

2016 Ministry Inquiries

Cooperative Program

1. **Please give a description of your entity's efforts to promote the Cooperative Program and the expected outcome of these efforts that would be suitable for use in a Baptist Press or SBC LIFE article about the value the Cooperative Program brings to our SBC entities and our entity leaders' belief in and support of the CP.**

The vast number of GuideStone employees — even those whose employment conditions don't explicitly require it — choose to worship and give their time, talent and treasure 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 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 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 returned almost \$12 million to SBC ministry causes. Since that time, GuideStone has begun to study the possibility of making contributions to the Cooperative Program in future years. However, the allocation of significant resources to respond to pivotal and pressing issues in the health care reform arena, and the persistently sluggish economic recovery, has impacted the timing of such considerations.

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. **Given this context, and using last year's submission to this question as a model, please give a robust descriptive report of ethnic participation, including active involvement of ethnic churches and church leaders, across all levels and aspects of GuideStone ministry — such things as board of trustees composition, senior administrative staff, other professional staff, support staff, customer-facing representatives, and written and spoken language resources —**

demonstrating progress in ethnic participation, if any, over the past two decades (1996-2016), giving special attention to progress over the past five years (2011-2016).

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 such as 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. These GuideStone employees also attend a host of national and regional ethnic conferences. We have ethnic representatives from Asian, Hispanic and African-American backgrounds that interface with our participants all across our GuideStone platforms.

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. Some initiatives from GuideStone's annual marketing plan include information in Spanish and Korean that point readers to these websites for more information. Printed resources about various GuideStone products and services are available in Spanish, Korean, Chinese, Vietnamese and French Haitian. GuideStone also advertises in prominent Spanish and Korean Baptist publications and makes available printed copies of some of Dr. Hawkins' ministry support books in Spanish.

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 2016, non-Anglo employees accounted for 15.6 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. What has GuideStone 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?**

In May 2013, GuideStone hosted an informal conference of interested individuals, including several Southern Baptists with Ph.D.s, who have either training in or interest in examining how best to provide assistance to our churches in how they minister to those suffering from mental health issues.

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.

Going forward, GuideStone will continue to undergird and support our churches in the challenge of ministry to those suffering from mental health issues by making available educational opportunities on mental health issues to members of our Southern Baptist family and by providing additional health care-related products and services to our medical plan participants and their covered dependents.

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 simple snapshot of the progress of GuideStone in any given year, the most reliable metrics would be 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. Explain how GuideStone Financial Resources socially screened funds are different, or better, than any/all other funds and market options.**

Alignment of Values

GuideStone Funds offer several distinctive fund features designed specifically for SBC pastors, employees and church members. First, the Christian-based 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.

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.

6. How has the recent ministry assignment change, allowing GuideStone to market its socially screened funds to a broader market of like-minded individuals, and church members, 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.” Our efforts to reach this new market began in the summer of 2014. GuideStone has 1,400 new accounts that have brought in approximately \$52.5 million in direct retail investments. In addition, GuideStone Funds are now available on eight retail platforms, and there have been approximately \$29.9 million in gross inflows. Sales and marketing efforts will continue in 2016 and beyond using social media, public relations, marketing events and sponsorships, as well as more traditional forms of advertising. GuideStone expects continued growth in capturing new participants and assets in 2016.

7. 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? Please include an explanation of GuideStone's recent 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 Relations 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.

8. Please state the dollar value of SBC pensioner or participant assets under management by GuideStone Financial Resources for 2015, 2014, 2013, 2012, 2011 and 2010 in table below. Note: Include all defined contribution, defined benefit, IRA and personal investment dollars.

2010	2011	2012	2013	2014	2015
\$9.7 billion	\$9.1 billion	\$10.1 billion	\$11.5 billion	\$11.8 billion	\$11.4 billion

Note: The values above include all Defined Contribution, Defined Benefit, IRA and investment account dollars.

9. Please state the number of individual SBC participants served in 2015, 2014, 2013, 2012, 2011 and 2010 in table below. Note: Include all defined contribution, defined benefit, IRA and personal investment dollars.

2010	2011	2012	2013	2014	2015
155,000	154,000	157,000	160,000	164,000	166,000

Note: The values above include all unique Defined Contribution, Defined Benefit, IRA and investment account SBC participants.

10. **What impact will both the rate, and the volume, of baby boomers moving into retirement have upon GuideStone's bottom line, in terms of dollars under management, competitiveness in the marketplace, overall performance of GuideStone funds, and etc. ?**

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 it does for other financial institutions, market performance, combined with net new business, drives the asset growth for GuideStone Financial Resources. 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. The recent partnership with NAMB church planters has positively helped to establish several hundred new retirement accounts for new SBC church plants by young SBC pastors.

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.

11. **GuideStone currently uses a centralized distribution strategy from the home office in Dallas. Does GuideStone plan to expand its distribution strategy with the addition of GuideStone satellite offices in a number of strategic locations across the country? Are there other services that GuideStone believes will benefit its plan participants in the near future and what is the expected timeline for any and all considerations?**

Presently, GuideStone employs 99 percent of its staff in the centralized Dallas location. There are five employees that work in other locations: three in Tennessee and two in Alabama. Importantly, there are 17 state representatives from large state conventions that are in formal partnership with GuideStone. These representatives live all across the Southern Baptist Convention and provide an important local contact point for GuideStone among our participants. They also provide GuideStone a platform that enables us to work cooperatively with state conventions and even local associations. Further analysis is ongoing to determine if other

satellite offices outside of Dallas are supportable, although at this time none is anticipated.

- 12. In GuideStone's second year of expanded ministry assignment, has the number of enrollees and participants in its programs met 2016 expectations and goals? Please explain what this might look like in the coming 3-5 years.**

The expanded ministry opportunity afforded to GuideStone has increased the participant base in both retirement services and insurance services. The growth in each of these areas has moderately outpaced initial expectations; however, it is believed that GuideStone is on the cusp of more expansive growth of the investment business (personal and institutional). GuideStone expects accelerated growth rates in contributed assets per annum during the coming years. Looking out to the coming 3- to 5-year window, we would expect continued growth and expansion in the number of participants, but the rate of growth is difficult to predict.

- 13. Do the number of GuideStone 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. In 2015, new participants in GuideStone retirement plans outnumbered participants reaching normal retirement age for Social Security by almost 3:1. The net number of active retirement plan participants has increased approximately 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.

- 14. What dollar value was attained in MD endowment, or assets held in reserve, for the MD program for 2015, 2014, 2013, 2012 and 2011 in table below for both Contributions and Minister's Support Fund Reserves?**

	2011	2012	2013	2014	2015
Contributions	\$5.2 million	\$5.3 million	\$6.5 million	\$7.5 million	\$7.0 million
Retired Minister Support Fund Reserves	\$18.4 million	\$20.5 million	\$24.7 million	\$24.6 million	\$22.7 million

- 15. 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 2015, 2014, 2013, 2012, and 2011 in the table below.**

	2011	2012	2013	2014	2015
Payout	\$6.3 million	\$6.1 million	\$6.2 million	\$6.4 million	\$6.9 million
Participants	1,970	1,910	1,879	1,837	1,771
Avg Per Mo	\$266	\$266	\$275	\$290	\$325

16. 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 2015, 2014, 2013, 2012 and 2011 in the table below.

	2011	2012	2013	2014	2015
Payout	\$300,000	\$260,000	\$230,000	\$230,000	\$230,000
Participants	170	160	135	122	115
Avg Per Mo	\$147	\$135	\$142	\$157	\$167

17. How are the assets held in reserve for the MD program invested, and if in GuideStone Financial Resources managed funds, which funds and what percentage in each fund?

GuideStone Capital Management invests assets held in reserve for Mission:Dignity programs with the following objectives:

- Invest assets in accordance with their associated liabilities.
- Meet the differing return objectives of Mission:Dignity programs.
- Identify and invest according to liquidity needs and other constraints.

Assets held in reserve for all Mission:Dignity programs	
Funds managed by GuideStone Financial Resources	% Allocation 12-31-2015
Value Equity Fund	13%
Growth Equity Fund	13%
Small Cap Equity Fund	3%
International Equity Fund	15%
Emerging Markets Equity Fund	4%
Defensive Market Strategies Fund	9%
Real Assets Fund	9%
Low-Duration Bond Fund	7%
Medium-Duration Bond Fund	9%
Extended-Duration Bond Fund	2%
Global Bond Fund	5%
Money Market Fund	1%
Multi-Strategy Fund	10%

18. What has been the cost of administering and managing the MD program in 2015, 2014, 2013, 2012 and 2011 (enter info in table below)?

	2011	2012	2013	2014	2015
Direct Expense	\$990,000	\$1,100,000	\$1,200,000	\$1,400,000	\$1,600,000

19. Please give some explanation of how MD is endowed and funded each year.

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.

20. With increasing numbers of baby boomers entering into retirement, and an increased number of beneficiaries in the coming years, what changes do you foresee in revenue and expenses 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.

We experienced a 2 percent decline in the number of Mission:Dignity recipients during 2015 as deaths at the higher end of our age spectrum exceeded the number of new applicants approved. The last four months of the year were relatively static, however. 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 are conducting an extensive survey early in 2016 to better quantify the extent of preparedness among Baby Boomers and younger generations currently employed by SBC churches. 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.