



EMPLOYEE

NEWS & VIEWS

OPERATING AT THE
INTERSECTION OF
FAITH AND FINANCE

A Quarterly Update from the Pension Boards

Winter 2017

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http://bit.ly/PB_2010



@pensionboards



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

A Message from the President/CEO



In the last issue of *Employee News & Views*, I shared with you some of the ways in which the Pension Boards plans and programs operate at the intersection of

faith and finance. I am pleased to announce that the Pension Boards has received a \$1 million implementation grant from the Lilly Endowment's *National Initiative to Address Economic Challenges Facing Pastoral Leaders*.

The grant will fund development and implementation of a faith and personal finance initiative intended to strengthen ministry in the UCC by increasing and enhancing financial literacy among UCC authorized ministers. An implementation timeline, information on eligibility, and applications will be available during the second quarter of 2017.

This new initiative will build upon the resources that are already available to assist Pension Boards members in achieving financial wellness. Since 2015, the Pension Boards has offered Ernst & Young Financial Planning Services® at no cost to actively-contributing members of the Annuity Plan. EY's certified

financial planners and online resources can help members develop a comprehensive plan for paying down debt, saving for a child's education, making major purchases, and investing for retirement. For more information, visit http://bit.ly/PB_EYFPS.

Another way in which the Pension Boards provides financial education is through regional retirement seminars and webinars that are offered throughout the year for individuals age 50 and older and their spouses/partners. Invitations and registration information are mailed to qualifying members in each of the UCC's six geographic regions in advance of each event. Visit http://bit.ly/PB_Retirement for the 2017 schedule of events.

We encourage you to take advantage of all these programs and resources. We remain committed to responsible stewardship on your behalf.

The Trustees and staff join me in wishing you health and happiness in the New Year.

Best regards,

Brian R. Bodager
President/CEO

The Pension Boards

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Market Review

David A. Klassen, Chief Investment Officer

One year ago, a sharp January selloff moved the Standard & Poor's 500 Index (S&P 500) into negative territory by over 10%, but that selloff did not last and equities generally rallied through year-end. Bonds rose steadily in the first half of the year (interest rates fell), but rates reversed course and bond prices fell as the year closed.

Given these sharp reversals in 2016, we thought it would be helpful to review our thoughts, then and now.

What we said last January about equities:

"While we believe the market could be more volatile, we do not expect a bear market, and believe that global equities...have a favorable risk reward after the selloff. This outlook depends on avoiding a U.S. recession."

"We are overweight to developed markets (including the U.S.), and underweight emerging markets, although we recently added two managers to take advantage of selected opportunities."

What happened:

Recession was avoided and equities, especially in the U.S., rebounded. Some global equities such as emerging markets equities also performed well. We moved

to overweight (14%) in emerging markets in the Equity Fund in 2016. Our best returns were with index managers, but active managers had a tough time beating benchmarks, not unlike the late 1990s. The new Northern Trust Global Sustainability Index Fund, on the other hand, achieved its objectives of focusing on index-like returns with additional environmental, social, and governance (ESG) screens.

What we said last January about bonds:

"While core U.S. bonds remain attractive from a diversification perspective, their total return potential, based on current valuations, appears limited compared to recent history. We do not expect a rapid rise in interest rates...but positive return potential should remain low. We remain committed to diversifying strategies."

What happened:

Core U.S. bonds got off to a robust start, returning over 7% at one point in 2016. Later in the year, interest rates began to rise and prices fell. For the year, benchmark returns of 3% were achieved. Diversifying strategies, such as a 10% allocation to bank loans, helped the Bond Fund outperform benchmarks by a significant margin.

Our strategies and initiatives for 2017:

We remain positive on the potential for global equities as economies are improving and valuations, while high, are not excessive. As for bonds, we are on the alert for faster-than-anticipated increases in yields, but expect positive total returns if yields rise more gradually. In the Balanced Fund, we begin the year with an overweight to equities versus bonds.

The recent relative performance of active equity managers has been a disappointment to many. We continuously review the role of active (stock-pickers) versus passive (index) management, with the help of our top-tier consultant. In the analysis, we will: 1) emphasize low cost; 2) focus on areas of markets where active managers have historically shown an ability to add value; and 3) analyze historical precedent and the conditions necessary for the return of added performance by these active managers. This ongoing piece of work will be part of our communication to you during the year.



Faith and Finance: Sustainable Investing

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

US SIF, the Forum for Sustainable and Responsible Investment and industry trade group for responsible investment professionals, has released its biennial Trends Report. Data in the report show a significant increase in the amount of U.S.-based investments that are focused on sustainable and responsible investing strategies.

According to the report, environmental and socially responsible investing assets have increased to \$8.7 trillion since 2014. This represents an increase of 33% and accounts for one out of every five dollars under professional management in the United States. PBUC is ahead of the greater investing industry, however. According to the US SIF definition, total assets under management with a sustainable component across the entire PBUC platform are in excess of \$1.7 billion dollars or nearly 60% of PBUC's total assets.

As importantly, PBUC assets under management that are direct positive sustainable investments are currently in excess of \$60 million and growing, which reflect our ongoing Faith and Finance policy initiatives. These assets include the optional investment in the accumulation phase in the Northern Trust Global Sustainability

Index Fund as well as investments in "Green Bonds" that fund renewable energy and water projects.

For almost 50 years, PBUC has focused on addressing environmental issues through the investment process and shareholder advocacy campaigns. And, according to the US SIF report, concern about climate change and carbon emissions ranks as the second most important environmental, social, and governance (ESG) issue for institutional investors.

At PBUC, we are honored to serve our members and the wider church through our three-pronged approach of sustainable investment, shareholder advocacy, and social justice activism, along with our ecumenical partners, that defends the work of environmental and human rights issues at the intersection of faith and finance. A good example of this is our participation in the Investors and Indigenous Peoples Working Group, to stand in solidarity and support with the protest of the DAPL pipeline project near and on tribal lands. For more information, please contact me at rwalters@pbucc.org or toll-free at 1.800.642.6543, ext. 2760.

"...[we] stand in solidarity and support with the protest of the DAPL pipeline project near and on tribal lands."

Next Generation Leadership Initiative

Rev. Krista L. Betz, Director, Ministerial Assistance

In 2010, the Pension Boards, through the United Church Board for Ministerial Assistance, 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 following 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 seven years into the program and have 100 bright, hopeful, and collegial younger clergy participating. When this group gathers they are so eager to learn, and readily support each other and 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!

Applications for the next class of Next Generation Leadership Initiative participants are now being accepted. The intent to apply is due **February 27, 2017** and video applications are due **April 3, 2017**. We hope you will consider applying yourself (if eligible), or encourage a younger



clergy person you may know to apply. To read more about the application process or the initiative itself, see ngli2030.pbucc.org. For more information, contact Rev. Krista Betz, Director of Ministerial Assistance, at 1.800.642.6543, ext. 2716 or kbetz@pbucc.org.

Completing Your Plan

Rev. Dr. Jonathan B. Lee, Philanthropy Officer

The benefits and services available to active employees of the United Church of Christ through the Pension Boards are designed to skillfully meet the range of needs likely encountered over one's span of years: pension, health and life insurance, wellness programs, and financial planning. But one essential piece that even the Pension Boards can't provide for you is a will. No matter one's age, every adult needs that legal document to ensure that all the careful attention you've paid to your finances and security will not be undone if you're gone. It's a simple process that can be crafted to meet your individual goals for care of family – the same kind of thoughtful stewardship



that you apply to the arrangement of your current benefits.

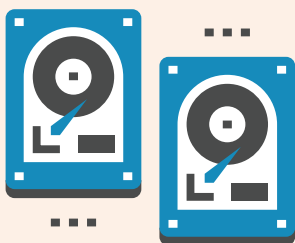
A will also affords one an opportunity to provide for those causes we value and ministries we hope will continue in the future – without sacrificing assets in the present. Many of us don't have wills in place to begin with, and of those estates that were processed in the U.S. in 2015, only about 5% had made provision for a charitable bequest. To not have a will

in place is personally precarious; to not use the will to benefit family *and* the organizations and causes we care about is a missed opportunity.

In your commitment to financial well-being, resolve to put a will in place during 2017 if you haven't yet done so. And for those who already have a will, it is a simple process to alter an existing one to include a designation for charitable gifts, perhaps among them the caring ministries of the United Church Board for Ministerial Assistance. Talk with your trusted circle, enlist the counsel of an attorney, and connect with us for resources and encouragement.

Technology Tips: Backing Up Your Files

Thomas Nolan, Chief Information Officer



computer or smart phone most likely has plenty of data that needs to be insured,

You buy insurance for your car, but do you have insurance for your computer? In today's world, your

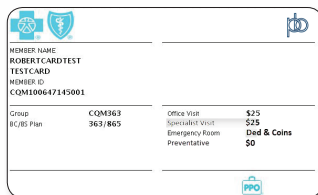
such as important documents, financial transaction records, and pictures. Probably much, if not all, of this data exists nowhere else; if your computer or phone were lost or damaged how would you replace your data? Could you replace it? Backing up your computer and/or smart phone pictures, files, and documents is easy to do and not very expensive. And if you already back up your data, are you

doing it on a regular schedule? A little time invested now could save you lots of heartache later. For more information, please visit www.pbucc.org. On the left-hand menu, select **Technology Resources and Discounts**, then select **Secure Computing**, and click on the article **Back Up Your Files**.

HEALTH & WELLNESS

Frank Loiacono, Director, Health Plan Operations

New Identification Cards



UCC Non-Medicare Health Plan participants should have received new medical identification cards from Highmark Blue Cross Blue Shield this past December. The new ID cards feature the Pension Boards logo. Each participant and dependent should have an ID card with their names listed. If you or your family members have not received your new identification cards, please contact Highmark Blue Cross Blue Shield at 1.866.763.9471, or request a card online at www.highmarkbcbs.com.

Mental Health and Substance Use Services

Effective January 1, 2017, Mental Health and Substance Use Services are covered by Highmark Blue Cross Blue Shield and will no longer be provided by Beacon Health Options/ValueOptions. Please contact Highmark customer service at 1.866.763.9471 for assistance locating a network provider and for benefits questions.

2017 Healthy Stewards

Start the New Year with an opportunity to assess your current health habits and receive realistic recommendations for making improvements and sustaining a healthy lifestyle! UCC Non-Medicare Health Plan participants and their covered spouses/partners can earn \$100 each for completing the online Wellness Profile. It takes only about 15 minutes to complete. Get started by logging in at www.highmarkbcbs.com and clicking the **Rewards Program** link. For log in assistance, contact Highmark Blue Cross Blue Shield at 1.877.298.3918. To reach a Pension Boards Health Services Representative call 1.800.642.6543, ext. 2870.



Annual Preventive Exam

Now is a great time to schedule your annual preventive exam! Your annual exam, along with the lab tests listed on the preventive schedule found in your UCC Non-Medicare Plan Highlights Booklet, are covered at no cost on a yearly basis. The UCC Non-Medicare Plan Highlights Booklet is available at www.pbucc.org under the link for **Medical Plans**.

Pharmacy Network to Include Walgreens

Effective January 1, 2017, Walgreens is a network pharmacy provider and may be utilized for filling prescription medications. Express Scripts mail order pharmacy is still required for maintenance medications. You may fill maintenance medications up to three times at your local pharmacy; arrangements for mail order delivery must be made after this time. For assistance, please contact Express Scripts at 1.800.939.3781 or log in at www.express-scripts.com.

Upcoming Webinars

Wednesday, February 16
EYFPS Webinar – Everyone Needs Estate Planning

Wednesday, March 16
EYFPS Webinar – Next-Level Investing: Beyond Stocks and Bonds

EY webinars (for actively-contributing members of the Annuity Plan) are available at <https://pbucc.eyfpc.com>.



How's Your Financial Health?

Take the Financial Wellness Assessment and find out.

With the start of a new year, now is a good time to check on your financial health by taking the EY Financial Wellness Assessment. Once you register on the EY Financial Planning Center® at <https://pbucc.eyfpc.com>, the assessment is located right on the homepage and takes just 10 minutes to complete.

Improve your financial health.

The assessment gives you a better understanding of your overall financial health, then delivers action steps to help you improve where you need it most. Each time you complete an action item, you're that much closer to building a healthy financial lifestyle for today and creating a plan to maintain your financial wellness into retirement.

Already taken the assessment?

If it's been more than six months, or you've completed any of your action items, take the assessment again and see how far you've come. Be sure to complete the new action items!



Log on to the EY Financial Planning Center® at <https://pbucc.eyfpc.com> to take the EY Financial Wellness Assessment. To speak with a financial planner, call the EY Financial Planner Line® at 1.877-927-1047.