



ANNUITANT

NEWS & VIEWS

OPERATING AT THE
INTERSECTION OF
FAITH AND FINANCE

An Update from the Pension Boards

Spring 2017

In This Issue

- 2** The Case for Global Equity Exposure
Partners in Social Justice
- 3** In Support of New Churches
UCBMA Capital Campaign
- 4** Express Scripts Formulary Information Available Online
Need Help with a Medical Claim?
Upcoming Events



http://bit.ly/PB_2010



@pensionboards



<http://bit.ly/PB-UCC>

Message from the President/CEO



Trustee Chair Rev. Dr. Rodney Franklin and I were part of a UCC delegation that traveled to Israel and Palestine in February and March. The delegation

was led by General Minister and President Rev. Dr. John Dorhauer, Wider Church Ministries Executive Minister Rev. Dr. Jim Moos, and Middle East/Europe Executive Dr. Peter Makari. Witnessing the difficult conditions and constraints under which our Palestinian partners live was an eye-opening and moving experience. During our 12-day journey, we had the opportunity to visit with several Palestinian organizations in which the Pension Boards invests as a way of using economic leverage to bring about social transformation. (These investments do not include pension or benefit plan funds.) I am grateful to the leadership of our Church for inviting us to be a part of this visit.

The Pension Boards Annual Report and Financial Statements are now available online at http://bit.ly/PB_AR-F2016. In our report to members, Chair Rodney Franklin and I reflect on the first year of implementation of PBUCC's strategic plan, focusing on the question, "What differentiates the Pension Boards from other financial services organizations?"

In all we do, we are guided by our values as a ministry of the United Church of Christ (Faith) and our historic commitment to responsible stewardship (Finance). What sets the Pension Boards apart is that we operate at the intersection of Faith and Finance. This forms the foundation for a new way of operating, in our investments, in our benefits programs, and in our commitment to helping strengthen ministry in the United Church of Christ. Our "double bottom line" objective is to do good for creation and humankind and do well with financial performance for our members.

As this issue of *Annuitant News & Views* goes to press, the Pension Boards' Annual Meeting of Members has just been held. A summary report of the meeting will be available on our website in June. If you are planning to be at General Synod, please visit the Pension Boards in the exhibit hall, to learn more about our plans, programs, and exciting new initiatives.

Best regards,

Brian R. Bodager
President/CEO

The Pension Boards

United Church of Christ, Inc.

475 Riverside Drive, Room 1020

New York, NY 10115

1.800.642.6543 | www.pbucc.org



The Case for Global Equity Exposure

David A. Klassen, Chief Investment Officer

The year 2016 was the fourth consecutive year that U.S. stocks beat global stocks. But the first quarter of 2017 saw global equities (investments in the Participating, Equity, and Balanced Benefit Annuities) do better than U.S. stocks alone. Maybe the trend is reversing but after four straight years of U.S.-only portfolios beating global portfolios, the question remains: Why own global stocks at all? This is an important question and worth discussing. There are three reasons to own global stocks: 1) cycles and impossibility of perfect timing; 2) diversification and historical performance; and 3) changed opportunity set.

Markets go in cycles. Five years feels like a long time and people extrapolate trends; but trends reverse. Look at the bar chart; for six years, from 1995 to 2001, the U.S. won; then for five years, 2002 to 2007, non-U.S. stocks performed far better than the U.S.; and recently, the U.S. is ahead again. Easy – flip when the market is about to change! Unfortunately, very few have been able to do that in the history of investing. Data shows that “market timing” makes investors lag indices by several percent annually because they get the timing wrong. Markets go in cycles and it’s



impossible to predict the timing of those cycles exactly.

A global portfolio has produced better long-term returns than the U.S. alone since 1970. As the graph shows, the global portfolio had annual price returns of 8.0%, beating the Standard & Poor’s (S&P) 500’s average price return of 7.2%. A single-country exposure risks extended underperformance with potentially negative effects, especially if that underperformance coincides with your retirement date. Worse, human nature can’t stand being heavily invested in an underperforming market for long, resulting in badly-timed selling at market bottoms. Over the long term, global diversification has worked better.

In 2016, U.S. market value was 46% of global market value. In 1970, the U.S. was 66% of global market value. Businesses are global now. Markets and

money are global. U.S.-only investors are ignoring over half the world’s companies and that doesn’t make sense. Including global companies provides twice as many opportunities.



It’s hard to be a long-term investor. Global diversification guarantees that you will own lagging markets and won’t keep up with the best market in any given year. But no one can time the bottom to buy and the top to sell. The PBUCC Investment Committee and staff select a diversified benchmark of global markets for the Participating, Equity, and Balanced Benefit Annuities because we don’t assume that we can time things that no one else ever has.

Finally, history has shown that over long periods a diversified global portfolio works better and with less risk.



Partners in Social Justice

Rev. Richard E. Walters, Director, Corporate Social Responsibility

A Pension Boards staff team, including CEO Brian Bodager, Health Plan Operations Director Frank Loiacono, Communications and Church Relations Officer Rev. Martha Cruz, and I, recently met with the Council of Conference Ministers of the United Church of Christ. We are always deeply impressed not only with the dedication and skill of

this remarkable group, but also with the tremendous workload they share in caring for UCC clergy, lay church employees, and local churches.

The Conference Ministers are also dedicated to the UCC’s social justice ministry and mission, and demonstrated a keen

(continued on page 4)

In Support of New Churches

Rev. Krista L. Betz, Director, Ministerial Assistance

Since 2008, the United Church Board for Ministerial Assistance (UCBMA) has approved a grant of up to \$100,000 per year to be administered by UCC Local Church Ministries (LCM) to assist new church start pastors with the cost of health insurance premiums or pension benefits. We recognize there is a good deal of start-up cost involved in beginning a new ministry and want to give these forward-thinking congregations a boost so they can begin to adequately support their clergy leaders, and when the grant has ended, carry on that responsibility.

The grant program is carried out in partnership by UCBMA/Pension Boards, UCC LCM, and the Conferences of the United Church of Christ. These grants are disbursed by the Pension Boards in the form of credits applied directly to the benefit accounts of the identified clergy.

There are 15 new church grant recipients in 2017, in the Illinois, Iowa, Massachusetts, Michigan, Rocky Mountain, South Central, Southeast, and Southwest Conferences.



For an application, contact Ms. Karen Koza of the UCC LCM Congregational Assessment and Support Team at 216.736.3837 or kozak@ucc.org. Congregations apply on behalf of their pastors through their Conference offices. Applications are accepted yearly from January through August, with an annual deadline of September 1.

UCBMA Capital Campaign

Rev. Dr. Jonathan B. Lee, Philanthropy Officer

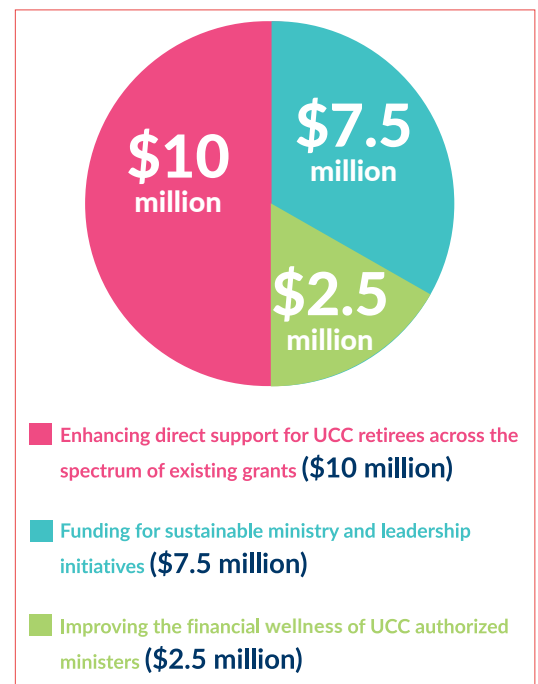


The success of the Pension Boards has long been rooted in anticipating and responding to change – in financial markets, in our United Church of Christ, and in the lives of our members.

Throughout 2016, Pension Boards staff and the United Church Board for Ministerial Assistance (UCBMA), along with a group of lay and ordained leaders from across the UCC, reflected on how UCBMA's assistance and leadership programs might best serve the wider Church in a time of great change. That study group's recommendation, approved by PBUC Trustee and UCBMA Directors in February 2017, was that a \$20 million capital funds campaign—*Generations of Service: Faith and Finance in Action*—be conducted to support UCBMA programs. This amount includes \$10

million for existing direct assistance programs, \$7.5 million for sustaining the Next Generation Leadership Initiative (NGLI) and CREDO programs, and \$2.5 million to improve the financial wellness of UCC authorized ministers.

The Pension Boards was assisted in this study by Averill Fundraising Solutions, a consulting firm with wide experience assisting religious organizations in raising capital funds. From more than a hundred interviews throughout the denomination, Averill reported consistent enthusiasm for the work of the Pension Boards and the critical assistance programs of UCBMA, concern for the range and urgency of needs impacting those who serve our church, and the desire for the Pension Boards and UCBMA to take the lead in meeting them through this campaign.



Planning is well under way for this ambitious and essential effort. Details on the three areas of focus and opportunities for participation in 2017 and beyond will appear over the coming months in this newsletter and online.



The Pension Boards United Church of Christ, Inc.

475 Riverside Drive
Room 1020
New York, NY 10115-0059
Address Service Requested

HEALTH & WELLNESS

Frank Loiacono, Director, Health Plan Operations



EXPRESS SCRIPTS®

Express Scripts Formulary Information Available Online

You can now view the formulary status of your prescription medications by logging on to your Express Scripts account online.

- » Log in or Register at www.express-scripts.com
- » Click **Health Benefits and Information**
- » Click **Learn About Formularies**

» Type medication name to determine formulary status



Need Help with a Medical Claim?

UCC Plan participants can view their Explanation of Benefits (EOB) and claims summaries online by logging in at www.highmarkbcbs.com. If the amount you owe according to your EOB does not match up to a billing statement or invoice provided by your physician's

office, contact Highmark at **1.877.763.9471**, or a Pension Boards Health Services Representative at **1.800.642.6543, ext. 2870** for assistance.



Upcoming Events

June 30-July 4
General Synod 31
Baltimore, Maryland
Visit us in the General Synod Exhibit Hall!

September 28
Vermont Conference Clergy Luncheon
Randolph, Vermont
Presentation on Faith and Finance by Rev. Rick Walters

Partners in Social Justice (continued from page 2)

interest in the Pension Boards' Faith and Finance Initiative and our overall ministry of socially responsible and sustainable investment of your pension dollars.

PBUCC's commitment to our Church's clergy and lay employees, and to social justice concerns like the environment, the plight of indigenous peoples, and human rights, is shared by the leaders and members of our Conferences in partnership and covenant through the UCC and ecumenically.

Please call or write your Conference leaders and offer your support for the work they do. The Pension Boards has pledged to work with UCC Conferences to ensure timely and clear communication about what we are doing in all aspects of our work, and to provide support and a listening ear to the needs of our Churches and those who serve them that Conference ministers witness from their unique vantage point.

It is my privilege to also be available to you to answer your questions

and hear your concerns at anytime. Please feel free to contact me by phone at **1.800.642.6543, ext. 2760 (212.729.2760)** or by email at rwalters@pbucc.org. If you are planning an event and would like a presentation on the Faith and Finance initiative, you may submit a request through the Pension Boards Speakers Bureau (http://bit.ly/PB_Speakers).