



EMPLOYEE

# NEWS & VIEWS

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INTO THE NEXT  
CENTURY

A Quarterly Update from the Pension Boards

Winter 2016

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## The Pension Boards

United Church of Christ, Inc.

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## A Message from the President/CEO

*"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.pbucc.org](http://www.pbucc.org).

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

Best regards,

Brian R. Bodager  
President/CEO



## PBUCC CREDO

### Rev. Dr. Jane Heckles, CREDO Coordinator

Thirty Pension Boards members from around the country gathered for the first PBUCC CREDO seminar in October 2015.

This pilot benefit program adapts for the UCC context the holistic wellness program originally developed by the Episcopal Church. Ten faculty engaged Pension Boards members in assessing and exploring their physical, emotional, spiritual, vocational, and financial health. The pilot phase of PBUCC CREDO has enrolled 100 persons – all members of the

UCC Annuity and Health Plans, between 35-55 years of age, with at least five years of ministry. At the conclusion of the seminar, members returned home with renewed spirits and individualized plans to improve their well-being in the five key areas.

*"It was the first time I have ever experienced this kind of attention and focus on my vocation."*

The stresses inherent in ministry have been well documented to have a negative impact on  
*(cont'd. on p. 3)*

## Early 2016 Market Update

David A. Klassen, Chief Investment Officer

The resumption of selling in global equity markets (including the U.S.) in 2016 has tripped up investors over the short term. This market action extends a lackluster calendar year 2015, which offered only a few positive pockets of return to support diversified portfolios.

Slowing global economic growth (below the long-term average of 3.5%) has been a source of anxiety for equities and related “riskier” strategies, like high yield bonds. Geopolitical concerns in North Korea, Iran and elsewhere are worrisome, as are Chinese officials’ attempts to “control” markets and their slowing economy as it rebalances. Finally, the U.S. Federal Reserve (Fed) has begun to raise interest rates, a policy that diverges from Europe and Japan, where accommodative monetary policy remains supportive.

Over the first seven trading days of 2016, a sharp selloff moved the Standard & Poor’s (S&P) 500 Index into negative territory by over 7%. U.S. bonds have moderated that shortfall in balanced funds, and added positive returns in bond funds.

To us, current market action reflects a return to a more normal environment. The former lack of volatility, especially in U.S. markets, was an anomaly caused by a hyper-supportive monetary policy established by the Fed. During that period, the equity markets, especially in the U.S., had more than tripled from the 2009 lows.

Economic growth in the U.S. has held up relatively well. Earnings growth, admittedly helped by share buybacks and select technology outperformance, has held up except for commodity companies, and profit margins are high. The labor market also continues to improve, with the unemployment rate now down to 5%. The flip side, of course, is that wages have started to expand, and this development, while positive for workers, may slow corporate earnings growth.

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

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, and thus believe that price risks to core bonds are not high, but their return potential should remain low.

### What have we done?

**Equity Funds:** We have recently highlighted, in prior issues of ENV, a number of Pension Boards’ managers charged with picking securities with the best prospects. We are overweight developed markets (including the U.S.), and underweight emerging markets, although we recently added two managers to

take advantage of selected opportunities. We also hold 8.5% in hedged strategies built up since 2013, designed to protect principal and lessen volatility during these periods.

The Global Sustainability Index Fund is up and running as of November 1; this additional equity option focuses on index-like returns with additional environmental, social, and governance (ESG) screens.

**Balanced Funds:** Our Target Annuitization Date (TAD) Funds adjust the mix between stocks, bonds, and stable value assets to become less risky the closer you are to retirement. In the Balanced Fund, we can alter the mix between stocks and bonds based on forward-looking market projections, and will take advantage of disproportionate selloffs when prudent.

**Bond Funds:** We have added select diversifying strategies, and continue to have a 10% allocation to bank loans, for example, which we believe can offer 5-6% returns per year over the next few years.

In broad market selloffs, it is too easy to get consumed by the immediacy of negative headlines and sentiment. A thoughtful approach to opportunities, rather than succumbing to short-term concerns, still remains the optimal approach.



## The Wall of Conscience

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 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 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 at [rwalters@pbucc.org](mailto:rwalters@pbucc.org) or by phone at 1.800.642.6543, ext. 2760.

## 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 who 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 is 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, and team building. 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 six years into the program and have 90 bright, hopeful, and collegial younger clergy participating. When this group gathers they are so eager to learn, supportive of each other, and expressive of a deep and abiding commitment to the Church. We hope that spirit will be contagious, connect with other movements of vitality, and spread throughout the Church!

Applications for the next NGLI class are now being accepted. The intent to apply is due **March 7, 2016** and video applications are due **April 4, 2016**. We hope you will consider applying yourself (if eligible), or encouraging a younger clergy person you know to apply. To read more about the application process or the program itself, see [ngli2030.pbucc.org](http://ngli2030.pbucc.org). For more information, contact the Rev. Krista L. Betz, Director of Ministerial Assistance at **1.800.642.6543** or [kbetz@pbucc.org](mailto:kbetz@pbucc.org).

## A New Year of Philanthropy

Rev. Dr. Jonathan B. Lee, Philanthropy Officer

The change of calendar year provides an often-used opportunity to start over – new goals, new habits, new resolutions – and that includes the world of charitable giving. As 2016 gets under way, you may be considering a new household budget, coming to terms with your 2015 tax return, or anticipating a fresh start to your saving and spending habits. Here are two basics of charitable giving for those who are early in their working lives, and one piece of important news for those who are further along.

When you contribute to a tax-exempt charitable organization like the United Church Board for Ministerial Assistance, Inc. and itemize deductions on your tax return, the amount of your gift may be deducted from your taxable income, lowering the income tax you pay. That's true for and beneficial to all who make charitable contributions and file that way, and of particular importance to those who have ample income and few deductions – like two working spouses with no

children. The charitable deduction is the government's way of encouraging taxpayers to use a portion of their earnings to support causes and institutions that contribute to the common good.

Also basic to the financial security of individuals and families – and essential to the support of charitable organizations – is the will. Establishing a will that specifies distribution of assets at death ensures our loved ones will benefit as we want them to, as will the churches and organizations we value. Do you have a will in place? Some estimates indicate that fewer than half of us in the United States do, and in 2014, only about 5% of all the wills that went to probate made provision for a charitable bequest. If you haven't yet, make 2016 the year you establish a will – for the good of your family and of the organizations you value.

And an item of important late-breaking news to those with Individual Retirement Accounts: for those aged 70½ or older, it is

once again possible to make tax-favorable charitable gifts from traditional and Roth IRAs. On December 18, President Obama signed legislation that retroactively extends the charitable IRA rollover for 2015 and makes this provision permanent for future years. A total of up to \$100,000 per year can be transferred directly from traditional or Roth IRAs to one or more qualified charities, such as the United Church Board for Ministerial Assistance, Inc., free from federal income tax. Contributions given this way count toward required IRA minimum distribution amounts for the year of the gift. You should consult your tax advisor or IRA administrator for details on making these helpful contributions.

May 2016 be a blessed year for you and yours, and may the New Year provide an opportunity for you to explore the benefits of charitable giving – to you and to all those the United Church Board for Ministerial Assistance aims to serve. We're here to help.

## PBUCC CREDO *(cont'd. from p. 1)*

ministers' personal health as well as on their ministry. The Pension Boards is piloting this benefit as a way to serve its members while affirming that "healthy leaders lead healthy churches."

*"This seminar cleared my head, helped me breathe, and was salve for my wounded soul.*

*It is exactly what I needed to fuel the next stage of my ministry and life."*

Participants during this pilot phase are providing substantive feedback for the Pension Boards. They conclude the seminar with quantitative and narrative evaluation. The first 30 participants

completed PBUCC CREDO, and scored it 6.5 on a 7-point scale! Seventy more participants are already registered to participate in seminars during the pilot phase in 2016.

Visit [www.credo.pbucc.org](http://www.credo.pbucc.org) for more information.

# HEALTH & WELLNESS

Frank Loiacono, Director, Health Plan Operations

## Healthy Stewards 2016

Make healthy changes in 2016 and receive financial rewards! All UCC Non-Medicare Health Plan participants and their covered spouses/partners are eligible for up to \$300 each in rewards for participating in Healthy Stewards Wellness Rewards. Get started today by logging in or registering at [www.highmarkbcbs.com](http://www.highmarkbcbs.com), and clicking on **Rewards Program** under **Wellness Programs**. Begin with completion of the Wellness Profile in 2016 since it is a prerequisite to receiving rewards for other activities. For login assistance, please contact Highmark's helpdesk at **1.877.298.3918**. A recording of the January 13 webinar on the Healthy Stewards program is available on the Member Education section of the Pension Boards' website at <http://bit.ly/pbmemed>.

## New Individual Tax Reporting Under the Affordable Care Act

The Affordable Care Act includes a new tax-reporting requirement for individual taxpayers starting in 2016 for the 2015 tax year. IRS Form 1095-B provides information needed to report that individuals and their dependents had qualifying health coverage (referred to as "minimum essential

coverage") for some or all months during 2015. All health plans offered by the Pension Boards meet the "minimum essential coverage" standard. The Pension Boards will be mailing the 1095-B form to participants of the Non-Medicare Health Plan in late January 2016, so they can use this information to prepare their 2015 income tax returns. Visit our website, [www.pbucc.org](http://www.pbucc.org), for more information.

## 2016 UCC Non-Medicare Medical Benefits Plan Highlights

Information regarding eligibility, enrollment, claim filing, and benefits available under the health, pharmacy, dental, and vision benefit plans can be accessed by visiting [www.pbucc.org](http://www.pbucc.org), and clicking on **Plans – Medical** on the home page. If you would like to speak with a Health Services Representative regarding any of our benefit offerings, please contact us at **1.800.642.6543, ext. 2870**. You may also reach us by e-mail at the following address: [info@pbucc.org](mailto:info@pbucc.org)

## Member Assistance Program

Participants in the UCC Non-Medicare Medical Plan have access to confidential

counseling, legal, financial, and work/life referral services (including referrals for child or adult care, home repair, and healthy living resources). Confidential counselors are available 24 hours a day, 7 days a week to help with locating work/life services and resources. Accessing the referral assistance program is easy, confidential, and free of cost to Plan participants. For more information, contact the Member Assistance Program at **1.800.565.4788**, or visit [www.achievesolutions.net/ucc](http://www.achievesolutions.net/ucc).

## Upcoming Member Education Webinars

**Wednesday, February 17**  
**Annual Open Enrollment for the Vision Benefit Plan**

**Thursday, February 18**  
**EY Financial Planning Services Webinar**  
(for Actively-Contributing Members of the Annuity Plan)

Member Education webinars on a variety of benefits topics are offered at Noon (ET) on the second Wednesday of the month. Check your e-mail in the weeks ahead for registration information. To learn more, visit the Member Education section of the PBUCCE website at [http://bit.ly/PB\\_MbrEd](http://bit.ly/PB_MbrEd). EY webinars are available at <https://pbucc.eyfpc.com>.



## EY Financial Planning Actively-Contributing Annuity Plan Members: Don't Miss the New Financial Wellness Assessment Tool

A new Financial Wellness Assessment tool on the *EY Financial Planning Center*<sup>®</sup> website (<https://pbucc.eyfpc.com>) will give you a personalized snapshot of your current financial well-being plus recommended action steps for mastering your money life.

The assessment can be completed in less than 10 minutes. You simply answer a series of questions about your financial habits and confidence in active financial planning.

Assessment results will be delivered through three scores, each based on a scale of 1 (lowest) to 10 (highest):

- **Financial Behavior** determines how well you currently manage cash flow, debt, insurance and retirement savings.
- **Financial Confidence** determines whether you have the knowledge and confidence needed to actively plan financial aspects of your life and identifies any gaps that may exist.
- **Total Wellness** evaluates your overall financial wellness based on the above criteria.

EY will use your scores to advise you on actions you can take to enhance your financial wellness. For example, you may receive suggestions on particular videos to watch, articles to read, or calculators to use on the *EY Financial Planning Center*<sup>®</sup> site.

*Note: EY Financial Planning Services are available to actively-contributing members of the Annuity Plan for the United Church of Christ. For more information, visit <http://bit.ly/PB-EY>.*

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