

News & Views

A Quarterly Update from the Pension Boards

Fall 2008

Continuing Our Commitments



Michael A. Downs

The purpose of the Pension Boards-United Church of Christ is to make available ministerial welfare activities. The Pension Boards, through the Board for Ministerial Assistance, has a long history of providing assistance to those who serve and have faithfully served the United Church of Christ in all its settings. The Christmas Fund, formerly known as the Veterans of the Cross, has been in existence for 106 years, while the Pilgrim Memorial Fund goes back nearly 90 years. For decades, the Pension Boards' Ministerial Assistance program has received legacy gifts from UCC individuals.

And, the Pension Boards also receives a small percentage of Our Church's Wider Mission (OCWM) Basic Support.

Rising gas prices, a troubled housing market, the rising cost of groceries and volatility in the stock market all spell difficult economic times for employees and retirees alike. Due to the generosity of annual gifts, and net income from continuing gifts made by those in past generations, we are able to continue all of our commitments – to the more than 500 retirees who receive pension supplementation, the 300 who receive health premium supplementation, the 1,000 low-income annuitants who received one-time Energy Assistance grants in July, 38 who received Emergency Grants in the first 9 months of this year, and the 900 who will receive

Christmas "Thank You" checks this December.

The Pension Boards is also charged with administering "a system of employee benefit programs," and we are fortunate that results in the UCC Medical Benefits Plan allowed us to extend a one-month premium holiday to all participants (both Medicare and non-Medicare) earlier this year. The Plan also added hearing aid coverage for all participants on September 1. (See p. 4.) More than 1,600 participants have selected optional vision coverage through the UCC Vision Benefits Plan, introduced in the spring.

On an absolute basis, all investment funds except the Stable Value Fund declined in the second quarter. On a relative basis however, we beat our benchmarks by a wide margin, due in part to our low expenses and fees.

(At press time, third quarter results were not available. Please see the accompanying articles for more on our economic outlook.)

A survey by AARP Financial showed that 16% of respondents owed more money at tax time because they didn't understand the tax implications of their investment decisions. Your annuity funds invested with the Pension Boards receive special tax treatment because of unique church plan exemptions – a benefit not available with commercial retirement plans.

Mindful of our commitment to you, the Pension Boards monitors and evaluates the results of all Plans so that we may provide the best possible products at the lowest possible cost. We covenant to be faithful stewards of the resources you entrust to us.

Michael A. Downs

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Market Update



Since the subprime mortgage crisis erupted last year, financial markets have struggled to regain their balance as the fallout from the turmoil in the housing market has spread to other sectors of the economy. Falling home prices, rising foreclosures and inventories of unsold homes, higher prices for gas and other consumer goods, rising unemployment and negative corporate earnings have combined to sap both consumer and investor confidence. Since peaking in October 2007, the Standard & Poor's (S&P) 500 has declined about 26% through September 30, 2008.

To combat the slowdown in the economy, the Federal Reserve has lowered interest rates to 1.50% from 5.25% over the last 13 months. However, credit conditions remain tight as banks and other financial institutions are reluctant to lend. They are concerned about the quality of the existing loans on their balance sheets as well as the financial strength of would-be borrowers.

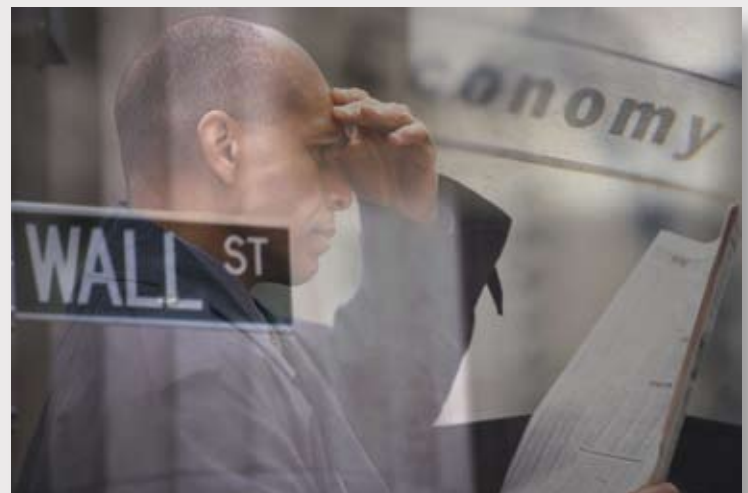
When will the economy and financial markets be restored to firmer footing? We feel the markets will remain unsettled until oil and other commodity prices stabilize and rising inflation fears recede, the outlook for housing improves and financial institutions are able to put their credit problems to rest.

On a positive note, oil and other commodity prices have begun to move lower with oil dropping from a high of about \$150 per barrel to \$86 per barrel. However, problems with housing and financial institutions remain in the forefront and inflation readings remain elevated. Patience will be required but markets will surely recover just as they did after the technology bubble burst in 2000.

The Pension Boards' Investment Strategy in a Turbulent Environment

Frozen credit markets have kept volatility very high in global financial markets. The Pension Boards' strategy during these turbulent times has been to preserve liquidity and to maintain our long-term strategy that stresses diversification and quality investments.

Our money market investments are invested only in government securities where liquidity is readily available. The Pension Boards' Bond and Equity Funds had no exposure to Lehman Brothers at the time of bankruptcy and our Bond Fund has never invested in subprime mortgages. Even though the returns on our Funds have been depressed by general market conditions, we have ample liquidity to weather the current turbulence. We do not have to sell securities at depressed prices. Given the quality of our investments, we are confident that the Funds are positioned to strengthen in the anticipated market recovery.



Promoting Long-Term Investment: Sustaining the Environment and Communities

These days it seems that every company is “going green.” The Pension Boards, through its membership in the Interfaith Center on Corporate Responsibility (ICCR), has long been seeking more information on and commitment to sustainability from the corporations in which we invest. Sustainability is a term that encompasses a company’s ability to improve its levels of productivity and revenue using good corporate governance while minimizing its negative impact on the environment, employees and community welfare. This approach acknowledges the dependence of corporate goals on external factors.

The Pension Boards has encouraged power and extractive companies to address their sustainability plans in the past. We engage in this work because companies with a strong long-term vision may prove to be attractive long-term investments. As a pension fund, we invest on a long-term basis. An analysis of the supply and demand for water, oil and other natural resources indicates that those companies with the most fully realized sustainability plan are particularly prudent investments. Companies that treat their workers as a precious commodity by securing their health and welfare are more likely to make enduring investment vehicles.

The Pension Boards believes that companies that benchmark their sustainability provide a compelling way to secure the future of our natural resources, the workers of the world and the communities in which they live. We are committed to these goals through our work with ICCR and the ecumenical community.

Coming in 2009 – New Voluntary Long-Term Care Insurance Benefit

To better serve the needs of our members, the Pension Boards–UCC is pleased to announce the availability of discounted long-term care insurance to active and retired UCC employees and their families. We know that one of the greatest financial and emotional risks you face is the possibility of needing long-term care. PBUCC has selected LTC Financial Partners, the nation’s leading provider of this important coverage, to provide education on the need for long-term care and available options to address the risk.

Look for more information about the limited enrollment period that will begin in 2009. For those that choose to purchase long-term care coverage, LTC Financial Partners will be offering coverage through A+ rated insurance carriers, with discounted rates and, more importantly, with “Simplified Approval,” a relaxed health screening process. While the discount is always available, the relaxed health screening will only be available for a limited time.

For more information, visit LTC’s dedicated web site for UCC employees at www.ltcpbucc.com. For help in deciding if long-term care insurance is right for you, call a long-term care insurance specialist toll-free at **1.866.471.4072, ext. 2305**.

Request your free copy of **Dignity for Life: The Five Things You Need To Know Before Buying Long Term Care Insurance** by phone or on the LTC web site, or download a PDF version at <http://ltcpbucc.com/pbucc/files/Dignity%20For%20Life%20Book.pdf>



Hearing Aid Coverage FAQ

Who is eligible for the hearing aid benefit?

All participants in the UCC Medicare Supplement Plan and UCC (Non-Medicare) Health Benefits Plan and their covered dependents are eligible for the hearing aid benefit. This benefit is an enhancement to the existing Schedule of Benefits. No enrollment or application is necessary for coverage, and there is no extra cost.

What services are included?

The benefit provides a maximum allowance of \$2,500 per covered family member every three years and includes a hearing exam; fitting; device(s) for one or both ears; and follow-up examination and adjustments. You may receive services from a provider in the Highmark Blue Cross Blue Shield Network or an out-of-network provider. However, to maximize your benefit, use a Highmark in-network provider.

When can I begin to use the benefit?

The benefit became effective on September 1, 2008. Services obtained prior to September 1, 2008 are not covered.

I already have a hearing aid. What benefit is available to me?

The benefit covers your next visit to your hearing aid provider for medically necessary services.

What does a hearing aid typically cost?

The cost of hearing aids varies considerably depending on the type of device required. Generally, the smaller the hearing aid, the more it will cost. Digitally programmable analog hearing aids cost less than digital hearing aids, and linear analog devices are the least expensive.



How do I find a participating provider?

There are three ways to find a participating provider:

1. Use the "Find Providers" search feature on the Highmark Blue Cross Blue Shield site (www.highmarkbcbs.com); or
2. Contact Highmark Customer Service at **1.866.763.9471**; or
3. Contact a local licensed audiologist or ENT (Ear, Nose, and Throat Specialist) and ask if they participate in the Blue Cross Blue Shield network.

I have more questions about my hearing aid coverage. Whom should I contact?

Please call Highmark Blue Cross Blue Shield Customer Service toll-free at **1.866.763.9471**.

Have you kept your e-mail address updated with the Pension Boards?

If not, you may be missing out on important communications. Please take a moment to update your e-mail address by visiting the Pension Boards' web site (www.pbucc.org) and entering your new address in the "E-mail Update" field on the home page. Or, you may update your e-mail information by contacting a Member Services Representative at **1.800.642.6543, Option 6**.



ALL-NEW Pension Boards Web Site “Empowering” and “User-Friendly”



Recent visitors to www.pbucc.org have seen an ALL-NEW Pension Boards web site, launched in mid-July. Already, the site is proving to be a helpful resource for members seeking information about their pension benefits, benefit plan coverage, member education activities and more.

Here's what members are saying about the new PBUC site:

"It has a fresh, crisp, clean look to it."

"I am certainly impressed with the ease of use of the PB site. It is 'easy on the eyes,' not cluttered, with a clear, readable font."

"Glad you can donate online to the Christmas Fund."

"I have spent a few hours looking at the site, multiple times. If I hadn't gotten some strawberries to make freezer jam today, I would still be on the site. This site has 'empowered me!'"

"I found it very user friendly, extremely accurate and well done! Congratulations!"

"Nicely done web site. At first blush, it seems to be very user-friendly."

If you haven't visited the site yet, take a few minutes today to see all the features available to you. Go to www.pbucc.org and click on the large blue WELCOME button on the left side of the home page. You'll need your seven-digit Pension Boards member ID number to log in for the first time (Please note: the log-in password you used for the old Pension Boards site will not work on the new site; you will need to create a new user name and password once you have logged in with your member ID. *If you need assistance retrieving your ID number, please contact Member Services toll-free at 1.800.642.6543, Option 6.*)

We welcome your feedback and suggestions on how to make the site a more useful tool for you. Please use the "Contact Us" link on the navigation bar to send us your comments and ideas.



Are the Cards Stacked Against You?

The Pension Boards and the United Church Board for Ministerial Assistance (UCBMA) are receiving calls from a number of persons who used to be able to make ends meet, but with the escalating costs of energy, find they have had trouble making even minimum payments on their credit cards. Some credit card companies will punish cardholders with interest rates of 20% or more if they miss a single credit card payment or if their payment is as little as one day late.

Once into this cycle, very few people can deal with the situation on their own. The cards are indeed stacked against them. Most people need an advocate to work on their behalf.

If you find yourself, or someone you know, in this situation, we recommend that you begin searching for help with a reputable not-for-profit credit counseling agency. You might start by calling Consumer Credit Counseling Services' (CCCS) 24/7 toll-free hotline at **1.866.889.9347** for an evaluation and referral to a local affiliate that can help you structure a debt management program.

CCCS is a part of the Money Management International (MMI) network, and has been in existence since 1958. MMI and CCCS are non-profit community service organizations that provide confidential financial guidance, free consumer credit counseling services, educational resources and debt management assistance.



Don't Be Afraid: SHOUT!

Our joy at Christmas is a response to God's promise of new life through the birth of the promised Savior, Jesus Christ. We are called to share that joy widely, through our witness and gifts, both to loved ones and to distant neighbors.

The Christmas Fund Offering (formerly the Christmas Fund for the Veterans of the Cross), one of four Special Mission Offerings of the United Church of Christ (UCC), is an important way of sharing our joy at God's renewing, life-giving grace. The Offering, which is administered by the United Church Board for Ministerial Assistance (UCBMA) of the Pension Boards on behalf of the UCC, is an expression of joy and gratitude to and for those who serve the church.

Gifts to the Christmas Fund help provide pension and health premium supplementation to low-income retirees, emergency assistance to the families of clergy and lay employees, and Christmas "Thank You" Gift Checks to hundreds of annuitants each year.

The theme for the 2008 Offering is "Don't Be Afraid: SHOUT!" We are commissioned to boldly proclaim Good News, that the incarnation of God in the Christ Child has happened – Good News that a new day, God's day, has dawned. The church today is the incarnate presence of the Christ – the Body of Christ. We are called to be the presence of the Christ in the lives of those who have served the church so faithfully, as well as to usher in a new day for God's whole creation.

Your gifts are needed more than ever to help the growing number of retirees whose low-income annuities make it difficult to meet increasing living costs. This is your opportunity to "SHOUT" in God's name, to participate in God's promise of renewal by supporting this vital ministry of compassion and care.

Visit the NEW Pension Boards web site at www.pbucc.org for Christmas Fund Offering resources, or go to the Christmas Fund home page at www.christmasfund.org.