



Pension Boards-UCC

*Committed To Excellence*

**2008**  
Annual Report

The Pension Boards  
administers comprehensive employee  
benefits programs for the  
United Church of Christ,  
providing the highest standards of  
service, access and options  
to active and retired  
UCC clergy and lay employees.



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# REPORT OF THE CHAIRMAN AND PRESIDENT/CEO

The direst financial predictions finally came true in 2008. After years when the housing bubble inflated, American credit card debt soared and global stock markets set record highs, everything was brought back to earth. The Dow Jones Industrial Average recorded its worst return in 77 years. European stocks performed even worse, and once highflying emerging markets lost nearly half their value in one four-month period during the year. That left panicky investors with few secure options, other than retreating to the safety of U.S. government debt, where one-month notes sold in December 2008 yielded essentially nothing. The velocity of market declines was unprecedented.

For the Pension Boards, the year began with a focus on risk control, compliance and the evaluation of all systems to reduce costs and improve service. This was a good decision, which positioned us well when the financial markets came unwound.

We never invested in subprime mortgages, had no exposure to Lehman Brothers at the time of their bankruptcy and most importantly, since 1914, through two World Wars, a Great Depression and multiple recessions, the Annuity Fund has never missed a payment to its members. According to our external actuary, The Hay Group, "The reported assets are sufficient to satisfy the actuarial liability. The Annuity Fund is actuarially sound."

In 2006, we restructured the Annuity Benefit Plan, defeasing certain reserves of the Basic Annuity by purchasing U.S. Treasuries yielding 4.78%. This decision, among others, allowed the Board to maintain 2009 annuity payments to retirees with the Basic Annuity at the same level as 2008, with no decrease.

We were also pleased that the payments to retirees with the Participating Annuity remained unchanged for 2009.

The following is a summary of Pension Boards activities in 2008:

## Compliance and Risk Control

The rewriting of the Rules of the Annuity Fund to comply with changes in Internal Revenue Service (IRS) 403(b) regulations was an extraordinary effort and time-consuming task. The documents were completed on time, and all changes in systems and operations conform to best practices. A corollary document for organizations of the Council for Health and Human Service Ministries of the United Church of Christ (CHHSM) is also complete, allowing flexibility for each group's individual Plan designs. Staff and the Audit

Committee began a review of internal audit functions, with recommended improvements to be implemented in 2009. Similarly, staff and the Audit Committee began a review of our custodial relationship, with recommendations that also will be implemented in 2009. Staff reviewed all contracts and agreements, including our securities lending guidelines. These guidelines were amended and strengthened prior to the fallout in fixed markets. All Medical and Dental Plan highlights booklets have been rewritten, and work is underway for new Medical and Dental Plan documents. Our Business Continuity Plan is fully implemented and the remote hot site is operational. All staff received biennial training on privacy practices and procedures related to the Health Insurance Portability and Accountability Act of 1996 (HIPAA).

## Governance

Having completed the work begun at its 2005 retreat, which focused inward on all matters related to governance, the Board of Trustees focused its 2008 retreat outward, on ways to better serve existing members while growing the Pension Boards' member base, both in local churches and church-related organizations. The Governance Committee of the Board will provide leadership over the next three years to assist staff with growth opportunities. A seamless transition to a new Board Chair occurred over a 12-month period, and became official with the election of Dan J. Carwile as Chair of the Board of Trustees at the June 2008 Annual Meeting. Board training during the year included an update of the role of the Board as Trustees and Directors, review of 403(b) legislation and education on alternative investments. A formal orientation for all new Trustees will occur at the March 2009 Board meeting.

The annual retreat for senior staff focused on staff relationships and better utilization of emerging technologies in support of growth initiatives. The staff succession plan was reviewed, updated and affirmed.

## Investments

All external and internal managers have been evaluated and changes made where necessary. The Alternative Investment Program, under evaluation for the past five years, was approved with an allocation of 10% of total assets to this asset class over time. A process for evaluating alternative opportunities was approved, and a decision made on the first alternative investment. Investment Guidelines have been amended where necessary. Corporate Social Responsibility Guidelines have been updated as well.

In this tumultuous environment, all of the Pension Boards' Funds, with the exception of the Stable Value Fund and the Bond Fund, experienced negative returns. The Stable Value Fund returned 4.02%, the Bond Fund returned 1.39%, the Equity Fund returned -38.55%, and the Balanced Fund returned -23.79%. The Target Annuitization Date (TAD) Funds recorded negative returns as well. The TAD 2015 Fund returned -16.97%, the TAD 2020 Fund returned -22.46%, the TAD 2025 Fund returned -27.80% and the TAD 2030 Fund returned -29.26%. Turbulent markets have called for a continuous and vigilant review of all risks, particularly counter-party risk, while at the same time evaluating unique opportunities that may enhance returns over time.

### Corporate Social Responsibility (CSR)

Vital partnerships with other investors through the Interfaith Center on Corporate Responsibility (ICCR) and the Social Investment Forum provide leverage for our socially responsible investing efforts. Our proxy voting program allows us to systematically respond to the annual ballots of the companies in which we are invested in a manner that is consistent with the core values of the church and the principles of long-term investing. Shareholder engagement, through shareholder resolutions and corporate dialogue, is another fundamental CSR practice that the Pension Boards employs on issues of corporate governance, environmental justice and human rights. In 2008, the Pension Boards voted more than 400 proxies and participated in many corporate dialogues. The economic turmoil of 2008 showed the prescience of ICCR members and other socially responsible investors. For more than a decade, those investors have been filing resolutions calling for more analysis of executive compensation, mortgage lending practices and underwriting standards, many of the issues that contributed to the downturn. The Pension Boards' CSR program continues to use its principal practices to advocate for corporate change in order to safeguard long-term investment.

### Medical and Dental Benefits Plan

For the seventh consecutive year, average increases in the Medical Benefits Plan were approximately one-half the national trend. The cumulative effect of being below trend throughout this period is a savings of more than \$15 million for church employers in 2009. The increase for the UCC (Non-Medicare) Health Benefits Plan for 2009 is 5.2%; for the UCC Medicare Supplement Health Plan, the 2009 increase is 3.4%. A "Premium Holiday" – the first of its kind – in the form of billing credits to employers and refund checks to retirees in Summer 2008 saved church employers and retirees more than \$4 million. The Premium Holiday came just as gasoline and other energy costs were

peaking. A UCC Vision Benefits Plan, available to active and retired UCC employees regardless of participation in the UCC Medical Benefits Plan, was introduced in April 2008 and has been well-received, with more than 1,600 enrollees in the first year. It is likely that participation in the Vision Plan will double in the next 12 to 18 months. On September 1, coverage for hearing aids was added to the Schedule of Benefits in both the UCC (Non-Medicare) Health Plan and UCC Medicare Supplement Plan. Staff continues to review diligently our purchasing arrangements with Medco, Highmark and ValueOptions to receive the most comprehensive benefits and services at the lowest possible cost. Staff participated in Denominational Benefits Coalition renewals of contracts with Medco, and began a review of Highmark. The Medco contract saved Coalition members \$153 million over 39 months. An enhanced disease management program, **optimalhealth**, was launched on January 1, 2008, followed by the introduction in April of an expanded wellness program, **myhealthIQ**. These improved offerings build on previous programs that had been in place four and five years, respectively. The **optimalhealth** program currently touches 1,410 (Non-Medicare) Health Plan participants, with the goal of improving adherence to treatment plans, which on average is only 50%. More than 400 (Non-Medicare) Health Plan participants are fully enrolled in **myhealthIQ**, having completed the health risk assessment and wellness exam. Both programs exceeded the goals for 2008. It is expected that participation in these programs will help control increases in future medical costs. We received approval for Medicare Part D subsidy by the Centers for Medicare and Medicaid Services in 2008 and again for 2009. All Medical and Dental Plan activities were completed by new staff and a director with less than two years' experience at the Pension Boards.

### Growth

In April, administration for the United Church Homes of Ohio's pharmacy benefits program was transferred to the Pension Boards. We renewed our contract to provide health, dental and vision services to Retirement Housing Foundation in August. These two organizations add 2,800 employees to our Medical and Dental Plan and purchasing coalitions. We continue to work with nine other CHHSM ministries as they consider one or more Pension Boards' Plans.

Growth in Retirement Savings Account (RSA) contributions was \$5,973,900; Tax-Sheltered Annuities (TSA), \$6,536,629; Flexible Spending Accounts (FSA), \$588,943 from 169 church employers; and the 3% retirement contribution for lay employees initiative (approved by General Synod in 2005), \$82,725. We have begun relating to 387 clergy in the 20-30 age bracket as part of a new initiative, the Target 2030 Program.

(Please see Ministerial Assistance, below.) We hope to increase participation of younger clergy in the Pension Boards' benefits Plans as well.

### Ministerial Assistance

During 2008, the United Church Board for Ministerial Assistance (UCBMA), a subsidiary corporation of the Pension Boards, began functioning with discrete governance and through the year, transitioned from meeting as a committee of the whole to appropriate Board governance with functioning committees. UCBMA developed a comprehensive Strategic Plan that was approved by the Board of Trustees in June. Funding for all elements of this Plan is in place and fundraising plans are underway to support future growth objectives. Specific and focused vision led to the development of the Target 2030 Program to better serve clergy in the early years of ministry. Target 2030 will be launched during 2009. Giving to the Christmas Fund Offering met expected year-over-year growth goals. Ninety-two percent of the offering received in one year is returned as direct support the following year.

### Member Education and Communication

To better serve our members and Plan participants, a completely new web site was launched in July. The site is receiving nearly 200,000 hits each month. Pre-Retirement Seminars were redesigned and now occur in regional groupings across the church. Monthly Member Education telephone conferences on topics related to Pension Boards' Plans and programs are available to all members and have been attended by 25-150 participants each month. Another monthly conference call opportunity was introduced in October, focusing on the state of the economy and financial markets. More than 1,000 discrete callers have participated in these conversations with senior Pension Boards staff. All communications, public relations and education resources are produced in-house.

All of this is accomplished with a staff of 72 and six consultants, and a budget that over the past five years has increased 12.79%; less than the Northeast Region Urban CPI change of 21.21%, and the Nationwide Urban CPI change of 19.61%.

It is our privilege and blessing to lead an incredible staff and Board that serve the thousands of clergy and lay employees who provide ministry in all settings of our church.

Faithfully,



**Michael A. Downs**  
President/CEO



**Dan J. Carwile**  
Chairman, Board of Trustees



## 2008 Review

Financial markets tumbled deeply into bear market territory in 2008 as confidence and trust in the global financial system sharply eroded, especially in the final quarter of the year. As home foreclosures rose and losses mounted on mortgage and other asset-backed securities, banks, corporations, investors and individuals found that they had taken on too much debt. The financial landscape radically changed as large financial institutions required government help to stay afloat. Freddie Mac and Fannie Mae, two government-sponsored enterprises that were chartered by Congress to help support the mortgage market in 1938 and 1968, respectively, were placed in conservatorship by the government as poorly performing mortgages mounted on their balance sheets. Late in the third quarter, Lehman Brothers filed for bankruptcy, the largest in U.S. history, and set off a cavalcade of unexpected consequences, contributing to a systemic crisis in the financial system that caused Merrill Lynch, Wachovia Bank and AIG, the largest insurer in the world, to cease being independent corporations. Credit markets seized up and liquidity in the markets became scarce as hedge funds and other investors moved quickly to reduce leverage. Lending dried up around the world as financial institutions moved to protect their capital from further erosion from credit losses and investors increasingly grew fearful that borrowers would be unable to pay back loans.

Governments and central banks in the U.S., Europe and Asia took unprecedented, dramatic measures, pledging trillions of dollars of stimulus to inject liquidity into the system through direct investment and other programs. The Federal Reserve reduced short-term rates to a range of 0% to 0.25% while the flight to quality reduced Treasury yields in all maturities. In the U.S., Congress passed the Troubled Asset Relief Program (TARP) to provide hundreds of billions of dollars of stimulus spending.

As fear in the financial markets rose, the economy fell off a cliff, with consumers and businesses abruptly curbing their spending. The annual rate of GDP growth was negative in the last two quarters of 2008, the first back-to-back negative quarters since 1991. Negative growth reduced GDP for the year to 1.1%, well below the 3% annual growth trend over the last decade. Consumer spending dropped more than 3% in the last two quarters of the year, the first consecutive negative quarters of that magnitude since records began being kept in 1947. Job losses during the year were the most since 1945, as unemployment rose to 7.2% by year-end from just 4.2% at the beginning of the year and 2.6 million jobs were lost in 2008, most in the last quarter. In early December, the National Bureau of Economic Research verified that a recession began in the U.S. in December 2007.

The rapid deterioration in the economy, employment, consumer spending and the continued downward pressure on

housing prices took a heavy toll on financial markets in 2008. The lack of confidence was felt in all segments of the market with the exception of U.S. Treasuries. Global stock prices, corporate bonds, mortgage-backed securities and commodities plunged as concerns about the viability of the financial system rose to levels last seen during the Great Depression. The Standards and Poor's (S&P 500) returned -37%, its third worst performance since 1937. Non-U.S. markets fared even worse as the MSCI EAFE (Morgan Stanley Capital International-Europe, Australasia and Far East) Index returned -43.09% while emerging markets, the best performing sector in the prior five years, returned -53.94%. Corporate bonds returned -4.94%. Oil, which had risen to more than \$147 a barrel in mid-July, collapsed to end the year at just under \$45 a barrel.

## Outlook

When will the markets stabilize? Will the government money pledged to prop up national economies result in an economic recovery, protect jobs and steady the housing market and the banking system? Unfortunately, no one knows for certain. Some economists see recovery in the second half of 2009 but many are calling for weakness to persist throughout 2009. The most pessimistic see the global contraction lasting several years if the government is unsuccessful in getting credit flowing again in restored, fully functional financial markets. Until confidence is restored in the banking system, it is difficult to see stabilization in the financial markets, let alone recovery. There are a number of issues that need to be worked out for a sustainable recovery. The flow of credit to financial institutions, corporations and consumers must be restored. Banks must eliminate bad assets from their balance sheets, rebuild capital ratios and begin lending again in line with stronger lending standards. Housing prices must stabilize and inventories of unsold homes must be taken down. Consumers must repair their balance sheets and regain confidence that the unemployment rate will reverse directions. Industries must restructure to remain competitive in a global economy. The government must balance short-term stimulus objectives with long-term benefits and deficit reduction targets. The Federal Reserve must fight deflationary forces in the near term and be vigilant about inflationary pressures that the massive stimulus programs may trigger in the future.

Most of us have never experienced a period when our retirement savings and the value of our homes have declined simultaneously to the degree they have in the current bear market. It may be helpful to remember that in the past century, financial markets endured two World Wars, a Great Depression and numerous recessions and yet recovered in each case to set new highs. Looking at past bear markets, years of sharp negative returns are often followed by years of strong returns. Patience will likely be required in the current situation but there is no reason to believe that this time it will be different.

## Selected Data

The table below highlights important aspects of The Pension Boards–United Church of Christ’s stewardship obligations.  
For comparison purposes, data has been provided for the years ending December 31, 2008, 2007 and 1998.

Dollar amounts in thousands except for member counts and average compensation.	2008	2007	1998	Percent Change 2008-2007	Percent Change 2008-1998
Total Assets	\$ 2,502,754	\$ 3,779,643	\$ 2,396,504	-33.8%	4.4%
Net Assets	\$ 2,398,092	\$ 3,054,786	\$ 2,339,013	-21.5%	2.5%
<b>Retiree Data</b>					
Net Assets of Present Annuitants	\$ 1,213,746	\$ 1,485,674	\$ 1,011,676	-18.3%	20.0%
Benefits Paid	\$ 129,974	\$ 124,387	\$ 76,475	4.5%	70.0%
Number of Annuitants	9,332	9,204	7,269	1.4%	28.4%
<b>Pre-Retiree Data</b>					
Net Assets of Accumulation Members	\$ 1,000,078	\$ 1,347,190	\$ 1,261,454	-25.8%	-20.7%
Number of Active Members	5,822	6,225	7,289	-6.5%	-20.1%
Number of Inactive Members	6,299	5,600	5,222	12.5%	20.6%
<b>Ministerial Assistance and Supplementation Data</b>					
Emergency and Regular Grants	\$ 878	\$ 543	\$ 444	61.7%	97.7%
Christmas Gift Checks	\$ 306	\$ 354	\$ 317	-13.6%	-3.5%
Supplementation of Small Annuity Grants	\$ 1,850	\$ 1,850	\$ 952	0.0%	94.3%
Health Supplementation Grants	\$ 600	\$ 600	\$ 340	0.0%	76.5%
<b>Benefit Services Data</b>					
<b>Health Benefits:</b>					
Health Benefits Paid to Non-Medicare Participants	\$ 21,408	\$ 18,638	\$ 20,149	14.9%	6.2%
Health Benefits Paid to Medicare Participants	\$ 3,673	\$ 3,523	\$ 2,748	4.3%	33.7%
Pharmacy Benefits Paid	\$ 12,577	\$ 11,393	\$ 5,121	10.4%	145.6%
Number of Non-Medicare Participants	4,637	4,695	4,657	-1.2%	-0.4%
Number of Medicare Participants	2,528	2,526	2,294	0.1%	10.2%
Number of Claims	217,179	196,757	Note 1*	10.4%	N/A
<b>Dental Benefits:</b>					
Dental Benefits Paid	\$ 2,505	\$ 2,474	\$ 2,300	1.3%	8.9%
Number of Dental Participants	6,309	4,907	5,294	28.6%	19.2%
Number of Claims	40,048	33,877	Note 1*	18.2%	N/A
<b>Life Insurance and Disability Income Plan:</b>					
Total Insurance Coverage	\$ 160,525	\$ 157,488	\$ 166,000	1.9%	-3.3%
Life Insurance Benefits Paid	\$ 816	\$ 799	\$ 152	2.1%	436.8%
Number of Plan Participants	5,233	5,307	5,326	-1.4%	-1.7%
<b>Long-Term Disability:</b>					
Benefits Paid	\$ 805	\$ 801	\$ 803	0.5%	0.2%
Participants Receiving Benefits	52	63	58	-17.5%	-10.3%
<b>Short-Term Disability:</b>					
Benefits Paid	\$ 114	\$ 132	Note 1*	-13.6%	N/A
Participants Receiving Benefits	25	25	Note 1*	0.0%	N/A
<b>Clergy Compensation</b>					
Average Annual Compensation of Male Clergy	\$ 55,484	\$ 53,366	Note 1*	4.0%	N/A
Average Annual Compensation of Female Clergy	\$ 46,890	\$ 44,573	Note 1*	5.2%	N/A
Percentage of Male Clergy Receiving Dues at 14% of Salary Basis	90.0%	93.0%	Note 1*	-3.2%	N/A
Percentage of Female Clergy Receiving Dues at 14% of Salary Basis	87.0%	88.0%	Note 1*	-1.1%	N/A

\*Note 1: Not Available

## **2008 Gifts and Legacies**

### **Over \$35,000**

Lena Thompson Trust  
Robert Murray Family Trust

### **\$25,000 - \$35,000**

E.H. Fobes Fiduciary Trust  
John A. Beard – Evangelical & Reformed Church  
Joseph E. Roy – Northern Trust

### **\$5,000 - \$10,000**

Helen J. Busiel

### **Up to \$5,000**

Anonymous Donor (3)  
Anna W. Hannum Estate  
C.H. Snyder  
Elva Marsh Webner Irrevocable Trust  
Gilman L. Parker Trust  
Julian D. Anthony Trust  
Sue M. Ehrgood Trust

“The surprise rebate on health insurance and the special Energy Assistance Grant are much appreciated. I have had three hospitalizations since mid-February and I am made very aware by these gifts of the UCC’s concern for those of us who have received these aids.”

“Thank you for the ‘Good Claims Experience Credit.’ I couldn’t believe you did that. All the other institutions in the USA keep the money for themselves. Thank you for your integrity and faithfulness.”

“Today, your Energy Assistance Grant arrived. Again, many thanks for your concern. Much appreciated!”

“I want to commend your adding hearing aid coverage. I have had hearing aids for the last 35 years and they are increasingly expensive...

I do appreciate your acknowledging this need.”

“Our UCC Pension Boards never ceases to amaze us, and all others, for the good things you do.”

“I want to salute the ways you continue to improve the Pension Boards [Plans and] programs in many positive ways. You have been a ‘life saver’ in more ways than you would ever realize. Keep up the good work.”

## The Pension Boards–United Church of Christ, Inc.

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### Report of Management

The management of The Pension Boards-United Church of Christ, Inc. (the "Pension Boards") has prepared and is responsible for the financial statements and all other information in the Annual Report. Information presented in the financial statements is consistent with that shown elsewhere in the Annual Report.

The financial statements have been prepared in conformity with United States generally accepted accounting principles. The statements necessarily include amounts based on management's best estimates and judgments.

The Pension Boards' system of internal control plays an important role in meeting its responsibilities for reliable financial statements. It is designed to provide reasonable assurance that assets are safeguarded and that transactions are properly recorded and executed in accordance with management's authorization. The control environment is enhanced by the selection and training of competent personnel; the retention of an independent, internal auditor; maintaining and reinforcing the highest standards of conduct by employees in carrying out the Pension Boards' affairs (including providing employees with the ability to anonymously report concerns under a Whistleblower Policy); organizational arrangements that provide for segregation of duties and delegation of authority; and, the communication of accounting and operating policies and procedures to employees.

In the event of unforeseen irregularities or errors, management believes the Pension Boards' internal accounting control system provides reasonable assurance that errors or irregularities that could be material to the financial statements are prevented or would be detected on a timely basis and corrected in the normal course of business.

The 21-member Board of Trustees oversees these financial statements through its Audit Committee. All Trustees are independent of the Pension Boards' internal management. The Audit Committee meets regularly with management, independent and internal auditors to discuss internal accounting controls, auditing and financial reporting matters. The Audit Committee may choose to meet privately with the independent and internal auditors.

The Audit Committee approves the compensation and appointment of the independent auditors, Ernst & Young LLP, based upon their audits of the combined financial statements, as contained in this report.

Michael A. Downs  
President/Chief Executive Officer

Maxine Seifert  
Chief Financial Officer/Treasurer

March 16, 2009



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## Report of Independent Auditors

To the Board of Trustees of The Pension Boards-United Church of Christ, Inc.

We have audited the accompanying combined statements of net assets of The Pension Boards-United Church of Christ, Inc. (the "Pension Boards") as of December 31, 2008 and 2007, and the related combined statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Pension Boards' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of Pension Boards' internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pension Boards' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined net assets of the Pension Boards as of December 31, 2008 and 2007, and the combined changes in their net assets and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedules are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in our audits of the financial statements and, accordingly, we express no opinion on it.

*Ernst & Young LLP*

March 16, 2009

# THE PENSION BOARDS

UNITED CHURCH OF CHRIST, INC.

## COMBINED STATEMENTS OF NET ASSETS

December 31, 2008 and 2007

	Annuitant Fund	Accumulation Fund	Benefit Services	Operating Fund	Ministerial Assistance
<b>ASSETS</b>					
CASH	\$ 802,065	\$ 356,285	\$ 3,530	\$ 798,618	\$ 170,851
INVESTMENTS	1,227,983,856	995,585,829	82,346,408	43,545,950	44,385,318
OTHER ASSETS:					
Collateral held under securities lending agreements	44,692,019	36,453,762	6,927,132	80,231	2,153,088
Accrued investment income receivable	4,848,051	5,209,022	702,081	10,256	233,681
Accounts receivable	-	-	555,971	49,717	3,409
Accounts receivable-Sale of investments	978,615	1,034,538	40,754	2,478	48,748
Receivable from affiliated entities and other funds	24,626	18,583	641,326	585,981	2,149
Prepaid expenses	47,839	44,249	53,163	65,076	3,135
Fixed assets	33,868	33,069	106,170	1,073,006	19,917
<b>TOTAL ASSETS</b>	<u>1,279,410,939</u>	<u>1,038,735,337</u>	<u>91,376,535</u>	<u>46,211,313</u>	<u>47,020,296</u>
<b>LIABILITIES</b>					
Cash overdraft	667,902	343,018	17,301	552,537	126,444
Payables under securities loan agreements	44,692,019	36,453,762	6,927,132	80,231	2,153,088
Accounts payable	323,715	418,220	798,387	148,699	22,547
Accounts payable-Purchase of investments	1,364,436	1,442,407	56,821	3,455	67,967
Health and dental benefits payable	-	-	4,032,294	-	-
Deferred income	-	-	3,882,820	-	-
Other liabilities	-	-	14,061	72,951	-
<b>TOTAL LIABILITIES</b>	<u>47,048,072</u>	<u>38,657,407</u>	<u>15,728,816</u>	<u>857,873</u>	<u>2,370,046</u>
<b>NET ASSETS</b>	<u>\$ 1,232,362,867</u>	<u>\$ 1,000,077,930</u>	<u>\$ 75,647,719</u>	<u>\$ 45,353,440</u>	<u>\$ 44,650,250</u>
<b>NET ASSETS BY FUND</b>					
UNRESTRICTED NET ASSETS:					
Associated with providing retirement benefits:					
Members' accumulation	\$ -	\$ 1,000,077,930	\$ -	\$ -	\$ -
Present annuitants	1,213,745,594	-	-	-	-
Other obligations to members	18,617,273	-	-	-	-
Total	<u>1,232,362,867</u>	<u>1,000,077,930</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other unrestricted net assets:					
Current account	-	-	75,647,719	108,651	-
Fund for supplementing small annuities	-	-	-	6,212,982	-
Designated for long-term capital expenditures	-	-	-	1,000,000	-
Board-designated funds functioning as endowment	-	-	-	2,522,459	37,808,402
<b>TOTAL UNRESTRICTED NET ASSETS</b>	<u>1,232,362,867</u>	<u>1,000,077,930</u>	<u>75,647,719</u>	<u>9,844,092</u>	<u>37,808,402</u>
RESTRICTED NET ASSETS					
Temporarily restricted net assets:					
Earnings on endowment funds	-	-	-	195,349	2,195,127
Total temporarily restricted net assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>195,349</u>	<u>2,195,127</u>
Permanently restricted net assets:					
Endowment funds	-	-	-	35,313,999	4,646,721
<b>TOTAL RESTRICTED NET ASSETS</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,509,348</u>	<u>6,841,848</u>
<b>TOTAL NET ASSETS BY FUND</b>	<u>\$ 1,232,362,867</u>	<u>\$ 1,000,077,930</u>	<u>\$ 75,647,719</u>	<u>\$ 45,353,440</u>	<u>\$ 44,650,250</u>

See notes to the Combined Financial Statements.

2008 Total	Annuitant Fund	Accumulation Fund	Benefit Services	Operating Fund	Ministerial Assistance	2007 Total
\$ 2,131,349	\$ 1,493,662	\$ 1,631,177	\$ -	\$ -	\$ 32,257	\$ 3,157,096
2,393,847,361	1,495,892,095	1,338,857,974	90,041,111	57,017,288	60,464,826	3,042,273,294
90,306,232	315,707,479	323,252,859	34,133,859	631,153	16,722,539	690,447,889
11,003,091	5,288,258	5,947,010	730,166	15,405	288,786	12,269,625
609,097	-	-	604,633	7,833	25,125	637,591
2,105,133	13,026,980	13,746,933	310,959	32,131	613,742	27,730,745
1,272,665	18,297	15,746	560,319	567,195	1,335	1,162,892
213,462	48,337	43,305	50,224	42,657	2,724	187,247
1,266,030	85,196	86,492	159,505	1,401,695	43,976	1,776,864
2,502,754,420	1,831,560,304	1,683,581,496	126,590,776	59,715,357	78,195,310	3,779,643,243
1,707,202	-	-	276,525	124,551	-	401,076
90,306,232	315,707,479	323,252,859	34,133,859	631,153	16,722,539	690,447,889
1,711,568	820,969	978,668	154,453	134,418	56,544	2,145,052
2,935,086	11,523,513	12,160,375	275,071	28,423	542,909	24,530,291
4,032,294	-	-	3,220,438	-	-	3,220,438
3,882,820	-	-	3,686,286	-	-	3,686,286
87,012	-	-	21,516	404,418	-	425,934
104,662,214	328,051,961	336,391,902	41,768,148	1,322,963	17,321,992	724,856,966
\$ 2,398,092,206	\$ 1,503,508,343	\$ 1,347,189,594	\$ 84,822,628	\$ 58,392,394	\$ 60,873,318	\$ 3,054,786,277
\$ 1,000,077,930	\$ -	\$ 1,347,189,594	\$ -	\$ -	\$ -	\$ 1,347,189,594
1,213,745,594	1,485,674,495	-	-	-	-	1,485,674,495
18,617,273	17,833,848	-	-	-	-	17,833,848
2,232,440,797	1,503,508,343	1,347,189,594	-	-	-	2,850,697,937
75,756,370	-	-	84,822,628	(163,809)	-	84,658,819
6,212,982	-	-	-	5,483,039	-	5,483,039
1,000,000	-	-	-	750,000	-	750,000
40,330,861	-	-	-	3,091,829	51,414,499	54,506,328
2,355,741,010	1,503,508,343	1,347,189,594	84,822,628	9,161,059	51,414,499	2,996,096,123
2,390,476	-	-	-	393,677	4,812,098	5,205,775
2,390,476	-	-	-	393,677	4,812,098	5,205,775
39,960,720	-	-	-	48,837,658	4,646,721	53,484,379
42,351,196	-	-	-	49,231,335	9,458,819	58,690,154
\$ 2,398,092,206	\$ 1,503,508,343	\$ 1,347,189,594	\$ 84,822,628	\$ 58,392,394	\$ 60,873,318	\$ 3,054,786,277

## THE PENSION BOARDS

UNITED CHURCH OF CHRIST, INC.

### COMBINED STATEMENTS OF ACTIVITIES

Years Ended December 31, 2008 and 2007

	Annuitant Fund	Accumulation Fund	Benefit Services	Operating Fund	Ministerial Assistance
<b>ADDITIONS</b>					
Contributions					
Retirement benefits - member	\$ -	\$ 6,536,629	\$ -	\$ -	\$ -
Retirement benefits - employer	-	34,990,731	-	-	-
Health and dental benefits	-	-	55,061,675	-	-
Life Insurance and Disability Income Benefit Plan	-	-	2,538,659	-	-
Our Church's Wider Mission	-	-	-	586,981	-
Christmas Fund appeal	-	-	-	-	1,599,133
Donations and legacies	-	-	-	27,113	432,431
Investment income	54,631,978	44,195,939	3,983,487	205,246	1,954,937
Realized and unrealized investment gains (losses)	(281,459,303)	(334,812,562)	(11,432,110)	(913,795)	(15,373,145)
Pilgrim Memorial Fund income	-	-	-	2,149,325	-
Change in value of the Pilgrim Memorial Fund	-	-	-	(13,523,659)	-
Interfund transfers	73,742,084	(79,528,970)	-	5,786,886	-
Other	224,815	181,363	26,280	92,491	14,017
<b>TOTAL ADDITIONS</b>	<b>(152,860,426)</b>	<b>(328,436,870)</b>	<b>50,177,991</b>	<b>(5,589,412)</b>	<b>(11,372,627)</b>
<b>DEDUCTIONS</b>					
Payments to annuitants	114,384,669	-	-	1,124,169	-
Partial withdrawals and lump-sum settlements	-	14,464,942	-	-	-
Health and dental benefits payments	-	-	50,028,447	-	-
Life Insurance and Disability Income Benefits payments	-	-	2,076,656	-	-
Benefit services costs	-	-	7,598,689	-	-
Retirement benefits administration and investment costs	3,900,381	4,209,852	249,108	8,175,373	211,505
Ministerial Assistance costs	-	-	-	-	1,004,146
Ministerial Assistance grants	-	-	-	-	1,184,790
Grant for supplementing retired persons' health benefits and small annuities	-	-	(600,000)	(1,850,000)	2,450,000
<b>TOTAL DEDUCTIONS</b>	<b>118,285,050</b>	<b>18,674,794</b>	<b>59,352,900</b>	<b>7,449,542</b>	<b>4,850,441</b>
<b>(DECREASE) INCREASE IN NET ASSETS</b>	<b>\$(271,145,476)</b>	<b>\$(347,111,664)</b>	<b>\$(9,174,909)</b>	<b>\$(13,038,954)</b>	<b>\$(16,223,068)</b>
<b>COMPOSITION OF CHANGES IN NET ASSETS</b>					
(Decrease) Increase in unrestricted net assets	\$ (271,145,476)	\$ (347,111,664)	\$ (9,174,909)	\$ 683,033	\$ (13,606,097)
(Decrease) Increase in restricted net assets	-	-	-	(13,721,987)	(2,616,971)
<b>(DECREASE) INCREASE IN NET ASSETS</b>	<b>\$(271,145,476)</b>	<b>\$(347,111,664)</b>	<b>\$(9,174,909)</b>	<b>\$(13,038,954)</b>	<b>\$(16,223,068)</b>

See notes to the Combined Financial Statements.

2008 Total	Annuitant Fund	Accumulation Fund	Benefit Services	Operating Fund	Ministerial Assistance	2007 Total
\$ 6,536,629	\$ -	\$ 5,676,593	\$ -	\$ -	\$ -	\$ 5,676,593
34,990,731	-	34,898,983	-	-	-	34,898,983
55,061,675	-	-	48,479,607	-	-	48,479,607
2,538,659	-	-	2,501,135	-	-	2,501,135
586,981	-	-	-	587,343	-	587,343
1,599,133	-	-	-	-	1,572,530	1,572,530
459,544	-	-	-	19,176	407,251	426,427
104,971,587	55,453,002	49,489,273	2,929,178	115,348	2,148,788	110,135,589
(643,990,915)	49,826,259	35,412,412	2,194,167	99,584	1,779,517	89,311,939
2,149,325	-	-	-	2,057,952	-	2,057,952
(13,523,659)	-	-	-	1,124,624	-	1,124,624
-	75,176,693	(80,218,085)	-	5,041,392	-	-
538,966	219,023	186,873	63,423	124,533	18,139	611,991
<u>(448,081,344)</u>	<u>180,674,977</u>	<u>45,446,049</u>	<u>56,167,510</u>	<u>9,169,952</u>	<u>5,926,225</u>	<u>297,384,713</u>
115,508,838	108,319,600	-	-	1,099,965	-	109,419,565
14,464,942	-	14,968,059	-	-	-	14,968,059
50,028,447	-	-	37,499,952	-	-	37,499,952
2,076,656	-	-	2,343,607	-	-	2,343,607
7,598,689	-	-	6,152,132	-	-	6,152,132
16,746,219	5,042,422	5,521,894	330,430	8,018,872	269,636	19,183,254
1,004,146	-	-	-	-	863,066	863,066
1,184,790	-	-	-	-	897,227	897,227
-	-	-	(600,000)	(1,850,000)	2,450,000	-
<u>208,612,727</u>	<u>113,362,022</u>	<u>20,489,953</u>	<u>45,726,121</u>	<u>7,268,837</u>	<u>4,479,929</u>	<u>191,326,862</u>
<u>\$ (656,694,071)</u>	<u>\$ 67,312,955</u>	<u>\$ 24,956,096</u>	<u>\$ 10,441,389</u>	<u>\$ 1,901,115</u>	<u>\$ 1,446,296</u>	<u>\$ 106,057,851</u>
\$ (640,355,113)	\$ 67,312,955	\$ 24,956,096	\$ 10,441,389	\$ 739,223	\$ 1,393,225	\$ 104,842,888
(16,338,958)	-	-	-	1,161,892	53,071	1,214,963
<u>\$ (656,694,071)</u>	<u>\$ 67,312,955</u>	<u>\$ 24,956,096</u>	<u>\$ 10,441,389</u>	<u>\$ 1,901,115</u>	<u>\$ 1,446,296</u>	<u>\$ 106,057,851</u>

## THE PENSION BOARDS

UNITED CHURCH OF CHRIST, INC.

### COMBINED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2008 and 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from members and employers for retirement benefits plan	\$ 41,247,034	\$ 40,771,125
Cash received from members and employers for health and dental benefits plans	55,306,871	48,549,852
Cash received from members and employers for Life Insurance and Disability Income Benefit Plan	2,538,659	2,501,135
Cash received from Our Church's Wider Mission	538,066	587,343
Cash received from Christmas Fund appeal	1,620,849	1,550,223
Cash received from contributors	459,544	426,427
Cash received from income on investments	75,349,860	70,518,506
Cash received from the Pilgrim Memorial Fund	2,114,302	2,054,880
Miscellaneous receipts	538,966	608,772
Payments made to annuitants, members and beneficiaries from the pension plan	(129,966,710)	(124,380,101)
Payments made to participants and providers from the health and dental benefits plans	(49,213,626)	(37,807,193)
Payments made to participants and insurance companies for benefits under the Life Insurance and Disability Income Benefit Plan	(2,076,656)	(2,343,607)
Cash paid to employees, suppliers and providers of services	(23,167,107)	(23,329,422)
Grants paid	(1,184,790)	(897,227)
Net cash used in operating activities	(25,894,738)	(21,189,287)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of investments	4,553,116,481	3,490,458,598
Purchase of investments	(4,529,133,372)	(3,465,311,202)
Purchase of equipment	(420,244)	(597,323)
Net cash provided by investing activities	23,562,865	24,550,073
NET (DECREASE) INCREASE IN CASH	(2,331,873)	3,360,786
NET CASH, BEGINNING OF YEAR	2,756,020	(604,766)
NET CASH, END OF YEAR	\$ 424,147	\$ 2,756,020
COMPOSITION OF NET CASH, END OF YEAR:		
Cash	\$ 2,131,349	\$ 3,157,096
Cash overdraft	(1,707,202)	(401,076)
NET CASH, END OF YEAR	\$ 424,147	\$ 2,756,020

Continued

See notes to the Combined Financial Statements.

## THE PENSION BOARDS

UNITED CHURCH OF CHRIST, INC.

### COMBINED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2008 and 2007

(Continued)

	<u>2008</u>	<u>2007</u>
RECONCILIATION OF NET CHANGE IN NET ASSETS TO NET CASH USED IN OPERATING ACTIVITIES:		
(Decrease) Increase in net assets	\$ (656,694,071)	\$ 106,057,851
Adjustments to reconcile (decrease) increase in net assets to net cash used in operating activities:		
Depreciation and amortization	931,428	775,850
Net investment losses (gains)	643,990,915	(89,311,939)
(Increase) Decrease in value of Pilgrim Memorial Fund	13,523,659	(1,124,624)
Accretion of discount on investments	(10,852,213)	(12,968,008)
Income reinvested	(18,189,480)	(22,348,792)
(Increase) Decrease in accrued investment income receivable	1,266,534	(2,370,052)
(Increase) Decrease in accounts receivable	28,494	(127,002)
(Increase) Decrease in net receivable from affiliated entities and other funds	(109,773)	147,073
(Increase) Decrease in prepaid expenses	(26,215)	(66,425)
Increase (Decrease) in accounts payable	(433,484)	73,205
Increase (Decrease) in health and dental benefits payable	811,856	(306,215)
Increase in deferred income	196,534	182,488
Increase (Decrease) in other liabilities	(338,922)	197,303
Net cash used in operating activities	<u>\$ (25,894,738)</u>	<u>\$ (21,189,287)</u>

See notes to the Combined Financial Statements.

## 1. ORGANIZATION AND BASIS OF PRESENTATION

### a. Tax-Exempt Corporations

The Pension Boards-United Church of Christ, Inc. (the "Pension Boards"), a New Jersey corporation, provides a defined contribution retirement plan for ordained ministers and lay employees of the United Church of Christ ("UCC"), its predecessor religious denominations and of UCC-related organizations; acts as the investment-holding corporation and common investment fund for all marketable investments; and provides a UCC Medical and Dental Benefits Plan and Life Insurance and Disability Income Benefit Plans for UCC ordained ministers, lay employees, retirees and their beneficiaries. As an Affiliated Ministry of the UCC, the Pension Boards is able to serve all other ministries of the UCC.

The United Church Board for Ministerial Assistance, Inc. ("Ministerial Assistance"), a Connecticut corporation, holds, manages and distributes funds for the assistance and relief of ministers of the UCC, Congregational Christian ministers who have not elected to become ministers of the UCC, and the families of any such ministers.

The accompanying combined, accrual basis, comparative financial statements include the assets, liabilities, activities and cash flows of the Pension Boards and Ministerial Assistance as if they were legally combined into one entity. All inter-corporate balances have been eliminated in the combination.

### b. Fund Model

As an Affiliated Ministry of the UCC, the Pension Boards presents its financial statements using a program-oriented, fund model. The financial statements present, separately and in total, the net assets and changes in net assets of the Annuitant, Accumulation, Benefit Services, Operating and Ministerial Assistance Funds. The net assets and changes in net assets of annuitant members, or those who are presently receiving annuity payments, are included in the Annuitant Fund. The net assets and changes in net assets of both active and inactive members who are not yet receiving annuity payments are included in the Accumulation Fund. The Benefit Services Fund includes net assets and activities of the Health and Dental benefits, Life Insurance and Disability Income Benefit Plans. The Operating Fund includes the net assets and changes in net assets of funds related to the administration of activities.

### c. Investment Options

Member retirement contributions are invested according to the latest instructions received from each member. Each Fund invests in assets held and managed by the Pension Boards. Contributions may be invested in any or all of the following investment funds: the Pension Boards Stable Value Fund, the Pension Boards Bond Fund, the Pension Boards Equity Fund, the Pension Boards Balanced Fund and four Pension Boards Target Annuitization Date Funds ("TAD Funds").

The objective of the Pension Boards Stable Value Fund is to preserve both invested principal and earned interest. The fund seeks to maintain a stable unit value of \$1.00 per unit while earning a level of income that is consistent with intermediate term bonds.

The objective of the Pension Boards Bond Fund is to maximize total return consistent with a broadly diversified portfolio of high quality fixed income securities.

The objective of the Pension Boards Equity Fund is long-term capital growth and income consistent with a broadly diversified portfolio of domestic and international equity securities.

The objective of the Pension Boards Balanced Fund is to provide long-term growth of principal and income consistent with a highly diversified portfolio of domestic and international stocks and high quality bonds. The Pension Boards Balanced Fund invests in both the Pension Boards Bond and Equity Funds, in proportions as determined by the Chief Investment Officer within limits established by the Board of Trustees of the Pension Boards or its Investment Committee.

The TAD Funds are a group of balanced funds designed for members who will convert their accumulated account balance in a TAD Fund to an annuity during or close to the year indicated in the name of the TAD Fund (2015, 2020, 2025 or 2030). The TAD Funds invest in the Pension Boards Equity, Bond and Stable Value Funds in accordance with a moderate asset allocation strategy that becomes more conservative as the Fund's target date approaches.

The Benefit Services Fund currently invests in the Pension Boards Bond and Equity Funds.

The Operating Fund utilizes the Pension Boards Bond and Equity Funds.

The Ministerial Assistance Fund invests in the Pension Boards Balanced Fund.

d. The Christmas Fund

Ministerial Assistance maintains a "Christmas Fund" to receive contributions from an annual church-wide appeal designated primarily for relief activities and Christmas gifts for retired ministers. Grants for the supplementation of health benefit costs for both lay and clergy employees are also made available from this fund.

e. Pilgrim Memorial Fund

The Pension Boards is the income beneficiary of the Pilgrim Memorial Fund ("PMF"), an endowment fund held in trust by the United Church Foundation, Inc. ("UCF"), an Associated Ministry of the UCC. Under the terms of the endowment, the income is distributed quarterly by the UCF to the Pension Boards and is used by the Pension Boards to offset a portion of the administrative expenses related to accounts of most ministerial members of the Pension Boards. In accordance with Statement of Financial Accounting Standards No. 136, Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others, the interest in the PMF endowment fund is included in Investments in the Combined Statement of Net Assets. Included in "Pilgrim Memorial Fund income" is the income transferred to the Pension Boards from UCF earned from PMF. The Pension Boards' interest in PMF is valued at fair value, which is based on the market values of the investments held in the UCF Moderate Balanced Fund at December 31, 2008. The change in the Pension Boards' interest in the PMF endowment fund was a decrease of approximately \$13.5 million in 2008 and an increase of \$1.1 million in 2007 (included in the Combined Statements of Activities).

## 2. SIGNIFICANT ACCOUNTING POLICIES

a. Accounting estimates

Accounting estimates are an integral part of the financial statements and are based on knowledge and experience about past and current events and on assumptions about future events. Significant estimates in the financial statements include health and dental benefits payable and actuarial estimates for retirement obligations. In the case of benefits payable and retirement obligation estimates, independent, expert sources are employed to review estimates made by management.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the Combined Statement of Net Assets.

b. Investments

Investment transactions are accounted for on the date the securities are purchased or sold, which is the trade date. A corresponding payable to or receivable from the transaction counterparty is recorded until cash and securities are exchanged on settlement date. Dividend income is recorded on the ex-dividend date. Interest income is accrued as earned. Realized gain or loss represents the difference between the proceeds received on a sale of a security and its historical cost. Unrealized appreciation or depreciation is the difference between the market value of a security and its historical cost.

Investments are reported at fair value. The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (the exit price). Securities traded in active markets on national and international securities exchanges are valued at closing prices on the last business day of each year presented. Securities traded in markets that are not considered active are valued based on quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency. Securities that trade infrequently and therefore have little or no price transparency are valued using management's best estimates.

c. Fixed assets

Fixed assets include development costs for the implementation of software programs related to activities of the Pension Boards, the cost of purchased software, computers and other equipment, which are depreciated or amortized over their estimated useful lives using the straight line method. Also included in fixed assets are capitalized leasehold improvements which are amortized over the lesser of the remaining lease term or their estimated useful lives using the straight line method.

d. Cash overdraft

The Pension Boards maintains a zero balance checking account. As checks are written, they are recorded as disbursements in the financial statements. Checks are funded as presented to the bank for payment.

e. Revenue recognition

Employer and employee retirement contributions are recorded when received. Contributions for health and dental benefits are recognized when due from the members, at the commencement of the insured period.

Other contributions, including unconditional promises to give, are recognized as revenue in the year in which the unconditional promise to give is received.

### 3. PARTICIPATION PROVISIONS

Allocation of retirement contributions is in accordance with the Annuity Plan for the United Church of Christ, as amended. Members may allocate, effective the first day of the month, their required retirement contributions, as well as additional voluntary contributions made on either a before-tax or after-tax basis, in five percent increments among their accounts within the Stable Value Fund, the Bond Fund, the Equity Fund, the Balanced Fund and the four TAD Funds. With prior written notice, members may change their allocations of current account balances and future contributions, effective the first day of the following month. Upon retirement, alternative annuity options are available to members, all of which provide a life income, and most of which provide an income to a designated joint annuitant in the event of a member's death.

Members may make contributions to various group benefit plans. Self-insured short-term disability, health and dental benefit plans are administered by a third-party administrator. The Pension Boards also offers members a life insurance and long-term disability income benefit plan which is underwritten by an independent commercial insurance carrier.

#### 4. INVESTMENTS

At December 31, 2008 and 2007 investments were as follows:

<b>STABLE VALUE INVESTMENTS</b>	<u>2008</u>	<u>2007</u>
Short-term investments	\$ 37,710,020	\$ 11,055,928
Guaranteed investment contracts	3,541,183	3,455,896
Fixed maturity synthetic guaranteed investment contracts	46,306,991	55,057,881
Constant duration synthetic guaranteed investment contracts	94,620,265	112,410,052
<b>TOTAL STABLE VALUE INVESTMENTS</b>	<u>\$ 182,178,459</u>	<u>\$ 181,979,757</u>
<b>SHORT-TERM INVESTMENTS</b>		
Short-term investments	\$ 170,384,369	\$ 78,574,124
<b>TOTAL SHORT-TERM INVESTMENTS</b>	<u>\$ 170,384,369</u>	<u>\$ 78,574,124</u>
<b>FIXED-INCOME INVESTMENTS</b>		
Bonds, long-term (amortized cost 2008 - \$880,130,421; 2007 - \$973,968,897)	\$ 943,588,297	\$ 1,006,012,800
Mortgage-backed securities (cost 2008 - \$69,897,503; 2007 - \$75,210,119)	46,039,018	74,407,577
<b>TOTAL FIXED-INCOME INVESTMENTS</b>	<u>\$ 989,627,315</u>	<u>\$ 1,080,420,377</u>
<b>EQUITY INVESTMENTS</b>		
Common Stock (cost 2008 - \$1,002,810,351; 2007 - \$1,164,450,885)	\$ 819,003,822	\$ 1,309,556,729
Equity mutual funds (cost 2008 - \$330,904,558; 2007 - \$304,703,887)	192,131,950	342,888,585
<b>TOTAL EQUITY INVESTMENTS</b>	<u>\$ 1,011,135,772</u>	<u>\$ 1,652,445,314</u>
<b>OTHER INVESTMENTS</b>		
Participation in the UCF Moderate Balanced Fund of the United Church Foundation, Inc., (cost 2008 - \$16,497,067; 2007 - \$15,955,350 )	\$ 35,014,142	\$ 48,662,469
Private Equity (cost 2008 - \$6,000,000)	5,378,017	-
Other	129,287	191,253
<b>TOTAL OTHER INVESTMENTS</b>	<u>\$ 40,521,446</u>	<u>\$ 48,853,722</u>
<b>TOTAL INVESTMENTS</b>	<u>\$ 2,393,847,361</u>	<u>\$ 3,042,273,294</u>

### Stable Value

At December 31, 2008 and 2007, the portfolio included short-term investments and guaranteed investment contracts (“GICs”) which are accounted for at fair value. GICs issued by two insurance companies rated “AA” by Standard & Poors (“S&P”) represent approximately 2.0% of the Fund at both December 31, 2008 and 2007. The Pension Boards has contracted for fully-benefit-responsive wrap agreements that permit members to make routine withdrawals and transfers as permitted by the Annuity Plan for the United Church of Christ, as amended, at a stable unit value of \$1.00. Fixed maturity synthetic GICs, representing about 25% and 30% of the Stable Value portfolio at December 31, 2008 and 2007, respectively, include an underlying fixed income security portfolio and a book value, fully-benefit-responsive wrap. They were issued by three major money center banks and one foreign investment bank, each rated “AAA” by S&P. Constant duration synthetic GICs, representing about 52% and 62% of the Stable Value portfolio at December 31, 2008 and 2007, respectively, are investments which include an underlying portfolio of securities and a book value, fully-benefit-responsive wrap. The same four banks provided these wrap contracts. For 2008 and 2007, the average yield of the portfolio was 4.25% and 4.29%, respectively, while the annualized crediting interest rates at December 31, 2008 and 2007 were 3.98% and 4.41%, respectively. Crediting rates are set monthly and are not less than zero.

### Short-Term Investments

Short-Term Investments include institutional money market funds.

### Fixed-Income Investments

Fixed-Income Investments include U.S. Treasury bonds, U.S. government agency bonds and mortgage backed securities, corporate bonds and corporate mortgage backed securities. Management monitors concentration of credit risk. At December 31, 2008 and 2007, fixed-income investments included \$495 million and \$606 million, respectively, of U.S. Treasuries and its agencies.

### Equity Investments

Common Stock includes domestic and international issues diversified among investment managers who emphasize various investment styles. At December 31, 2008 and 2007, common stock included approximately 10.9% and 10.3% respectively, in foreign securities. Investment in foreign securities adds certain risks related to the currency of the foreign markets in which the securities are issued. Those investments with currency risk are spread over 12 different foreign countries with 9 currency denominations at December 31, 2008 and 2007, respectively. At December 31, 2008 and 2007, foreign investments include securities purchased in the currencies of industrialized nations (95.5 and 97.8 percent, respectively) and in U.S. dollars (4.5 and 2.2 percent, respectively).

Equity mutual funds include DFA U.S. Small Cap Value Portfolio, DFA Emerging Markets Value Portfolio and Dodge & Cox International Stock Fund.

### Other Investments

Other Investments include participation in the UCF Moderate Balanced Fund of the United Church Foundation, Inc. and a private equity limited partnership interest in a distressed debt fund. The aim of distressed debt investing is to identify those bonds that are trading at steep discounts, which have asset values or business values that exceed the price of the bonds.

Net investment (losses) gains include realized (losses) gains on investment sales and the change in unrealized appreciation (depreciation) on investments held at year-end. The net amount is comprised of the following:

	<u>2008</u>	<u>2007</u>
Realized (losses) gains on investment sales	\$ (145,606,555)	\$ 108,876,870
Unrealized depreciation on investments	<u>(498,384,360)</u>	<u>(19,564,931)</u>
Net Investment (Losses) Gains	<u>\$ (643,990,915)</u>	<u>\$ 89,311,939</u>

Total Investment Income includes interest income and dividend income on securities held throughout the year. The net amounts are comprised of the following:

	<u>2008</u>	<u>2007</u>
Interest Income	\$ 64,951,076	\$ 63,518,854
Dividend Income	<u>40,020,511</u>	<u>46,616,735</u>
Total Investment Income	<u>\$ 104,971,587</u>	<u>\$ 110,135,589</u>

## 5. FAIR VALUE MEASUREMENTS

In September 2006, the Financial Accounting Standards Board issued Statement No. 157, *Fair Value Measurements* (Statement 157). Statement 157 applies to financial statements issued for fiscal years beginning after November 15, 2007 and The Pension Boards adopted the provisions of Statement 157 effective January 1, 2008. The adoption of SFAS 157 did not have a material impact on the Pension Boards' financial statements.

### Fair Value Hierarchy

Statement 157 applies to all financial instruments that are measured and reported on a fair value basis, defines fair value and establishes a framework for measuring fair value. Statement 157 requires companies to classify and disclose the fair value of financial instruments according to a fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. The three levels of fair value hierarchy are:

- Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets and liabilities.
- Level 2: Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly.
- Level 3: Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

A review of fair value hierarchy classifications is conducted annually. Changes in the observability of valuation inputs may result in a reclassification for certain financial assets or liabilities. Reclassifications impacting Level 3 of the fair value hierarchy are reported as transfers in/out of the Level 3 category as of the beginning of the period in which the reclassifications occur.

The following tables set forth by level within the fair value hierarchy investment assets and liabilities as of December 31, 2008 and changes in fair value of the Pension Boards' Level 3 investments during the year ended December 31, 2008:

FAIR VALUE MEASUREMENTS ON A RECURRING BASIS  
AS OF DECEMBER 31, 2008

	Total	Quoted market prices in active markets for identical assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>STABLE VALUE INVESTMENTS</b>				
Short-Term Investments	\$ 37,710,020	\$ 37,710,020	\$ -	\$ -
Guaranteed Investment Contracts	3,541,183	-	3,541,183	-
Fixed Maturity Synthetic Guaranteed Investment Contracts	46,306,991	-	46,306,991	-
Constant Duration Synthetic Guaranteed Investment Contracts	94,620,265	-	94,620,265	-
<b>TOTAL STABLE VALUE INVESTMENTS</b>	<b>\$ 182,178,459</b>	<b>\$ 37,710,020</b>	<b>\$ 144,468,439</b>	<b>\$ -</b>
<b>SHORT-TERM INVESTMENTS</b>				
Short-Term Investments	\$ 170,384,369	\$ 170,384,369	\$ -	\$ -
<b>TOTAL SHORT TERM INVESTMENTS</b>	<b>\$ 170,384,369</b>	<b>\$ 170,384,369</b>	<b>\$ -</b>	<b>\$ -</b>
<b>FIXED-INCOME INVESTMENTS</b>				
Bonds, long term	\$ 943,588,297	\$ 327,758,389	\$ 615,829,908	\$ -
Mortgage-backed Securities	46,039,018	-	46,039,018	-
<b>TOTAL FIXED-INCOME INVESTMENTS</b>	<b>\$ 989,627,315</b>	<b>\$ 327,758,389</b>	<b>\$ 661,868,926</b>	<b>\$ -</b>
<b>EQUITY INVESTMENTS</b>				
Common Stock	\$ 819,003,822	\$ 819,003,822	\$ -	\$ -
Equity mutual funds	192,131,950	192,131,950	-	-
<b>TOTAL EQUITY INVESTMENTS</b>	<b>\$ 1,011,135,772</b>	<b>\$ 1,011,135,772</b>	<b>\$ -</b>	<b>\$ -</b>
<b>OTHER INVESTMENTS</b>				
Participation in the UCF Moderate Balanced Fund of the United Church Foundation, Inc.	\$ 35,014,142	\$ -	\$ -	\$ 35,014,142
Private Equity	5,378,017	-	-	5,378,017
Other	129,287	-	-	129,287
<b>TOTAL OTHER INVESTMENTS</b>	<b>\$ 40,521,446</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 40,521,446</b>
<b>TOTAL INVESTMENTS</b>	<b>\$ 2,393,847,361</b>	<b>\$ 1,546,988,550</b>	<b>\$ 806,337,365</b>	<b>\$ 40,521,446</b>

CHANGES IN LEVEL 3 INVESTMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

	Beginning Balance	Net purchases, sales, issuances and settlements	Unrealized Gain(Loss)	Ending Balance
<b>OTHER INVESTMENTS</b>				
Participation in the UCF Moderate Balanced Fund of the United Church Foundation, Inc.	\$ 48,662,469	\$ -	\$ (13,648,327)	\$ 35,014,142
Private Equity	-	6,000,000	(621,983)	5,378,017
Other	191,253	(61,966)	-	129,287
<b>TOTAL OTHER INVESTMENTS</b>	<b>\$ 48,853,722</b>	<b>\$ 5,938,034</b>	<b>\$ (14,270,310)</b>	<b>\$ 40,521,446</b>
<b>TOTAL INVESTMENTS</b>	<b>\$ 48,853,722</b>	<b>\$ 5,938,034</b>	<b>\$ (14,270,310)</b>	<b>\$ 40,521,446</b>

## 6. NET ASSETS

Net Assets are classified as unrestricted, temporarily restricted and permanently restricted. Accordingly, net assets and changes herein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations or the donor-imposed restrictions have expired.

Temporarily restricted net assets - Net assets that are subject to donor-imposed restrictions either for use during a specified time period or for a particular purpose. When a donor-imposed restriction is fulfilled or when a time restriction ends, temporarily restricted net assets are reclassified to unrestricted net assets.

Permanently restricted net assets - Net assets that are subject to permanent, donor-imposed restrictions.

Net Assets include:

### a. Members' accumulation

Members' accumulation includes member and employer contributions to members' individual accumulation accounts and the net earnings and change in market value credited/charged to individual accumulation accounts in accordance with the Annuity Plan for the United Church of Christ, as amended.

### b. Present annuitants

Upon retirement, obligations to participants under the defined contribution plan are converted to retirement annuities. Accordingly, consulting actuaries review annual actuarial valuations of the retirement obligations based on assumptions as to rates of mortality, interest, and other factors. The reserve for present annuitants represents the actuarially-determined value of all retirement annuities outstanding. The reserve for present annuitants is adjusted annually to reflect the required balance as determined by this actuarial valuation. Changes in assumptions are reflected as charges or credits to other obligations to members over a period of time.

### c. Other obligations to members

Annuitants may elect either a Basic or Participating Annuity. Annuitants' benefits are determined on the basis of an assumed earnings rate of 4 percent. Accordingly, the first 4 percent earned is credited to the net assets of present annuitants. Earnings in excess of 4 percent are credited to other obligations to members and, together with mortality charges/credits, are subsequently used to fund an annual increase, depending upon the option selected by the annuitant. Mortality gains and losses, as well as any modification of mortality assumptions, are amortized over a ten-year period and are charged/credited to other obligations to members.

d. Board designated funds functioning as endowment

Endowment-type funds are established to hold receipts of gifts and legacies for the general purposes of the Pension Boards, and income on endowment funds which is to be used for the general purposes of the corporation to which it was donated.

e. Endowment funds

Endowments include both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Endowment funds are administered in accordance with the laws of the state in which the corporations are incorporated and are accounted for in accordance with applicable generally accepted accounting principles.

Board designated funds functioning as endowments include the original principal amounts of gifts and legacies received which have no donor-imposed restrictions on their use and related accumulated gains and losses and income. These funds, which can be used for the general purpose of the corporation to which they were donated, are classified as unrestricted net assets.

Donor-restricted endowment funds are classified as restricted net assets. Permanently restricted endowment funds include the Pension Boards' interest in the PMF endowment fund as described in Note 1.e. and receipts of gifts and legacies where the principal balance must be maintained in perpetuity. The original principal of permanently restricted gifts and legacies which has donor-imposed restrictions on income was \$2,055,670 at both December 31, 2008 and 2007. The original principal amount of permanently restricted gifts and legacies which has no donor-imposed restrictions on the use of income was \$3,230,815 at both December 31, 2008 and 2007. Accumulated gains and losses and interest income on permanently restricted gifts and legacies are classified as temporarily restricted net assets until appropriated for expenditure. Expenditures of \$560,371 in 2008 and \$566,283 in 2007 were transferred to unrestricted net assets.

During 2007 and 2008, permanently restricted endowments were invested in the Equity, Bond and Balanced Funds of the Pension Boards and in the Moderate Balanced Fund of the United Church Foundation.

In making a determination to appropriate or accumulate donor-restricted endowment funds, the following factors are taken into consideration: the duration and preservation of the fund, the purposes of the organization and the donor-restricted endowment fund, general economic conditions, the possible effect of inflation and deflation, the expected total return from income and the appreciation of investments, other resources and investment policies.

## 7. SECURITIES LENDING PROGRAM

The Pension Boards participates in a securities lending program with various brokers and dealers in securities through its custodian bank. It is the policy to hold, as collateral, cash or short-term fixed-income securities in amounts at least equal to or greater than the market value of the investments on loan until the loaned securities are returned. The market value of securities under loan at December 31, 2008 and 2007 was approximately \$88 million and \$672 million, respectively. At December 31, 2008, securities on loan consisted of U.S. Treasury bonds and U.S. government agency bonds. The Pension Boards held collateral against the loaned securities of approximately \$90 million and \$690 million at each year end. At December 31, 2008, 99% of such collateral was classified as Level 1 in the Fair Value Hierarchy as described in Note 5. Collateral obligations are classified as payables under securities loan agreements in the accompanying Combined Statement of Net Assets.

## 8. LEASE COMMITMENTS

The Pension Boards is obligated under operating leases for its office space for minimum rents including insurance and taxes. These obligations for the period ending August 2009 are \$357,081 including base rent, which include base rent for space used and to be reimbursed by UCF in the amount of about \$43,100.

The annual lease amount is subject to modification based upon actual operating costs of the building. The Pension Boards' rental expense in the Combined Statement of Activities for the years ended December 31, 2008 and 2007 was \$532,949 and \$519,136, respectively.

The Pension Boards–United Church of Christ, Inc.  
Supplemental Schedules  
(Unaudited)

As of December 31, 2008 with 2007 Comparative Totals:

I. Annuitant Fund	28-29
II. Accumulation Fund	30-33
III. Benefit Services Fund	34-35

## THE PENSION BOARDS

UNITED CHURCH OF CHRIST, INC.  
 SUPPLEMENTAL SCHEDULES  
 ANNUITANT FUND  
 STATEMENTS OF NET ASSETS (UNAUDITED)  
 December 31, 2008 and 2007

	ANNUITANT FUND					
	Basic Fund	Participating Fund	Balanced Fund	Equity Fund	2008 Total	2007 Total
<b>ASSETS</b>						
CASH	\$ (279,890)	\$ 1,333,693	\$ (599,305)	\$ 347,567	\$ 802,065	\$ 1,493,662
INVESTMENTS	432,696,940	585,153,348	84,072,490	126,061,078	1,227,983,856	1,495,892,095
OTHER ASSETS:						
Collateral held under securities lending agreements	18,161,169	21,648,535	4,473,938	408,377	44,692,019	315,707,479
Accrued investment income receivable	1,807,973	2,409,709	483,992	146,377	4,848,051	5,288,258
Accounts receivable	-	-	-	-	-	-
Accounts receivable-Sale of investments	-	626,295	101,295	251,025	978,615	13,026,980
Receivable (payable) from (to) affiliated entities and other funds	4,091	19,354	(2,439)	3,620	24,626	18,297
Prepaid expenses	9,561	27,458	4,389	6,431	47,839	48,337
Fixed assets	6,803	19,634	2,849	4,582	33,868	85,196
<b>TOTAL ASSETS</b>	<b>452,406,647</b>	<b>611,238,026</b>	<b>88,537,209</b>	<b>127,229,057</b>	<b>1,279,410,939</b>	<b>1,831,560,304</b>
<b>LIABILITIES</b>						
Cash overdraft	(199,226)	1,011,397	(416,547)	272,278	667,902	-
Payables under securities loan agreements	18,161,170	21,648,534	4,473,938	408,377	44,692,019	315,707,479
Accounts payable	17,074	199,909	34,492	72,240	323,715	820,969
Accounts payable-Purchase of investments	-	873,214	141,230	349,992	1,364,436	11,523,513
Health and dental benefits payable	-	-	-	-	-	-
Deferred income	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>17,979,018</b>	<b>23,733,054</b>	<b>4,233,113</b>	<b>1,102,887</b>	<b>47,048,072</b>	<b>328,051,961</b>
<b>NET ASSETS</b>	<b>\$ 434,427,629</b>	<b>\$ 587,504,972</b>	<b>\$ 84,304,096</b>	<b>\$ 126,126,170</b>	<b>\$ 1,232,362,867</b>	<b>\$ 1,503,508,343</b>
<b>NET ASSETS BY FUND</b>						
<b>UNRESTRICTED NET ASSETS:</b>						
Associated with providing retirement benefits:						
Members' accumulation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Present annuitants	415,578,617	581,730,285	86,454,472	129,982,220	1,213,745,594	1,485,674,495
Other obligations to members	18,849,012	5,774,687	(2,150,376)	(3,856,050)	18,617,273	17,833,848
<b>Total</b>	<b>434,427,629</b>	<b>587,504,972</b>	<b>84,304,096</b>	<b>126,126,170</b>	<b>1,232,362,867</b>	<b>1,503,508,343</b>
Other unrestricted net assets:						
Current account	-	-	-	-	-	-
Fund for supplementing small annuities	-	-	-	-	-	-
Designated for long-term capital expenditures	-	-	-	-	-	-
Board-designated funds functioning as endowment	-	-	-	-	-	-
<b>TOTAL UNRESTRICTED NET ASSETS</b>	<b>434,427,629</b>	<b>587,504,972</b>	<b>84,304,096</b>	<b>126,126,170</b>	<b>1,232,362,867</b>	<b>1,503,508,343</b>
<b>RESTRICTED NET ASSETS</b>						
Temporarily restricted net assets:						
Earnings on endowment funds	-	-	-	-	-	-
<b>Total temporarily restricted net assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Permanently restricted net assets:						
Endowment funds	-	-	-	-	-	-
<b>TOTAL RESTRICTED NET ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL NET ASSETS BY FUND</b>	<b>\$ 434,427,629</b>	<b>\$ 587,504,972</b>	<b>\$ 84,304,096</b>	<b>\$ 126,126,170</b>	<b>\$ 1,232,362,867</b>	<b>\$ 1,503,508,343</b>

**THE PENSION BOARDS**

UNITED CHURCH OF CHRIST, INC.  
 SUPPLEMENTAL SCHEDULES  
 ANNUITANT FUND  
 STATEMENTS OF ACTIVITIES (UNAUDITED)  
 Years Ended December 31, 2008 and 2007

**ANNUITANT FUND**

	<b>Basic Fund</b>	<b>Participating Fund</b>	<b>Balanced Fund</b>	<b>Equity Fund</b>	<b>2008 Total</b>	<b>2007 Total</b>
<b>ADDITIONS</b>						
Contributions						
Retirement benefits - member	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retirement benefits - employer	-	-	-	-	-	-
Health and Dental benefits	-	-	-	-	-	-
Life Insurance and Disability Income Benefit Plan	-	-	-	-	-	-
Our Church's Wider Mission	-	-	-	-	-	-
Christmas Fund appeal	-	-	-	-	-	-
Donations and legacies	-	-	-	-	-	-
Investment income	20,163,768	25,537,721	3,923,583	5,006,906	54,631,978	55,453,002
Realized and unrealized investment gains (losses)	26,322,779	(183,986,923)	(31,894,570)	(91,900,589)	(281,459,303)	49,826,259
Interfund transfers	25,824,138	48,698,257	(265,925)	(514,386)	73,742,084	75,176,693
Other	61,097	136,241	7,633	19,844	224,815	219,023
<b>TOTAL ADDITIONS</b>	<b>72,371,782</b>	<b>(109,614,704)</b>	<b>(28,229,279)</b>	<b>(87,388,225)</b>	<b>(152,860,426)</b>	<b>180,674,977</b>
<b>DEDUCTIONS</b>						
Payments to annuitants	27,677,518	57,892,703	8,526,219	20,288,229	114,384,669	108,319,600
Partial withdrawals and lump-sum settlements	-	-	-	-	-	-
Health and Dental benefits payments	-	-	-	-	-	-
Life Insurance and Disability Income Benefits payments	-	-	-	-	-	-
Benefit services costs	-	-	-	-	-	-
Retirement benefits administration and investment costs	379,782	2,372,563	373,703	774,333	3,900,381	5,042,422
Ministerial Assistance costs	-	-	-	-	-	-
Ministerial Assistance grants	-	-	-	-	-	-
Grant for supplementing retired persons' health benefits and small annuities	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>TOTAL DEDUCTIONS</b>	<b>28,057,300</b>	<b>60,265,266</b>	<b>8,899,922</b>	<b>21,062,562</b>	<b>118,285,050</b>	<b>113,362,022</b>
<b>(DECREASE) INCREASE IN NET ASSETS</b>	<b>\$ 44,314,482</b>	<b>\$ (169,879,970)</b>	<b>\$ (37,129,201)</b>	<b>\$ (108,450,787)</b>	<b>\$ (271,145,476)</b>	<b>\$ 67,312,955</b>
<b>COMPOSITION OF CHANGES IN NET ASSETS</b>						
(Decrease) Increase in unrestricted net assets	\$ 44,314,482	\$ (169,879,970)	\$ (37,129,201)	\$ (108,450,787)	\$ (271,145,476)	\$ 67,312,955
(Decrease) Increase in restricted net assets	-	-	-	-	-	-
<b>(DECREASE) INCREASE IN NET ASSETS</b>	<b>\$ 44,314,482</b>	<b>\$ (169,879,970)</b>	<b>\$ (37,129,201)</b>	<b>\$ (108,450,787)</b>	<b>\$ (271,145,476)</b>	<b>\$ 67,312,955</b>

## THE PENSION BOARDS

UNITED CHURCH OF CHRIST, INC.

### SUPPLEMENTAL SCHEDULES

#### ACCUMULATION FUND

#### STATEMENTS OF NET ASSETS (UNAUDITED)

December 31, 2008 and 2007

	Balanced Fund	Equity Fund	Bond Fund	Stable Value Fund
<b>ASSETS</b>				
CASH	\$ (8,797)	\$ 145,075	\$ 181,045	\$ 34,564
INVESTMENTS	341,920,701	295,538,139	136,069,630	176,773,004
OTHER ASSETS:				
Collateral held under securities lending agreements	17,155,405	975,081	14,684,513	1,691,894
Accrued investment income receivable	1,859,658	348,447	1,452,505	1,299,663
Accounts receivable	-	-	-	-
Accounts receivable-Sale of investments	388,417	599,372	-	-
Receivable from affiliated entities and other funds	7,211	4,017	6,255	250
Prepaid expenses	18,445	14,905	8,745	24
Fixed assets	13,051	10,346	5,698	2,425
TOTAL ASSETS	<u>361,354,091</u>	<u>297,635,382</u>	<u>152,408,391</u>	<u>179,801,824</u>
<b>LIABILITIES</b>				
Cash overdraft	32,235	149,548	128,868	24,603
Payables under securities loan agreements	17,155,405	975,081	14,684,513	1,691,894
Accounts payable	134,550	171,847	17,831	76,453
Accounts payable-Purchase of investments	541,549	835,676	-	-
Health and dental benefits payable	-	-	-	-
Deferred income	-	-	-	-
Other liabilities	-	-	-	-
TOTAL LIABILITIES	<u>17,863,739</u>	<u>2,132,152</u>	<u>14,831,212</u>	<u>1,792,950</u>
NET ASSETS	<u>\$ 343,490,352</u>	<u>\$ 295,503,230</u>	<u>\$ 137,577,179</u>	<u>\$ 178,008,874</u>
<b>NET ASSETS BY FUND</b>				
UNRESTRICTED NET ASSETS:				
Associated with providing retirement benefits:				
Members' accumulation	\$ 343,490,352	\$ 295,503,230	\$ 137,577,179	\$ 178,008,874
Present annuitants	-	-	-	-
Other obligations to members	-	-	-	-
Total	<u>343,490,352</u>	<u>295,503,230</u>	<u>137,577,179</u>	<u>178,008,874</u>
Other unrestricted net assets:				
Current account	-	-	-	-
Fund for supplementing small annuities	-	-	-	-
Designated for long-term capital expenditures	-	-	-	-
Board-designated funds functioning as endowment	-	-	-	-
TOTAL UNRESTRICTED NET ASSETS	<u>343,490,352</u>	<u>295,503,230</u>	<u>137,577,179</u>	<u>178,008,874</u>
RESTRICTED NET ASSETS				
Temporarily restricted net assets:				
Earnings on endowment funds	-	-	-	-
Total temporarily restricted net assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Permanently restricted net assets:				
Endowment funds	-	-	-	-
TOTAL RESTRICTED NET ASSETS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL NET ASSETS BY FUND</b>	<u>\$ 343,490,352</u>	<u>\$ 295,503,230</u>	<u>\$ 137,577,179</u>	<u>\$ 178,008,874</u>

ACCUMULATION FUND

TAD 2015 Fund	TAD 2020 Fund	TAD 2025 Fund	TAD 2030 Fund	2008 Total	2007 Total
\$ 1,214	\$ 1,744	\$ 879	\$ 561	\$ 356,285	\$ 1,631,177
24,074,474	12,812,559	4,950,357	3,446,965	995,585,829	1,338,857,974
1,111,430	524,481	199,113	111,845	36,453,762	323,252,859
149,772	63,330	22,449	13,198	5,209,022	5,947,010
-	-	-	-	-	-
19,783	15,317	6,563	5,086	1,034,538	13,746,933
443	246	99	62	18,583	15,746
1,043	642	264	181	44,249	43,305
788	456	182	123	33,069	86,492
<u>25,358,947</u>	<u>13,418,775</u>	<u>5,179,906</u>	<u>3,578,021</u>	<u>1,038,735,337</u>	<u>1,683,581,496</u>
2,825	2,759	1,276	904	343,018	-
1,111,430	524,481	199,113	111,845	36,453,762	323,252,859
8,749	5,182	2,054	1,554	418,220	978,668
27,583	21,356	9,150	7,093	1,442,407	12,160,375
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,150,587</u>	<u>553,778</u>	<u>211,593</u>	<u>121,396</u>	<u>38,657,407</u>	<u>336,391,902</u>
<u>\$ 24,208,360</u>	<u>\$ 12,864,997</u>	<u>\$ 4,968,313</u>	<u>\$ 3,456,625</u>	<u>\$ 1,000,077,930</u>	<u>\$ 1,347,189,594</u>
\$ 24,208,360	\$ 12,864,997	\$ 4,968,313	\$ 3,456,625	\$ 1,000,077,930	\$ 1,347,189,594
-	-	-	-	-	-
<u>24,208,360</u>	<u>12,864,997</u>	<u>4,968,313</u>	<u>3,456,625</u>	<u>1,000,077,930</u>	<u>1,347,189,594</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>24,208,360</u>	<u>12,864,997</u>	<u>4,968,313</u>	<u>3,456,625</u>	<u>1,000,077,930</u>	<u>1,347,189,594</u>

## THE PENSION BOARDS

UNITED CHURCH OF CHRIST, INC.

SUPPLEMENTAL SCHEDULES

ACCUMULATION FUND

STATEMENTS OF ACTIVITIES (UNAUDITED)

Years Ended December 31, 2008 and 2007

	Balanced Fund	Equity Fund	Bond Fund	Stable Value Fund
<b>ADDITIONS</b>				
Contributions				
Retirement benefits - member	\$ 2,425,761	\$ 1,754,338	\$ 1,460,586	\$ 506,253
Retirement benefits - employer	12,943,945	11,794,695	5,989,403	2,390,298
Health and dental benefits	-	-	-	-
Life Insurance and Disability Income Benefit Plan	-	-	-	-
Our Church's Wider Mission	-	-	-	-
Christmas Fund appeal	-	-	-	-
Donations and Legacies	-	-	-	-
Investment income	16,147,643	11,870,476	6,849,819	7,299,006
Realized and unrealized investment gains (losses)	(121,311,743)	(194,909,728)	(4,546,306)	(936,150)
Interfund transfers	(45,879,721)	(36,744,105)	(5,312,536)	2,002,031
Other	79,850	33,256	58,401	764
<b>TOTAL ADDITIONS</b>	<b>(135,594,265)</b>	<b>(206,201,068)</b>	<b>4,499,367</b>	<b>11,262,202</b>
<b>DEDUCTIONS</b>				
Payments to annuitants	-	-	-	-
Partial withdrawals and lump-sum settlements	4,804,137	3,831,565	1,919,953	3,881,902
Health and dental benefits payments	-	-	-	-
Life Insurance and Disability Income Benefits payments	-	-	-	-
Benefit services costs	-	-	-	-
Retirement benefits administration and investment costs	1,571,384	1,804,799	320,724	327,773
Ministerial Assistance costs	-	-	-	-
Ministerial Assistance grants	-	-	-	-
Grant for supplementing retired persons' health benefits and small annuities	-	-	-	-
Other	-	-	-	-
<b>TOTAL DEDUCTIONS</b>	<b>6,375,521</b>	<b>5,636,364</b>	<b>2,240,677</b>	<b>4,209,675</b>
<b>(DECREASE) INCREASE IN NET ASSETS</b>	<b>\$ (141,969,786)</b>	<b>\$ (211,837,432)</b>	<b>\$ 2,258,690</b>	<b>\$ 7,052,527</b>
<b>COMPOSITION OF CHANGES IN NET ASSETS</b>				
(Decrease) Increase in unrestricted net assets	\$ (141,969,786)	\$ (211,837,432)	\$ 2,258,690	\$ 7,052,527
(Decrease) Increase in restricted net assets	-	-	-	-
<b>(DECREASE) INCREASE IN NET ASSETS</b>	<b>\$ (141,969,786)</b>	<b>\$ (211,837,432)</b>	<b>\$ 2,258,690</b>	<b>\$ 7,052,527</b>

ACCUMULATION FUND

TAD 2015 Fund	TAD 2020 Fund	TAD 2025 Fund	TAD 2030 Fund	2008 Total	2007 Total
\$ 196,954	\$ 72,545	\$ 64,460	\$ 55,732	\$ 6,536,629	\$ 5,676,593
523,430	477,488	364,629	506,843	34,990,731	34,898,983
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,095,756	567,275	217,289	148,675	44,195,939	49,489,273
(5,581,382)	(4,143,968)	(2,000,866)	(1,382,419)	(334,812,562)	35,412,412
4,744,762	681,429	203,915	775,255	(79,528,970)	(80,218,085)
4,809	2,604	1,036	643	181,363	186,873
<u>984,329</u>	<u>(2,342,627)</u>	<u>(1,149,537)</u>	<u>104,729</u>	<u>(328,436,870)</u>	<u>45,446,049</u>
-	-	-	-	-	-
21,265	5,273	-	847	14,464,942	14,968,059
-	-	-	-	-	-
-	-	-	-	-	-
87,956	56,728	23,270	17,218	4,209,852	5,521,894
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>109,221</u>	<u>62,001</u>	<u>23,270</u>	<u>18,065</u>	<u>18,674,794</u>	<u>20,489,953</u>
<u>\$ 875,108</u>	<u>\$ (2,404,628)</u>	<u>\$ (1,172,807)</u>	<u>\$ 86,664</u>	<u>\$ (347,111,664)</u>	<u>\$ 24,956,096</u>
\$ 875,108	\$ (2,404,628)	\$ (1,172,807)	\$ 86,664	\$ (347,111,664)	\$ 24,956,096
-	-	-	-	-	-
<u>\$ 875,108</u>	<u>\$ (2,404,628)</u>	<u>\$ (1,172,807)</u>	<u>\$ 86,664</u>	<u>\$ (347,111,664)</u>	<u>\$ 24,956,096</u>

**THE PENSION BOARDS**

UNITED CHURCH OF CHRIST, INC.  
 SUPPLEMENTAL SCHEDULES  
 BENEFIT SERVICES FUNDS  
 STATEMENTS OF NET ASSETS (UNAUDITED)  
 December 31, 2008 and 2007

	BENEFIT SERVICES FUNDS				
	Health Benefits	Dental Benefits	Life Insurance & Disability Plan	2008 Total	2007 Total
<b>ASSETS</b>					
CASH	\$ (336,588)	\$ 228,040	\$ 112,078	\$ 3,530	\$ -
INVESTMENTS	60,024,274	3,591,616	18,730,518	82,346,408	90,041,111
OTHER ASSETS:					
Collateral held under securities lending agreements	5,159,022	154,734	1,613,376	6,927,132	34,133,859
Accrued investment income receivable	523,777	15,881	162,423	702,081	730,166
Accounts receivable	555,971	-	-	555,971	604,633
Accounts receivable-Sale of investments	33,862	481	6,411	40,754	310,959
Receivable from affiliated entities and other funds	638,278	1,704	1,344	641,326	560,319
Prepaid expenses	43,865	7,573	1,725	53,163	50,224
Fixed assets	47,255	16,191	42,724	106,170	159,505
<b>TOTAL ASSETS</b>	<u>66,689,716</u>	<u>4,016,220</u>	<u>20,670,599</u>	<u>91,376,535</u>	<u>126,590,776</u>
<b>LIABILITIES</b>					
Cash overdraft	(222,090)	162,367	77,024	17,301	276,525
Payables under securities loan agreements	5,159,022	154,734	1,613,376	6,927,132	34,133,859
Accounts payable	794,457	508	3,422	798,387	154,453
Accounts payable-Purchase of investments	47,211	671	8,939	56,821	275,071
Health and dental benefits payable	3,847,772	184,522	-	4,032,294	3,220,438
Deferred income	3,603,644	279,176	-	3,882,820	3,686,286
Other liabilities	14,061	-	-	14,061	21,516
<b>TOTAL LIABILITIES</b>	<u>13,244,077</u>	<u>781,978</u>	<u>1,702,761</u>	<u>15,728,816</u>	<u>41,768,148</u>
<b>NET ASSETS BY FUND</b>	<u>\$ 53,445,639</u>	<u>\$ 3,234,242</u>	<u>\$ 18,967,838</u>	<u>\$ 75,647,719</u>	<u>\$ 84,822,628</u>
<b>UNRESTRICTED NET ASSETS:</b>					
Associated with providing retirement benefits:					
Members' accumulation	\$ -	\$ -	\$ -	\$ -	\$ -
Present annuitants	-	-	-	-	-
Other obligations to members	-	-	-	-	-
<b>Total</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other unrestricted net assets:					
Current account	53,445,639	3,234,242	18,967,838	75,647,719	84,822,628
Fund for supplementing small annuities	-	-	-	-	-
Designated for long-term capital expenditures	-	-	-	-	-
Board-designated funds functioning as endowment	-	-	-	-	-
<b>TOTAL UNRESTRICTED NET ASSETS</b>	<u>53,445,639</u>	<u>3,234,242</u>	<u>18,967,838</u>	<u>75,647,719</u>	<u>84,822,628</u>
<b>RESTRICTED NET ASSETS</b>					
Temporarily restricted net assets:					
Earnings on endowment funds	-	-	-	-	-
<b>Total temporarily restricted net assets</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Permanently restricted net assets:					
Endowment funds	-	-	-	-	-
<b>TOTAL RESTRICTED NET ASSETS</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL NET ASSETS BY FUND</b>	<u>\$ 53,445,639</u>	<u>\$ 3,234,242</u>	<u>\$ 18,967,838</u>	<u>\$ 75,647,719</u>	<u>\$ 84,822,628</u>

## THE PENSION BOARDS

UNITED CHURCH OF CHRIST, INC.  
 SUPPLEMENTAL SCHEDULES  
 BENEFIT SERVICES FUNDS  
 STATEMENTS OF ACTIVITIES (UNAUDITED)  
 Years Ended December 31, 2008 and 2007

	BENEFIT SERVICES FUNDS				
	Health Benefits	Dental Benefits	Life Insurance & Disability Plan	2008 Total	2007 Total
<b>ADDITIONS</b>					
Contributions					
Retirement benefits - member	\$ -	\$ -	\$ -	\$ -	\$ -
Retirement benefits - employer	-	-	-	-	-
Health and Dental benefits	51,747,892	3,313,783	-	55,061,675	48,479,607
Life Insurance and Disability Income Benefit Plan	-	-	2,538,659	2,538,659	2,501,135
Our Church's Wider Mission	-	-	-	-	-
Christmas Fund appeal	-	-	-	-	-
Donations and legacies	-	-	-	-	-
Investment income	2,987,414	111,110	884,963	3,983,487	2,929,178
Realized and unrealized investment gains (losses)	(8,752,525)	(193,445)	(2,486,140)	(11,432,110)	2,194,167
Pilgrim Memorial Fund income	-	-	-	-	-
Interfund transfers	-	-	-	-	-
Other	12,027	5,632	8,621	26,280	63,423
<b>TOTAL ADDITIONS</b>	<b>45,994,808</b>	<b>3,237,080</b>	<b>946,103</b>	<b>50,177,991</b>	<b>56,167,510</b>
<b>DEDUCTIONS</b>					
Payments to annuitants	-	-	-	-	-
Partial withdrawals and lump-sum settlements	-	-	-	-	-
Health and Dental Benefits payments	47,523,002	2,505,445	-	50,028,447	37,499,952
Life Insurance and Disability Income Benefits payments	-	-	2,076,656	2,076,656	2,343,607
Benefit services costs	6,432,815	589,399	576,475	7,598,689	6,152,132
Retirement benefits administration and investment costs	171,904	20,092	57,112	249,108	330,430
Ministerial Assistance costs	-	-	-	-	-
Ministerial Assistance grants	-	-	-	-	-
Grant for supplementing retired persons' health benefits and small annuities	(600,000)	-	-	(600,000)	(600,000)
Other	-	-	-	-	-
<b>TOTAL DEDUCTIONS</b>	<b>53,527,721</b>	<b>3,114,936</b>	<b>2,710,243</b>	<b>59,352,900</b>	<b>45,726,121</b>
<b>(DECREASE) INCREASE IN NET ASSETS</b>	<b>\$ (7,532,913)</b>	<b>\$ 122,144</b>	<b>\$ (1,764,140)</b>	<b>\$ (9,174,909)</b>	<b>\$ 10,441,389</b>
<b>COMPOSITION OF CHANGES IN NET ASSETS</b>					
(Decrease) Increase in unrestricted net assets	\$ (7,532,913)	\$ 122,144	\$ (1,764,140)	\$ (9,174,909)	\$ 10,441,389
(Decrease) Increase in restricted net assets	-	-	-	-	-
<b>(DECREASE) INCREASE IN NET ASSETS</b>	<b>\$ (7,532,913)</b>	<b>\$ 122,144</b>	<b>\$ (1,764,140)</b>	<b>\$ (9,174,909)</b>	<b>\$ 10,441,389</b>

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*Vice Chair*

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