Center for Health Newsletter*



The April issue of the *Center for Health Newsletter* is now available. Visit wespath.org/cfh/newsletter to read about celebrating creation, connecting with peers to improve health, volunteering and the ways sustainability protects our environment and our personal lives.

Wespath's \$2 Billion PSP Lending Program— A Quarter Century of Investing for Impact



Image Source: The Community Development Trust

Wespath's Positive Social Purpose (PSP) Lending Program has over 25 years of experience making investments that help provide returns and retirement security to the clergy and lay employees that we serve, while demonstrating positive social impact. Through this program, Wespath has invested **more than \$2 billion** in loans that support affordable housing and community development across all 50 states, and entrepreneurship among underserved populations worldwide.

Last year alone, Wespath invested nearly \$87 million to create or preserve over 3,100 affordable housing units across 19 states. These include properties like Santa Fe Community Living in Santa Fe, New Mexico. Wespath invested \$2.7 million in 2017 to support this affordable housing development, which is available to tenants who earn up to 60% of median income for the area, and includes a special allowance for individuals with special needs. The property is partially powered by 792 solar panels, which generate enough energy to power 46 homes per year.

Wespath is using the funds entrusted to us by our participants to support

the development of affordable housing across the United States. For over 25 years, investors have benefited from positive financial returns, while families and underserved communities benefit from access to quality, affordable housing.

In 2017, our PSP Lending Program:

- Invested **\$87 million** in affordable housing...
- ...across **19** states...
- ...supporting **3,167** affordable housing units

Meet the residents: Prairie Commons Apartments

Video: In 2017, Wespath General Secretary Barbara Boige grain visited Prairie Commons Apartments, a Wespath-supported property in Dallas, to hear from the residents about their experiences. Visit <https://www.wespath.org/prairiecommonsvideo> to watch as they share what makes this property a home.



Read more about Wespath's sustainable investing activities, as featured in United Methodist Women's *Response* magazine, <https://www.wespath.org/umwresponse2017>.



Courtesy: Off Grid Electric

A young girl listens to a solar-powered radio produced by Off Grid Electric, a solar startup based in Tanzania working to bring clean energy to West Africa. Wespath has invested \$30 million in companies like Off Grid Electric to provide solar-powered energy to rural communities around the world struggling with intermittent or no access to electricity.