



Dr. Tyrone T. Davis
General Secretary

“From Where I Sit ...”
403 (b) ~ Savings Plan
“You Can Have It Your Way!”

Several years ago I submitted the following article in an effort to inform and encourage participants in the CME Retirement Plan and Trust (12% program) to consider an additional option for personal savings. At that time we had five (5) persons enrolled in 403 (b) investment instruments out of more than 1,300 participants in our Plan.

Today that number is just two (2) and I am one of the two. Yet almost weekly I receive a telephone call from a participant in our Plan who is facing a financial

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challenge and desires to borrow monies from their 12% account and it is with a heavy heart that I must inform them that the option to borrow is not available because of the reasons included in the following article. Although the timing may not be the best, I then urge them to consider establishing a 403 (b) investment account (which would be in addition to their 12% account) so that they may save funds for an emergency or a “rainy” day. At this time and with our present economy, I again encourage participants to consider this option to prepare during a “green” season for what may be a great challenge during a “dry” season. The entire article previously submitted is printed as follows.

Believe it or not we do have a Qualified 403 (b) Savings Plan as a part of our CME Retirement Plan and Trust Program and we have had it since the fall of 1998. Authorized by the Trustees of the General Board of Personnel Services and presented to the 1998 General Conference, this has proven to be an excellent savings plan afforded our retirement participants (both clergy and lay) who wish to save beyond the 12% portion invested for them by their local church.

One of today’s most popular means of investing in the secular environment, this plan has several significant advantages:

1. **TAX DEFERRED BENEFITS** – *Payments into this plan (which come from payroll withholdings) actually reduce the gross salary reported by an employer for a participant upon which taxes would be paid. While under investment, the*

earnings also grow tax deferred. The participant would not be required to pay any taxes on the principal investment or on any of the earnings until the applicable tax period in which the funds have actually been withdrawn (usually after retirement when the participant is in a lower tax bracket).

2. **SELF DIRECTED INVESTMENTS** – *The participant may elect for payments to be invested in or allocated among any of a large pool of funds with either conservative, moderate, or aggressive aspects. Additionally, the participant may change the allocation of these funds at any time through direct contact with the company. Presently, our 403 (b) Plan offers investments in a large universe of Franklin Templeton Funds.*
3. **LOAN FEATURE** – *Whereas, loans or the borrowing feature has not been an option available since 1997 with the 12% Money Purchase Plan provided through the contributions of local churches, funds withheld from the salaries of participants in the 403 (b) Plan can be loaned or borrowed against in situations classified as “hardships.” (As is the case with any loan from a qualified retirement account that is not repaid, the delinquent balance may be classified as an early disbursement and the participant can be penalized and taxed on the unpaid balance.)*

*To enroll in this Plan, a participant should contact our administrators at Plan Administration Management (901) 345-9730 or contact the General Board of Personnel Services (901) 345-4100. All payments of funds withheld from the salaries of participants must be made by the employer and forwarded to the **General Board of Personnel Services at Post Office Box 74, Memphis, TN 38101-0074.***

Persons who are interested in this Plan and have additional general questions may contact either of the above offices. Some technical questions may require the participant to consult with their investment planner or tax advisor.

*This, too, is an extremely important benefit and is one of the reasons why our leaders work so hard to make the plans and programs of the CME Church the best than can be found anywhere. At least that is the way it looks to me ... *“From Where I Sit”**

Next month’s article – The Connectional “Office Copier” Program