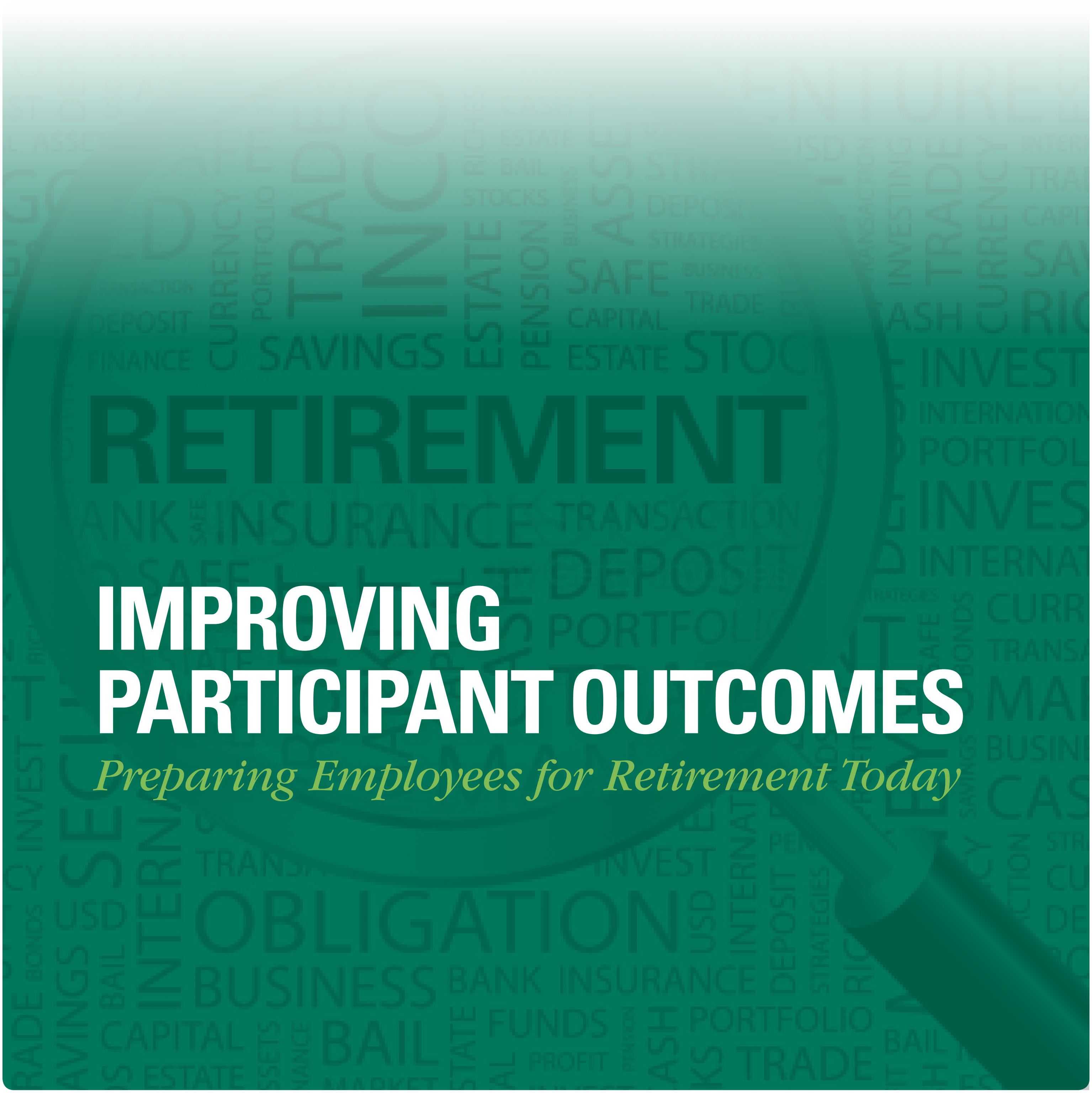
GuideStone®
Financial Resources



IMPROVING PARTICIPANT OUTCOMES

Preparing Employees for Retirement Today

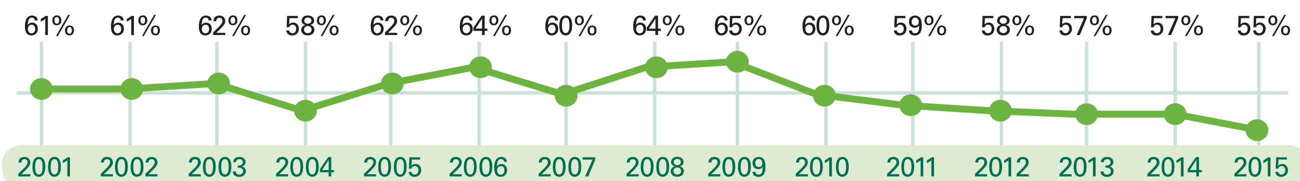
American Workers Are Underprepared for the Future

Where U.S. households stand today

The majority of working Americans are underprepared for retirement. According to a recent analysis conducted by the National Institute on Retirement Security (NIRS), **40 million working-age households (approximately 45%) do not own any retirement account assets** in either an employer-sponsored plan or IRA.[1] Half of those households are headed by an individual between the ages of 45 and 65.

Americans aren't ready for the future. Average working-age households don't have the amount of retirement savings they need to maintain their current standard of living through retirement. For households classified as near retirement (with individuals ages 55 to 64), the median balance is $104,000 for those with retirement savings accounts. For those households without retirement savings accounts, savings are substantially lower at $14,500. Meanwhile, 62% of working-age near-retirement households have less than their annual income in their retirement savings plans. Keep in mind: medical and long-term care cost increases will likely further affect this nationwide shortage in retirement savings.

Workers Currently Saving for Retirement



Source: Employee Benefit Research Institute and Greenwald & Associates, 2001–2014 Retirement Confidence Surveys.

The Center for Retirement Research (CRR) at Boston College confirms that **households retiring in the future will be less prepared than those in the past** — specifically citing half of all households are at risk of running short of required income in retirement.[2]

Retirement Readiness Is a Win-Win for Employers

Financial experts advise the average investor to save 12%–15% of their monthly income toward retirement.[3] But American workers aren't even close. So how can employers help their employees take action today to better prepare for retirement? And more importantly, why should they?

Helping to ensure retirement readiness among employees benefits employers

Organizations that provide an employer-sponsored retirement plan and help employees save for their future accomplish the following:[4]

Attract and retain talent. Organizations that provide solid benefits and help their employees develop a healthy retirement savings attract highly qualified talent. Employer-sponsored plan benefits strengthen the organization at large by not only attracting — but also retaining — talented employees.

Stimulate employee engagement. Employees who have to delay retirement for financial reasons are often not as engaged in their work. This is because they feel they have no choice but to continue working past the optimal time in their lives. Increased productivity and motivation levels can make a substantial difference in employee morale.

Remain competitive in the global market. If employees must continue working simply because they cannot afford to retire, this impacts the employers' bottom line. When employees retire on time, there is opportunity for others to promote into new roles — creating more career progression paths for all employees.

Employers can play a vital role in helping their employees to be more prepared for retirement in a variety of ways. Supportive efforts encompass everything from adequate training and educational resources to comprehensive plan benefits and streamlined administrative services. But employers don't have to bear the responsibility on their own. GuideStone Financial Resources can assist in providing the knowledge, guidance and resources that are critical to employees' long-term retirement saving success.

Education Empowers Employees

Provide tools that make planning simple

First and foremost, strategic retirement readiness requires a plan. Without a vision, it's hard for employees to know where they currently stand and to navigate toward their goal. It's critical for plan providers to equip employees with the necessary educational resources needed to make sound investment decisions. Providing access to Web-based retirement calculators and investment strategy tools as well as in-person training and consultation sessions is a great start. Encourage plan participants to take full advantage of the resources available to them.

GuideStone provides the following resources to help employers emphasize the importance of saving for retirement to employees of all ages:

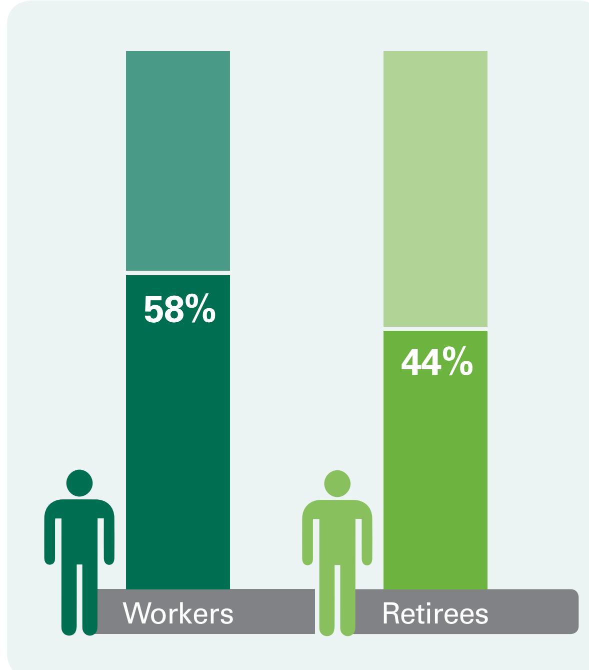
1. GPS: Guided Planning Services® is a complimentary service, provided by GuideStone Advisors, that offers personalized retirement planning advice. Employees are led through the online process, plugging in the necessary financial information to forecast retirement preparedness to provide financial planning and investment advice.

2. GuideStone Central is an easy-to-use Web-based portal that provides materials for organizations to use in employee education. Core topics include retirement basics, contribution strategies, fund selection and tips for nearing retirement. Educational resources can easily be printed, distributed or incorporated into new employee training.

3. Online calculators and educational articles provide guidance regarding estimated retirement needs and answers to other important financial questions. GuideStone's retirement planning calculators take various lifestyle factors into account to help employees estimate the necessary amount needed to maintain their current standard of living during retirement. Required minimum distribution, 403(b) and 401(k) savings, Social Security and retirement shortfall calculators are just a few of the planning tools you will find at *GuideStone.org/calculators.*

Prioritize debt management

Debt management is another critical area that warrants diligence in providing education and planning resources for employees. According to the Employee Benefit Research Institute's (EBRI) *2014 Retirement Confidence Survey,* 58% of workers and 44% of retirees report having a problem with their level of debt.[5] Furthermore, 24% of workers and 17% of retirees indicate that their current level of debt is higher than it was five years ago. These statistics portray the struggle of being in debt, as interest takes hold and debt increases year over year.



Warn employees against plan loans

Employers should **adamantly discourage employees from taking loans against their employer-sponsored retirement savings plans.** Below are just a few ways in which retirement plan loans can set employees further away from their goal.[6]

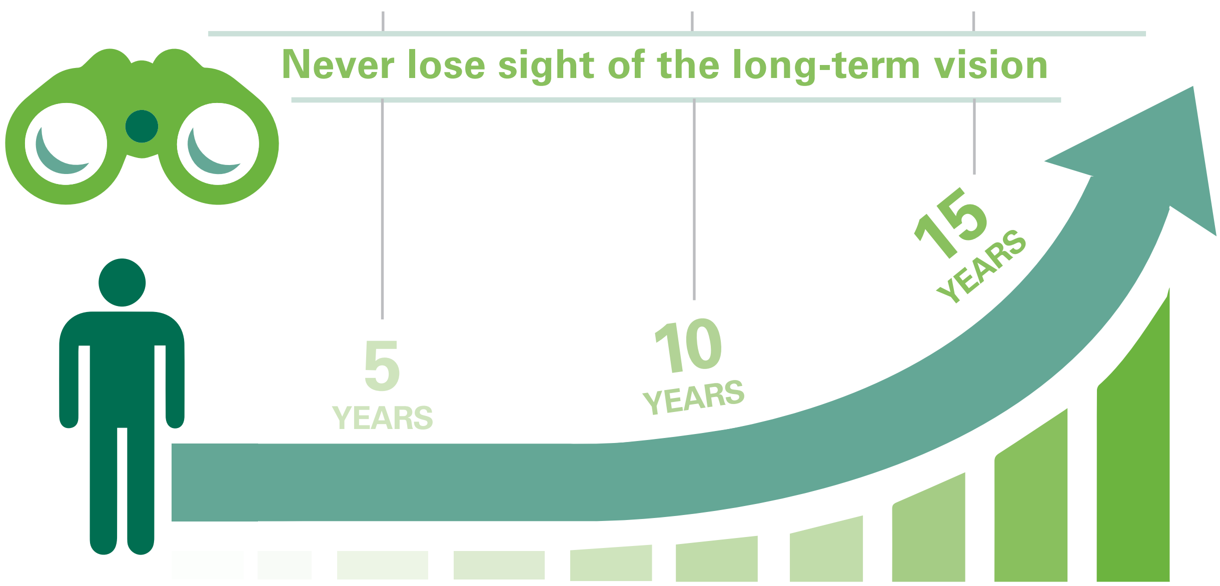
1. Loan repayments are taxed twice. Employees use after-tax dollars to replace tax-deferred accumulations and will still have to pay federal income tax upon withdrawal.

2. Employees potentially sacrifice gains. The amount the employee pays back to their account may be less than the loan amount would have increased if otherwise left invested.

3. There are tax consequences for default. If a retirement account loan is not repaid and the employee defaults on the loan, the unpaid balance is treated as a withdrawal subject to ordinary income tax and potential penalties.

Instill a long-term vision

A successful retirement savings plan focuses on the long-term results. Saving for retirement requires making financial sacrifices today; it requires living within an established budget and prioritizing future needs over present-day spending. When employees determine where they want to be in five, 10 or even 15 years, they can plan accordingly now. Keeping a long-term vision is critical to successfully saving for retirement. Employers can help maintain that vision for employees by emphasizing that retirement assets may need to last for 30-plus years. This fact resonates with many employees. Employers can maximize retirement awareness efforts through frequent and honest communication with employees — highlighting the proper tools and plan benefits that will aid in this process.



Engage Employees Through Automatic Features and Custom Plan Designs

Offering automatic features is one of the most effective ways employers can promote retirement preparedness among employees. Automatic enrollment is a program in which a portion of an employee's paycheck is deposited into their retirement plan. No initiative to enroll in the retirement plan is required on the part of the employee, and the employer sets a default contribution amount.

Auto-enrollment is easy and highly beneficial

Setting up new employees to automatically contribute to the employer-sponsored plan ensures they will start saving toward retirement. According to the Department of Labor, approximately 30% of eligible workers do not participate in their employer-sponsored retirement plan.[7] Studies suggest that auto-enrollment plans can reduce this rate to less than 15%. Once employees are automatically enrolled in retirement savings plans, very few decide to opt out.

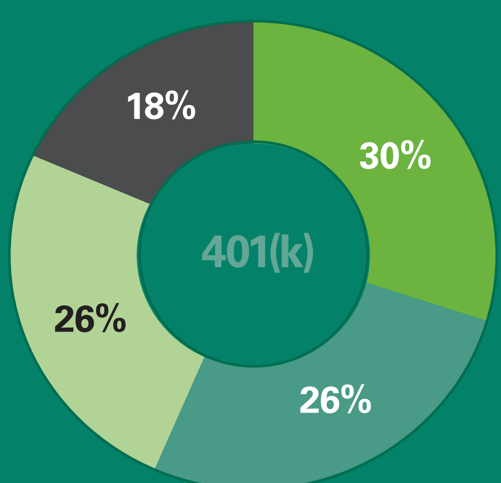
Early participation cannot be emphasized enough. The benefit of compounded interest over time, even on initially small investment amounts, can significantly improve the outcome of retirement preparation. Auto-enrollment can be a win-win for everyone involved.

Auto-escalation is equally important

Employers often choose to supplement their automatic enrollment plan with automatic escalation. With this addition, employees' contributions will increase by a set percentage each year to improve their likelihood of being adequately prepared for retirement. Emphasizing the power of saving and the dramatic impact compounding can have on one's retirement savings can motivate employees to increase contributions. Timeliness is important when inspiring employees to set and increase annual salary contributions. By identifying painless opportunities — following an annual raise, for instance — employees may be more inclined to increase their contribution. Remind employees that the steps they take today significantly impact how they will live tomorrow.

Automatic enrollment rates: where does your organization stand?

WorldatWork and the American Benefits Institute asked 347 employees, "Does your company offer automatic 401(k) enrollment, either with or without an automatic escalation clause?"



No auto-enrollment or auto-escalation, but considering

Yes auto-enrollment without auto-escalation

Yes, auto-enrollment with auto-escalation

No auto-enrollment or auto-escalation and not currently considering

Source: *Trends in 401(k) Plans and Retirement Rewards: A Report by WorldatWork and the American Benefits Institute*, WorldatWork and American Benefits Institute (Scottsdale, AZ, March 2013), *Worldatwork.org/waw/adimLink?id=71489*.

Built-in Motivation Keeps Employees on Track

Employer advocacy through matching stimulates engagement and plan participation

Employers can and need to serve as an advocate to their employees through their employer-sponsored retirement plan. Advocacy efforts speak volumes to employees and can directly impact engagement, job satisfaction and commitment level. Implementing an employer-sponsored matching formula specifically stimulates participation among a wider spectrum of employees of varying compensations and ages. As with automatic enrollment, employers set the matching percentage and educate employees about their options to participate in the match. Encourage employees to take advantage of the employer match to avoid leaving free, potentially interest-earning money behind.

According to the 2013 report by WorldatWork and the American Benefits Institute, *Trends in 401(k) Plans and Retirement Rewards,* 66% of employers that offer matching programs indicate that at least half of their employees are contributing sufficiently to take advantage of the full employer match. On the other hand, the remaining 34% believe that more than half of their employees are leaving money on the table by not contributing enough to take advantage of the full employer match.[8]

Encourage Employees to Allocate Investments Appropriately

The importance of diversification

Diversification is an investment approach used to reduce risk. Simply defined, "diversification" is similar to this valuable advice your grandmother may have offered: "Don't put all of your eggs in one basket." Allocating investments across various securities and/or asset classes, such as stocks, bonds, real assets and cash, helps put investment "eggs" in different baskets. Investing in mutual funds provides diver-

Employer match participation rates: where do your employees stand?

The chart below indicates the response of 315 employers who were asked, "What percentage of employees take advantage of the full employer match offered?"

Employer response	Percent of employees taking advantage of full employer match
2%	Less than 10%
5%	10%–20%
5%	21%–30%
8%	31%–40%
14%	41%–50%
12%	51%–60%
15%	61%–70%
19%	71%–80%
11%	81%–90%
9%	Greater than 90%

Source: *Trends in 401(k) Plans and Retirement Rewards: A Report by WorldatWork and the American Benefits Institute,* WorldatWork and American Benefits Institute (Scottsdale, AZ, March 2013), *Worldatwork.org/waw/adimLink?id=71489.*

sification at multiple levels within the various asset classes, sub-asset classes and investment strategies, because funds hold investments in hundreds, if not thousands, of different securities.

A how-to-guide to diversification

To diversify, employees need to know:

- their retirement income goals
- their investment time horizon
- their comfort level with market volatility
- their overall financial profile

> Employers can encourage employees to **invest in diversified options,** such as a risk-appropriate Asset Allocation Fund, an age-appropriate MyDestination Fund® or a customized portfolio developed by GuideStone Advisors.

Guided Planning + Knowledgeable Decisions = Retirement Preparedness

Providing the proper educational resources and tools makes planning for retirement simple. Organizations that provide an employer-sponsored retirement plan and teach the fundamentals of increasing contributions help their employees develop a healthy retirement savings. Employees who identify the importance of establishing a retirement plan often start early, set goals and invest accordingly — thus becoming better prepared than their counterparts.

GuideStone can assist in providing adequate training, educational materials and comprehensive plan benefits to help employees reach their long-term goals. Keep in mind: frequent and open communication with employees maximizes retirement awareness and helps promote successful retirement savings companywide.

Take Action Today: Key Insights and Conclusions

HIGHLIGHT the national shortcoming in retirement savings among today's workers to create a sense of urgency among employees. It is the employers' responsibility to create awareness among employees regarding the current shortfall of retirement savings plans nationwide. Addressing topics such as rising health care costs and Social Security uncertainties stresses the importance of making the most of employer-sponsored retirement plans.

EMPHASIZE educational efforts to increase retirement awareness and financial preparedness among employees. This can be achieved by providing the necessary educational resources to empower employees to make informed decisions regarding their employer-sponsored retirement plan. Highlighting the important role time plays and the benefit of starting early can greatly impact employees' retirement savings plans.

STIMULATE employee plan participation and retirement savings accounts with automatic plan features. Auto-enrollment and auto-escalation empower employees to take steps toward preparing for retirement. Automatic plan features help maximize contributions to the employees' retirement savings accounts without increasing costs for the employer.

MOTIVATE employees to contribute to their retirement savings plan through active engagement and employer-match incentives. The presence of an employer match and other incentivizing strategies increases retirement contributions among employees. Employees who have access to a matching program are likely to contribute sufficiently to take advantage of the full employer match. Remind employees not to leave this free money behind.

PROVIDE investment strategy tips to ease retirement planning for employees. The core objective of any investment strategy is to maximize returns from investments that are compatible with the investor's risk tolerance, time horizon and income needs. GuideStone's MyDestination Funds® utilize a set-it-and-forget-it investment strategy based on the employee's target retirement date. This simple approach to the investment process increases the likelihood that employees will participate in their employer-sponsored plan.

PROMOTE a healthy retirement savings plan for employees to improve the organization's bottom line. Employer spending increases for each additional year an employee delays retirement. This is a result of extending years of salary and rising health care costs. Therefore, it's in the best interest of both the employer and the employee to ensure workers have adequate savings in place come retirement. Offering a comprehensive retirement plan also helps the organization attract and retain valuable talent, which also aids the bottom line.

CHOOSE GuideStone-sponsored retirement plans — competitive in both cost and performance. GuideStone's competitive plan pricing provides added value to employer-sponsored retirement plans. For example, there are no transaction fees. Providing cost-effective, personalized retirement services is what we believe we do best. GuideStone's complimentary retirement advice tools, educational resources and in-person consultations allow employers to better prepare their employees for retirement.

For additional information to further optimize retirement savings efforts among employees, contact GuideStone at **1-888-98-GUIDE** (1-888-984-8433) or visit *GuideStoneRetirement.org* today.

*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-GS-FUNDS** (1-888-473-8637) or downloading one at* GuideStoneInvestments.com/funds. *It should be read carefully before investing.*

As of March 31, 2015, GuideStone Funds has $10.5 billion in assets, which makes GuideStone Funds the nation's largest Christian-screened mutual fund family. No other fund family with a Christian screen exceeds GuideStone Funds in asset size.

Investments are made available through GuideStone Financial Services, member FINRA.

GuideStone Funds shares are distributed by Foreside Funds Distributors, LLC, not an advisor affiliate.

An employee should be sure to consider all of their available options before rolling over their retirement assets. It is important to consider all of the potential advantages and disadvantages of rolling over retirement assets, including the different investment options that are available as well as the services, fees, expenses, withdrawal restrictions and tax consequences of rolling over assets to an IRA. Other options are available besides rolling over their employer-sponsored retirement plan, including leaving the account with their previous employer.

The MyDestination Funds® ("Funds") attempt to achieve their objectives by investing in the GuideStone Select Funds and other investments. The Funds are managed to a retirement date ("target date") by adjusting the percentage of fixed income securities and equity securities to become more conservative each year until reaching the retirement year and then approximately 12 years thereafter. The target date in the name of the Funds is the approximate date when an investor plans to start withdrawing money. The expense ratio for the Funds includes the expenses of the underlying Select Funds. The principal risks of the Funds will change depending on the asset mix of the Select Funds in which they invest. You may directly invest in the Select Funds and other investments. The Funds' value will go up and down in response to changes in the share prices of the investments that they own. The amount invested in the Funds is not guaranteed to increase, is not guaranteed against loss, nor is the amount of the original investment guaranteed at the target date. It is possible to lose money by investing in the Funds.

The Asset Allocation Funds ("Funds") attempt to achieve their objectives by investing in the GuideStone Select Funds. The expense ratio for the Funds includes the expenses of the underlying Select Funds. The principal risks of the Funds will change depending on the asset mix of the Select Funds in which they invest. You may directly invest in the Select Funds. The Funds' value will go up and down in response to changes in the share prices of the investments that they own. It is possible to lose money by investing in the Funds.

Diversification does not ensure a profit nor protect against a loss.

Award Winning: GuideStone Funds has won six Lipper Fund Awards, one for the overall fund family in 2012 and individual fund awards in 2013, 2014 and 2015. GuideStone Funds won the Lipper Fund Awards for 2012 Best Overall Small Company Award (1 out of 182 eligible as of November 30, 2011), 2013 Mixed-Asset Target 2025 Fund Award-3 year – MyDestination 2025 Fund-Investor Share Class (1 out of 92 funds as of November 30, 2012), 2014 Corporate Debt A-Rated Fund Award-3 year – Extended-Duration Bond Fund-Institutional Share Class (1 out of 57 funds as of November 30, 2013), 2014 Corporate Debt A-Rated Fund Award-5 year – Extended-Duration Bond Fund-Institutional Share Class (1 out of 51 funds as of November 30, 2013), 2015 Corporate Debt A-Rated Fund Award-3 year – Extended-Duration Bond Fund-Institutional Share Class (1 out of 44 funds as of November 30, 2014) and 2015 Corporate Debt A-Rated Fund Award-5 year – Extended-Duration Bond Fund-Institutional Share Class (1 out of 41 funds as of November 30, 2014). Awards are based on risk-adjusted total return.

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SOURCES

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[3]Alicia H. Munnell, Anthony Webb and Wenliang Hou, *How Much Should People Save?*, Center for Retirement Research at Boston College (Boston, July 2014, Number 14-11), *Crr.bc.edu/wp-content/uploads/2014/07/IB_14-111.pdf.*

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[8]*Trends in 401(k) Plans and Retirement Rewards: A Report by WorldatWork and the American Benefits Institute,* WorldatWork and American Benefits Institute (Scottsdale, AZ, March 2013), *Worldatwork.org/waw/adimLink?id=71489.*

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