Information, exercises and decisions to identify your retirement readiness.

Preparing for Retirement

Your guide as you transition from career to retirement

GuideStone®
Retirement Plans

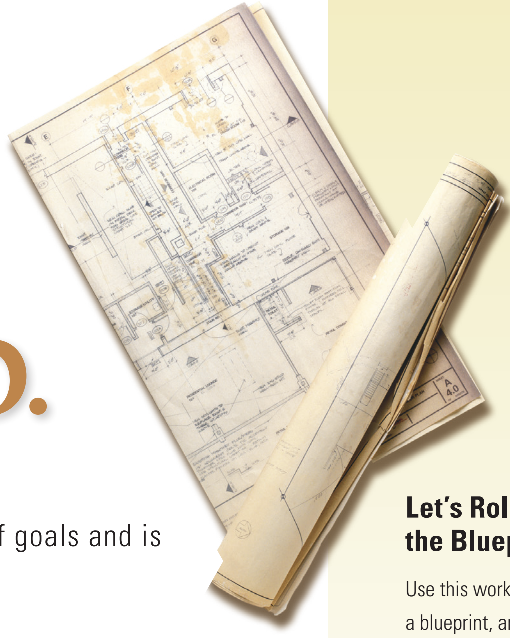
Do well. Do right.®

At GuideStone, we're grateful for the trust you've placed in us through the years as you've been contributing to your account. And now that you're considering retirement in a few years, we hope to continue to earn that trust. Our goal is to continue to come alongside you as a valued partner, helping you through each of the important retirement decisions that lie ahead.

Since 1918, we've been helping participants just like you, who've spent their lives serving churches, schools, hospitals and other care-giving ministries. Our unique expertise, coupled with our commitment to serving those who serve the Lord, means GuideStone's primary focus is to help you to adequately prepare for your retirement years. We have no competing interest. Our bottom line is your bottom line — enhancing your retirement security.

INTRODUCTION

From the ground up.



A floor plan for your future starts with a blueprint of goals and is built on perseverance.

Thinking about retirement in the next five to 10 years? This workbook has been designed with you in mind, to help you begin the process of preparing for retirement and determining the sources of your income. We'll address other key topics such as investing, insurance, benefits and estate planning. You've spent years building your nest egg; now is the time to begin deciding how to use it. Our goal is to help you take charge of your retirement by providing you with the tools and information you need to help make your retirement dreams come true. Take your time as you read over the next few pages. Take notes if you like — or wait until you reach the end and work through the checklist of action items. But remember, we're just a phone call away at **1-888-98-GUIDE** (1-888-984-8433) if you have any questions.

Let's Roll Out the Blueprints

Use this workbook as a blueprint, and the corresponding color-coded tabs as a guide, to keep track of your progress as you prepare for retirement.

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GUIDESTONE IS READY TO HELP!

Register for a live retirement income webinar and access other valuable resources at ***www.GuideStone.org/pfr.***

What will **retirement** look like for me?

Although people often focus on the financial side of retirement, there are other important decisions to consider as well. **How will you adjust to retirement from an emotional perspective?**

Some retirees have been so immersed in their work that they struggle with personal feelings of self-worth after they leave their career and work associates behind.

Managing the new free time that retirement can bring is an important topic to consider. Just as you need to develop a post-retirement budget, consider the importance of budgeting your time. How will you fill your days after you retire? The old idea that retirement is spent rocking away on the front porch is no longer relevant for most of us. Finding ways to stay both active and productive will be very important.

Are you planning on moving after you retire? If so, think about how a new location can impact you. Will housing costs be higher? Will adequate affordable health care be available? How does the overall cost of living compare to where you live now?

How will retirement affect relationships you've built through the years? Retirement can put a strain on even the most secure relationships, so be open and honest in pre-retirement conversations with your spouse, family members and friends. Take a moment and sketch out some ideas for your free time in retirement.

RETIREMENT LIFE PLANNING

List three things you want to do regularly in retirement:	1. ______ 2. ______ 3. ______
List three special things you want to do in retirement:	1. ______ 2. ______ 3. ______

MAP OUT A WEEK IN RETIREMENT

	SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
MORNING							
AFTERNOON							
EVENING							

Another retirement reality to consider is that you may live a very long time. The average life expectancy today is 81 years. A 60-year-old can expect to live to age 83, and someone who is retiring today at age 65 is likely to live until age 84.

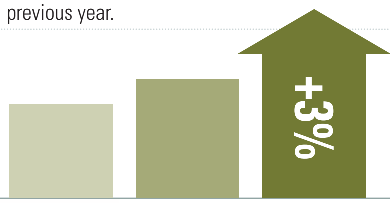
The U.S. Census Bureau predicts that by the year 2046 there will be more than 800,000 people age 100 and over. This is more than tenfold the number of centenarians today.

And keep in mind, that these are "average" life expectancies. This means you could retire and live well into your 90s or even past the century mark. The bottom line is that you may need to have savings in place to fund between 20 and 35 years of retirement. You could expect to spend up to one-third of your life in retirement.

Another important factor to consider when you're planning retirement is the impact of inflation on your nest egg.

What is inflation?

It's the rate of change in the prices of the goods and services we purchase. Since 1916, inflation has averaged approximately 3% per year. This trend will likely continue after you retire. This means that in retirement, you will need 3% more income each year to be able to buy the same goods and services you purchased the previous year.



As you move closer to your actual retirement, consider some of the important milestones that may require action:

AGE 55	In most retirement plans through GuideStone, this is the earliest age at which you can begin withdrawing your retirement income.
AGE 59½	If you take a distribution from a retirement account prior to this age, you may have to pay a 10% federal excise tax penalty.
AGE 62	This is the earliest age at which eligible taxpayers can receive a Social Security retirement benefit. An early age benefit will be a reduced amount when compared to your full retirement age benefit.
AGE 65	Most retirement plans consider this to be your "normal" retirement age, and it is also the age that you become eligible for Medicare if you have stopped working.
FRA	This stands for "full retirement age." This is the age at which you can be eligible for a full Social Security retirement benefit. Your FRA is based upon the year in which you were born and falls somewhere between ages 65 and 67.
AGE 70½	At this age, the IRS imposes what is called a "required minimum distribution" or RMD. This means if you've not yet started taking money out of a tax-sheltered retirement plan or Traditional IRA, you'll be required to take at least a minimum distribution before April 1 of the year following the year in which you turn 70½. However, it may be possible to continue to delay this required distribution from your retirement account if you have not yet retired and you continue to make retirement plan contributions. Contact GuideStone for details.

How much money will I need for retirement?

Now that you've thought through some of the things you'd like to do in retirement…**do you know how much money you will need to fund your retirement dreams?** There are several options for estimating this amount.

First is a general "rule of thumb" calculation. Most financial planners suggest you'll need to replace between 70% and 90% of your final working year's income to maintain your standard of living after you retire. It will be hard to get by on less than this, and you may need more if you have additional retirement expenses such as high debt, major medical costs, plans for increased travel or if you're still paying on a home mortgage.

To get a personalized estimate of how much income you may need in retirement as well as guidance for selecting the most appropriate funds, you can use GuideStone Advisors' investment advice service. Simply log in to your *My*GuideStone™ account and select the GPS: Guided Planning Services® icon to get started. You can also find several helpful calculators, tools and resources at *www.GuideStoneRetirement.org*.

Finally, some "pen and paper" tools that can help you determine your retirement income needs can be found on the next few pages. You'll find several planning worksheets which will help you to determine your Personal Net Worth, your Retirement Budget and your Retirement Savings Needs. The closer you are to your actual retirement date, the more important it will be to take the time to work through this information.

Here are three examples of online calculators:

Retirement Income – This calculator helps you determine how much monthly income your current level of retirement savings may provide. You'll see how your annual savings, expected rate of return and your current age all have an impact on your future retirement income.

Social Security Benefits – With this calculator you can estimate an early, normal-age or delayed retirement benefit for you (or you and a spouse).

Retirement Planner – This calculator allows you to quickly determine if your retirement plan is on track. It sets a retirement income goal based on your current salary, then calculates an estimated Social Security benefit and how much you could expect to receive from your retirement account each year over your estimated life expectancy.

Planning worksheets

Personal **net worth statement**

For year ending: ....

ASSETS Short-term assets (cash equivalent or mature in less than six months)		
Cash on hand	$	
Checking account	$	
Savings account	$	
Other:	$	
	$	
	$	
A. Total short-term liquid assets		$

Invested assets (current market value)		
Retirement accounts:		
403(b)	$	
401(k)	$	
IRAs	$	
Spouse retirement accounts:		
403(b)	$	
401(k)	$	
IRAs	$	
Stocks	$	
Bonds	$	
Mutual Funds	$	
Other	$	
	$	
	$	
B. Total invested assets		$

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Use assets (current market value)			
	Home	$	
	Automobile(s)	$	
	Furnishings	$	
	Collectibles	$	
	Jewelry	$	
	Other	$	
		$	
		$	
C.	**Total use assets**		$
D.	**TOTAL ASSETS (A + B + C)**		$

LIABILITIES Liabilities (short-term/long-term)			
	Unpaid bills	$	
	Credit cards (balance)	$	
	Principal residence (mortgage)	$	
	Automobile loans	$	
	Education loans	$	
	Personal loans	$	
	Other	$	
		$	
		$	
E.	**TOTAL LIABILITIES**		$

NET WORTH CALCULATION	
Total assets	$
Total liabilities (minus)	$
NET WORTH (D - E)	$

Retirement **budget worksheet**

For year ending:.....................................

INCOME (MONTHLY)	Before Retirement	During Retirement
Your gross income		
Spouse's gross income		
Your Social Security		
Spouse's Social Security		
Your pension income		
Spouse's pension income		
Income from investments and savings		
Total monthly income		
EXPENSES (MONTHLY)		
Essential expenses		
Housing		
Utilities		
Personal		
Food		
Health care		
Family care		
Transportation		
Tithe/charitable		
Savings		
Income taxes		
Other essential		
Total essential expenses		
Discretionary expenses		
Recreation and entertainment		
Other discretionary		
Other discretionary		
Other discretionary		
Total discretionary expenses		
Total monthly expenses		
TOTAL MONTHLY SURPLUS OR SHORTFALL* (subtract total monthly expenses from total monthly income)		

* If you estimate a shortfall for your monthly retirement budget, fill out the Retirement savings worksheet on pg. 10. It will help you determine how much you'll need to save to make up the difference.

Retirement **savings worksheet**

For year ending:....................................

Coming up short when estimating your monthly retirement income?
Use this worksheet to help determine how much *more* you'll need to save in order to reach your income goal.

	Example	You
Annual retirement income shortfall		
Monthly shortfall (from Retirement budget worksheet on pg. 9) multiplied by 12 *Example:* $600 x 12 = $7,200 shortfall per year	$7,200	
Inflation factor (choose a factor from Table 1 — the example assumes 10 years *until* retirement)	x 1.34	
Additional income needed from invested assets (adjusted for inflation)	$9,648	
Total amount of invested assets needed by retirement date		
Additional income needed from invested assets (above)	$9,648	
Payment factor (choose a factor from Table 2 — the example assumes 20 years *in* retirement)	x 12.46	
Total amount of invested assets needed **(a)**	$120,214	
Future value of any invested assets you currently have		
Value of your current invested assets (example assumes a current value of $40,000 — find your number from the Net Worth statement, item "B" on pg. 7)	$40,000	
Growth factor (choose a factor from Table 1 — the example assumes 10 years *until* retirement)	x 2.16	
Future value of your invested assets at retirement **(b)**	$86,400	
Amount you need to save each month until retirement		
Difference between **(a)** and **(b)**	$33,814	
Savings factor (choose a factor from Table 1 — the example assumes 10 years *until* retirement)	÷ 14.49	
Total amount you should save each year	$2,334	
Divide by 12 for monthly savings amount	$194	

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Table 1

Years Until Retirement	Inflation Factor*	Growth Factor**	Savings Factor**
5	1.16	1.47	5.87
10	1.34	2.16	14.49
15	1.56	3.17	27.15
20	1.81	4.66	45.76

* The inflation factor assumes a 3% rate of inflation.

** The growth and savings factors assume an 8% annual investment return.

Table 2

Years in Retirement	Payment Factor*
10	7.72
15	10.38
20	12.46
25	14.09

*The payment factor assumes a 5% after-inflation annual return, which may be different than your actual return.

Do you know how much money you will need to fund your retirement dreams?

What are my sources for retirement income?

Your GuideStone retirement plan

When you are ready, your retirement account at GuideStone will provide you with a source of income. The size of the retirement income you can expect from your account will be determined by several factors:

- The size of your account. The larger your retirement account balance is when you retire, the larger your monthly retirement income will be. This is why it's not only important to start investing for retirement, but it's also important to make sure you make adequate contributions.
- Your age and the age of your spouse (if you are married) can also impact the size of your retirement income. If you retire at a younger age, you will have a longer retirement life expectancy ahead of you. Your account will have to last longer, giving you a smaller monthly income. If you retire at an older age, your account will have more time to grow before you need it and you will have a shorter retirement life expectancy. In this case, the income your account provides will be larger.

Wondering what GuideStone retirement income options are available?

The GuideStone retirement income option you select will be a personal decision involving many considerations such as your income requirements, tolerance for risk, need for control over your finances and other factors. No one option is necessarily better than another; it depends upon your situation and needs.

GuideStone offers a variety of retirement income options that can be taken individually or as a combination. What follows is an overview of these options. For more detailed information, please visit *www.GuideStone.org/RetirementIncome*.

Life Income Annuity. This type of income is available if you participate in a GuideStone retirement plan sponsored by a Southern Baptist church or organization. **Life Income Annuities are payable for either one (Single Life) or two (Joint Life) lives.** This means you will receive payments for the rest of your life or the lives of both you and your spouse (if named Joint Life Applicant).

While you are receiving a Life Income Annuity, GuideStone assumes all investment management decisions so you no longer have to make investment fund choices. As GuideStone provides this management, remember there are no added commissions or sales charges like those often applied by other annuity providers. It is important

SAMPLE

	Retirement income payment option	Amount paid to participant	Amount paid to contingent annuitant upon participant's death	Amount paid to beneficiary upon death of participant and contingent annuitant (if any) prior to expiration of guarantee period
Annuity*				
Systematic Withdrawal**				

* For illustrative purposes. Based on a 65-year-old annuitant, 62-year-old spouse, $100,000 account value and 5% funding rate. Annuity funding rates are subject to change. A change in the annuity funding rate can impact retirement income amounts.

** Based on a $100,000 initial account value and a 4% payout. Amounts will vary monthly on the remaining account value. At the participant's death, any balance in the retirement account will be paid to the beneficiaries.

Now consider the five most common sources of retirement income:

TOP 5

- Your GuideStone retirement plan
- Social Security
- Former employer retirement plans
- Personal savings
- Post-retirement employment

to note that, with this type of retirement income, all necessary decisions are made up front, and once an annuity has been established, it cannot be modified or stopped by you.

Systematic Withdrawal. With this option, you determine the dollar amount that you want to receive from your account every month as income. This amount is then distributed to you while the remainder of your account continues to be invested at your direction in the GuideStone Funds of your choice. Careful attention should be given to the amount or percent of funds that you withdraw so you do not risk outliving your assets. GuideStone offers three approaches to calculate this amount: equal monthly payments, percentage of account or specific time period. Your beneficiary or estate will receive any remaining balance of your account upon your death.

Fixed Period Income Annuity. Using this option, part or all of your account can be paid to you over a set period of time that you determine. The portion of funds you use to establish this retirement income are transferred from the assets in your retirement account, and GuideStone assumes the investment management of these funds. If you die before the fixed period ends, your beneficiary continues to receive the same income for the remainder of the payment period or can choose to receive the equivalent of the remaining payments in a single sum.

Single Sum Payment. This option can be used to provide part or all of your retirement account to you in one payment. Generally, you may request any amount; however, some plans impose limits on the employer contributions which can be taken as a Single Sum.

It's important to note that a Single Sum is subject to a mandatory 20% Federal Income Tax withholding requirement. It is recommended that you check with your tax advisor before selecting a Single Sum. A sizeable distribution using this option could place you in a higher tax bracket and require you to pay considerably more income taxes than you may have expected.

Combining income options. Keep in mind that you don't have to select just one type of income option. Various payment options can be combined and added over time to meet different needs.

For example, an individual may use a Life Income Annuity to meet or lower his scheduled essential expenses and combine it with a Systematic Withdrawal to help meet his unscheduled essential expenses. In addition, you may also choose to include a Single Sum to cover more immediate needs, such as medical expenses or major vehicle or house repairs.

For more details about these income options and for your personalized retirement income estimate, visit *www.GuideStone.org/RetirementIncome*. GuideStone suggests that you do this once you are within two to three years of your planned retirement date. You can also contact us for more information at **1-888-98-GUIDE** (1-888-984-8433).

What are my sources for retirement income?

Social Security

Social Security is a basic source of retirement income for most retirees. Benefits typically provide from 25 to 40% of the retirement income you will need. This percentage varies based on several factors such as your income levels during your working career and the age at which you retire. Eligibility for Social Security benefits is based on how many quarters you have worked. Generally it takes 40 quarters or 10 years of earnings history to be eligible. If you have fewer than 40 quarters you may qualify for a benefit based on your spouse's earnings history. Benefits can begin as early as age 62 at reduced levels.

Full benefits are available between ages 65–67, depending on the year in which you were born. Check the annual benefit statement you receive from Social Security to see your own personalized benefit estimate. If you don't have a recent copy, contact the Social Security Administration at **1-800-772-1213** or at *www.ssa.gov.*

Full Retirement and Age 62 Benefit by Year of Birth

Year of birth	Full (normal) retirement age	Months between age 62 and full retirement age	A $1,000 retirement benefit would be reduced to
1937 or earlier	65	36	$800
1938	65 and 2 months	38	$791
1939	65 and 4 months	40	$783
1940	65 and 6 months	42	$775
1941	65 and 8 months	44	$766
1942	65 and 10 months	46	$758
1943-1954	66	48	$750
1955	66 and 2 months	50	$741
1956	66 and 4 months	52	$733
1957	66 and 6 months	54	$725
1958	66 and 8 months	56	$716
1959	66 and 10 months	58	$708
1960 and later	67	60	$700

Retirement benefits by year of birth (as of October 2012)
[Source: Social Security website: *www.socialsecurity.gov*]

1. If you were born on January 1st, you should refer to the previous year.
2. If you were born on the 1st of the month, the benefit is figured as if your birthday was in the previous month. You must be at least 62 for the entire month to receive benefits.
3. Percentages are approximate due to rounding.

At Age 62

The retirement benefit is reduced by	A $500 spouse's benefit would be reduced to	The spouse's benefit is reduced by
20.00%	$375	25.00%
20.83%	$370	25.83%
21.67%	$366	26.67%
22.50%	$362	27.50%
23.33%	$358	28.33%
24.17%	$354	29.17%
25.00%	$350	30.00%
25.83%	$345	30.83%
26.67%	$341	31.67%
27.50%	$337	32.50%
28.33%	$333	33.33%
29.17%	$329	34.17%
30.00%	$325	35.00%

4. The maximum benefit for the spouse is 50% of the benefit the worker would receive at full retirement age. The percentage reduction for the spouse should be applied after the automatic 50% reduction. Percentages are approximate due to rounding.

Debt **primer**

The amount of debt you carry may be a factor in determining whether you have enough money left over to save for and enter retirement comfortably. But how much debt is acceptable? To answer this question, determine your debt-to-income ratios.

What are your debt-to-income ratios?

These ratios represent the percentage of your monthly gross income (before taxes) that is used to pay debt. Typically, these ratios measure either "housing expense debt" or "total debt."

- *To determine your housing expense debt-to-income ratio, add up all your monthly payments, including principal, interest, taxes and insurance. Divide this number by your gross monthly income (gross annual income divided by 12).*
- *To determine your total debt-to-income ratio, add your consumer debt payments (car payments, credit card debt, installment loans, etc.) to your monthly housing expenses and divide by your gross monthly wages.*

How much debt is "safe?"

Optimally, debt should be reduced to zero by the time you enter retirement. During working years, however, most financial advisors suggest keeping your housing expense debt-to-income ratio at 28% or less. They further advise keeping your total debt below 36% of your gross income. These are the guidelines adhered to by many mortgage lenders as well.

Is debt a bad idea?

For long-term planning purposes, debt is not always considered bad. If it provides long-term financial benefits, such as an education or a home purchase, it can actually be a beneficial tool. However, if you use debt to pay for things that don't last as long as the loan or provide financial benefits, debt can become a hindrance to your long-term financial goals.

What are my sources for retirement income?

Former employer retirement plans

If you have worked for other employers during your career, you may have other 403(b) or 401(k) retirement accounts outside of GuideStone. How and when you can take distributions from these types of plans is determined by your former employers. Contact them to learn about your account access and payment options. It may be possible to consolidate them with a rollover into your GuideStone account. Rollovers can be processed without tax consequences, and can make it easier to keep up with all of your investments. Contact us at **1-888-98-GUIDE** (1-888-984-8433) to help you process a rollover.

Individual Retirement Accounts (IRAs)

If you have an Individual Retirement Account (IRA), the distribution limits and tax requirements vary based on the type of IRA you own. Distributions cannot be taken without a tax penalty from a Traditional IRA prior to age 59½ unless you meet certain hardship withdrawal guidelines.

- Traditional IRA contributions could have been made on either a tax-deductible or non-deductible basis. With a deductible contribution, taxes are owed on the initial contribution when distributed in retirement. Non-deductible contributions were taxed as they were made, and will be distributed to you tax-free in retirement. Investment earnings from both deductible and non-deductible Traditional IRAs will be taxable as they are distributed. You can delay taking a distribution from a Traditional IRA until April 1 of the year following the year you turn age 70½. If you do not comply with this distribution requirement, the IRS can assess a 50% tax penalty on the amount you were required to take as a distribution.

To accumulate $100,000 by age 65

To accumulate $100,000 by age 65	Beginning at age 50	Beginning at age 40	Beginning at age 30
Monthly contribution	$290	$105	$44
Total contributions	$52,200	$31,500	$18,480
Total return	$47,800	$68,500	$81,520
Total accumulation	$100,000	$100,000	$100,000

Based on hypothetical 8% annual earnings. This is an illustration to show the concept of compounded return within a tax-deferred account, and is not intended to imply the past or future performance of any of the Funds. This is a hypothetical example for illustration purposes only.

Are you considered a minister for tax purposes? If so, you may ask GuideStone to designate up to 100% of your retirement income as a minister's housing allowance. You'll find more information in our annual Ministers Tax Guide*.*
Call **1-888-98-GUIDE** (1-888-984-8433) *to request a copy or download it from our website at* **www.GuideStone.org***.*

- If you have a Roth IRA, you paid taxes on the initial contributions, which can be distributed tax-free at any time. Investment earnings from a Roth IRA grow tax-deferred and can be distributed tax-free if you are at least age 59½ and have held the IRA for a minimum of five years before taking a distribution. Unlike a Traditional IRA, with a Roth IRA there is no required distribution at 70½. You can delay taking this money out for as long as you desire, and it can continue to grow tax-free within your Roth IRA.

Personal savings

You may also have personal investments like money market accounts, CDs, savings and mutual funds that you plan to use for income after you retire. These types of investments do not offer the same tax-deferred growth as the retirement accounts and IRAs mentioned previously, but they have no contribution limits, so you can invest as much as you like. Distributions from some personal investments are also available at any time and incur no penalties. On these types of personal accounts, you will pay taxes on any earnings as they are distributed, but taxes paid on stock or mutual fund investments may be at a favorable capital gains rate when compared to ordinary income tax rates. Some financial planners suggest that personal investments like these should be withdrawn first for retirement income so tax-sheltered retirement accounts can continue to grow with deferred taxes for as long as possible.

What are my sources for retirement income?

Post-retirement employment

Many retirees choose to work part-time — some because they want to and some because they have to. In either case, it may be wise to invest part of that income for later needs. This strategy can reduce taxes now and provide protection against inflation later. If you work in a ministry or church-related setting, you can make additional contributions to a GuideStone 403(b) retirement plan. These plans offer generous tax shelter contribution limits that could allow you to contribute as much as 100% of your pay. You may also choose to contribute to an IRA, although contributions to a Traditional IRA are no longer possible once you reach age 70½. Contributions to a Roth IRA may be made past age 70½ as long as you meet the income guidelines. Remember that if you retire between age 62 and your full retirement age, Social Security limits how much you can earn before your Social Security benefits are reduced. This earnings limit is approximately $14,670* per year. If you earn more than this, your Social Security benefits are reduced by $1 for every $2 you earn over the limit. During the year in which you reach full retirement age, your annual earnings limit is increased to approximately $38,880*. Your Social Security benefits will be reduced $1 for every $3 you earn over this limit. In the month you reach your full retirement age, you will have no earnings limit and no reduction in benefits.

*As of October 2012.

More people plan to work for pay in retirement

In 2012, 70% of workers reported that they plan to work for pay in retirement.*

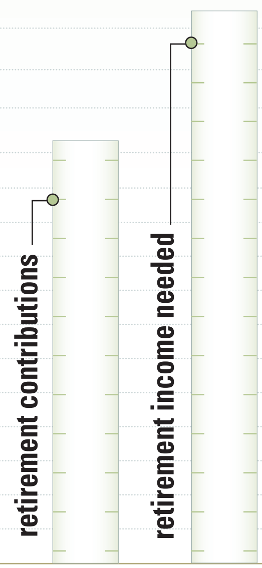
If you're among them, keep in mind that this is often part-time employment and is only meant to supplement retirement income, not replace it. And since a large number of retirees report they were forced into retirement before their planned retirement (due to health issues, the economy, employer decisions, etc.), make sure you're preparing for the future as if it could come sooner than you think.

** Source: 2012 EBRI Retirement Confidence Survey*

What if you are short of your goal?

If your spending goal exceeds your estimated retirement income, consider these options.

- Maximize contributions between now and retirement.
- Delay retirement until later.
- Consider working part-time in retirement.
- Cut down on expected expenses in retirement.
- Adjust your investment strategy for a higher potential return, if you are comfortable with increased risk.



As of October 2012.

Ministers

If you are CALLED TO SERVE A LOCAL CONGREGATION or ministry after you start receiving your retirement income, you may be able to continue contributing to a 403(b) retirement plan. Contributions made by a minister can be tax-sheltered from both income and self-employment taxes, providing a unique tax-savings opportunity over an IRA. Continued contributions may also make you eligible for benefits and matching contributions provided by your church or related denominational organization. If you receive income from multiple ministry-related sources, you may be eligible to tax shelter part, or even all, of that related income into a special GuideStone 403(b) retirement plan for self-employed ministers. And finally, if you or your spouse receive taxable income from secular employment after you retire, you both can contribute to either a Traditional or Roth IRA if you meet IRS-related age and income requirements.

How can I fine-tune my **retirement plan?**

Are you wondering if you need to change your investment allocation but are **confused about how to do it?** While it is important to incorporate some amount of investment risk into your portfolio, it is vital to have an understanding of some investment basics first. Consider the following concepts:

- **Time horizon.** This has to do with how long you plan to keep your money invested. Generally the longer your time horizon, the more consideration you can give to stocks. Conversely, the shorter your time horizon, the more you may want to lean toward fixed-income investments to protect yourself from a sudden drop in the stock market.

- **Risk tolerance.** This refers to how well you tolerate short-term losses in your investments. If you have a low risk tolerance and become anxious every time you notice your retirement account declines, you may need to adjust your asset allocation to move more toward fixed-income investments. A person who is not distracted by short-term losses, but focuses instead on long-term investment returns, has a higher risk tolerance and may be comfortable with an allocation weighted more heavily toward stock investments. To identify your risk tolerance, fill out the *Investor Profile Quiz* at the end of this section.

- **Diversification.** This concept deals with spreading investment risk within a portfolio by investing assets in a variety of companies and industries, or utilizing different types of investment vehicles. In addition to providing a high level of diversification for your investment portfolio, GuideStone Funds also provides Christian-based, social screening.

- **Asset allocation.** This is the process of dividing your funds among several different classes of assets such as stocks, bonds and real estate securities. The goal is to limit your risk in any one asset class, which will help increase your opportunities for portfolio growth with a level of risk that is comfortable for you.

  1. **Fixed-income securities or bonds** — This category includes the investment in debt instruments of a corporation or government entity. The issuer agrees to pay a fixed interest rate over a specified time period. When you invest in bonds, you are essentially lending money to the bond issuer. At the end of the time period (maturity), the principal is returned. Fixed-income investments tend to be less volatile over time, but also tend to have a lower total return over time.

  2. **Equity securities or stocks** — This type of investment involves the purchase of shares of stock in a corporation. Depending on the size of company, these shares may be referred to as small cap, mid cap or large cap. The price per share of stock goes up and down depending on many factors including the company's success, the health of the economy and public opinion. In general, stocks offer higher potential returns over time — but higher risk as well.

Still not sure how to choose the right investments for your retirement plan? GuideStone offers you three approaches to help you select investment funds that best fit your situation: **One-choice approach, Asset Allocation approach or Build-your-own approach.**

- The One-choice approach may be suitable for investors who seek a simple and sophisticated one-fund approach. Rather than having a hands-on method of investing, these investors prefer a professionally managed portfolio with asset allocations that are automatically re-balanced and adjusted for risk as the target date draws closer. With this approach, the investor chooses one of the five MyDestination Funds® tied to the date closest to her projected retirement age. This allows the investor to invest in a single, well-diversified fund and maintain an appropriate level of risk as the time horizon to retirement decreases. In addition, this management continues into the retirement years.

- The Asset Allocation approach is similar to the One-choice approach in that the GuideStone Asset Allocation Funds are diversified "fund-of-funds." However, the fund choice in the Asset Allocation approach is based on the investor's risk tolerance rather than his projected retirement date. As a result, if an investor chooses to utilize this approach, he will need to shift his fund allocation periodically if he desires a more conservative or aggressive investment over time.

- The Build-your-own approach is designed for an investor who already has strong investment knowledge and a good understanding of the funds GuideStone offers. An investor that fits this profile will find numerous resources at *www.GuideStone.org* he can use to construct and manage his investment fund mix.

Need help determining your risk tolerance?

Investor Profile — this fund selection guide is available on the following page. Fill out the brief questionnaire, determine your level of risk tolerance and identify a recommended asset allocation.

*You should carefully consider the investment objectives, risks, charges and expenses of the GuideStone Funds before investing. A prospectus with this and other information about the Funds may be obtained by calling **1-888-98-GUIDE** (1-888-984-8433) or downloading one at www.GuideStone.org. It should be read carefully before investing.*

The MyDestination Funds and Asset Allocation Funds attempt to achieve their objectives by investing in the Select Funds. By investing in the Funds, you will also incur the expenses and risks of the underlying Select Funds. You may directly invest in the Select Funds.

Take the Investor **Profile Quiz**

1. What is your investment phase?

- **Building Phase** — You have just started building your retirement account.
- **Growing Phase** — Your account is starting to grow but you need more time and money before you can retire.
- **Preserving Phase** — You are getting close to retirement and are concerned about preserving what you have been able to accumulate.

2. Determine your risk tolerance.

To select an investor profile you need to understand your tolerance for investment risk. As you respond to the statements below, keep in mind both how much risk you feel comfortable taking, as well as how much risk you may need to take to be able to achieve your retirement income goal.

Read the statements below and place a check in the square that best describes your response to each statement.

	Agree	Neutral	Disagree
I want to invest my retirement savings in a way that can provide long-term growth in value, even if it means I must accept higher short-term risks.	5 ☐	3 ☐	1 ☐
Short-term declines in an investment are acceptable to me if I think it will produce greater long-term growth.	5 ☐	3 ☐	1 ☐
I want my retirement savings to grow in value at a significantly faster rate than the rate of inflation.	5 ☐	3 ☐	1 ☐
I want to invest my retirement savings in a way that minimizes losses, even though it may result in smaller growth over a longer period of time.	1 ☐	3 ☐	5 ☐
It is more important to preserve what I have already accumulated in my retirement account rather than making it grow larger.	1 ☐	3 ☐	5 ☐
If my debts were paid and I inherited a large sum of money, I would put most of it in the bank or a money market account for safekeeping.	1 ☐	3 ☐	5 ☐

Add the numbers you have checked in each column and then combine the column subtotals to determine your total risk rating. You will use this number in the next step to help you select an investor profile.

_____ + _____ + _____

Your risk rating is: ☐

3. Select your Investor Profile.

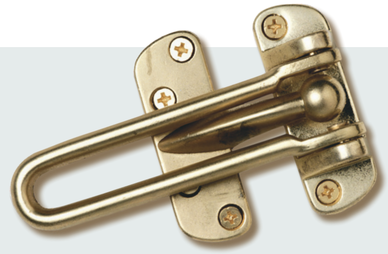
25% equities/75% fixed income	• Growing Phase with Risk Rating between 6 and 13 or • Preserving Phase with Risk Rating between 6 and 13
50% equities/50% fixed income	• Building Phase with Risk Rating between 6 and 13 or • Growing Phase with Risk Rating between 14 and 22 or • Preserving Phase with Risk Rating between 14 and 30
75% equities/25% fixed income	• Building Phase with Risk Rating between 14 and 22 or • Growing Phase with Risk Rating between 23 and 30
100% equities	• Building Phase with Risk Rating between 23 and 30

4. Build your own portfolio with:

- **Asset Allocation Funds** — match your Investor Profile to the Asset Allocation Funds having the same asset mix.
- **Select Funds** — choose a combination of Select Funds to match your Investor Profile.

Which asset allocation matches your investor profile?

How can I **protect** my assets?



While you're working, you need adequate life, health and disability coverage to **provide for your family** should you get sick, become disabled or die. Without this protection, your entire retirement strategy could be at risk. But what about the need for insurance during retirement?

Medical insurance. Fewer employers are providing retiree medical coverage — meaning that when you retire, you may or may not retain health coverage from your employer. Therefore, medical coverage can become an important part of your overall retirement plan.

While health care reform causes uncertainty around how insurance plans will look in 2014 and beyond, core advice on how to currently save money on health care remains the same. One way to save more for retirement is to control health care costs while you're actively working. When it comes to health care, it's important to be a savvy consumer. That includes finding the right balance of deductibles and premiums for your coverage. In general, the higher the deductible, the less expensive the cost of coverage. Many people pay for coverage they don't use for fear they'll be caught short if major illness or accident strikes. But proper planning can help control monthly premium costs and prepare for the unexpected.

Another useful strategy is to pay for less care. Simply put, do your part to keep yourself and your family healthy. Participating in wellness programs, getting preventive care, making healthy lifestyle choices and managing chronic conditions such as high blood pressure, diabetes and high cholesterol are important ways you can control your health care costs — and improve your quality of life in the process.

In terms of tax planning, one of the most useful alternatives is a Health Savings Account, or HSA. And because you're not eligible to open an HSA once you're covered by Medicare, it's important to consider this option before retirement. If you choose to be covered by a qualified High Deductible Health Plan, you may be eligible to open a HSA. This type of account allows you to tax shelter dollars from your salary that are set aside and invested for future medical expenses. There's a potential triple tax advantage here:

1. Direct HSA contributions are deductible from gross income.

"A 65-year-old couple, both with median drug expenses, would need $227,000 to have a 75% chance of having enough money to cover health care expenses (excluding long-term care) in retirement."

– Employee Benefits Research Institute, 2012 data

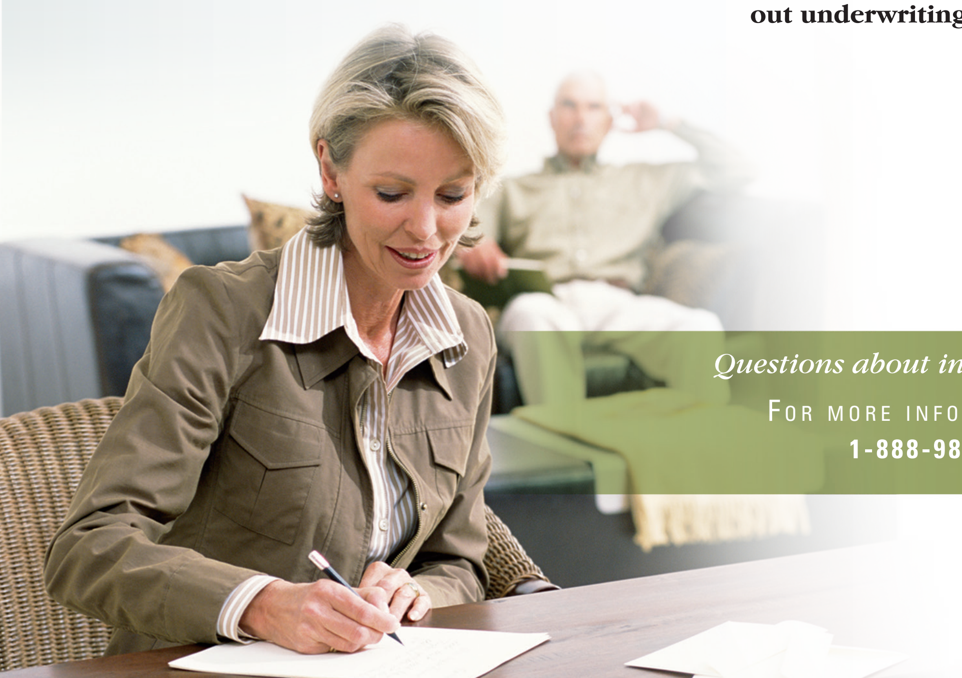
2. HSA earnings accumulate tax-deferred.
3. HSA withdrawals for qualified medical expenses are free from federal income tax.

Keep in mind that an HSA is an individual account, meaning that the money moves with you when you change employers. It can continue to accrue year to year. Therefore, if you do not use all the HSA funds for medical expenses in a year, you can continue to build your HSA balance for future expenses such as retiree medical care.

Note: If you are age 55 or older and are covered by a federally-qualified High Deductible Health Plan, you can make "catch-up" contributions over and above standard annual maximums, per legal limits. This helps you more fully fund your HSA for retirement. Once you become Medicare-primary at age 65, you are no longer eligible to make contributions to your HSA. That's why it's important to take advantage of the opportunity to contribute while you are actively working and approaching retirement. In addition, the funds in your HSA can be used for a variety of medical expenses, including Medicare premiums and out-of-pocket costs. You can also use HSA funds to pay long-term care insurance premiums. After age 65, you can use money in the HSA for non-medical expenses without tax penalty.

In retirement, you must face the sometimes complex intersection of Medicare coverage and private insurance. If your employer provides retiree coverage, make sure you understand how those benefits coordinate with Medicare. Once you become Medicare-eligible at age 65, you may also become "Medicare-primary." This means Medicare is the primary payer for your health care expenses — but that shouldn't lead you to believe that Medicare will pay all or even most of your expenses. "Original" Medicare does not include prescription drug coverage — what's now known as "Part D." Part D is provided through private insurers, and can be sold as "stand alone" coverage or bundled with a Medicare supplement or Medicare Advantage plan.

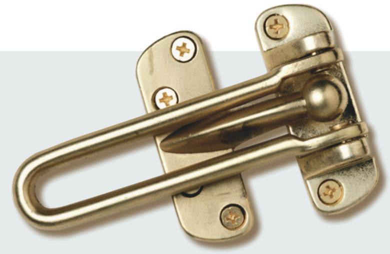
Medicare Supplement plans coordinate with Medicare benefits to provide more comprehensive medical coverage once you're Medicare-primary. They do not replace Medicare coverage. **Keep in mind that many plans may require underwriting, so it's important to obtain and keep medical coverage early. In some cases, this coverage may allow you to transfer to a Medicare Supplement plan once you become Medicare-primary without underwriting.**



Questions about insurance products?

For more information, call
1-888-98-GUIDE.

How can I **protect** my assets?



> Make sure that you consider inflation when thinking about long-term care. Because you are purchasing coverage for future expenses, inflation rates can have a huge impact on how your **long-term care coverage** can provide for your expenses.

Medicare Advantage Plans are health plan options that are part of the Medicare program. If you join a Medicare Advantage Plan, you generally get all of your Medicare-covered health care through that plan. Typically, there are extra benefits and lower co-payments than in the Original Medicare Plan. However, you may have to see doctors that belong to the Medicare Advantage Plan or go to participating hospitals to get services. You may not enroll in a Medicare Supplement Plan if you are in a Medicare Advantage Plan.

Long-term care insurance. According to the American Association of Homes and Services for the Aging, approximately 60% of Americans who reach age 65 will need long-term care some time during their lifetime. By 2020, 12 million older Americans will need long-term care. A common misconception is that health insurance plans or Medicare pay a substantial amount toward long-term care such as in-home care or nursing homes. Health insurance plans typically do not pay for long-term care services. Medicare typically provides only short-term, skilled nursing home care following hospitalization and limits its coverage of help at home to those who need skilled nursing care and rehabilitative therapy.

Most middle-income families must deplete their life savings in order to receive nursing home care under Medicaid. Because Americans are living longer than ever before, this can represent a substantial financial burden — especially because the average cost of a private room in a nursing home is more than $74,000 a year. Long-term care coverage helps pay for daily life services such as in-home care, assisted living facilities and nursing home costs. These costs can be substantial and can drain retirement savings rapidly. Because the cost of long-term care coverage depends on your age at the time of purchase, it is best to think about this coverage before retirement.

Disability insurance. While you are still working, your most valuable asset is your ability to earn a paycheck. Statistically speaking, you are four times more likely to become disabled and need disability insurance than you are to die and need life insurance during your active working career. Without disability coverage, a serious illness or accident could not only threaten your retirement plans, but could also put your current financial security in serious jeopardy.

Life insurance. Life coverage prior to retirement is a vital part of your family's overall retirement planning. Without adequate life insurance, your family would not only suffer your loss, but would also suffer the loss of your future earnings. Should you die prior to retirement, your life insurance is intended to help replace those future earnings and keep your family's financial security intact. In addition, it can help cover expenses that would otherwise be paid out of your estate — such as funeral expenses and outstanding personal debt.

In the best of circumstances, you enter retirement with few debts and enough assets to cover expenses. At this point, life insurance is an important part of your planning because it can help pay final expenses, such as funeral costs. That's why re-evaluating the volume of life insurance — or how much your beneficiaries will receive — is an important task when you retire. Generally speaking, you will need less life insurance in retirement than you carried when you were actively working.

Questions about Long-Term Care Planning?

GuideStone has selected LTC Financial Partners to help you make informed decisions. For more information, visit *www.LTCGuideStone.com* or call LTC Financial Partners at **1-877-582-4478.**

How can I **leave a legacy**?

Many people believe that estate planning is only for the wealthy, but this is simply not the case. Did you know that if you die intestate (without a will) your estate will be distributed according to the laws established in your state? This can be a slow, expensive and often inequitable process — and one that proper estate planning can help you to avoid.

Two out of three people die without a will. **More than half of all wills are outdated because of the implications of new laws.** *And more than a third are outdated because of changes in personal possessions and family situations.*

In general, estate planning is your strategy for determining how your property and other assets will be distributed. It protects and provides for your family while minimizing taxes. To make sure your plan is customized for your situation, you may need the advice of a professional who knows the current tax laws and legal considerations. Some of the options to consider include creating a will or trust, and making preparations for health care decisions.

The will

The simplest form of estate planning is the will. This legal document, when properly prepared, signed and witnessed, directs how you want your estate distributed and ensures that your wishes will be respected.

If you choose to consult an attorney in the preparation of your will, he or she will guide you through the decisions you will need to make. These include choosing an executor to settle your estate and making a list of assets, trusts and jointly held property. In addition, you will need to establish guardianship and decide property division issues regarding any minor children. Going forward, you'll want to keep your will updated to make sure that your assets go to the intended person(s), in case your wishes change.

One thing to keep in mind with regard to wills is the process of probate. This process validates your will, disburses money for any debts and also handles property transfers. It is an important, although expensive, function. In addition, accounts with beneficiary designations (annuities, life insurance, IRAs, retirement plans, etc.) are generally excluded from probate — as are assets held in trusts.

Trusts

How does a trust differ from a will? Whereas a will expresses your wishes after your death, a trust can take effect before or after your death. It also allows you to control the distribution of your estate under either circumstance. Essentially, trusts place your assets in a fund that is managed by a trustee for your benefit or the benefit of your beneficiaries. For example, you can utilize a trust created during your lifetime, a "living trust," or you can create a trust as a provision of your will that receives and manages assets for your beneficiaries after your death. Many different options are available to you. In fact, some options allow you to remain as your own trustee until your death.

Health care planning

A health care directive, also known as a living will, ensures your wishes are known in case you become incapacitated and are no longer able to make decisions for yourself. It directs your family and medical specialists whether to keep you on artificial life support and appoints someone to make direct health care decisions on your behalf. By contrast, a medical power of attorney or medical proxy is a revocable written document which also allows someone else to make health care decisions on your behalf. However, this document is generally broader in scope than a living will and encompasses all health care situations where you cannot make decisions for yourself. Many estate planners recommend preparing both a living will and a medical power of attorney.

Regardless of which legal instruments are appropriate for your situation, remember that part of your retirement planning should include attention to your estate. Insurance policies, company benefits, investments and the value of your home can add up to more than you realize. Consider professional legal help that will give you the best advice for your personal situation. The bottom line is *make sure you plan for the proper distribution of your estate.* Then keep your plan updated. That's just good stewardship.

Safekeeping your important papers

In a fireproof box

- Personal information: family contact information, birth, death and adoption certificates; marriage license, divorce decree, passports, citizenship papers, letters of instruction
- Professional contact information: attorney, accountant, banker, employee benefits office at work, etc.
- Estate information: wills and trusts, powers of attorney, living wills or other directives about medical care decisions

In a file cabinet

- Tax returns for the past six years
- Recent pay stubs
- Bank account records
- Records for retirement accounts, investments, credit cards
- Warranties
- Property assessments

In your safe deposit box or safe

- Photo or video record of your home contents
- Jewelry and other small valuables
- Business contracts
- A list of IOUs, both owing and owed
- Property and asset information: deeds, title, stock and bond certificates, insurance information and policies
- List of user IDs and passwords for online accounts, including information as to which accounts receive online statements only

Planning worksheets

PRIMARY RESIDENCE			
Fair market value	$	Monthly payment	$
Amount left on mortgage	$	Years left on mortgage	
Mortgage company		Telephone ( )	
Annual tax	$		

ADDITIONAL PROPERTY (Rental or Vacation)			
Fair market value	$	Monthly payment	$
Amount left on mortgage	$	Years left on mortgage	
Mortgage company		Telephone ( )	
Annual tax	$		

VEHICLES Vehicle 1			
Fair market value	$		
Loan balance	$	Monthly payment	$
Loan company		Telephone ( )	

VEHICLES Vehicle 2			
Fair market value	$		
Loan balance	$	Monthly payment	$
Loan company		Telephone ( )	

HOMEOWNERS INSURANCE			
Company			
Agent		Policy Number	
Annual cost	$	Telephone ( )	

AUTOMOBILE INSURANCE			
Company			
Agent		Policy Number	
Annual cost	$	Telephone ( )	

continued on next page➢

LIFE INSURANCE

Husband's amount $	Annual cost $
Company	Telephone ( )
Type of policy	Policy number
Beneficiary	
Wife's amount $	Annual cost $
Company	Telephone ( )
Type of policy	Policy number
Beneficiary	

HEALTH INSURANCE

Husband's amount $	Annual cost $
Company	Telephone ( )
Type of policy	Policy number
Wife's amount $	Annual cost $
Company	Telephone ( )
Type of policy	Policy number

LONG-TERM CARE INSURANCE

Husband's amount $	Annual cost $
Company	Telephone ( )
Type of policy	Policy number
Wife's amount $	Annual cost $
Company	Telephone ( )
Type of policy	Policy number

CREDIT CARDS

Card type	Telephone ( )
Account number	
Card type	Telephone ( )
Account number	
Card type	Telephone ( )
Account number	
Card type	Telephone ( )
Account number	
Card type	Telephone ( )
Account number	

continued on next page➢

Financial Inventory

Planning worksheets

CHECKING ACCOUNTS	
Name of bank	Telephone ( )
Account number	Titling
Name of bank	Telephone ( )
Account number	Titling

SAVINGS ACCOUNTS	
Name of bank	Telephone ( )
Account number	Titling
Name of bank	Telephone ( )
Account number	Titling

INVESTMENT ACCOUNTS 403(b) or 401(k)	
Company	Telephone ( )
Account number	
403(b) or 401(k)	
Company	Telephone ( )
Account number	

IRA	
Company	Telephone ( )
Account number	
IRA	
Company	Telephone ( )
Account number	

BROKERAGE ACCOUNT	
Company	Telephone ( )
Account number	

OTHER	
Company	Telephone ( )
Account number	

Next Action Steps Checklist

Determine your retirement income needs

- ☐ Use the calculators on the GuideStone website.
- ☐ Develop a retirement budget and resources using worksheets in your workbook.

Determine your income sources

- ☐ Request a GuideStone Retirement Income Estimate. We strongly recommend you do this when you are two to three years away from your planned retirement date.
- ☐ Review an estimate of any Social Security retirement benefits you may be eligible to receive. If you cannot locate your most recent statement, request a new one from the Social Security Administration either by phone or through its website.

Make any needed adjustments to your current retirement planning

- ☐ Review and/or change your retirement plan investment fund allocation. As you get closer to your retirement date, you may want to reduce the level of risk you take related to your asset allocation.
- ☐ Review and/or change your level of retirement plan contributions. This is especially important if you determine you are not as prepared for retirement as you had hoped. Consider requesting a maximum contribution calculation as you create your list of next action steps.
- ☐ Consolidate retirement accounts outside of GuideStone by requesting a GuideStone rollover form. Our representatives are available by phone to help you process a consolidation rollover and can even speak on your behalf to your other retirement plan providers.
- ☐ Evaluate your long-term care needs. You can request information at *www.LTCGuideStone.com.* If you already have coverage, make sure it's sufficient. Long-term care expenses can drain your retirement savings quickly.
- ☐ Plan for insurance changes in retirement. Before you become Medicare-eligible, consider your insurance options. For more information on options available to you, visit *www.GuideStoneInsurance.org.*

Have you identified a list of "next action steps" you need to take? If your list is like most, it will contain several important steps. **Realize you don't have to do them all at once**; it may take some time to get everything accomplished. Review your action steps and place them in a priority order, then start working on them one at a time.

And while you do, remember that GuideStone will be right there beside you every step of the way. Our goal is to not just help you get to retirement, but **to walk beside you all the way through retirement** by being your lifelong partner. We want to help equip you all along the way to be able to make wise decisions about all the financial issues you will face.

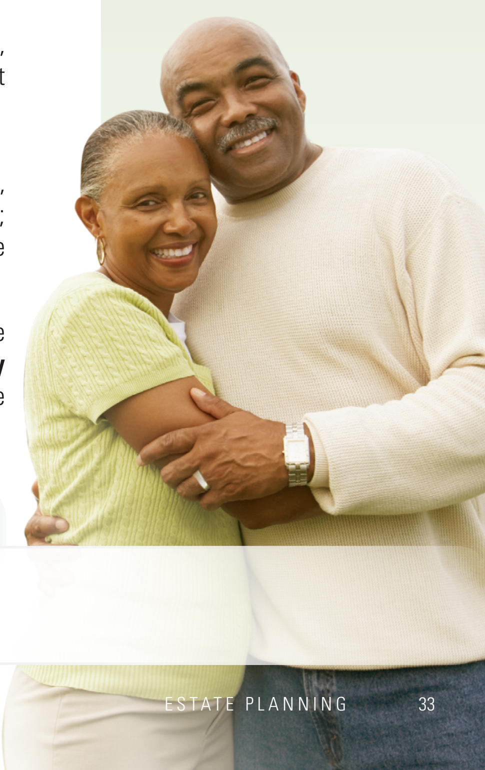
STILL HAVE QUESTIONS?

Call GuideStone at **1-888-98-GUIDE** or visit our Preparing for Retirement website: *www.GuideStone.org/pfr.*

The most important tool in the belt.

It's not the hammer. Or the level. Or even the screwdriver. When building a home — and building your retirement — the single most important tool isn't forged from steel. It's the plan itself.

If you've ever had a home built, you know about the decision list. Also called a timeline, this plan or road-map of the process consists of a series of decisions to be handled at critical times. Without decisions, you can't build a house or a retirement. Without time frames, you can't keep to a schedule. And, just as with a home, smart and important decisions don't end when you walk in the front door. Decisions and work continue. It may even help to consider your retirement preparation as the investment version of home improvement.



Do well. Do right.®

Do Well. At GuideStone Financial Resources, we strive to do well. For nine decades we've been enhancing the financial security of ministers, church and institutional employees and seminary students. Our reputation is built upon our quality products and a proven track record of helpful customer services.

Do right. We share common values with you. We believe that doing what's right matters. Our retirement products and investment funds seek to be competitive while remaining faithful to Christian values and goals. We are here for your benefit. No profit motive. No competing interests. Our bottom line is your bottom line — retirement security.

Thank you for letting us help you with your retirement security needs. We appreciate your involvement with GuideStone and we look forward to many continued years of serving the investment needs of you and your family.

GUIDESTONE IS READY TO HELP!

Register for a live retirement income webinar and access other valuable resources at ***www.GuideStone.org/pfr.***

GuideStone®
Retirement Plans

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