

News & Views

A Quarterly Update from the Pension Boards

Winter 2009

Maintaining Trust

Following the failure of several large financial institutions, more than 900 discrete callers have participated in four conference calls on financial markets hosted by the Pension Boards in October, November and December 2008 and January 2009. (Please see page 4 for information about upcoming calls.)

We want you to know that we have never invested in subprime mortgages, that we had no exposure to Lehman Brothers at the time of their bankruptcy in September and – most importantly – that since 1914, through two World Wars, a Great Depression and multiple recessions, the Annuity Fund has never missed a payment to members.

According to our external actuarial consultants, The Hay Group, “The reported assets [of the Annuity Fund] are sufficient to satisfy the

actuarial liability. The Annuity Fund is actuarially sound.”

The assets held by the Pension Boards are invested about 50% in equities (stocks) and 50% in fixed income investments (bonds). About one half of these assets represent the accounts of non-retired active and inactive members, while the other half are in reserves that support annuity payments for our 9,390 retirees.

The top questions retirees have been asking in recent months are, “Is my pension safe?” and “Will my monthly payment go down?”

Yes, your pension IS safe. Payments for the Basic and Participating Annuities neither increased nor decreased with the January 1, 2009 adjustment.

Retirees who elected to keep their Balanced and Equity Benefit Annuities will see their annuity payments decrease

by 22.76% and 36.52%, respectively, on April 1, 2009. This adjustment is based on market performance from July 1, 2008 to December 31, 2008. Individual letters have been mailed to all annuitants receiving Equity and Balanced Annuities, indicating their current annuity benefit, and what their adjusted benefit will be as of April 1.

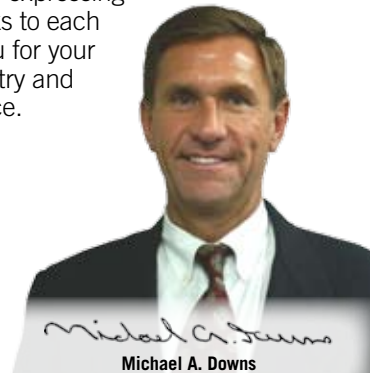
The Pension Boards again qualified for subsidy from the Center for Medicare and Medicaid Services for 2009. This is a substantial subsidy, averaging \$1.4 million annually over the past two years, allowing us to keep the rate increase for the UCC Medicare Supplement Plan (3.4% in 2009) significantly below trend projections.

Tax reporting information for both individuals and churches is now available on the Pension Boards' web site (www.pbucc.org). Print editions of the **Tax Guide for**

Ministers have been mailed to those who requested copies. (Please see page 5.)

We are thankful that, as this issue of **Annuitant News & Views** went to press, almost \$1.6 million had been received for the 2008 Christmas Fund Offering, the highest offering amount to date! The generosity of UCC churches and individuals allows the Pension Boards to provide greater assistance to all those who faithfully serve our church.

The Trustees and staff join me in expressing thanks to each of you for your ministry and service.



Michael A. Downs

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Financial Wellness

Market Update

It's official. The National Bureau of Economic Research announced in the first week of December that the U.S. economy entered a recession in December 2007. With the U.S. already 13 months into a recession, the question arises of when recovery will begin. Looking at recessions since World War II, the longest recessionary period the U.S. has endured has been 16 months. (We have had two such periods that ended in March 1975 and November 1982.)

Many economists expect that the current recession may set a new post-war record. Why? The collapse in consumer sentiment indicates that consumers will become more frugal in their spending habits. The combination of higher unemployment (currently 7.2%), declining stock and property values and low levels of personal savings do not bode well for consumer spending, which accounts for about 70% of economic growth in the U.S. Therefore, most economists expect several more quarters of shrinking growth.

The gloomy outlook has made investors extremely risk averse. U.S. Treasury yields have reached historically low yields

while stock prices have traded sharply down in a very volatile environment. The collapse of Lehman Brothers in mid-September 2008 intensified the credit crisis. The Federal Reserve and the federal government have taken extraordinary measures to restore confidence and stability to the financial system.

Although we will only know the timing of the recovery in hindsight, we are confident that a recovery will emerge. The seeds of a recovery will be sown with stabilization in housing prices and the willingness of banks and investors to extend loans to creditworthy individuals and businesses. Also, the new government administration is focused on job creation. Although the economic news will likely deteriorate in the coming months with higher unemployment, weak consumer spending and negative economic growth, financial markets, which look ahead rather than in the rear view mirror, may have already discounted this. If they have, then stock prices may bounce along the bottom for awhile but the good news would be that we may have already experienced the lows for stocks in this cycle.

Corporate Social Responsibility

Credit Crisis

The Interfaith Center on Corporate Responsibility (ICCR), of which the Pension Boards is a founding member, represents a faith-based perspective when attempting to persuade corporations to behave ethically. One of ICCR's legacy working groups, Access to Capital, focused primarily on the impacts of financial institutions on families and individuals, particularly impoverished or at-risk families.

As such, this working group brought many shareholder resolutions to the annual proxies of the very corporations involved in the causes of today's credit crisis. Some of these resolutions were submitted more than seven years ago and suggested that a company adopt a policy of more disclosure of off-balance sheet liabilities. Other resolutions or corporate dialogues called for greater transparency on subprime lending, predatory lending, and the use of derivatives.

ICCR recently reported that "Invariably, in response to the issues raised, executives of financial institutions assured representatives of ICCR that policies, procedures and internal controls already in place were able to meet these challenges and that much of the requested information was already disclosed in the numerous filings the companies were required to submit to different regulatory agencies. Furthermore, the concern about disclosure and transparency in relationship to new investment tools was usually answered by claims of protecting 'proprietary information.'"

In light of a changing financial landscape, members of ICCR and the Pension Boards will adapt by engaging corporations around these and other issues to try to influence corporations to take a long-term look at the risks associated with their policies and practices. These risks should not only be viewed as the things that negatively affect the bottom line, but should strive for a sustainable future for all people.

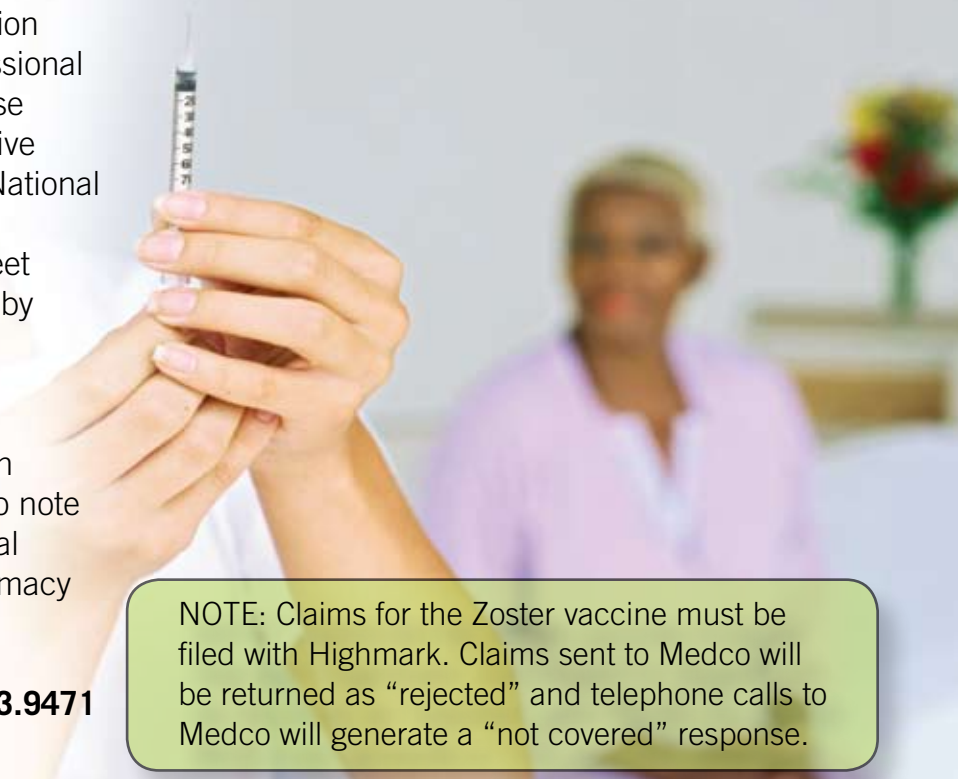
Important Information About Immunizations

The UCC Medical Benefits Plan, administered by Highmark Blue Cross Blue Shield (BCBS), allows for coverage of the shingles vaccination when it is administered by a medical professional to a participant who is age 60 or older. These requirements meet the guidelines for effective preventive medicine as recognized by the National Institute of Allergy and Infectious Diseases. Medical claims for expenses that do not meet these treatment guidelines are not covered by the Plan.

The administering physician files a medical claim for the vaccine and office visit through normal reporting channels. It is important to note that this is not a medicine or pharmaceutical purchased through Medco, the Plan's pharmacy benefit manager.

Please contact **Highmark BCBS** at **1.866.763.9471** for additional information.

NOTE: Claims for the Zoster vaccine must be filed with Highmark. Claims sent to Medco will be returned as "rejected" and telephone calls to Medco will generate a "not covered" response.



Replacement Medical and Dental Identification Cards



If you are a participant in the UCC Medical and Dental Benefits Plan, you should have received replacement identification cards from Highmark Blue Cross Blue Shield (physician and hospital) and United Concordia (dental) in the mail.

Please ensure that your physician(s) and dentist make copies of the front and back of the new cards to place in your files.

If you have not yet received your replacement ID cards in the mail, contact Highmark BCBS at **1.866.763.9471** or United Concordia at **1.800.332.0366**.

FINANCIAL MARKETS: AN ONGOING DISCUSSION

Since October 2008, more than 900 Annuity Fund members have participated in monthly conference calls with President/CEO Mike Downs and senior Pension Boards staff, to discuss the impact of the current economy and volatile financial markets.

We invite you to join us again for an ongoing conversation on financial markets on:

- **Tuesday, February 10, 2009 at Noon (EST)**
- **Wednesday, March 25, 2009 at Noon (EST)**

To participate:

- Dial the toll-free **Conference Call number: 1.800.260.0712 (US), 1.651.291.1246 (International)**
- At the prompt, enter the **Access Code: 968418**
- **TTY callers, dial: 1.800.855.2881**

The Pension Boards will continue to offer opportunities for conversation and questions once a month. Watch for additional dates to be announced. (Please use the same Conference Call number and Access Code for all calls.)

The Trustees and staff of the Pension Boards are grateful for the continued trust you have expressed in us. We look forward to your participation.

Member Education Conference Calls

The Pension Boards' Member Education Conference Call Series offers members an opportunity to learn more about benefits plans and have their questions answered by knowledgeable PBUCC staff. Conference calls are scheduled for the **second Wednesday of every month** and begin at **Noon (Eastern)**.

Join us for the following discussions by calling the toll-free conference call number at **1.888.635.9299** and entering **Access Code: 905128**. (TTY dial-in: **1.800.855.2881**)

Wednesday, February 11, 2009
Reporting Clergy Annuity/Disability Income as Housing Allowance on Tax Returns, plus information on Long-Term Care Insurance

Wednesday, March 11, 2009
Vision Plan Open Enrollment and Long-Term Care

If you are unable to participate, a recording of each conference is available for **one month** following the call at **1.800.475.6701**, **Access Code: 905128**

Please note that after one month the telephone recording is updated to the most recent conference call. Recordings of all past calls are available on the Member Education section of the Pension Boards' web site at **www.pbucc.org**.

PBUCC Welcomes Maxine Seifert as Chief Financial Officer and Treasurer

Maxine Seifert, a Certified Public Accountant with over 30 years' experience in the for-profit sector, has joined the staff of the Pension Boards-United Church of Christ (PBUCC) as Chief Financial Officer and Treasurer. In this role, she has direct oversight of PBUCC's Accounting, Treasury and Information Technology departments.

Seifert, who received a Bachelor of Science in Accounting from Georgetown University and a Master of Business Administration from Harvard Business School, began her career in 1977 as an auditor for Deloitte & Touche (formerly Haskins & Sells) in New York City. From 1982-1984, she served as Director-Corporate Reporting for The Penn Central Corporation, where her responsibilities included overseeing the preparation of Securities and Exchange Commission (SEC) filings.

From 1984-1997, Seifert held six financial management positions in Colgate-Palmolive Company's corporate headquarters, research and development laboratories, and North American business unit. Her roles included Vice President/Controller-North America and Vice President-Financial Business Development. In 1998, Seifert became Chief Financial Officer of Biomatrix, Inc., a New Jersey-based publicly-traded biomedical company.

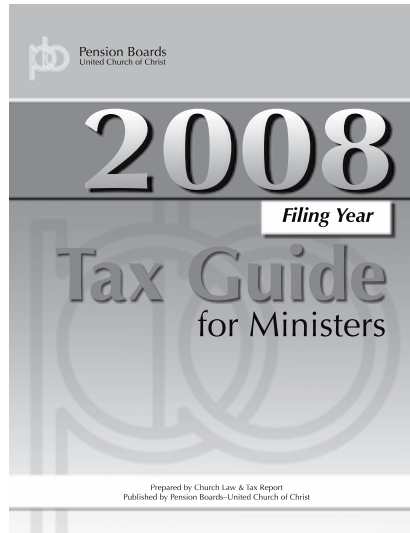
After the sale of the company in December 2000, Seifert began investigating new business possibilities that culminated with her becoming a Co-Founder and Chief Executive Officer of a supplier of ingredients for skin care products.

"Maxine Seifert has extraordinary academic and professional credentials, serving with distinction at the most senior levels of corporate life," said Pension Boards President and CEO Michael A. Downs. "She is already making an impact in the areas she oversees and generating positive outcomes."



Tax Information Now Available Online

The annual **Tax Guide for Ministers** has been mailed to Annuity Fund members who requested copies and is available to all on the Pension Boards' web site (www.pbucc.org). Simply click on the "NEW! Tax Guide for Ministers 2008" link at the bottom of the home page, to be directed to a page where you can download a number of resources designed to help with federal income tax preparation, including instructions for clergy on how to report annuity income and disability payments as housing allowance on their tax returns. Also available is a link to the 2009 edition of **Federal Reporting Requirements for Churches**.



For additional information, please contact Member Services at **1.800.642.6543, Option 6**.

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**.

Happy 100th Birthday

Rev. Ernest F. Nolte
Indiana

Ruth H. Klinke
Illinois

Edith L. Fairman
Ohio

“..we are living through the toughest economic period...”

Other than those who remember the Great Depression, we are living through the toughest economic period most of us have experienced. It is reassuring to know that the United Church of Christ does not forget those who have served this great church simply because they have moved to less active forms of ministry.

The United Church Board for Ministerial Assistance (UCBMA) has been blessed with several sources of income that enable us to provide financial assistance for the clergy and lay employees of the United Church of Christ. The annual Christmas Fund Offering (formerly known as Veterans of the Cross) is the lifeblood of our programs of Pension Supplementation, Health Benefits Premium Supplementation, Emergency Grants and Christmas “Thank You” Gift Checks to low-income retirees.

Pension supplementation provides assistance to those who have retired and whose total family pension and Social Security income is less than \$24,000. Pension benefits are supplemented based on the member’s years of service in which dues were paid on his or her behalf to the Annuity Fund or a predecessor fund. The Supplementation Plan also receives some income from Our Church’s Wider Mission (OCWM) Basic Support.

Persons who participate in the UCC Medicare Supplement Health Plan whose combined family income from pension and Social Security is less than \$39,150 are eligible for premium supplementation on a sliding scale indexed on income. Persons who participate in the UCC Medicare Plan and are “dually eligible,” which generally means they qualify for both Medicare and Medicaid, receive coverage through the UCC Medicare Supplement Plan without Rx at no cost. This benefit is possible because “dually eligible” persons qualify for direct prescription drug coverage under Medicare Part D.

The UCBMA also administers a program that provides emergency assistance grants in situations where a financial hardship is the result of an event beyond the control of the individual. Examples of situations for which help has been provided include: victims of crime, natural disasters, fires and illness. The amount of these grants is based on the circumstances of each individual situation.

We also provide gifts at Christmas time to retirees who have low incomes. Nearly 1,000 such gifts were provided in 2008. The UCBMA is seeking to identify clergy who have served in the UCC, but were never provided pension payments by their churches and have only Social Security income, so they can be added to the list of Christmas Gift Check recipients.

If you feel you may qualify for one of these assistance programs, please 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** to discuss your situation.

The United Church Board for Ministerial Assistance has an endowment fund which generates funding to supplement the gifts from the Christmas Fund. Among the programs supported through endowment income is the Annuitant Visitor Program. Annuitant Visitors try to make an annual visit to each of our retirees to maintain a direct connection with the Pension Boards. Visitors will convey new information about Pension Boards’ programs and answer retirees’ questions. There are currently 150 visitors who will visit any retiree who desires a visit.

The Pension Boards staff are grateful for the support annuitants provide for the Christmas Fund both through their personal gifts and by encouraging others to provide gifts.

Even in these tough economic times there are those who are willing to support the work of Ministerial Assistance through a gift from their accumulated assets. One attractive vehicle for making this kind of gift is through inclusion in your will. You can include UCBMA in your will and have the satisfaction of knowing that you will be participating in this vital ministry beyond your lifetime. And, if your financial needs change, your assets are still intact as the codicil in your will through which the gift is made can be changed as needed. If you are interested in exploring this option, or if you would like to discuss making another type of gift, please contact the Rev. Dr. M. Douglas Borko at the e-mail address and telephone number listed above.