

2017 Ministry Inquiries

Cooperative Program

1. **While GuideStone Financial Resources does not receive Cooperative Program dollars, please describe how GuideStone's work with SBC churches support cooperative missions and cooperative funding. Are there ways in which GuideStone can help promote and advocate for the Cooperative Program?**

The vast majority of GuideStone employees — even those whose employment conditions don't explicitly require it — choose to worship, serve and give their time, talent and treasure through and in Southern Baptist churches faithful to the Cooperative Program. Despite the fact that GuideStone receives no Cooperative Program funding, GuideStone believes the Cooperative Program is the most effective means yet devised to carry out the supernatural task God has placed before us of taking the gospel to the ends of the earth. Thus, like its sister Southern Baptist boards and entities, GuideStone maintains an unwavering commitment to the central and vital role of the Cooperative Program.

For many years, GuideStone was privileged to receive funds from the Cooperative Program, and it channeled those funds to its relief ministry known today as Mission:Dignity. It was a cause for celebration when, beginning in 2008, GuideStone was able to forego receipt of such funds and release them back to the Executive Committee for allocation among other SBC entities. To date, GuideStone has foregone more than \$12 million to SBC ministry causes.

GuideStone is committed to seek the Lord's direction in all that we do. As an entity of the Southern Baptist Convention, we are mindful to give our first and primary attention to the mission that we have received from the SBC to be stewards to ministers, missionaries and all those called of the Lord who rely on GuideStone for plans and programs that are vital to their retirement, insurance and relief needs. As is often said at GuideStone, among all SBC agencies, GuideStone is unique in its ministry assignment to serve the **messenger** of the gospel so that the messenger has the greatest possible opportunity to share the **message** of the gospel.

Ethnic Participation

2. **Please give a descriptive report of participation of ethnic churches and church leaders in the life and ministry of your entity.**

GuideStone understands the importance of making progress in ethnic participation at all levels of our work and ministry. Over the past two decades, we have served a growing number of non-English-speaking participants as well as a growing number of non-English-speaking churches and ministries. Currently our call center has Spanish- and Korean-speaking specialists on staff, as well as the ability

to assist callers in any language via a contracted translation service. GuideStone also employs customer-facing representatives who develop and maintain relationships with various ethnic groups through organizations including the National African American Fellowship, the Confraternidad Nacional de Iglesias Hispanas Bautistas del Sur, the Hispanic consortium and the Council of Korean Southern Baptist Churches in America. Additionally, leaders of eight Asian-American fellowship groups met at GuideStone Financial Resources in 2016 to learn more about the ways GuideStone can serve their churches and ways they can partner closely with the SBC. These groups included the Japanese Fellowship, Hmong Fellowship, Vietnamese Fellowship, Filipino Fellowship, Laotian Fellowship, Chinese Fellowship, Korean Fellowship and Cambodian Fellowship.

Because Spanish and Korean churches comprise the largest percentage of our non-English-speaking participants, GuideStone also hosts microsites in these languages to assist and support churches and their employees who seek information related to employee benefits. Printed resources about various GuideStone products are available in several languages other than English.

GuideStone strives to reflect the ethnic diversity of the Southern Baptist Convention and recognizes the inherent strength of a diverse workplace. At the start of 2017, non-Anglo employees accounted for 17 percent of GuideStone employees, up from 14.4 percent in 2011 and up from 9.8 percent in 2000. In terms of ethnic minority representation, GuideStone currently has three African-Americans serving on its board of trustees.

Mental Health Resource

- 3. In response to a Ronnie Floyd motion, June 2013, Houston, TX, requesting the Executive Committee and SBC Entities to assist churches with mental health ministries, the Executive Committee appointed an advisory group in the fall 2013, to determine ways in which Southern Baptist entities and SBC churches can best help those who are in need of mental health assistance. The final report of this advisory group was presented to Dr. Frank S. Page, fall 2014.**

In the 2015 & 2016 Ministry Report(s) the following question was asked of each SBC entity:

Please give a progress report on what GuideStone has implemented to assist SBC churches with training and equipping people with mental health challenges and how will GuideStone continue to seek ways to work in cooperation with SBC entities and others to address the severe challenges imposed by mental illness?

For the 2017 Ministry Report please provide the following:

If GuideStone feels that reporting on this subject is within its purview, or falls within the scope of its ministry assignment(s), or has made any progress in the area of assisting churches with training and equipping people with mental health challenges, or has developed or identified resources to assist SBC churches in the area of mental health ministry, please provide a detailed progress report.

GuideStone affirms its willingness to work together with other SBC entities to assist our churches in ministering to those suffering from mental health issues. One such means of support will be to continue to offer through GuideStone's health plans the products and

services needed to respond to participants, and their families, who have been diagnosed with mental health issues. Some examples of benefits currently provided for covered individuals are pharmacy benefits, inpatient medical benefits, outpatient medical benefits (individual, group therapy mental health and intensive outpatient mental health), and individual or family counseling under certain circumstances.

GuideStone Specific

4. **In your opinion, what is the most reliable metric indicating future accomplishments of or challenges to GuideStone, and why is that metric the one you think is most important to watch?**

Given the vast scope of the financial, insurance and risk management services offered by GuideStone, it is virtually impossible to choose one metric that would give an adequate representation of GuideStone's progress. GuideStone reports on an ongoing basis to its trustees, as the representatives of our SBC churches, on a variety of metrics for each line of business within GuideStone's ministry assignment.

As a sample snapshot of the progress of GuideStone in any given year, sample metrics to review would include total assets, total number of participants and the number of new participants in a given calendar year. These three measures would provide a high-level and reasonably accurate representation of the annual health of GuideStone Financial Resources.

5. **What are the current metrics or number of SBC churches participating in GuideStone's healthcare as compared to the previous years, 2012 – 2016?**

GuideStone currently serves 37,081 individuals affiliated with Southern Baptist churches and ministries in our Group Plans, which has grown steadily since 2012.

6. **Is GuideStone's healthcare offerings equally competitive in pricing, and equally beneficial overall to churches of all sizes and all geographical location? Please explain.**

Absolutely. GuideStone works with industry consultants and through trade groups to determine competitive pricing and benefit structures for our health plans nationwide. GuideStone's Group Plans can cover churches and ministries with two or more employees, offering potentially significant savings for churches over the individual marketplace. Through its decade-long relationship with Highmark BlueCross BlueShield, GuideStone participants have ready access to a nationwide network of doctors and providers with discounts of 50 percent or more. Through Express Scripts, GuideStone is able to bring participants the highest level of prescription drug and pharmacy benefits available through mail order and local pharmacies. Additionally, GuideStone has made available in some plans the Teladoc service, which allows eligible participants to consult with board-certified doctors for a small fee on routine, non-urgent conditions.

7. **How is GuideStone addressing the issue of being competitive in pricing within the healthcare market? What impact does the Affordable Care Act have upon churches who wish to offer healthcare benefits to its employees? If the ACA is repealed, as has been discussed in the national news, what impact will this likely have upon churches, and what role will GuideStone have in this discussion?**

GuideStone has worked with its vendors to ensure competitive pricing for all participants in the health care plans. The Affordable Care Act has created much uncertainty in the health care marketplace, especially for denominational benefit boards that offer health care coverage, since individuals covered by GuideStone and other denominational benefit boards were not allowed to qualify for premium subsidies under the legislation. This left GuideStone and other denominational benefit boards dealing with the burdens of the Act without access to the financial support provided to others as a part of the Act. Talk of repeal, or repeal and replacement, exacerbates the confusion in the marketplace. GuideStone remains committed to working with regulators and legislators so that it may continue to offer health care plans for churches that reflect their values and that are provided at competitive pricing.

8. **What are the challenges GuideStone experiences in presenting socially screened funds? How are GuideStone's socially screened funds different or better than any/all other funds and market options? Do socially screened funds have a similar market performance as non-screened funds?**

GuideStone has been successful in presenting Christian-screened funds to key advisors who make our products available to their clients. GuideStone Funds are available on most platforms, from which advisors access the funds, and flows into the funds exceeded goals in 2016.

GuideStone Funds offer:

Alignment of Values

GuideStone Funds offer several distinctive fund features designed specifically for SBC pastors, employees and church members. First, the Christian-screening criteria employed by GuideStone Funds are designed specifically to reflect the beliefs and core values of Southern Baptists. GuideStone Funds do not invest in any company that is publicly recognized, as determined by GuideStone Financial Resources, as being in the liquor, tobacco, gambling, pornography or abortion industries or any company whose products, services or activities are publicly recognized as being incompatible with the moral and ethical posture of GuideStone Financial Resources.

Superior Product Quality and Design

Additionally, GuideStone Funds is the nation's largest Christian-screened registered mutual fund family, which allows GuideStone to offer a wide breadth of competitively priced mutual funds. GuideStone Funds' product line provides retirement plan participants and other investors access to the global financial markets, enabling them to build well-diversified portfolios to meet their unique return objectives and risk tolerances. GuideStone Funds' investment approach provides yet another distinctive for SBC pastors, employees and church members. GuideStone Capital Management, LLC, the adviser to the Funds and a controlled-affiliate of GuideStone Financial Resources, employs a multi-manager philosophy designed to seek greater performance while reducing the risk associated with a single manager investment structure. This multi-manager investment approach provides investors access to a well-diversified, structured fund. GuideStone Capital Management selects and retains the services of experienced sub-advisers to make the day-to-day security level decisions

within each of the Funds, thus leveraging the expertise, experience and resources of some of the world's finest investment management firms.

Outstanding Record

Finally, GuideStone Funds has developed a track record of strong performance, which has been recognized by a number of ranking services in the secular mutual fund industry. As one example, in 2015, GuideStone Funds was recognized for the fourth consecutive year with a prestigious Lipper Award. The Extended-Duration Bond Fund was recognized as the Best Fund Over 3 Years and the Best Fund Over 5 Years in the Corporate Debt A-Rated Funds Category. The fund won the same accolades in 2014, ranking it No. 1 out of 50. In 2013, Lipper bestowed an award on the MyDestination 2025 Fund – the 2013 Lipper Fund Award for Best Fund Over 3 Years (Mixed-Asset Target 2025 Funds), ranking that fund No. 1 out of 92. Significantly, GuideStone Funds received the 2012 Lipper Fund Award for Best Overall Small Fund Group for the 3-year period ending November 30, 2011. GuideStone Funds became the first-ever Christian-screened fund family to win the prestigious Lipper trophy for Best Overall Small Fund Group in the U.S., ranking No. 1 out of 182 eligible companies with up to \$40 billion in assets.

In addition to these awards, Lipper ranked the Extended-Duration Bond Fund as best in its category for the 1-, 5- and 10-year periods ending December 31, 2016.

Lipper, Inc., a Reuters Company, is a nationally recognized organization that compares the performance of mutual funds having similar investment objectives. The comparison is made across registered mutual funds, ranking the funds with similar objectives according to total returns. These investment returns are calculated after operating expenses have been deducted from each fund, but the rankings do not take sales charges into account. Lipper rankings are subject to change monthly, and past rankings are no guarantee of future results.

- 9. Please provide a progress report on GuideStone's practice to market its socially screened funds to a broader market of like-minded individuals, and church members. How has this practice affected the number of enrollees/participants, and the dollar amount of assets under management?**

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." While incremental growth continues in the direct market, GuideStone continues to see significant growth in the advisor channel, adding more than \$144 million in assets under management in 2016. Platforms are the supermarkets from which advisors access mutual funds and other investments for their clients' benefit. GuideStone is continuing its marketing efforts to the advisor audience.

- 10. What programs, initiatives, measures or steps does GuideStone Financial Resources use to encourage SBC churches to participate in retirement planning for their pastors and staff? Has GuideStone determined that its efforts to grow enrollment in its retirement plan for pastors and churches is successful? Please include a progress report of GuideStone's investment in NAMB church planters and other similar groups of young leaders within the SBC.**

GuideStone provides a host of online (*GuideStoneRetirement.org*) and print materials to encourage churches and their staff to participate in retirement planning. GuideStone staff engages and educates SBC churches, agencies and individuals at the national SBC annual meeting, at 41 Baptist state convention meetings, in regional and associational events conducted in coordination with 17 state representatives from large conventions, and in numerous local churches and agencies of the SBC. In addition, GuideStone hosts live webinars, initiates numerous phone calls and emails to participants and prospects, and annually fields approximately a quarter million calls, chats and emails through our Customer Solutions department. The annual marketing plan includes several initiatives to enroll new churches and participants into the Church Retirement Plan, to increase enrollments in participating churches and to encourage pastors at smaller churches to get started with the aid of GuideStone’s Mission/Church Assistance Fund (MCAF), which provides up to \$3,000 in matching contributions for pastors of eligible churches. In past years, GuideStone has worked with NAMB to enroll well over 1,000 church planters in a retirement plan and to communicate additional benefits provided by MCAF and Baptist state conventions.

Additionally, GuideStone is seeking out opportunities to work with organizations, including seminaries and Baptist 21, to engage younger pastors earlier in their ministries to help them as they begin to prepare for retirement.

11. **Please state the dollar value of SBC pensioner or participant assets under management by GuideStone Financial Resources for 2016, 2015, 2014, 2013, 2012 and 2011 in table below. Note: Include all defined contribution, defined benefit, IRA and personal investment dollars.**

2016	2015	2014	2013	2012
\$11.9 billion	\$11.4 billion	\$11.8 billion	\$11.5 billion	\$10.1 billion

12. **Please state the number of individual SBC participants served in 2016, 2015, 2014, 2013, 2012 and 2011 in table below. Note: Include all defined contribution, defined benefit, IRA and personal investment dollars.**

2016	2015	2014	2013	2012
169,000	166,000	164,000	160,000	157,000

13. **Please give a status report, including the rate and the volume at which Baby Boomers are moving into retirement, and the impact it has upon GuideStone’s bottom line in terms of growth in dollars under management, competitiveness in the marketplace, stability of dollars “earmarked” for funding Baby Boomers in retirement, and overall performance of GuideStone funds.**

The retirement of the Baby Boomer generation will bring unique opportunities and unique challenges for GuideStone, as it will for firms all across the financial marketplace. Like they do for other financial institutions, market performance, combined with net new business, drive the asset

growth for GuideStone. SBC church growth has slowed over the last several decades, and in our SBC family there is a large generational group (Baby Boomers) of pastors and staff moving toward their retirement. The significant number of Baby Boomers moving into retirement puts increased emphasis on the need for GuideStone to continue to grow and accumulate assets from sources outside the SBC, such as among like-minded evangelical Christians.

GuideStone’s commitment is to honor the Lord by being a lifelong partner with our participants in enhancing their financial security. Through retirement income options, and Mission:Dignity assistance for those who qualify, we will continue to serve the needs of our Southern Baptist pastors as they reach a place of vocational retirement. The coming wave of retirements among GuideStone participants in the Baby Boomer generation may well give rise to an increased number of SBC pastors, church staff, missionaries and denominational workers who will need assistance from our Mission:Dignity ministry.

- 14. **In the 2016 Ministry Report GuideStone made mention of its plans to conduct an extensive survey, early in 2016, to better quantify the extent of financial preparedness among Baby Boomers and younger generations currently employed by SBC churches. Please provide findings from this survey.**

GuideStone is continuing to study the results of the survey compiled by LifeWay and review the results. More study may be necessary before we have an accurate determination of the preparedness of Southern Baptist pastors and their families to retire.

- 15. **Do the number of GuideStone plan participants now entering retirement outnumber the incoming and new participants? What impact does this have upon GuideStone and its plan participants?**

While GuideStone recognizes the number of Baby Boomers reaching retirement age is increasing, the number of new participants currently outpaces those nearing or entering retirement. The net number of active retirement plan participants has increased more than 8 percent over the last four years. GuideStone continues to promote its retirement plans and retail products to increase market share and maintain a low fee structure for its funds.

- 16. **What dollar value was attained in MD endowment, or assets held in reserve, for the MD program for 2016, 2015, 2014, 2013 and 2012 in table below for both Contributions and Minister's Support Fund Reserves?**

	2016	2015	2014	2013	2012
Contributions	\$7.5 million	\$7.0 million	\$7.5 million	\$6.5 million	\$5.3 million
Ministers' Support Fund Reserves	\$22.5 million	\$22.7 million	\$24.6 million	\$24.7 million	\$20.5 million

17. Please state a) the total payout to all MD beneficiaries combined, b) the number of such beneficiaries, and c) the average paid per month to each such beneficiary in 2016, 2015, 2014, 2013, and 2012 in the table below.

	2016	2015	2014	2013	2012
Total payout to all Mission:Dignity beneficiaries	\$7.1 million	\$6.9 million	\$6.4 million	\$6.2 million	\$6.1 million
Number of beneficiaries	1,787	1,771	1,867	1,879	1,910
Average paid per month	\$331	\$325	\$290	\$275	\$266

18. Please state a) the total payout to all gift annuities beneficiaries combined, b) the number of such beneficiaries, and c) the average paid per month to each such beneficiary in 2016, 2015, 2014, 2013 and 2012 in the table below.

	2016	2015	2014	2013	2012
Payout to all gift annuities beneficiaries combined	\$215,000	\$230,000	\$230,000	\$230,000	\$260,000
Number of beneficiaries	111	115	122	135	140
Average paid per month	\$161	\$167	\$157	\$142	\$135

19. What has been the cost of administering and managing the MD program in 2016, 2015, 2014, 2013 and 2012 (enter info in table below)?

2016	2015	2014	2013	2012
\$1,800,000	\$1,600,000	\$1,400,000	\$1,200,000	\$1,100,000

20. Please give some explanation of how Mission Dignity is endowed and funded each year. Does GuideStone foresee a rise in the number of Mission Dignity benefit recipients as Baby Boomers enter retirement? If so, can GuideStone project what the yearly MD expectations and costs might be?

Mission:Dignity continues to receive most of its annual funding through the direct gifts of individuals, groups and churches across the SBC. All gifts for the Mission:Dignity annual fund are used, in their entirety, to provide assistance grants to retired ministers, workers or their widows in critical financial need. Donors have the opportunity to establish endowed funds with the principal held in trust and the earnings distributed to Mission:Dignity grant recipients. Certain gifts designated

for the Retired Ministers' Support Fund are placed into the permanent endowment, where they generate earnings that cover operating costs of the program as well as provide an additional stream of revenue for Mission:Dignity.

Revenue opportunities continue an upward trend as more people learn of Mission:Dignity and have a desire to give toward helping retirees in need. This has been especially helpful as we increased the grant amounts for recipients by an average of 12 percent. We fully anticipate a positive giving trajectory well into the future. In the last 15 years, Mission:Dignity has raised more than \$125 million, all of which goes directly to aid retired Southern Baptist pastors, church workers, denominational workers and their widows in financial need.

We experienced a slight increase in the number of Mission:Dignity recipients during 2016. Looking ahead, preliminary data still indicate an expanding base of potential Mission:Dignity recipients based on retirement account balances of Baby Boomers in our plans. We expect an increase in Mission:Dignity applications over the next five to 15 years, and the survey results will give us a more definitive understanding of what to expect.