



EMPLOYEE

# NEWS & VIEWS

OPERATING AT THE  
INTERSECTION OF  
FAITH AND FINANCE

A Quarterly Update from the Pension Boards

Fall 2017

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<http://bit.ly/PBMEDIA>

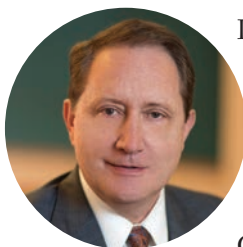


@pensionboards



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## A Message from the President/CEO: Going Green



In 2014, the Pension Boards introduced a "go green" option for members with accumulation accounts in the Annuity Plan for the United Church of Christ. Members

who choose to go green may access their quarterly account statements online rather than receiving printed statements by mail.

I am pleased to announce that, as part of our commitment to responsible and faithful stewardship of financial and natural resources, the Pension Boards will be transitioning to electronic quarterly statements for all members beginning with the first quarter 2018 statements.

Effective April 2018, members with accumulation accounts will no longer receive quarterly statements by mail. Quarterly Annuity Plan statements will be available electronically at [www.pbucc.org](http://www.pbucc.org). The print version of *Employee News & Views* will also be discontinued; news about your benefit plans and programs will be sent via email, and posted on the Pension Boards' website, Facebook (@pensionboardsucc) and Twitter (@pensionboards).

These changes reflect our ongoing commitment to the "double bottom line" of doing well for members and doing good for the planet.

» **Electronic access.** Your quarterly Annuity Plan accumulation statement will be available on the Pension Boards' secure website. You will receive an email notification when your statement is available. To access your statement, log in to [www.pbucc.org](http://www.pbucc.org), click on **My Benefits** in the navigation bar at the top of the page, and select **View My Pension and Other Benefits**.

» **Paper copy.** You also have the right to receive a paper copy of your statement, free of charge. Members will have an opportunity to opt in to paper statement delivery in the weeks leading up to the April transition.

In preparation for this transition, please log in to [www.pbucc.org](http://www.pbucc.org), click on **My Benefits** in the navigation bar at the top of the page, and select **View My Pension and Other Benefits** to ensure your email address is correct. If your email address is not on file, please be sure to add it to your account profile.

Thank you for the continued opportunity to serve you.

Best regards,

Brian R. Bodager  
President/CEO

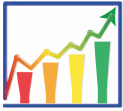
## The Pension Boards

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## Global Equity Diversification Proving Its Worth

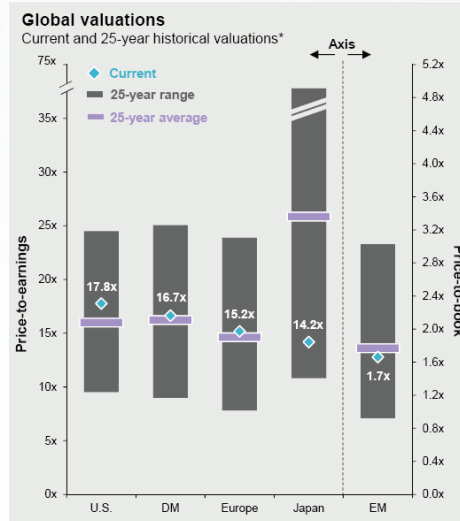
David A. Klassen, Chief Investment Officer

Last April, we made the case for global diversification as a prudent investment practice. At the time, U.S. equities had outpaced global markets over several years. In 2017 there has been a dramatic reversal, beneficial to Pension Boards' portfolios, as global equities have done better than U.S. stocks alone. As of this writing in mid-September, U.S. markets had returned about 12% while developed international markets were up almost 20% and emerging markets had gained over 30%! Our April rationale was simple. Perfect timing is impossible, and our favorable view towards international markets had to do with the best opportunities for better potential returns. Will the outperformance of international stocks continue? We are staying with our emphasis on emerging markets (think Brazil, China, etc.) and developed international markets (Europe, Japan) because: 1) valuations compared to history are better than those of the U.S.; and 2) the earnings of companies in those countries are growing faster than U.S. companies.

Since 2009, U.S. equity markets have led all global equities. During that time, all parts of the U.S. equity markets have gained well over 300%. Now, because of those gains, every part of the U.S. market is above their long-term average valuations as measured by price-to-earnings ("P/E", a well-known measure of valuation and is the share price divided by earnings). In other words, all the parts of the U.S. equity market are more "expensive" than their historical averages.

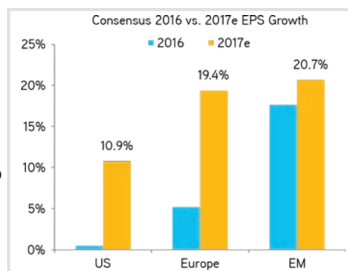
The chart from JP Morgan (at the top of the center column) shows valuation data on the U.S., developed markets and emerging markets. Developed international markets' P/E is in-line with its historical long-term average.

Emerging markets' valuation is still below its long-term average even with the very strong performance in 2017.



If "price" is one side of P/E, the other side is the earnings of companies. If prices are increasing, why aren't emerging market stocks also getting expensive, and why are we still comfortable with the opportunities in emerging markets? Because earnings are growing at higher rates, on average, than U.S. companies.

The bar chart below (from KKR) shows the growth rate of EPS, earnings per share, in the U.S., Europe and emerging markets in 2016 and projected for 2017. There's a clear difference between Europe and emerging markets compared to the U.S.



International developed and emerging markets are favored now because valuations are better compared to their historical averages, and because those companies are growing their earnings faster than U.S. companies. Going forward, we anticipate maintaining a healthy dose of international markets because, as illustrated in the chart below (from Leuthold Weeden), these performance trends tend to persist for multiple years once they start.



Could things go wrong? Absolutely. There are higher risks in emerging market countries, including the possibility that the U.S. dollar could reverse course and appreciate against these currencies, which would detract from international returns for U.S. investors, as it did in 2014 and 2015. Year-to-date, your portfolios with equity exposure (Equity, Balanced, Northern Trust Global Sustainability Index Fund [GSIF], and most Target Annuitization [TAD] Funds) have been positioned to benefit from the better performance of international markets. To accentuate the point, The Pension Boards' Equity Fund has outstripped the S&P 500 and U.S. markets. As always, we thank you for your confidence in us and will continue to work to position your portfolios to benefit from the benefits of global diversification, as appropriate.



## Affirming Our Faith-Based Values

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

In recent months, we have seen the prophetic witness of the United Church of Christ in response to incidents of hate, racism, and violence in our country. As an Affiliated Ministry of the UCC, it is also incumbent upon the Pension Boards to respond to the important issues of our time from the unique perspective of Faith and Finance. The Pension Boards' Faith and Finance policy

statement specifically calls for sensitivity in the way we structure our benefit plans and operations to better serve underrepresented persons, congregations, and communities.

PBUCC joins the UCC and its leaders in denouncing racism, violence, and other forms of prejudice long woven into the fabric of our society and institutions, and pledges to examine our own life and programs for improvement

and responsiveness, as well as to commit to specific plans of action. One such action is the promotion of diversity on the boards of publicly-traded corporations we invest in on behalf of our members. Through shareholder activism and proxy voting, alongside our faith- and values-based colleagues, the Pension Boards advocates for the voices of underrepresented groups to be heard in the corporate boardroom and in



## NGLI Class of 2028

Rev. Krista L. Betz, Director, Ministerial Assistance

In 2010, the Pension Boards through the United Church Board for Ministerial Assistance (UCBMA) began a bold new initiative to invest in the health and vitality of local congregations by strengthening the quality of pastoral leadership. The Next Generation Leadership Initiative (NGLI) targets clergy in their 20s and 30s who have high potential for leadership and are willing to make a long-term commitment to service in congregational settings of the United Church of Christ. Each year, a cohort of about 15 younger clergy are identified for a series of leadership education events for the next 10 years.

The first four years move through a core curriculum that builds basic skills around adaptive leadership, family systems, self-differentiation, team building, and congregational faithfulness and fruitfulness. The final six years provide some flexibility as to the topic of study depending on the participant's strengths, interests, and areas of growth. We are now eight years into the program and have 115 bright, hopeful, and connected younger clergy participating. When they gather, they are eager to learn and readily support each other, and they express a deep and abiding commitment to the Church.

We hope that spirit will be contagious, connecting with other movements of vitality and spread throughout the Church!

Congratulations to the members of the NGLI Class of 2028, who began their journey in August with orientation at the UCC Church House in Cleveland.



Adam Bohland	St. Joseph, Michigan
Lacey Brown	Atlanta, Georgia
Emily Davis	Crystal Lake, Illinois
Corinne Freedman Ellis	St. Paul, Minnesota
Anna Flowers	Walpole, Massachusetts
Ryan Hart	Leader, Texas
Jake Joseph	Fort Collins, Colorado

Aaron Lauer	Coral Gables, Florida
Anthony Livolsi	Boston, Massachusetts
Nathaniel Mahlberg	Walla Walla, Washington
Kathryn (Kit) Novotny	Berkley, California
Lawrence Richardson	St. Paul, Minnesota
Vanessa Rose	Fairfield, Connecticut
Kelly Ryan	White Salmon, Washington

Shernell Stilley	Sunnyvale, California
Casey Tinnin	Citrus Heights, California



## Legacy Partners in Ministry

Rev. Dr. Jonathan B. Lee, Philanthropy Officer

The United Church Board for Ministerial Assistance (UCBMA) is able to bring good news of support to those who serve our church because of the generosity of so many who give much-needed dollars for immediate use – such as those received in the Christmas Fund for Veterans of the Cross Offering. Another essential source of support comes through planned gifts, which include a charitable bequest in a will, a beneficiary designation from an insurance policy or IRA, or an agreement like a charitable gift annuity that benefits the donor in the present and the mission in the future.

Since 2000, 43 individuals and couples from across our United Church of Christ have arranged a planned gift to benefit UCBMA or the Pension Boards. For their thoughtful anticipation of future need and the generosity these gifts embody, we bless these donors as Legacy Partners in Ministry, and give thanks also for their willingness to be identified that others might be similarly inspired. On the Pension Boards website, under **Charitable Giving**, you will find the names and hometowns of these visionary donors.

for its programs that sustain those who lead our church depends on expanding this circle of Legacy Partners in Ministry. Planned gifts are adaptable to the many circumstances of donors, and I welcome the opportunity to explore them with you. Support of our current capital campaign, *Generations of Service: Faith and Finance in Action*, includes planned gifts, and for donors over 60 years of age, the full face value of planned gifts will be counted toward our goal – a golden opportunity to support the mission without sacrificing current assets.

The future well-being of those who will look to UCBMA for support in times of need and

Thanks be to God for our current Legacy Partners in Ministry, and for those soon to join them in that forward-looking generosity.

the workplace. This effective means of proxy access has resulted in dramatic changes in some companies and revised policies in many others.

Faith and Finance isn't only about investments; it impacts all facets of our work. The Pension Boards recently launched the Ministers' Financial Vitality Initiative (MFVI), a personal faith and finance program funded in part by a grant from the Lilly Endowment's *National Initiative to Address Economic Challenges Facing Pastoral Leaders*. This program is especially designed for ministers

from historically underrepresented groups in the UCC, such as persons of color, LGBTQ persons, persons living with disabilities, and clergy under 30. The Rev. Darrell Goodwin, Pastor of Liberation United Church of Christ in Seattle and Everett United Church of Christ in Everett, Washington, has joined the Pension Boards as MFVI's Program Director. (Visit [http://bit.ly/MFVI\\_INFO](http://bit.ly/MFVI_INFO) for information.)

We can and need to do more. The Faith and Finance Advisory Group, comprised of stakeholders across the church and Pension

Boards staff, is exploring new avenues of action to address the needs and issues of underrepresented groups, as well as programs to implement Faith and Finance initiatives to bring about greater financial wellness, economic equality, and justice alongside our many partners and witnesses in the church. I look forward to hearing from you about how we can better serve our members, church and society when it comes to denouncing hate and building a just peace together.



Frank Loiacono, Director, Health Plan Operations

## Healthy Stewards Activity Deadline

UCC Non-Medicare Health Plan participants and their covered spouses/partners have until November 15, 2017 to order a Home Test Kit (HTK) for completing their health screenings. HTKs, LabCorp blood draws, or physician-submitted reports must be received by December 31, 2017 to qualify for 2017 wellness rewards. Please complete the Wellness Profile questionnaire to receive reward credit toward health screening or coaching. Coaching activities (whether through a Highmark Coach or online My Health Assistant) must be confirmed to qualify for wellness rewards. Log in to [www.highmarkbcbs.com](http://www.highmarkbcbs.com), click on **Rewards** to be directed to your **Hooray page**, and check to make certain there is a check mark and **Done** next to your coaching activities.

Rewards checks for activities completed July 1 through September 30, 2017 will be issued in mid-November.

## Dental 750 Plan Open Enrollment

Open enrollment for Dental Plan 750 is available until October 31, 2017. This Plan is offered to active and retired clergy and lay employees not currently enrolled in the UCC Dental Plan. Please visit [www.pbucc.org](http://www.pbucc.org) for information regarding benefits, premium rates, and an application form.

## 2018 Flexible Spending Account

Open enrollment for the Flexible Benefit Plan for UCC Ministries (also known as a Flexible Spending Account or FSA) will

be offered November 1-30, 2017. The FSA lets you set aside pre-tax earnings to pay for certain medical and dependent care expenses such as unreimbursed medical or pharmacy deductibles and copayments; eyeglasses or dental services not covered by insurance; eligible dependent care expenses; and more.

As of this writing, the maximum that can be deferred to the FSA for the calendar year is \$2,600 for medical or dental expenses and \$5,000 for dependent care.

Enrollment forms for 2018 will be sent to current FSA participants. Employers must be enrolled in the FSA for their employees to participate. Employers not currently in the Plan will receive information on how to offer this benefit to their employees.

## Use of In-Network Providers

The Pension Boards partners with medical, pharmacy, dental, and vision vendors to ensure that you receive the medically necessary and appropriate care you need from the provider you select. You can choose between two levels of services: in-network or out-of-network. In-network care is care you receive from providers in the Preferred Provider Organization (PPO) network. Out-of-network care is care you receive from non-network providers.

When you receive services from an out-of-network provider, you may be responsible for paying the difference between the provider's actual charge and the Plan's allowable amount. In-network providers are

not permitted to bill Plan participants for charges in excess of network-allowable fees. Use of in-network providers and services is highly encouraged to receive the highest level of coverage. PPO network information can be found on your identification cards.

## Influenza Immunizations

Medical Plan participants and their eligible dependents are covered for flu vaccines as a preventive, no-cost benefit. For questions regarding the need for the vaccination on an individual basis, please contact your physician and/or primary care provider.

For additional information about the UCC Health, Dental, and Vision Plans, call the Pension Boards toll-free at **1.800.642.6543** and select **Health Plans** at the prompt.

## Additional Life Insurance

Participants in the UCC Life Insurance and Disability Income (LIDI) Benefit Plan are eligible to purchase additional life insurance for themselves, as well as coverage for their eligible dependents, during the open enrollment period of November 1 through December 31, 2017, for coverage effective January 1, 2018. Information on costs and coverage will be sent by postal mail and email in October.

For additional information about the UCC Life Insurance and Disability Income Benefit Plan, call the Pension Boards toll-free at **1.800.642.6543** and select **Member Services** at the prompt.



## How's Your Financial Health?

Take EY's Financial Wellness Assessment and start taking control of your finances. Here's what you need to do:

1. Visit the EY Financial Planning Center® at [pbucc.eyfpc.com](http://pbucc.eyfpc.com).
2. Take the assessment. In just 10-minutes, you'll identify where to focus your efforts.
3. Get started with your action items. Pinpoint opportunities to improve your financial health.

Now, set yourself up for success. Your credit scores provide a picture of your general financial reliability and impact your ability to get a credit card, take out loans, and qualify for lower interest rates. Learn how credit scores are determined and how to monitor then improve them over time by attending EY's 30-minute webinar, "Own Your Credit Scores," offered four times in November. Just select the day and time that works best for you:

November 8 11 a.m. ET & 4 p.m. ET  
November 16 11 a.m. ET & 4 p.m. ET



For a one-one-one discussion with an EY financial planner call the EY Financial Planning Line® at **1.877.927.1047**, Monday through Friday 9:00 am to 8:00 pm. The EY financial planning service is available at no cost to actively-contributing Annuity Plan members.