



ANNUITANT

NEWS & VIEWS

**PARTNERS
INTO THE NEXT
CENTURY**

An Update from the Pension Boards

Winter 2016

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"The Lord continues to provide for me and the Pension Boards' assistance is a big part of why I am able to have food, pay my rent, and keep warm. May God bless you all."

Simple, heartfelt notes like these remind us of the importance of the General Synod Plan of Supplementation of Small Annuities. Since its inception, the United Church of Christ has had a small annuity supplementation plan to "keep faith with those who have served." Similar commitments were made by our predecessor bodies more than a century ago. Today, the Pension Boards carries on this tradition through the United Church Board for Ministerial Assistance (UCBMA).

The Pension Boards and the national setting of the Church work together to provide care and financial resources to those in need. Each year, PBUCC makes a recommendation to the UCC Board of Directors, which, acting as General Synod ad interim, approves a minimum level that total household income will be brought up to if the individual meets all eligibility requirements. In this way, PBUCC and the national UCC setting work together to provide care and financial resources to those in need. For 2016, the supplemented total household income level is \$29,400.

In 2015, the Pension Boards, on behalf of the Church, provided \$1.5 million in small annuity supplementation to 464 UCC clergy and lay church employees, or to their widowed spouses/partners, who faithfully and sacrificially served the Church. With supplementation, they are able to meet basic needs such as housing, food, and medical expenses.

Supplementation is made possible by the generosity of individuals and congregations to Our Church's Wider Mission (OCWM) and the Christmas Fund Offering. Because needs are greater than what OCWM and the Christmas Fund provide, supplementation is further subsidized by the Fund for Ministerial Assistance. Thank you for your generous contributions to Our Church's Wider Mission, the Christmas Fund, and the Fund for Ministerial Assistance. For more information, please visit www.pbcc.org.

The Trustees and Staff join me in wishing you a happy and healthy New Year.

Best regards,



2016 Basic and Participating Annuities to Remain at Current Levels

At its November 5-7, 2015 meetings, the Pension Boards' Trustees voted to maintain monthly payments from the Basic and Participating Annuities at their current levels effective January 1, 2016.

Both the Basic Annuity and Participating Annuities have an assumed rate of return of 4%. This 4% return, plus other adjustments approved by the Board, are factored into your monthly payment. Adjustments, when authorized by the Board, are based upon a calculation that includes investment returns, adjustments for mortality, and a provision for smoothing market and interest rate volatility. The starting balance is your account balance at

the time you annuitized, the term is the actuarial projection based upon the annuity selected, and the interest rate is 4%.

The Basic Annuity is invested 100% in fixed-income securities. The target asset allocation in the Participating Annuity is 55% in equities, 35% in fixed income, and 10% in real assets. The current interest rate environment coupled with the returns earned by the Basic Annuity over the last year do not support any increase for 2016. Similarly, portfolio returns earned by the Participating Annuity over the past year do not support an increase for 2016. For more information, contact Member Services at **1.800.642.6543, Option 6**.

http://bit.ly/PB_2010

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

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INVESTMENTS

What Is Happening?

David A. Klassen, Chief Investment Officer

"In the middle of every difficulty lies an opportunity." – Albert Einstein

What is happening?

The slide in global equity markets in the quarter ended September 30, 2015, focused around emerging markets and China, reminded many of the volatility in 2008 and 2011, when difficulties were centered around the U.S. and Europe, respectively.

In our update to you at that time, we wrote, *"Bottom line: we don't believe that domestic economic data indicates impending doom for the U.S., and figures and sentiment seem to indicate that it's less likely that stocks are in for a more significant retrenchment, as of now. A few specifics: the U.S. economy is very unlikely to enter a recession with housing and job improvement so healthy. Interest rates are low, lower inflation benefits the consumer, and lower commodity prices can benefit the broad economy. Globally, leading indicators of growth in Europe and Japan are also positive, despite a weaker emerging world, and China."*

While the third quarter was negative for global stocks and other risk assets, a meaningful rally in October and November has pulled the S&P 500 Index (S&P 500) into positive territory, as of this writing. While China may remain a continual source of anxiety for global markets, accommodative monetary

policy around the globe continues to support markets. That said, the U.S. Federal Reserve (Fed) has begun to raise interest rates, albeit slowly, proving a headwind for fixed-income prices.

In our last update, we wrote: *"Our mission is to invest for your retirement, and not for the next month. When prices are volatile in the short run, caused by short-term investors and participants, we should keep calm, carry on, and add value for you. Our partner managers must be nimble enough to pick up bargains to benefit your performance versus the markets...that's why we engage them on your behalf. Most importantly, they should help us take the longer view when markets become too focused on the short-term noise, or fear."*

In the summer issue of *Annuitant News and Views*, we highlighted William Blair, a domestic equity manager focused on finding favorable returns from the universe of U.S. small- and mid-capitalization (SMID) public companies. Through November, Blair is one of our managers producing outstanding results for the year, up over 8% with the S&P 500 only up 3%.

We would also highlight a number of other Pension Boards' equity managers – San Francisco-based Dodge and Cox, a Pension Boards manager since 2006, and Edinburgh-based Walter Scott, a

Pension Boards manager since 2003. Combined, the two firms manage over \$200 million on behalf of Pension Boards participants and have registered significant outperformance, net of fees, over the long term. Although Dodge and Cox's portfolio has struggled in 2015, and is down almost 7% for the year through November, Walter Scott's is up almost 8% since September and is now positive for the year. Both managers take a thoughtful, disciplined, and long-term investing approach in international markets, which Pension Boards investment staff reaffirms through frequent meetings and interactions. In broad market selloffs, or more trying times, it is too easy to get consumed by the immediacy of negative headlines and sentiment. During these periods, it is important to remain committed to a thoughtful approach augmented by thorough analysis oriented to making sure managers are staying the course and not succumbing to short-term concerns.

We are confident with the suite of managers working hard to position your retirement funds and with the steps undertaken before, and during, the recent sell-off. As always, we remain committed to working diligently on your behalf, and will continue to keep you informed.



Picking Winners and Losers

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

As I travel around the country speaking about socially responsible investing (SRI), I am often met with the perception that it's all about "stock picking." That is, SRI is primarily about investing in "correct" publicly-traded companies. That may have been true 50 years ago when the idea of SRI and divestment as a strategy first emerged. It is, however, no longer the only or most effective SRI effective tool. Why?

There are many reasons, but three key ones are:

1. Most modern institutional investing is no longer done only in individual stocks, but also in large commingled funds of many companies. Many investments are not in stocks at all but in fixed-income instruments, such as bonds and T-bills, and in private equity funds that are not publicly traded.

2. The moral universe is not circumscribed by publicly-traded companies. The complex social and environmental issues of our time require comprehensive solutions and strategies. Government policies, control of reserves (such as oil reserves owned by sovereign countries), positive investment in renewables, and consumption of products sold by publicly-traded

(cont'd. on p. 3)

MINISTERIAL ASSISTANCE

Love Shines Through

Rev. Krista L. Betz, Director, Ministerial Assistance

As a special mission offering of the United Church of Christ, the Christmas Fund for the Veterans of the Cross and the Emergency Fund provides direct financial assistance to individual UCC clergy and lay church employees – the funds do not support programs and institutions, but people. During 2014, gifts totaling \$1,538,531 were received. Thank you! Because of your generosity, we were able to assist hundreds of UCC servants through the vital ministries of Small Annuity Supplementation, Health Premium Supplementation, Emergency Grants, and Christmas "Thank You" Gift Checks.

The theme of the 2015 Offering, which congregations across our church received in the Advent and Christmas season, is **Love Shines Through**. This season's worship resources were developed by Adam Hearnson, Assistant Professor of Preaching and Worship, and a group of seminarians from Andover Newton Theological School in Massachusetts. Their creativity is a gift to our wider church.

If you have not yet had an opportunity to contribute, you may make a secure online donation anytime at www.christmasfund.org.

Your contributions will make a real difference in the lives of many. Thank you for your faithful support.

Your caring and our generosity truly proclaims the message, **Love Shines Through!**



The Current Power of Future Generosity

Rev. Dr. Jonathan B. Lee, Philanthropy Officer

The annual gifts we make to support our churches – and other organizations we believe in – are likely part of our household budgets, part of the financial ebb and flow we anticipate each month. That kind of giving comes from discretionary income; we give as we are able, or as we are inspired, but we don't give more than we have.

Planned gifts have the same philanthropic spirit and enthusiasm of annual gifts, but are designed to take care of the donor's own financial needs as well as to support the mission he or she values.

By far, the most frequent planned gift is the bequest, but of growing popularity is the charitable gift annuity (CGA), in which assets are contributed to an organization in exchange for fixed

annuity payments for life. The annual income of a CGA is determined by the donor's age, and these days is greater than the interest generated by savings or CD accounts. The older a donor, the higher the rate of return. At the end of the donor's life, the remainder becomes a gift to the organization. There are tax benefits to a charitable gift annuity, too: charitable deduction on a portion of the initial gift, tax-free income on some annual annuity payments, and potential capital gain reduction. For younger donors, a deferred CGA that delays annuity payments can allow current tax relief and lock in a higher annuity rate for retirement.

Could a charitable gift annuity, administered through United Church Funds, be a way for you to enhance your own financial security and support the

programs of the United Church Board for Ministerial Assistance? Along with your own financial advisor, we are ready to answer questions, provide illustrations, and design a charitable gift annuity that fits your specific goals. In the meantime, there is a calculator on the charitable giving pages of the Pension Boards' website that can help you visualize what your CGA might look like.

Though we pray for a day when all have enough, the needs for which the United Church Board for Ministerial Assistance exists will persist, if not deepen, for generations to come. The simplicity, reliability, and security of a charitable gift annuity can allow your present generosity to empower you now, and empower others in need in the future.

Picking Winners and Losers (cont'd. from p. 2)

companies must all be impacted and used to transform society in order to be effective. Failing to address these areas while focusing on one alone will result in a losing strategy.

3. To the extent shares are owned, they are a powerful tool providing direct access to the management

of companies that, in turn, can be impacted by shareholder votes and influence as well as direct witness.

SRI is neither a single strategy nor principally one of many, but rather an innovative cluster of strategies to effect social change. The Pension Boards

carefully, thoughtfully, and prayerfully engages them all. That's what it means to pick SRI winners in today's investment environment.

For more information, please contact Rick Walters rwalters@pbucc.org or by phone at 1.800.642.6543, ext. 2760.



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HEALTH & WELLNESS

Frank Loiacono, Director, Health Plan Operations

2016 Plan Highlights

Participants in the UCC Medicare Supplement Plan with Rx can access an online copy of the 2016 Plan highlights booklet on the Pension Boards' website, www.pbucc.org, by clicking on **Medical Plans**, and following the links to the Medicare Supplement Plan. The new highlights document includes a revised schedule of benefits.

Influenza Immunizations

Flu season has begun. UCC Medicare Supplement Plan with Rx participants are covered for administration of the influenza vaccination as a preventive, no-cost benefit. For questions regarding the need for the vaccination on an individual basis, please contact your primary care provider.

Obtaining Mental Health Services

Mental health/behavioral health services are available to Medicare-eligible individuals through Medicare-approved licensed pastoral counselors, psychiatrists, psychologists, and other professional therapists. UCC Medicare Supplement Plan with Rx participants are **not** covered by ValueOptions for mental health services. All claims for mental health services must be submitted through Medicare as the primary insurer and to Highmark Blue Cross Blue Shield, the Plan's health PPO, as secondary. This is typically done by the provider's office. If

you have questions, please contact Melissa Kubiak, Health Services Representative, at **1.800.642.6543, ext. 2898**.

Eating Habits to Save Your Teeth

Below are some tips for a healthy smile:

1. Eat sugary treats with your meal when extra saliva is produced in your mouth.
2. Drinking water throughout the day can help rinse your mouth.
3. Munching on cheese can protect tooth enamel from decay and also increase saliva in your mouth.
4. Try not to chew on the ice in your drink as it can cause your teeth to fracture and chip.
5. Drink soft drinks through a straw positioned toward the back of your mouth. This prevents a sugary coating from forming on your teeth.

For more Oral Wellness tips, please visit United Concordia's Dental Health Center and register for My Dental Benefits by visiting www.unitedconcordia.com.

If you have any questions, or need additional information, about your UCC health, pharmacy, dental, or vision benefits, please contact the Health Plan Team at **1.800.642.6543, ext. 2870**.

Change of Address, and More

Please remember to notify the Pension Boards whenever there is a change in your mailing address, e-mail, or telephone number, so that we may update your account information accordingly. To change your contact information, call Member Services at **1.800.642.6543, Option 6**.

Tips for Avoiding Health Care Fraud or Health Insurance Fraud

- Never sign blank insurance claim forms.
- Ask your medical providers what they will charge and what you will be expected to pay out-of-pocket.
- Carefully review your explanation of the benefits statement. Call your insurer and provider if you have questions.
- Do not do business with door-to-door or telephone salespeople who tell you that services of medical equipment are free.
- Give your UCC Medicare Supplement Plan/Medicare identification only to those who have provided you with medical services.
- Keep accurate records of all health care appointments.
- Know if your physician ordered equipment for you.

For more information, visit www.fbi.gov/scams-safety/fraud/seniors.