

THE RETIREMENT SOLUTION

A RESOURCE TO HELP YOU ADMINISTER YOUR SERVANT SOLUTIONS RETIREMENT PLAN

Welcome to the Retirement Solution Newsletter. Our goal with this annual employer newsletter is to bring you relevant information about issues that are important to you as a leader at your church or organization. We will also highlight best practices from ministries who partner with Servant Solutions. It is an honor to work with you to help your ministry grow and thrive!

CHURCH SPOTLIGHT

PARKGATE COMMUNITY CHURCH

*Servant Solutions turns the spotlight on member employers to highlight how they are making a difference and how they connect with Servant Solutions. Share your story! To be highlighted in *The Retirement Solution*, submit your story via email to jhull@servantsolutions.org.*



Treasurer Michael Harrington with Pastor Jim Feirtag

In its 67 year history, Parkgate Community Church has been used by God as a catalyst for life change in the greater Pasadena community. People have come to know Jesus for the first time, and seasoned Christians are getting to know their Savior in richer, better ways. Families have been transformed by the power of the Holy Spirit.

Parkgate is currently 20 months into a 36-month capital campaign called Generation Next, an initiative that expanded the current facility and has equipped the church for future ministry opportunities.

In addition to lead treasurer, Parkgate Church has an assistant treasurer to serve as a backup and to handle an internal audit of its records. Both the treasurer and assistant treasurer serve on the Stewardship & Financial Management Team. That team handles all financial and building issues for the church. They are under the authority of the Leadership Team. The assistant treasurer may or may not become treasurer in the future. Michael was assistant before, but that's not always the case. The administrative assistant processes and prepares all bills to be paid, including data input into QuickBooks, but the treasurer actually pays the bills.

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- Parkgate Community Church – Pasadena, TX
- Average attendance - about 300
- Two Sunday morning services
- Four full-time pastors, one part-time counselor and one full-time administrative assistant
- History: The church started with eight people in a garage in 1951. They eventually purchased and built property on Southmore Ave and became Southmore Church of God. In 1973, they bought the church's current 12 acres. In 1995, the church moved to its current location. In 2018, an expansion to the parking lot was completed and added 9,000 square feet to expand the children and student ministries.
- Pastor Jim Feirtag has been in leadership for 16 years this June
- Parkgate partnered with Servant Solutions from its early days as a church
- Treasurer is Michael Harrington. Michael has been treasurer 2+ years now. The treasurer can serve for two 3 years terms (or 6 years).

DOUBLE CHECK

WHEN MAKING A CONTRIBUTION, WHAT CLASSIFICATION SHOULD BE REPORTED?

by Judi Hall, Senior Operations and Service Manager

If you are confused about which type of contribution to report for your pastor or employees, you are not alone. “Before-Tax” and “After-Tax” captions are not always readily understood, but the difference is significant to your employee.

Servant Solutions accepts regular contributions under three classifications:

1. **Church/Employer Contribution**
2. **Participant Before-Tax Contribution**
3. **Participant After-Tax Contribution**

Both #1 and #2 are Before-Tax (tax deferred). Each represents money that is not being reported to the IRS in the current year as taxable income to the employee. Church/Employer Contributions (#1) are not reported at all on an employee’s W-2 form. Participant Before-Tax Contributions (#2) (otherwise known as Salary Reduction Contributions) are subtracted from the full salary of the employee and only the remaining reduced salary is reported as taxable income for the current year in box 1 of the W-2 form (these contributions are also reported in box 12, code E, on the W-2 form). Not until withdrawals from the Servant Solutions Retirement Plan are made in retirement will these contributions and their earnings be taxed.

You may ask “If #1 and #2 are both Before-Tax, why does it matter which type I report?” It matters because the IRS puts a limit on the amount an individual may tax-defer as a salary reduction in a calendar year (contribution type #2). That limit is high and affects few people, but it is the reason we need to process the amounts correctly. For 2019, the limit is \$19,000. If age 50 or over, the employee may elect to defer up to an additional \$6,000 for a total of \$25,000.

The easiest way to decide which Before-Tax type is appropriate is to answer this question: Who is making the decision as to the amount being contributed? If the organization’s Board designates a specific amount of the employee’s salary package be sent to the employee’s retirement account, it is a Church/Employer Contribution (#1). Also, if the amount is a stated match to the employee’s own contributions, it is a Church/Employer Contribution (#1). In neither case has the employee determined the amount.

Alternatively, if the organization’s Board gives the employee a salary package and the employee has discretion in how to divide that package, the employee is then making the decision. He or she may specify a certain amount be sent tax-deferred to the retirement account and the contribution would then be a Participant Before-Tax Contribution (#2). This scenario is frequently reported incorrectly as a Church/Employer Contribution (#1).

The third classification type of contributions, Participant After-Tax Contributions (#3), are those amounts that have either been withheld from an employee’s NET pay as a payroll deduction (as opposed to a GROSS salary reduction) or sent in as a contribution on a personal check. These funds represent Participant After-Tax Contributions, because taxes already have or will be paid on that money. The contribution does not reduce the taxable income being reported on the W-2 form.

For more information on contribution types and limits, please refer to our website (www.servantsolutions.org). The Plan Information tab includes an option to review the “Contribution Type Explanation” or read more on the “2019 Contribution Limits.”

SETTING UP ONLINE REMITTANCE IS AS EASY AS 1-2-3

1.

Complete authorization agreement* and fax it to us along with a check copy.

*found at contributions.servantsolutions.org

2.

Once approved, login and input the contribution amount in the appropriate contribution type column for each participant.

3.

Servant Solutions will review the online submission and process an ACH debit to the authorized checking account.

Recurring contributions may be established if amounts are expected to remain constant. Simply log in, click the “recurring contribution” link, and complete the requested information.

EMPLOYER CHECKLIST

ARE YOU UP TO DATE?

Servant Solutions assumes many of the administrative and compliance responsibilities for maintaining its 403(b)(9) church retirement plan. However, participating organizations do have some administrative responsibilities. This checklist was designed to help ensure your organization is in compliance:

- ___ Save or print a copy of the current **Servant Solutions Retirement Plan (SSRP)** Document. It can be found on our website: <https://www.servantsolutions.org/plan-documents>.
- ___ Complete an **Eligibility and Participation Schedule** (on our website under FORMS). This document is a supplement to the Plan Document, and it details exactly how your organization is choosing to participate in the SSRP. Will your organization offer matching contributions or fixed contributions to its employees? This form is maintained by your organization and approved by your governing board; Servant Solutions does NOT need a copy of the schedule.

Before remitting an employee's contributions you will need to:

- ___ 1. Make sure that the employee's **Membership Application** and **Beneficiary Form** have been completed (on our website under FORMS). Send these forms with the first contribution if not previously submitted.
- ___ 2. Confirm a **Salary Reduction Agreement** has been completed by the employee if desired (on our website under FORMS). This agreement gives you permission to withhold and remit Participant Before-Tax Contributions from the employee's paycheck to the SSRP. This form is maintained by your organization; Servant Solutions does NOT need a copy of the agreement. Employees can start, adjust, or stop contributions at any time by simply completing a new Salary Reduction Agreement.
- ___ Remit contributions to the SSRP on a timely basis. The SSRP Document states that contributions will be submitted to Servant Solutions within 15 business days following the end of the month in which the amount would otherwise have been paid to the employee.
- ___ If your organization is not a church (i.e. university, college, non-profit organization), you have additional 403(b) requirements. For example, you must comply with the Universal Availability rules. You also have to comply with annual plan testing and reporting requirements.
- ___ If your organization offers multiple 403(b) plans and/or vendors, you are responsible for complying with the IRS 403(b) regulations. By offering more than one 403(b) plan, your responsibilities increase significantly. We strongly recommend that you consult with an attorney with church plan experience to ensure that you are meeting your fiduciary responsibilities and are in compliance with IRS regulations.

Please let us know if you have any questions. Our Operations Team (info@servantsolutions.org or 800-844-8983) is standing by and ready to help!

TIMELINESS OF MONTHLY DEPOSITS

DID YOU KNOW that employers are responsible to deposit all employee contributions timely each month? Under the Servant Solutions Plan Document, employers are timely depositing monthly contributions for employees when the contributions are received within 15 business days following the end of the month in which the amounts would have otherwise been paid to the employee.

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ADDRESS SERVICE REQUESTED

CHURCH SPOTLIGHT, (CONTINUED)

The vision for the church is, “As Jesus gave His life for us, we give our lives for others in our community and world.” For Parkgate, that means three things. First, it means loving God with the totality of our being. Jesus is the subject. Life is ABOUT Him, FOR Him and IN Him. That is why we worship, declare the Gospel and make disciples. Second, it means loving people as Jesus loved them. Since all people matter to God it means they must matter to us. So, we take very seriously our partnerships with the city, the school district and other ministries to meet needs and touch the lives of people locally and around the world in all kinds of ways. Finally, it means loving now because God placed us at this moment in time for a purpose. That drives how we surrender our resources, our time and even our hearts. That is true for one person and their neighbor or friend on an average day, but it’s also true for all of us together in the midst of hurricane recovery or some other crisis. In all, we believe that when we give our lives for others as Jesus did for us, God gets the glory and people are called to Christ.

For more information on the ministry of Parkgate or to view their annual report, visit their website at www.parkgate.church.

