

## **ASSOCIATE MINISTERS RETIREMENT PROGRAM**

Many pastors and ministers of nondenominational churches or leaders of Christian charities have not had an adequate retirement plan established by the church or organization that rewards them appropriately for their many years of service. The Associate Ministers Retirement Program is a way to provide this benefit for ministers, even though funds have not been set aside during the years in a qualified retirement plan. With a Rabbi Trust or deferred compensation agreement administered by a church or organization, the funds remain an asset of the church or organization, until paid out to the minister and could be subject to depletion if there are financial problems or loss of benefits if a future board decides to dishonor the commitment. With the Associate Ministers Retirement program, the funds are placed in a neutral environment. The New Horizons Foundation Partners with the Joy to The World Foundation, which protects the minister and the organization from future conflict over the ongoing funding and administration of a retirement plan. The organization can make one payment or a series of payments to the Foundation, and investment products will be purchased by the Foundation that provide a life-time income to the minister and spouse. The church's or organization's obligation and liability for the retirement plan is completed with the funding of the plan; therefore, the minister is secure, knowing that his retirement plan is protected, regardless of what happens at the organization after he or she leaves. Because this is not a qualified retirement plan, the church or organization does not need to provide the same benefit to other ministers or employees. When the minister and spouse pass away, the principal left in the program can go to the minister's heirs or wherever he or she designates, depending on the Associate Ministers Retirement Funding Agreement. Funds received by the minister during retirement are considered deferred compensation and can qualify for the Minister's Housing Allowance and can be tax-free to that extent. The assets in the Rabbi Trust are managed separately by the Foundation as Trustee and are not taxable to beneficiaries until they are paid out.

### **Here is How it Works:**

1. The church or organization decides that they would like to fund a retirement plan for a minister.
2. An Associate Ministers Retirement Plan is established for the minister at The Joy to The World Foundation. This plan will qualify for the Minister's Housing Allowance and may provide regular or guaranteed tax-free payouts at retirement for the minister up to the amount of his annual Minister's Housing Allowance, regardless of the age of retirement, under the provisions of the Agreement. Payouts above the MHA will be designated as 1099-R income.
3. The church or organization, minister, and Joy to The World Foundation enter into an Associate Ministers Retirement Funding Agreement. This agreement specifies how and when the funds will be paid out to the minister and spouse, and what will happen to the principal after the minister and spouse pass away.
4. The church or organization may fund the retirement plan with a lump sum payment if they have not provided for the minister in previous years, or the plan may be funded with a series of payments determined annually by the church.
5. When the minister retires, is disabled, or is otherwise unable to work, the plan can provide for the minister and spouse for the remainder of their lives to the extent of the plan.
6. Funds will be safe low-risk investments, so that the funds will grow and will be there when the minister needs them.
7. There is an initial set up fee of 1% of any contributions coming into the plan, and then there will be 1% per year investment/administration fee charged by the Foundation. All investment growth of assets in the minister's plan will be added to the principal