

# Maximize the Gift of Time for Your Retirement



According to a 2020 [U.S. Census Bureau report](#), life expectancy for the total population is projected to increase by six years from 79.7 in 2017 to 85.6 in 2060. If this is true, how can you utilize the gift of time to your financial advantage?

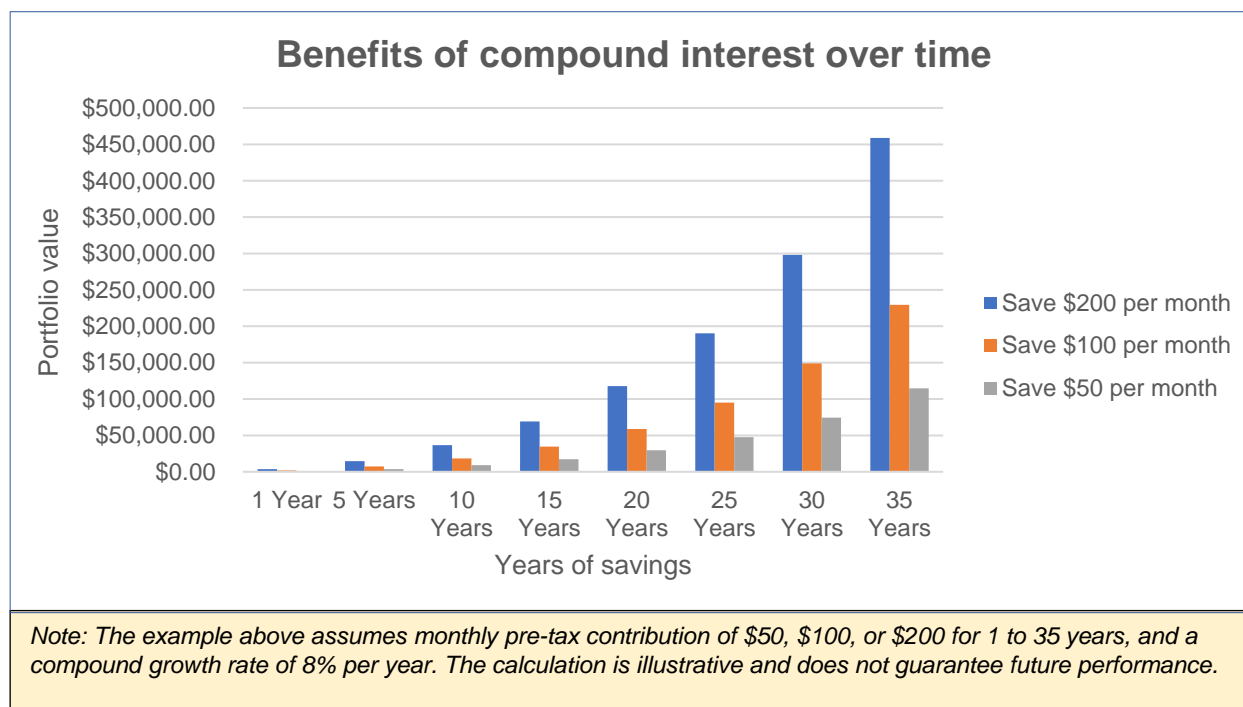
The answer: compound interest.

Albert Einstein once said, “The most powerful force in the universe is compound interest.”

Simply put, compound interest (aka growth rate) occurs when interest gets added to the principal amount invested, and then the interest rate applies to the new (larger) principal.

Compound growth can work to your advantage especially if you place pre-tax contributions to your Pension Boards Retirement Plan (a.k.a. Annuity Plan) through the Tax-Sheltered Annuity or TSA, called the **Employee Contribution Retirement Account (ERCA)**.

Let’s look at this graph below:



If you saved \$200 a month for 35 years, assuming compound growth of 8% per year, your account balance could grow to **\$450,000!** If you don’t have \$200 a month to spare, you can start by contributing as low as \$25 a month.



**The Pension Boards**  
United Church of Christ, Inc.  
WHERE FAITH AND FINANCE INTERSECT

1.800.642.6543  
[www.pbucc.org](http://www.pbucc.org)

**The Pension Boards' Employee Retirement Contribution Account (or TSA)** is a great tool to help you build your retirement nest egg! It allows you to contribute toward your retirement savings through automatic voluntary pre-tax payroll deductions. Here's what you need to know:

## Benefits of the ERCA:

- **Pay yourself first with automatic voluntary payroll deductions:** One of the best ways to save for retirement is through automatic payroll deductions. Why? If you don't see the money, you can't spend it, and then the money goes to work for you towards retirement!
- **Professional money management from the Pension Boards:** The Pension Boards offers you several mutual funds from which to select. You can also select a Target Annuitization Date (TAD) Fund to simplify the investing process. TAD Funds are a "set-it-and-forget-it" approach to investing for retirement. You simply choose the TAD year (e.g., TAD 2045) that closely matches your estimated retirement year.
- **Reduce your taxes with pre-tax contributions:** You have the option of saving into the TSA on a pre-tax basis. Saving pre-tax dollars reduces your taxable income for the current tax year because no Federal income taxes are due on pre-tax contributions. These contributions and associated earnings grow tax-deferred until they are withdrawn at retirement.

## Who can contribute into the ERCA:

- Any clergyperson or lay employee, self-employed minister, or chaplain employed by a UCC church or UCC-related employer is eligible to participate immediately upon employment, if permitted by the employer.
- An employee of an eligible church, convention, or association of churches that previously participated in the Annuity Plan (or its predecessor plans), or who is an active member of the Plan if such church, convention, or association of churches makes regular contributions to the Annuity Plan on behalf of such member with the consent of PBUCC, may also participate.

## How much can you contribute?

Each year, the IRS allows maximum personal contributions based on your salary. These maximum contribution amounts are subject to change by the IRS each year. Please visit the Employee Retirement Contribution Account web page at [https://bit.ly/ERCA\\_INFO](https://bit.ly/ERCA_INFO) for yearly updates.

## Can I roll-over my old pre-tax 403(b), 401(k), or an outside pre-tax IRA into the TSA?

Yes! This is an easy process. Contact the Pension Boards' Member Services at 800-643-6543 for assistance or access the rollover via this link: [http://bit.ly/PB\\_RCA](http://bit.ly/PB_RCA).

### TIP 1

You can start with contributing a minimum of \$25 per pay period.

### TIP 2

You can contribute to an ERCA even if your employer is not contributing into the Annuity Plan on your behalf.



**How do my ERCA contributions impact my housing allowance in retirement?**

If you are an authorized United Church of Christ minister, when you annuitize, payments from your ERCA account become eligible for the housing allowance tax exclusion, as are payments from Annuity Plan contributions made by your employer(s). This is not the case for distributions from traditional IRAs or similar retirement accounts; it is only available for persons receiving retirement income from a church pension plan as defined by the IRS.

**Challenge Yourself!**

**Can you find \$200 per month to save for retirement?** It may sound impossible, but it's possible there is "low hanging fruit" that can help you begin to save. Here are a few common ways to consider reducing your monthly expenses:

Item	Estimated savings per week	Per month
• Reduce dining out	\$25 (reduce dining out from 2X to 1X per week)	\$100
• Pack your lunch vs. purchasing lunch	\$25 (saving of \$5 per work-day)	\$100
• Make your coffee vs. purchasing expensive coffee	\$21 (saving of \$3 per day)	\$84
• Cancel subscriptions you do not use	\$20 (Including gym memberships, streaming service(s), magazines, etc.)	\$80
• Plan your meals to avoid wasting food	\$15	\$60

**How do I enroll?**

Simply call Pension Boards' Member Service Department at **1.800.642.6543** to get started. You will need to complete the ERCA form here: [http://bit.ly/PB\\_Emp\\_Ret\\_Cont](http://bit.ly/PB_Emp_Ret_Cont).



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