

GENERAL BOARDS

102nd Annual Report



5005 LBJ Freeway, Suite 2200, Dallas, Texas 75244

JOHN MORRIS, Chairman
O.S. HAWKINS, President and Chief Executive Officer

Introduction

2019 was the “Year of Harvest” for GuideStone. Our first full year in a new building and our second year of our second century of service. We encouraged our people to Look Outward at the harvest to see our potential; to Look Inward to see our predicament; and ultimately to Look Upward to see our priority. 2019 was a record year in many regards for GuideStone, and we give thanks to the Lord for His hand on this ministry and on our people who worked diligently on behalf of our participants and prospects.

Mission:Dignity enjoyed a record year with almost \$10 million in gifts — an increase of \$1.3 million over 2018, itself a record year. More than 9,300 donors gave during the year, including 2,100 new donors in 2019. The generosity of God’s people in answering the call is a joy for all of us who serve alongside Mission:Dignity. An endowment established many years ago covers all administrative costs for the ministry. This means that every penny given to Mission:Dignity can go to help a retired pastor or his widow near the poverty line.

The 2010s marked the first decade in recorded U.S. economic history in which a recession did not begin or end. As of December, the U.S. economy had expanded for a record 126 consecutive months. Somewhat surprisingly, inflation has remained firmly in check for the past several years, leading many to believe that the Fed will fail to hit its prescribed inflation targets in 2020 — and so will remain largely accommodative during the next 12 months. While inflation has been subdued during this extended period of economic growth, we think the near-term risk of inflation is being overlooked by investors. If the labor market remains tight and wages finally begin to accelerate, the economy could see higher levels of inflation than what is currently priced into markets.

GuideStone Funds was awarded the Lipper Fund Award from Refinitiv — formerly presented by Thomson Reuters — as the Best Overall Small Fund Family for 2019 on Thursday, March 7, 2019. The entire GuideStone Funds family won the Lipper Fund Award for 2019 Best Overall Small Company over three years (out of 29 eligible as of November 30, 2018), based on risk-adjusted total return. Of the 222 small fund families, only 29 met the standards to be considered for the Best Overall Small Fund Family prestigious award — with up to \$76.8 billion in assets under management. This marks the second time in less than a decade that GuideStone was honored with this top award. During a dinner on March 7 in New York, several members of the GuideStone Leadership team, including GuideStone Financial Resources chief strategic investment officer David S. Spika and GuideStone Funds chief investment officer Matt Peden, were on hand to accept this honor on GuideStone’s behalf, along with GuideStone Financial Resources trustee vice chairman, Renée Trewick. For more than three decades, the Lipper Fund Awards have evaluated mutual funds and fund management firms that have provided consistently strong risk-adjusted performance relative to their peers. Their

methodology reviews fund performance based on three-, five- and 10-year periods. The award program is regarded as one of the most prestigious in the financial services industry.

GuideStone marked the second full year that GuideStone participants can select Secure Health 3000 as their health plan. Introduced in 2018, Secure Health offers true medical coverage with access to the nationwide Blue Cross Blue Shield network, protecting participants from the full effects of catastrophic claims and offering an alternative for pastors and other church staff who might otherwise consider a medical sharing plan.

The best-selling Code series of books by GuideStone President O.S. Hawkins continues to gain traction, with all author royalties and proceeds benefitting Mission:Dignity. Those efforts will be augmented in 2020 with the launch of *The Apostles' Code*, a small outreach-oriented devotional (similar in size to *The Christmas Code* and *The Easter Code*). Designed to take readers from Easter Sunday to Pentecost Sunday, the book is a great tool for pastors and churches to provide to visitors on Easter Sunday, inviting them back to church each Sunday after. With the launch of *The Apostles' Code* officially in February 2020, there are now 10 books in the series. An eleventh book, *The Bible Code*, debuts in fall 2020. All told, the Code books are on track to surpass 2 million copies sold during 2020.

As mentioned in our 101st annual report, new security enhancements continue to be rolled out. With the growing sophistication of fraud, GuideStone completed a focused effort to further strengthen the security and privacy technology to protect participant data. Key security enhancements include optimizing two-factor authentication to verify a person's identity — which helps prevent fraudsters from accessing a participant's *MyGuideStone* account, even if they know the password. Additionally, text alert capabilities were integrated into the *MyGuideStone* platform, providing participants with another layer of security and control to help them monitor activity and trading within their accounts.

Litigation challenging the constitutionality of the minister's housing allowance formally ended in June after the Freedom From Religion Foundation chose not to appeal a Seventh Circuit Court of Appeals decision to the U.S. Supreme Court. The FFRF, which won a challenge to the housing allowance in a district court on December 31, 2017, lost during an appeal to the Seventh Circuit when a three-judge panel ruled unanimously to overturn the lower court's decision. The minister's housing allowance was codified in federal tax law in 1954. The FFRF indicated in published reports that it did not think it could win on appeal to the U.S. Supreme Court due to the ideological makeup of the Court. GuideStone has monitored this and other challenges to the housing allowance, and representatives attended the oral arguments before the Seventh Circuit panel in Chicago. The decision to allow the Seventh Circuit Court of Appeals opinion to stand is good news. GuideStone actively engaged in the various challenges to the housing allowance exclusion, filing amicus briefs alongside Southern Baptist partners and other denominational benefit plan and advocating with legislators and regulators.

During 2019, GuideStone bid farewell to long-time Annuity Board President, Dr. Darold H. Morgan. Morgan served the Board from 1972 to 1990. He died December 11, 2019, at the age of 95. Morgan's efforts during his tenure continue to be a blessing to our participants and to the organization itself.

Program Report

The Program of Management of Retirement Accounts

The Program of Management of Retirement Accounts has as its objective making available retirement plans for all ministers and all other full-time Southern Baptist denominational workers. The objective is accomplished through a combination of plans.

Following is the statistical report of the retirement plans as of December 31, 2019.

Church Retirement Plan – At the end of 2019 there were 17,980 active churches with a total of 49,806 active participants.

403(b)(9) Retirement Plan – A total of 433 agencies and institutions provided retirement plans for their employees. A total of 35,153 employees comprise active participation in these agencies' plans.

Ministers and Chaplains Plan – The Ministers and Chaplains Plans enrolled 17 during the year.

Qualified Plans – GuideStone Financial Resources provides IRC 401(a) qualified plans as an alternative for use by Southern Baptist Convention organizations when IRC 403(b) approaches do not meet their needs. This includes 401(a) defined benefit and 401(k) defined contribution plans. At the end of the year, there were five qualified plan employers serving 100 active participants.

Voluntary Retirement Plan – The Voluntary Retirement Plan records 746 participants with an account balance at the close of 2019.

Retirement Income Paid to Participants

The heart of GuideStone's ministry is our recipients. Annuity benefits were paid to 25,713 participants/beneficiaries in 2019. Systematic withdrawal payments were paid to 16,546 participants.

The Program of Ministers' Financial Assistance

Since 1918, GuideStone has been on a mission to help retired ministers, denominational workers, their spouses, and widows live with dignity in their retirement years. The Mission:Dignity ministry is at the heart of that endeavor. Approximately 60% of Mission:Dignity recipients are widows of pastors, and one in four is over the age of 85.

Individuals who meet guidelines for income, assets, and 10 or more years of paid Southern Baptist service are eligible for \$225 per month, if single, or \$300 per month, if married. Applicants who meet the additional guidelines of poverty-level income and 25 or more years of ministerial service are eligible for \$450 per month, if single, or \$600 per month, if married.

Mission:Dignity assisted a total of 1,939 households in 2019.

A total of \$7,362,271 was paid out in financial assistance in 2019, compared to \$7,191,544 in 2018. Mission:Dignity granted \$349,202 in one time Emergency Grants in 2019. Christmas gift checks of \$400, rather than the usual \$250, a tradition since 1945, were mailed to eligible recipients in early December.

Donations from churches and individuals provide the funding for the Mission:Dignity program. Fully 100% of direct annual gifts received by GuideStone Financial Resources is used to provide financial assistance to retirees in need and is not utilized for any of GuideStone's operating expenses or overhead.

The Program of Insurance Plans and Related Services

GuideStone Financial Resources administers an insurance program that includes life, long-term disability, personal accident, accidental death and dismemberment, and medical coverage for employees of churches and agencies, and products for seminary students.

The following is the 2019 statistical report of the insurance plans (excludes non-Southern Baptist entities).

Life Claims – \$15,893,262

Disability Claims – \$247,500

Dental Claims – \$10,506,580

Medical claims (including pharmacy) – \$226,245,824

Personal Plans:

Personal Plans Employee Term Life Plans – A total of 15,059 members actively participated on December 31, 2019, a decrease of 749 since the same time last year.

Personal Plans Disability Plans – A total of 1,067 members participated in the Short-Term Disability Plans and 4,606 members participated in the Long-Term Disability Plans.

Personal Plans Medical Plans – Members covered totaled 5,947, a decrease of 463 since the same time last year.

Personal Plans Supplemental AD&D Plan – Members covered totaled 2,460.

Personal Plans Accidental Death and Dismemberment – Members covered totaled 5,804.

Personal Plans Dental – Members covered totaled 7,523.

Premium Waiver – The Personal Plans employee life plans had 242 members.

Group Plans:

Group Plans Employee Term Life Plans – A total of 29,356 members were covered on December 31, 2019, an increase of 507 since the same time last year.

Group Plans Medical Plans – A total of 18,303 members were covered.

Group Plans Dental Plan – A total of 8,698 members were covered in a dental plan.

Group Plans Disability Plan – A total of 1,415 members participated in the Short-Term Disability Plans, and 11,326 members participated in the Long-Term Disability Plans.

Group Plans Supplemental AD&D Plan – Members covered totaled 3,983.

Group Plans Accidental Death and Dismemberment Plan – Members covered totaled 7,627.

Premium Waiver – The Group Plans employee life plans had 259 members.

Property and Casualty Insurance Program

The GuideStone Property and Casualty Program provides broad property and casualty coverages for eligible Southern Baptist churches and entities. Those coverages include property and liability, worker's compensation, commercial auto, and foreign missions and travel. An important aspect of the program is providing ministry protection education and resources for churches and ministries. The related distribution affiliate, GuideStone Agency Services, now serves over 1,500 clients with a premium volume of nearly \$36 million at the end of 2019. Since 2012, GuideStone Agency Services has worked in alliance with Brotherhood Mutual Insurance Company to be their exclusive agent serving Southern Baptists in Texas, Alabama and Louisiana. GuideStone Property & Casualty endorses Brotherhood Mutual as the property and casualty provider of choice for GuideStone's participant churches and ministries.

Matter Referred by the Convention

During the Annual Meeting of the Southern Baptist Convention in Birmingham, Alabama, June 11–12, 2019, the Convention referred the following item to GuideStone Financial Resources for consideration, action, and report.

1. SBC Referral: To request each SBC entity to provide an update on addressing abuse (Items 15 and 60, Proceedings of the Southern Baptist Convention, June 11-12, 2019, SBC Annual, p. 57, 63)

Motion: Phillip Bethancourt, Tennessee

“That the Southern Baptist Convention request each of the entities of the Southern Baptist Convention provide an update related to their efforts to address abuse and report back to the 2020 Southern Baptist Convention meeting in Orlando, Florida, covering three subjects: what is their entity doing to foster effective abuse awareness, prevention, and care; what additional steps has their entity taken to address abuse since the 2018 SBC annual meeting in Dallas, Texas; and how is their entity partnering with the efforts of the Sexual Abuse Advisory Group to address abuse?”

Response: GuideStone Financial Resources of the Southern Baptist Convention stands with all Southern Baptists, our sister entities, and the churches we are privileged to serve in advocating strongly against the scourge of abuse against the vulnerable. We are fully committed to working in conjunction with recommendations by SBC President J.D. Greear’s Sexual Abuse Advisory Group and others interested in protecting children, youth and other vulnerable populations, as well as responding well to reports from victims of abuse in churches and ministry organizations.

To that end:

1. GuideStone has worked closely with MinistrySafe, a leading entity that works with state conventions, churches and other ministries to provide a complete child safety system. GuideStone has sponsored child safety trainings with MinistrySafe at large seminars in Texas and Alabama in 2019, as well as offering a nationally available webcast in conjunction with MinistrySafe and Prestonwood Baptist Church, attended by hundreds of church and ministry leaders.
2. Internally, GuideStone, which has robust employment policies, has reviewed its policies and procedures to ensure that all employees are free to work in an environment free of harassment and abuse. For our participants, GuideStone has made available articles and resources from MinistrySafe, a recognized faith-based company that helps churches and other organizations create and maintain secure environments, on our website.
3. GuideStone’s alliance with MinistrySafe and Brotherhood Mutual Insurance Company help augment the work of the Sexual Abuse Advisory Group. GuideStone’s commitment is two-fold: helping churches respond well to reports of abuse, responding quickly to reports and providing appropriate care for victims, and providing resources and access to training to help churches mitigate, and we pray eliminate, the chances an abuser can access vulnerable populations in Southern Baptist churches.

GuideStone will offer a risk management review for churches and ministries in its Property and Casualty program to aid them in preparing and responding to potential issues, and will continue to offer resources and trainings to support the efforts of our sister entities and the churches we are privileged to serve as together we stand to protect the vulnerable populations entrusted to us.