

# ANNUITANT NEWS & VIEWS

Spring 2009

A Quarterly Update from the Pension Boards



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## The Stimulus Bill and Your Monthly Annuity Payment

First the bad news about the new federal income tax withholding: annuitants who have chosen to have federal taxes withheld from their monthly payments may have recently seen a higher annuity payment. But the extra dollars in your pocket may be temporary. This is because the new withholding rates published by the Internal Revenue Service, effective April 1, 2009, reflect a tax credit. That credit is provided by the special Making Work Pay provision of the American Recovery and Reinvestment Act, the stimulus bill signed into law by President Obama earlier this year. It is set as a percentage of earned income and may bring an individual a tax credit of up to \$400. However, please note that annuitants' retirement income does not qualify for the tax credit. So, while there are fewer dollars being withheld, you may need to replace those dollars when you complete your 2009 federal income tax return next year.

If you had a refund of withheld taxes for 2008, you may not have a problem with the lower withholding. If you think there will be problem, you may need to save some of your monthly annuity toward payment of 2009 taxes. Another solution is to direct the Pension Boards to increase your federal income tax withholding by completing a new form W-4P. This can be accomplished with the help of your Member Services team at **1.800.642.6543, Option 6.**

Now for the good news: as this issue of **Annuitant News & Views** went to press, persons receiving Social Security benefit payments began receiving an additional, one-time payment of \$250 from the Social Security Administration. As with the change in the income tax withholding, the payment is a part of the American Recovery and Reinvestment Act and will be given to persons eligible to receive Social Security benefit payments from November 2008 to January 2009. For more details about this special one-time payment, visit <http://www.socialsecurity.gov/payment>.

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# MESSAGE FROM THE PRESIDENT/CEO



Michael A. Downs

The direst financial predictions finally came true in 2008. After years when the housing bubble inflated, American credit card debt soared and the 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.

The Pension Boards has continued to host monthly conference calls on the economy and financial markets. These calls are open to all members and led by senior PBUCC staff. At the time of publication, seven calls had been held, with more than 1,200 total participants. Recordings of each call are available on our web site, [www.pbucc.org](http://www.pbucc.org).

In the last issue of **Annuitant News & Views**, we reported that the Pension Boards had never invested your assets in subprime mortgages, or had any exposure to the financial institutions that made headlines last fall. In light of recent developments, in the U.S. automotive industry we are able to assure you now that the Pension Boards was not invested in Chrysler or General Motors. The assets of the Annuity Plan for the United Church of Christ (formerly the Annuity Fund) continue to be sufficient to satisfy our obligations to you, our members.

As an annuitant, you are likely receiving benefits from Social Security. If so, the stimulus package enacted by Congress included a reduction in federal income tax for many employed workers that may have resulted in an increase in your annuity check from the Pension Boards. Please see the article on p. 1 for more information.

In the last issue, we reported that the \$1.4 million subsidy received from the Center for Medicare and Medicaid Services (CMS) has allowed us to keep rate increases for the Medicare Supplement Health Plan below the national average. It is increasingly more difficult to qualify for this subsidy, and Plan changes may be required in 2011. The Board of Trustees has formed a special Task Force to consider all options, and we will report progress as additional information becomes available.

The Pension Boards received a thorough, complete and unqualified audit from our external auditors. Enhanced risk management strategies are underway so that we continue to conform to best practices in operational compliance, particularly in this challenging economic environment. The 2008 Annual Report is now available online, and print copies will be mailed later this month to those members who requested them.

We look forward to seeing you next month at General Synod. As always, we are grateful for your continued confidence and trust in us.

Faithfully,

Michael A. Downs  
President/CEO

## When Are Adjustments Made to My Annuity?

Each month the Annuity Fund provides a monthly retirement benefit to over 9,300 annuitants who receive benefits from the Basic Annuity, Participating Annuity, Equity Annuity or Balanced Annuity, or a combination of these. Elections were made at the time of retirement or at the time the newer Basic and Participating Annuities were introduced in 2006. For example, Annuitant A may have his full payment from the Participating Annuity while Annuitant B receives her monthly income from both the Basic Annuity and the Equity Annuity.

During the year, each annuity may have an adjustment to the amount paid. This year, the Equity and Balanced Annuities have had adjustments; the Participating Annuity, which had an adjustment last year, had none this year. The Basic Annuity has had no adjustment since it began several years ago.

**Announcement letters are only sent to those annuitants who have the type of annuity being adjusted at that time.** In the earlier example, our Annuitant A had only a Participating Annuity so he would not receive any announcement letter in either August or February. However, our Annuitant B would receive three letters each year: a letter in early December for the Basic Annuity and letters in August and February announcing the Equity Annuity.

Any annuitant who would like to recheck the types of annuities they are receiving may call the Member Services Team at **1.800.642.6543, Option 6**. A representative will be glad to assist you.

The chart below shows the adjustment schedule by type of annuity:

If your Annuity is a	The adjustment is announced	And the adjustment, if any, is effective
Basic Annuity	Early December	January 1
Participating Annuity	Early December	January 1
Equity Annuity	August and February	October 1 and April 1
Balanced Annuity	August and February	October 1 and April 1

## Diabetes: Did You Know?

Diabetes is a condition defined as the combination of obesity, diabetes, and heart disease.

An obese person is 60 to 80 times more likely to contract diabetes and three to four times more likely to suffer from heart disease than a lean person. Obesity, diabetes and heart disease are linked together so tightly that a number of experts don't consider them as separate issues, but as a single condition called "diabetes."

Where one carries excess weight is significant. Central or abdominal obesity is a core symptom of cardiovascular disease and diabetes. In women, central obesity is defined as a waist circumference greater than 35 inches, while in men, a waist measurement greater than 40 inches is considered dangerous.

The heavier we are, the more likely we are to develop diabetes and heart disease. Focusing on our weight can greatly improve our health.

Weight management is a simple matter of balancing calories consumed against calories burned off. People gain weight when they take in more than they use. We burn calories in two ways. Our bodies burn calories just

to live; this is called our metabolism. We also burn calories during physical activity. Weight loss is best accomplished with a combination of eating fewer calories and increasing physical activity.

The good news is that we do have control over a number of important risk factors that relate to our behavior and lifestyle. These include physical activity, diet, weight, and smoking.

### Take Action!

- Get a medical exam
- Focus on eating the right fats
- If you smoke, quit
- Cut out 500 calories a day to help lose one pound a week
- Focus on physical activity

For more information, go to the **Healthy Stewards** section of the Pension Boards' site at [www.pbucc.org](http://www.pbucc.org).



## Vision Plan Enrollment Still Available

The Pension Boards is pleased to offer optional vision coverage on a stand-alone basis, regardless of participation in the UCC Medical Benefits Plan. If you took advantage of the annual open enrollment period that was offered through April 30, your coverage became effective at 12:01 a.m. on April 1, 2009.

### Enrollment After April 30, 2009:

The Vision Benefits Plan is offered on a Plan Year basis from April 1 of the current year to March 31 of the following year. Eligible participants still may enroll in the Plan after the annual open enrollment period; however, coverage for you and your dependent(s), if any, will begin on the date that your completed enrollment application and check for the annual premium are received. Benefits are not retroactive to April 1.

### Existing Vision Plan Participants:

Invoices were sent out for the April 1, 2009-March 31, 2010 Plan Year. Please note that if you do not re-enroll for coverage, then decide to rejoin the Plan at a future date, you will be billed retroactively for the lapsed coverage period in order to ensure that you (and your dependents, if any) receive uninterrupted benefits according to the terms of the Vision Plan. If you have questions regarding the UCC Vision Benefits Plan, *please contact a Health Services Representative toll-free at 1.800.642.6543, ext. 2824.*

## Nursing Home Pharmacy Benefits

Nursing homes may require residents to use a designated retail pharmacy affiliated with the facility when obtaining medication. Also, the nursing home may mandate medications be dispensed to residents in blister packs.

If you or a family member are:

- a UCC Medical Benefits Plan participant, and
- a nursing home resident,

you are eligible for assistance with your pharmaceutical needs. *Please call a PBUCC Health Services Representative at 1.800.642.6543, ext. 2898 for more information.*



# Corporate Social Responsibility **SR**

## We Asked for It, We Got It: Say-on-Pay Mandated for TARP Recipients

For a number of years, socially responsible investors (SRIs), including the Pension Boards, have been proposing that shareholders have the right to signal their approval for the compensation packages of the executive officers of public companies in which they're invested. SRIs argued that "say-on-pay," as the suggested vote came to be known, would be a finer tool by which investors of a company could demonstrate displeasure over compensation plans than voting against the reelection of members of the compensation committees of companies' boards of directors.

In the proxy seasons of 2006, 2007 and 2008, there was healthy support for the right to say-on-pay voting, and a steady trickle of companies began offering their shareholders the vote on their annual meeting ballots. That trickle became a deluge in 2009 when the U.S. Treasury Department mandated that all recipients of the Troubled Asset Relief Program (TARP) place the say-on-pay vote on their annual meeting ballots this year.

More than 300 U.S. companies will present their compensation plans for a nonbinding shareholder vote in 2009. A nonbinding vote indicates that the company is not required to change the compensation plan even if a majority of shareholders vote against it.

SRIs and other concerned investors will be speaking with their votes this year. Significant investor opposition to compensation packages are expected at financial institutions in 2009. Several influential investor groups have indicated that they will use a dual strategy of voting against the compensation packages and against the members of the compensation committees for the most egregious companies. Investors are also interested in knowing how the government trustees of TARP investments will vote on compensation packages at AIG, as the government has a 78 percent stake in the company.

The Pension Boards' Corporate Social Responsibility office will continue the work of voting the annual ballots of all of our securities. We will use all of the resources at our disposal to vote the many say-on-pay ballot items in a fair and thoughtful way. To see how we vote, go to the Corporate Social Responsibility page of [www.pbucc.org](http://www.pbucc.org) and click on Recent Proxy Votes.

## Ministerial Assistance **MA** Creating a Legacy

The Pension Boards and the United Church Board for Ministerial Assistance are blessed by the fact that, in spite of these tough economic times, people continue to contribute to our endowments through Legacy Gifts. The gifts are helping to assure that the work of assisting those who serve the United Church of Christ will continue.

While the Christmas Fund raised a record \$1,597,000 during 2008, we have also received a number of legacy gifts. One pastor, who had no immediate family, named the United Church Board for Ministerial Assistance as the sole beneficiary of his estate through his will. Another pastor who died during 2008 named the Christmas Fund as the beneficiary of his life insurance policy.

These types of gifts are relatively easy to arrange and they provide donors the flexibility to make changes as long as they live, should their economic situations change.

A bequest - a gift through one's will - is perhaps the most common form of legacy gift an individual can create. While not required by law, we recommend using the services of an attorney to create the bequest instrument. Staff at the Pension Boards can assist your attorney with the correct bequest language.

There are other less common, and in fact easier, methods for creating legacy gifts that can be changed or revoked should a person's circumstances warrant. For example,

- It is possible to name the Pension Boards, The United Church Board for Ministerial Assistance (UCBMA), or the Christmas Fund as the beneficiary of a life insurance policy. To complete this kind of gift, you simply contact the insurance company and complete a beneficiary designation form.
- If you own U.S. Savings Bonds, through a bank or directly with the U.S. Treasury Department, you can designate that the proceeds of the bonds be paid to the Pension Boards, UCBMA or the Christmas Fund upon your death.
- If you have a bank account, you can instruct the bank to pay to the Pension Boards, UCBMA or the Christmas Fund all or part of the remains in the account upon your death. If you have an account at a brokerage firm, you can issue similar instructions, following the procedures of the particular firm you use.
- Finally, you can name the Pension Boards, UCBMA or the Christmas Fund to receive all or a portion of your IRA upon your death. Again, you would follow the procedures of the custodian of the IRA.

Should you have an interest in creating a legacy and supporting Ministerial Assistance using one of these methods, we encourage you to contact the Rev. Dr. M. Douglas Borko, Director of Ministerial Assistance, toll-free at **1.800.642.6543, ext. 2716** or by e-mail at [dborko@pbucc.org](mailto:dborko@pbucc.org).