

2017 GOALS AND ACCOMPLISHMENTS

Relative to each of the SBC assigned Ministry Assignments, please describe GuideStone's accomplishments in the past year that create "value added" to Southern Baptists.

- I. Assist churches, denominational entities and other evangelical ministry organizations by making available retirement plan programs for their ministers and employees.

GuideStone Financial Resources takes seriously its charge by the Southern Baptist Convention to provide retirement programs for the ministers and employees of Southern Baptist and other evangelical churches and ministries. Our retirement plans are designed with the needs of SBC pastors and church workers front and center. From an enrollment process that makes sense for the smallest churches, as well as the most complex institutions, to reporting statements tailored to individual participants in even the smallest of churches, to comprehensive educational programs, GuideStone's retirement plans are, without doubt, the best option for SBC churches and institutions.

To that end, throughout the year GuideStone continued its efforts to advocate for church retirement plans with regulators and legislators. With the new presidential administration in Washington, it is possible some regulations affecting employee retirement plans may change; GuideStone is committed to advocating on behalf of our participants and the unique needs of church retirement plans. GuideStone remains committed to respond to any challenges to the minister's housing allowance and will continue, as appropriate, to use amicus briefs and other means available to advocate for participants.

- II. Assist churches, denominational entities, other evangelical ministry organizations and like-minded individuals by making available life and health coverage and risk management programs.

With the advent of the federal health care law formally known as the Patient Protection and Affordable Care Act, it is more important than ever for GuideStone to be able to offer life and health coverage for SBC churches and ministries. As the new presidential administration in Washington has indicated a desire to repeal and replace it, GuideStone remains committed to working with legislators and regulators to address the specific needs of church and ministry employers.

GuideStone continues to see success in providing group medical coverage to churches in Micro Groups — church and ministry employers with as few as two employees.

GuideStone remains committed to life, as evidenced by its litigation against the contraceptive mandate issued during President Obama's administration by the U.S. Department of Health and Human Services under the Affordable Care Act. In 2016, the U.S. Supreme Court vacated lower court rulings in GuideStone's and others' cases, ordering the government to work out a solution that does not violate GuideStone and the plaintiffs' religious beliefs. The case is currently stayed as of this report.

GuideStone continues to make available life and disability coverage to pastors and other employees of Southern Baptist churches and ministries, through the employer, to aid in the financial preparedness of pastors and their families.

- III. Assist churches and denominational entities through relief to Southern Baptist ministers and Southern Baptist denominational employees.

At the very heart of GuideStone is the relief ministry Mission:Dignity. When GuideStone was founded in 1918, its visionary first leader, William Lunsford, promised the messengers of the Southern Baptist Convention that this ministry would be there to serve them. “Give yourself wholeheartedly to the work. We’ll stand back of you,” he said. “If you fall in the work, we’ll care for you; if you die, we will not allow your family to suffer. If you grow old in the work, we’ll comfort you in your declining years.”

Through nearly a century of change, expansion and growth, GuideStone has chosen to remain true to its founding and provide relief for Southern Baptist ministers and denominational employees.

Through the unmerited favor of the Lord, GuideStone in 2016 paid out more than \$7 million for Mission:Dignity relief efforts. Every penny given to Mission:Dignity goes to help a retired pastor, pastor’s widow or denominational employee in need. Costs for staff salaries, fundraising expenses, mailings and supplies are all provided for by endowments established for the purpose of covering those expenses. More than 1,700 individuals in desperate financial need are able to receive benefits from GuideStone’s Mission:Dignity ministry.

In 2014, GuideStone was able to provide exciting news: The neediest Mission:Dignity recipients saw their monthly grant amount grow to \$450 for individuals and \$600 for couples. Qualified individuals receiving the largest payouts must have at least 25 years of salaried Southern Baptist ministerial service and must meet guidelines for income and assets. Eligible recipients with at least 10 years of full-time, salaried Southern Baptist service can receive \$225 per month, if single, and couples can receive \$300.

GuideStone receives no Cooperative Program funding for Mission:Dignity, and no GuideStone Funds underwrite the ministry. All proceeds come from the gifts of individuals, groups and churches across the SBC. Additionally, individuals and churches who purchase *The Joshua Code: 52 Scripture Verses Every Believer Should Know*, *The Jesus Code: 52 Scripture Questions Every Believer Should Answer*, *The James Code: 52 Scripture Principles for Putting Your Faith into Action*, *VIP: How to Influence with Vision, Integrity, and Purpose* and *The Daniel Code: Living Out Truth in a Culture That Is Losing Its Way* support the ministry. All five books are authored by GuideStone President O.S. Hawkins; all author royalties and proceeds benefit Mission:Dignity.

- IV. Assist churches, denominational entities, other evangelical ministry organizations and like-minded investors by making available a personal investment program to their ministers and employees and their spouses, and to like-minded investors.

For many years, GuideStone has provided personal (non-retirement) investing opportunities to

Southern Baptist pastors, staff members and employees of Southern Baptist-related entities.

Among the most significant moments in GuideStone's history was the decision by messengers at the 2013 Southern Baptist Convention to expand GuideStone's ministry assignment to allow GuideStone to make available its award-winning investment program to like-minded individuals.

Upon approval from messengers, GuideStone began making the infrastructure upgrades and began taking the legal steps necessary to undergird this project in preparation for making the Funds available directly to like-minded participants in May 2014. Later in 2014, various GuideStone Funds became available for purchase on commercial platforms that could be accessed by professional financial advisors. This development allows interested individuals to work with their long-time, trusted financial advisors to access GuideStone Funds. According to the *2014 Fact Book*, produced by the Investment Company Institute, from among the number of Americans who purchase mutual funds outside of a workplace retirement plan, more than 80 percent choose to invest at least part of their money through a trusted financial advisor.

GuideStone's efforts to inform Southern Baptists about the availability of the GuideStone investment program for like-minded investors has begun. From the beginning, our approach has been one of "crawl, walk and then run." Our efforts to reach this new market began in the summer of 2014. It continued in 2015 and 2016 with various appearances in the financial media in New York, appearing in outlets including *The Wall Street Journal*, CNBC and Bloomberg Radio, as well as events, including the industry-leading Morningstar Investment Conference in Chicago, and other avenues.

Southern Baptists — whether in the pulpit or the pew — now have access to award-winning investments that reflect the values of Southern Baptists.

- V. Assist churches and denominational entities by making available institutional investment services through cooperative agreements with state Baptist foundations (or state Baptist conventions where no foundation exists). Assist other evangelical ministry organizations by making available institutional investment services.

GuideStone remains committed to working cooperatively with interested state Baptist foundations or with state Baptist conventions where no foundation exists. As evidence, GuideStone continues to offer institutional investing solutions through an Institutional share class with lower expense ratios. An additional institutional investment service was added in 2014 in the form of outsourced CIO. This will allow GuideStone to come alongside state Baptist foundations, churches and other ministry organizations and use GuideStone's investment expertise to help them fulfill their fiduciary and investment responsibilities.

Based on GuideStone's convention assigned ministry assignments, what opportunities or challenges do you see on the horizon from 2016 and beyond that would necessitate changes, or new directions, in how you are accomplishing each Ministry Assignment?

- I. Assist churches, denominational entities and other evangelical ministry organizations by making available retirement plan programs for their ministers and employees.

The new Trump administration has indicated that it is open to reviewing many recent regulations affecting employee benefit providers. GuideStone, as part of an alliance of large and historic denominational pension boards, continues to work with legislators and regulators in regard to the changes to ensure the more than one million pastors and church and ministry workers are not ignored as these changes are considered. Additionally, GuideStone continues to monitor many cases working through the courts that could impact ministry organizations and their retirement plans.

- II. Assist churches, denominational entities, other evangelical ministry organizations and like-minded individuals by making available life and health coverage and risk management programs.

GuideStone's litigation against the contraceptive mandate, which would have required some ministries served by GuideStone to provide abortion-causing drugs and devices in their health plans, or risk crippling penalties, is stayed at this time. The U.S. Supreme Court in May 2016 ordered the government to find a tenable solution that did not violate the religious beliefs of the objecting religious organizations. We continue to pray for a decision that continues to protect the religious liberty of affected ministries. (Churches and closely held ministries have been exempted from the mandate and its penalties since the mandate was released.)

- III. Assist churches and denominational entities through relief to Southern Baptist ministers and Southern Baptist denominational employees.

Identifying currently eligible individuals who are not currently recipients along with defining the scope of the need in the future remains the greatest opportunity GuideStone is considering for the future. GuideStone conducted a survey in 2016 to try to determine the potential size of the population that might need Mission:Dignity's support and services moving forward. Studying the results continues at this time.

- IV. Assist churches, denominational entities, other evangelical ministry organizations and like-minded investors by making available a personal investment program to their ministers and employees and their spouses, and to like-minded investors.

Sales and marketing efforts will continue in 2017 and beyond using social media, public relations, marketing events and sponsorships, as well as more traditional forms of advertising. In addition, GuideStone Funds has expanded its sales team to work with advisors in making the GuideStone Funds available to advisor clients. GuideStone once again will offer presence at industry trade

shows frequented by financial advisors who may be interested in GuideStone's products and services.

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