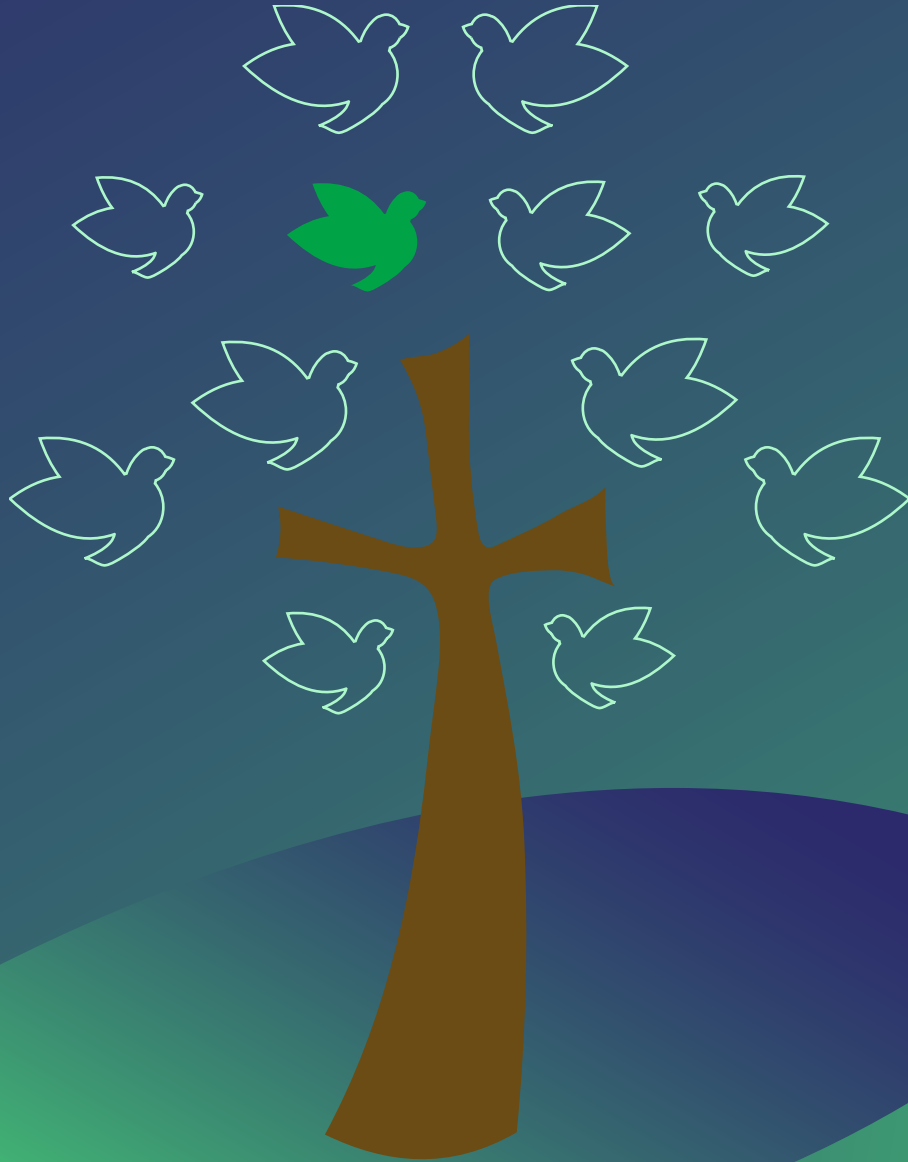




**The Pension Boards**  
United Church of Christ, Inc.  
WHERE FAITH AND FINANCE INTERSECT



# ANNUAL Report | 2017

## Our Mission

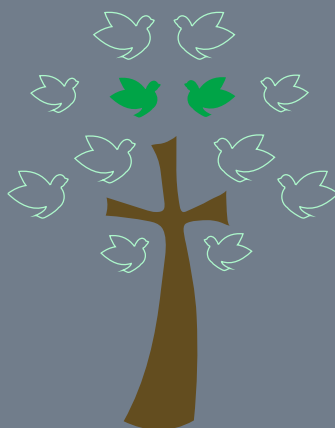
Operating at the intersection of faith and finance, we are caring professionals partnering with those engaged in the life of the Church to provide valued services leading to greater financial security and wellness.

## Our Vision

The Pension Boards delivers benefits and services from the intersection of faith and finance, providing clergy, lay employees, and all persons served with the peace of mind that comes through greater financial security and better health.

The Pension Boards achieves these results through:

- Thought leadership regarding faith-based, socially responsible investing,
- Professional investment expertise that enhances returns,
- A comprehensive mix of products and services that meet diverse needs,
- Innovative application of technology,
- Outreach to all settings of the UCC and the greater Church, and
- Fees and expenses that are at or below industry average.



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# A Time for New Things: A Conversation with Pension Boards Leaders



**Brian R. Bodager, President/CEO:** 2017 was a time of new things at the Pension Boards. It was the second full year of implementation of the Pension Boards' organizational strategic plan. Two years in, we have reviewed progress toward our strategic objectives, identified existing challenges to success, and taken steps to position the organization to further our mission and ministry to the United Church of Christ.



**Rev. Dr. Rodney Franklin, Trustee Chair:** We are setting an example in the marketplace with our Faith and Finance initiative. As a witness for the Lord, we are called to care for those who serve our church; to care for society and for God's creation; to be proactive in making sure we are good stewards of what God has created.

**Brian:** For more than 100 years, we have been stewards safeguarding the financial security of UCC clergy and lay church workers while also witnessing to our values as the United Church of Christ. Carol, as a new Trustee, how have you observed the Pension Boards living out this responsibility?

“We hold ourselves, and all our partners, to standards that reflect our shared commitment to the sustainability of our world and its people.”



**Rev. Dr. Carol Lytch, Trustee/President, Lancaster Theological Seminary:** The Pension Boards serves people who are dedicated to living lives of faith. Investing is one aspect of our lives that should reflect our faith commitment. The Pension Boards, on behalf of members, invests in ways that have a positive environmental and social impact, working to influence corporations to be socially responsible—to have a conscience.

**Brian:** Indeed, Carol, that is one of the key differences between the Pension Boards and commercial financial services companies. We are driven by the witness of faith, and our investment practices demonstrate this.



**David A. Klassen, Chief Investment Officer:** One of the major differences is that we say that we are caring professionals. Oftentimes at other firms

they care about their participants and investors, but they also care about their bottom line. Here, through Faith and Finance, we care not only about the bottom line and the profitability and the security of [members'] retirement, we also care about values. The environment, human rights, and governance issues can affect the long-term sustainability of the planet.

**Brian:** As Dave has shared, we hold ourselves, and all our partners, to standards that reflect our shared commitment to the sustainability of our world and its people. I am excited to share that, as this Annual Report was finalized, the Pension Boards has just become a signatory to the United Nations' Principles for Responsible Investment (UN PRI). This is a strong affirmation of our Faith and Finance initiative as it relates to investment activities. But as Rick Walters, our Director of Corporate Social Responsibility, knows, Faith and Finance extends to every facet of our work.



**Rev. Richard Walters, Director, Corporate Social Responsibility:** We've decided that our faith needs to be front and center, and it needs to be part of a comprehensive plan for

thinking about all of the products and services that we offer. In 2017, we made a conscious decision to make Faith and Finance a major part of everything that we do. And one of the important concepts is not only being a “thought leader” in Faith and Finance, but also being a “thought listener.”

**Brian:** Rick has identified a key behavior we are all striving to accomplish. We are listening to our members, and to all settings of the Church in striving to meet the unique needs of the Church today, through comprehensive employee benefits plans and programs designed for clergy and lay employees. Our Health Plan Operations Director, Frank Loiacono, knows this challenge first hand.



**Frank Loiacono, Director, Health Plan Operations:** From the intersection of Faith and Finance, the Pension Boards continues to provide a wide range of retirement and health benefits to clergy and lay employees of the United Church of Christ, ranging from annuity plans, to health and life insurance, disability insurance, dental and vision, flexible spending accounts, and member assistance programs. We’re very proud as caring professionals to offer this ministry to the wider United Church of Christ.

**Brian:** Another way we are listening to the needs of our members is through sustainable leadership initiatives, such as the Next Generation Leadership Initiative (NGLI), PBUCC CREDO, and

the new Ministers’ Financial Vitality Initiative (MFVI). Trustees George Ochs, Larry Yunaska, and our Chair, Rodney Franklin, are committed to UCC ministers, and identifying opportunities for them to thrive.



**George Ochs, Trustee/Investment Committee Chair:** Young entrants are coming into ministry, which is different today. We’re looking to serve those that are mid-career, late in their careers, and those that are retired. And we think that’s a very important work that we do. We are very keen to take a look at what we can do to get ahead of the curve and better serve the ministry of the United Church of Christ.



**Larry Yunaska, Trustee Vice Chair:** The Next Generation Leadership Initiative [helps] young pastors as they’re starting in their careers, and recently we started CREDO, which is a support for pastors that are mid-way through their careers, to help them rejuvenate their careers.

**Rodney:** Ministers’ Financial Vitality Initiative helps clergy deal with the issue of debt, with budget planning, debt planning, and other ways to get finan-

cial planning and budgeting and other goals that relate to finances. They can also model for their congregations what it is to live in debt, then out of it in a structured, financially sound program.



**Rev. Krista Betz, Director, Ministerial Assistance:** In all of these programs, we try to touch the people who serve the Church and provide care for them in a new way so that as they continue to serve the Church, they might be encouraged and equipped to do transformational ministry, not for their own sake, not even for the sake of the Church, but for the sake of God’s mission.

**Larry:** I’ve been a Trustee for eight years and what really is the key takeaway is the passion that not only the staff but all the Trustees have for our mission.

**Rodney:** Another way we are listening to members’ needs is through sustainable leadership initiatives, such as the Next Generation Leadership Initiative (NGLI), PBUCC CREDO, and the new Ministers’ Financial Vitality Initiative (MFVI).

**Brian:** As you have heard from some of our key leaders, there are many new things happening at the Pension Boards. Our witness has been, is, and will continue to be, at the intersection of Faith and Finance—reflecting our values and our commitment to those who entrust their financial resources to us. We look forward to continuing to serve you.



# Navigating the Intersection

The Pension Boards' Faith and Finance Initiative is all about intersections. It comes from our mission and vision statements, but most simply put refers to how we operate at the intersection of Faith and Finance. Yet that description alone oversimplifies the ways in which we all intersect the life of faith and our actions.

Our faith leads us to seek a just world for all at the intersection of the transformation of the economic order. Our faith leads us to seek justice at the intersection of the wise use of economic resources for the well-being of others. Our faith leads us to serve our clergy and lay workers at the intersection of the assistance they need for wellness. Our faith leads us to invest for change and impact at the intersection of clean water, renewable energy, fair wages, and trade. What does the intersection of your faith and the economic resources you steward look like? We'd like to know.

The Pension Boards' goal for the Faith and Finance Initiative is to become a "thought leader" in finding and creating intersections that make new and good things happen. But what we really want to do is become a better "thought listener." Thought leading moves to thought listening and back again until the loop is completed and the real intersections made between members and the services and plans we offer. It means a real person on the other end of a question, concern, or problem you need help with. If you want to know what Faith and Finance is, it is mostly about responding.

This report is filled with figures and numbers and such, but if you read between the lines, you will also find it is about real human stories. It's about providing special services for the special needs of persons with autism spectrum disorders in our Health Plan. It is about Ministerial Assistance grants for clergy to handle special situations. It is

## Each Under Their Own Vine and Fig

A Message from the  
Rev. Dr. John C. Dorhauer

*General Minister and President  
of the United Church of Christ*



I had a farmer in my first church. Sylvain Schmutz was well into his 80s when I first met him. He was as devout a worshiper as I have seen in my almost 30 years of ministry. He had a bumper sticker on his truck that read: "Live simply so others may simply live."

Our Pension Boards is calling us to sustainable investment—a noble calling and a worthy undertaking. The Earth has become fragile. Its life is now dependent on a human community willing to change consumptive habits.

The prophet Micah dreamed of a day when God's wisdom would reign and all nations would stream to the Holy Mountain in obeisance and submission to God's will. They would beat their swords into plowshares and their spears into pruning hooks. No one would learn the ways of war anymore.

Many of us are sustained by the hope of such a day dawning. These words have often inspired us.

But those weren't the only words he offered. He named the condition under which such a world would come: "They shall all sit under their own vines and under their own fig trees, and no one will make them afraid."

This is a vision of simple living. It is an assurance that God will provide...enough. No more, no less. Whether out of insecurity, anxiety, or a more base emotion like greed, avarice, or acquisitiveness—we want more. Our own vine and fig tree are never quite enough.

The Earth can't sustain our rates of consumption. It is too much. Living simply, satisfied with God's design for all having enough, is the key to sustaining life on this planet as we know it. An investment in sustainability is not just something we ask the Pension Boards to do wisely with our earned income—it is a commitment every person of faith can make by reducing the rate of our consumption to be more in line with what we need rather than what we want.

As we ask the Pension Boards to practice sustainable investment, let us all also do our part. I'll thank my beloved parishioner, Sylvain Schmutz, for his wisdom, his example, and his invitation to us all: live simply so others may simply live.

about farmers getting micro loans because of our purchase of Green Bonds, and children in Africa receiving high quality medical care through a private equity investment. It is about how investing in wholly-owned Palestinian businesses in the West Bank is spurring economic growth, creating jobs, and developing infrastructure. And, it is about confronting companies with their responsibility to the environment that we all share, through shareholder activism done in concert with hundreds of other faith-based and values-based investors like us.

And now it is your turn, because we are reaching out to UCC congregations and Conferences to listen more to your needs and provide resources that may help you to find your intersection with Faith and Finance. It is the next phase of the initiative and one we must all be a part of in this new time for faith. Come, let us journey together on this road to new intersections.

For more than a century, the Pension Boards' charitable arm, the United Church Board for Ministerial Assistance (UCBMA), has compassionately, creatively, and efficiently responded to the needs of those who serve our church. Last year, for programs of direct assistance to those in financial need and programs to sustain healthy and effective leaders, UCBMA committed more than \$4 million, impacting the lives and ministries of thousands of authorized ministers and lay church workers across the United Church of Christ. (See map on page 14.)

But 2017 also made clear that it's time for new things...

### **Generations of Service: Faith and Finance in Action**

Baby boomers are retiring in greater numbers, and we estimate that by 2027 there will be 33% more retirees than right now. Many of these will not have enjoyed what was the traditional full-time, full-benefit, uninterrupted pastoral career, but will have come to the point of retirement having served part-time, or bi-vocationally, or come to ministry later in life, and many will have served smaller or downsized

congregations. Assistance needs for these new retirees will expand dramatically, and establishing new sources of funding is essential.

The circumstances current UCBMA leadership programs exist to address—sustaining effective ministries in a dramatically changing cultural and religious landscape, the impact of everyday stresses on the well-being of clergy called to do more with fewer resources, the deepening financial pressures on the personal finances of those called to serve, and the isolation experienced by our church's retirees—will only intensify in the decade ahead.

For these reasons, the Pension Boards Trustees and UCBMA Directors, after thorough assessment of internal and external data, conversations with lay and authorized leaders across the United Church of Christ, and affirmation of the missional responsibility of UCBMA to continue to “serve those who serve,” concluded it was time to do a new thing: they authorized the **Generations of Service: Faith and Finance in Action** \$20 million capital campaign. As is described elsewhere in this report and on the Pension Boards website, the campaign aims to raise \$10 million to meet anticipated assistance needs over the next 10 years; \$7.5 million

to bring 150 more pastors into the **Next Generation Leadership Initiative (NGLI)**, and provide 1,000 more with the **PBUCC CREDO** experience; and \$2.5 million to offer financial management education to 150 pastors, and seminary debt reduction assistance to 400 through the **Ministers' Financial Vitality Initiative (MFVI)**.

In 2017, the **Generations of Service** campaign got underway with the gathering of a Leadership Committee of talented and motivated women and men from across the church, who will continue to oversee the campaign and solicit support; the cultivation of leadership level gifts, undertaken by the President and CEO; the promotion, education, and mission interpretation of the work of UCBMA; and finally, the necessity of this campaign by Pension Boards staff and volunteers to local congregations, Associations and Conferences, anticipating a denomination-wide appeal in the coming months.

For the Pension Boards, UCBMA, and the church we serve, it is a time for new things, and the **Generations of Service: Faith and Finance in Action** campaign is our bold step forward to ensure what works so effectively now will be there in the decade to come.

**IMPACTING LIVES NOW  
AND IN THE FUTURE**



## Sustainable Investments/ Sustainable Ministry:

A Message from the Rev. Dr. James Moos  
*Executive Minister for Global Engagement  
& Operations*



Wise farmers have long lived by the adage that you don't eat your seed corn. If all the corn gets eaten and there's no seed left to plant, the farm is lost. This lesson on sustainability applies not only to agriculture, but also to the way the Pension Boards-United Church of Christ meets present needs while investing in the future by living at the intersection of faith and finance.

With over a century of experience in providing retirement and health services to lay and clergy employees of the UCC, the Pension Boards has long made investments that sustain those called to serve in the church. Increasingly, they are investing in the future needs of a rapidly-changing landscape in church and society:

- The Pension Boards is committed to the vision of a just world for all by making socially-responsible investments that adhere to social, environmental, and good governance criteria.
- Through the **Next Generation Leadership Initiative**, an investment is made in young UCC leaders by equipping them with transformational skills necessary for the church of the future.
- Through the **CREDO** program, the Pension Boards invests in clergy by providing resources for spiritual, vocational, financial, and physical and psychological wellness.
- The recently launched **Ministers' Financial Vitality Initiative** invests in the financial vitality of UCC authorized ministers, especially those from historically underrepresented groups.
- The **Generations of Service: Faith and Finance in Action** campaign will provide adequate resources for the United Church Board for Ministerial Assistance to ensure that its history of supporting authorized ministers and lay employees will continue long into the future.

Sustainable investments make for sustainable ministry. While continuing its long tradition of addressing the retirement and health needs of those called to serve in the United Church of Christ, the Pension Boards is planting seeds that will bear fruit in the future.

We believe that the investment team and our manager partners helped you accomplish your goals in 2017. In this investment section, we will describe the ways that happened though a very positive year, and lay out our positioning into 2018.

The investment landscape can seem confusing to those who don't follow it every day, and sometimes to those who do. In 2017, markets were extremely calm. Every single month of the year produced positive results. In some ways, this was a surprise, given the political and geopolitical uncertainties. In other ways, reasons for good markets were clearer.

Financial markets finished 2017 as they started, on a most positive note. Investors' recent enthusiasm reflects a balanced and upbeat global economy. Passage of the Tax Cuts and Jobs Act added to U.S. growth prospects that have generally been acknowledged in recent years. Most interesting, though, Europe and most emerging markets countries are improving and investors have begun to take notice.

### International Equity Markets

As a result, international equity markets led performance throughout the year. While this trend is only one-year old, it does affirm the proven benefits of a diversified approach to equity investing we have referenced often over the last few years. Emerging markets investments had the most positive impact on portfolios, with emerging markets equities (MSCI EM) up 37.28% for 2017. The performance of the developed market international index (MSCI EAFE) was also very strong, with a return of 25.03% for the year.

### U.S. Equity Markets

Large U.S. companies, as represented by the Standard & Poor's (S&P) 500 index, still gained 21.83% in 2017. The Russell 2000® index of smaller stocks trailed behind, but was still up 14.65% for the year.

### Fixed Income Markets

Now to the other side of the asset ledger, in fixed income. Bonds, as represented by the Barclays Capital U.S. Government/Credit Index, had a return of 4.00% for 2017. The Federal Reserve (Fed) increased interest rates in March 2017, June 2017, and December 2017 in response to wage pressures and inflation beginning to stabilize and turn up. Despite the Fed actions, notably, there was still a positive return to be had.

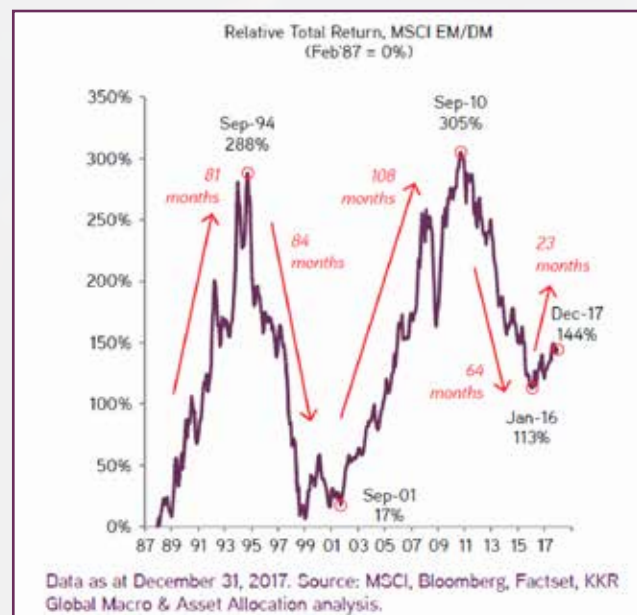
There were other ways to generate performance above market returns in 2017. One major theme was to favor equities over fixed income in balanced funds. We also em-

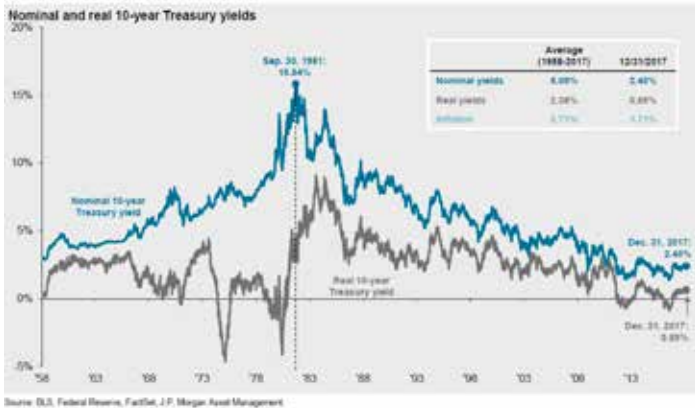
phasized emerging markets versus U.S. equities in equity funds. Finally, we received the benefit of active managers (stock pickers, not just indexes) around the globe. Manager skill reappeared in 2017, especially in particular regions of the world and parts of the market.

### Market Outlook: Diversification the Best Approach

The favorable dynamics of a global economic expansion should continue the positive outlook in 2018, with a few caveats. World growth should exceed U.S. growth, despite the boost that U.S. corporate earnings growth will get from tax changes. This means that a diversified approach should continue to be the best discipline. In terms of risks, while interest rate increases are projected to stay under control, that could change because of tight labor markets, faster wage growth, and higher inflation expectations. In addition, policy mistakes in China, geopolitical events, and mid-term U.S. elections in 2018 are other factors aside from higher interest rates that could contribute to potentially higher volatility in 2018.

We remain positive on the potential for global equities, especially because economies around the world are improving and thus earnings stand to grow. Valuations (prices), while high relative to history, are not excessive. When we look at return potential across regions, global equities are more attractive than U.S. equities. We continue to emphasize emerging markets equities, where relative performance versus developed markets has just begun to turn upward. As indicated in the chart below, it is quite possible that a multi-year performance cycle for emerging markets has begun.





As for fixed income, we believe the risk is for interest rates to rise, as the Federal Reserve continues to increase rates this year. The pace of Fed rate hikes will be key to whether a positive return is possible for the year. For now, our interest rate sensitivity (duration) is slightly lower than the fixed-income benchmark, and we continue to favor floating/variable rate bank loans, because of their lower sensitivity to rate increases.

We will also be alert for signs of over-exuberance if markets get too optimistic about the impact of policy and tax reforms. That said, we have maintained equity exposure at an overweight position in balanced funds with continued signs of solid global economic growth.

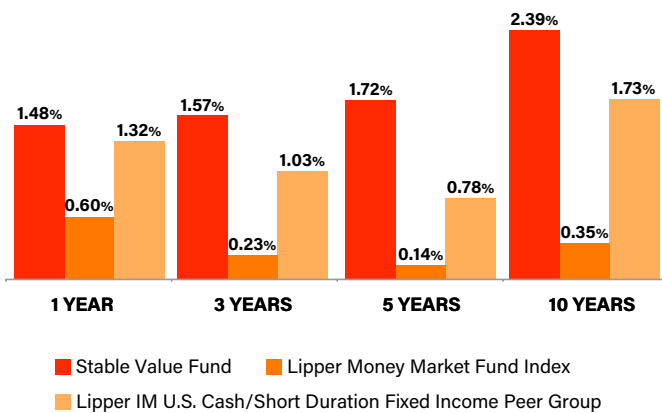
Despite these factors and crosscurrents, we remain focused on selecting skilled managers, at low fees, in the right asset classes, and scrutinizing them through extensive due diligence as they work on your behalf. Secondly, we remain focused on employing our Faith and Finance lens to investing and insisting on environmental, social, and governance (ESG) criteria in the investments our managers make. Above all, we will continue to be good stewards of investments on your behalf in this increasingly complex world.

### Accumulation Fund Performance

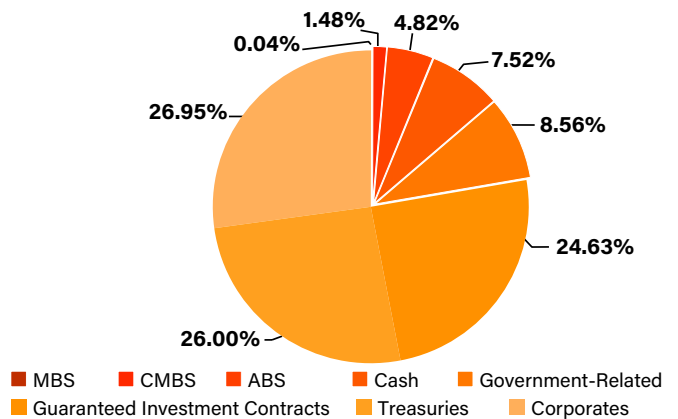
The following are charts illustrating fund performance for various periods as of December 31, 2017. Asset allocation at year-end is shown as well. Fund performance, as shown, is net of all expenses. Indexes are unmanaged benchmarks with no associated fees.

### Stable Value Fund

Fund Performance



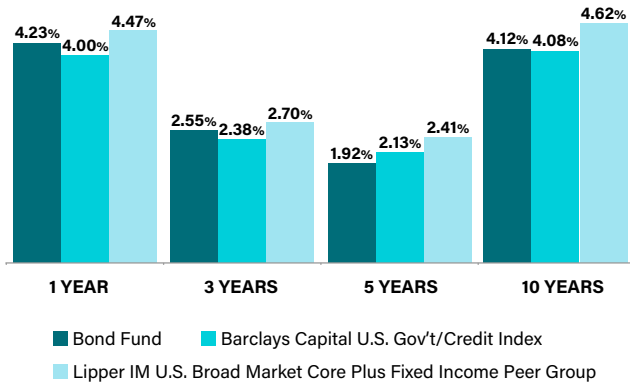
Asset Allocation



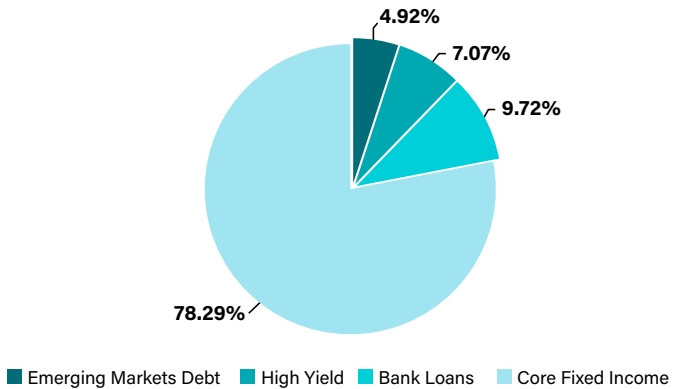
For 2017, the Stable Value Fund had a total return of 1.48% versus 0.60% for the Lipper Money Market Fund Index. The Stable Value Fund has continued to maintain a higher yield than the Lipper Money Market Fund Index, as money market yields only started to rise in 2017. The Fund seeks a principal preservation strategy that expects to maintain a stable unit value of \$1.00 per unit while earning a level of income that is consistent with short- and intermediate-term bonds.

## Bond Fund

### Fund Performance



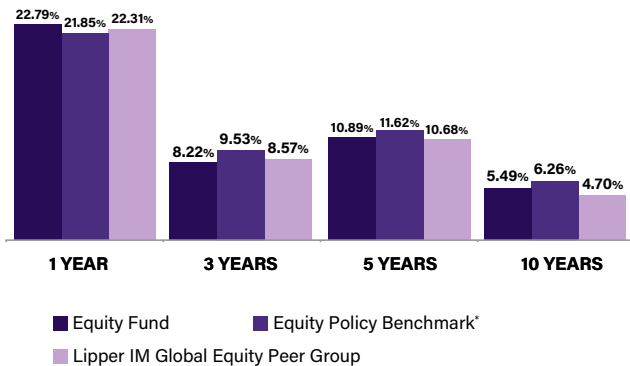
### Asset Allocation



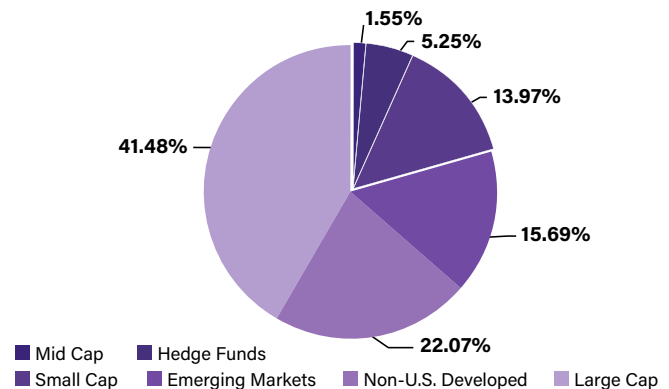
In 2017, the Bond Fund had a total return of 4.23% versus 4.00% for the Barclays Capital U.S. Government/Credit Index (BCGC). The Fund exceeded the benchmark, which reflects investments in U.S. treasuries and corporate bonds only, in a positive year for those asset classes. Underlying managers, both internal (Core fixed-income), and external (emerging markets debt, bank loans, high yield), had a good year, mostly exceeding benchmarks. The Fund was adept at adjusting duration (sensitivity to changes in interest rates) for most of the year, which added to its return versus the benchmark. Finally, the Fund's diversification away from core fixed-income strategies in favor of higher-yielding investments, especially emerging markets debt, also enhanced portfolio returns. Our emerging market local currency debt manager, Investec, stood out by delivering a 16.97% return for 2017, outperforming its benchmark by 1.77%.

## Equity Fund

### Fund Performance



### Asset Allocation



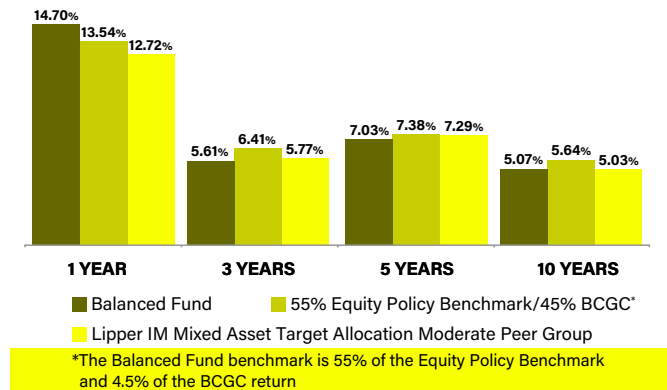
\*The Equity Policy Benchmark reflects the asset class targets established by the Pension Boards Investment Committee and is based on the following Index weightings, effective April 1, 2017: Russell 1000 Index® (45.0%), Russell 2000® Index (15.0%), MSCI EAFE Index (20.0%), MSCI Emerging Markets Index (12.5%), and HFRX Global Hedge Fund Index (7.5%).

For historical weightings and composition of the Equity Policy Benchmark, please see Policy Benchmark Historical Allocation at [www.pbucc.org](http://www.pbucc.org).

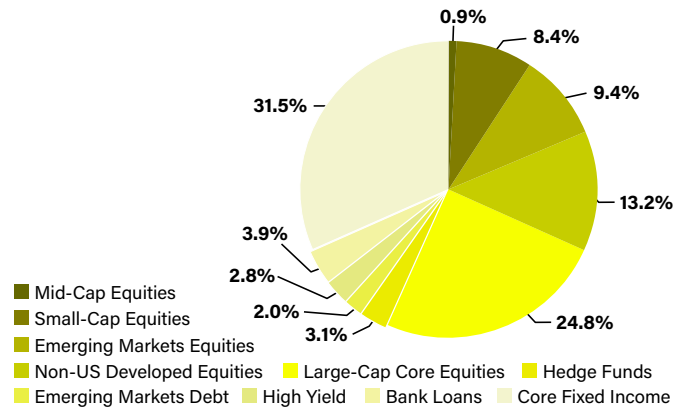
In 2017, the Equity Fund had a total return of 22.79% versus 21.85% for the Equity Policy Benchmark. The Fund benefited especially from exposure to international equities. The Russell 1000 Index®, for U.S. large-cap stocks, and the Russell 2000 Index®, a similar index for U.S. small-cap stocks, had total returns in 2017 of 21.69% and 14.65%, respectively. International stocks in developed countries, as represented by the MSCI EAFE Index, returned 25.03%, and emerging markets stocks returned 37.28%. As the allocation chart illustrates, the Equity Fund is diversified to include small, medium, and large U.S. stocks, as well as developed international and emerging market stocks, and hedge fund investments. The Fund benefited from allocations to domestic managers like Pinnacle and William Blair in Small/Mid Cap Growth, and international managers such as Globeflex, William Blair, and Lazard, where returns were more than 25% for 2017.

## Balanced Fund

### Fund Performance



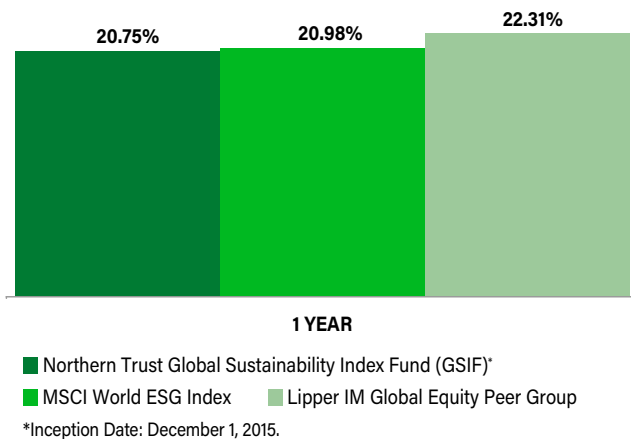
### Asset Allocation



In 2017, the Balanced Fund had a total return of 14.70% versus 13.54% for the policy benchmark. The Balanced Fund invests in the Equity and Bond Funds. The Fund had a higher return than the benchmark return, as the underlying Equity Fund and Bond Fund outperformed benchmarks. An overweight to the Equity Fund during the year, versus policy benchmarks, helped performance.

## Northern Trust Global Sustainability Index Fund (GSIF)

### Fund Performance



The Northern Trust Global Sustainability Index Fund (GSIF) celebrated its second anniversary as an accumulation offering and had a total return of 20.75% versus 20.98% for the unmanaged MSCI World ESG Index. This Index Fund invests primarily in a broadly-diversified portfolio of domestic and international equity securities further diversified by market capitalization, sector, and style. In addition, the GSIF is a registered mutual fund that utilizes one of the best-known measures of ESG (environmental, social, and governance) factors. The Fund is indexed to the MSCI World ESG Index, which it seeks to replicate.

### The Target Annuitization Date (TAD) Funds

The Target Annuitization Date (TAD) Funds are invested in the Equity, Bond, and Stable Value Funds according to asset allocation glide paths that become more focused on capital preservation as the annuitization date approaches.

Target Annuitization Date Fund	Target Asset Allocation	Total Return			
		One Year	Three Years	Five Years	Ten Years
2020		6.72%	3.33%	4.86%	4.00%
2025		12.86%	5.37%	6.90%	4.58%
2030		15.03%	6.02%	7.66%	4.89%
2035		16.41%	na	na	na
2040		17.84%	na	na	na

■ Equity Fund    
 ■ Bond Fund    
 ■ Stable Value

Inception date: 04/01/2007

Fund performance is net of all expenses and includes price changes and reinvestment of interest, dividends, and capital gains, if any.

*Past performance is no guarantee of future results.*

As the target date approaches, a higher allocation is given to the Bond and Stable Value Funds and less to the Equity Fund, which is more volatile than the other two Funds. Asset allocation is adjusted at least twice a year to conform to the established allocations. The performance of the TAD Funds reflects the underlying performance of the Funds in which they are invested. In a positive year for financial assets, we believe the TAD Funds achieved their objectives.

### Fees

Expenses (or expense ratios) are reported as the percentage of total costs for the management and administration of the funds divided by the total average assets of the fund. Expenses in 2017 for the Equity Fund were 0.75%, and the expenses for the Northern Trust Global Sustainability Index Fund (GSIF) were 0.63%, compared to an average expense ratio of 1.17% as reported by Morningstar for equity funds with global securities like the types of securities in our Fund. Expenses for the Bond Fund were 0.48% compared to the Morningstar average of 0.77% for similar funds. The Balanced Fund had expenses of 0.68% compared to the Morningstar average of 0.87% for similar funds. Expenses for the Stable Value Fund in 2017 were 0.52%. Expenses for the TAD 2020, 2025, 2030, 2035 and 2040 Funds were 0.54%, 0.62%, 0.65%, 0.67% and 0.69%, respectively.

### Annuities

Members have a choice of two annuities—the Participating Annuity and the Basic Annuity, which were introduced on April 1, 2006. Benefit payment adjustments for these annuities, if any, are made annually at the beginning of each year. January 1, 2007 was the first adjustment date for these annuities.

Annuitants who retired prior to April 1, 2006 and who chose to remain in the Equity Benefit and Balanced Benefit Annuities continue to receive payments as they have in the past, with payment adjustments effective April 1 and October 1.

### Participating Annuity

The assets supporting this annuity are invested in a balanced portfolio of stocks, bonds, and real assets (targeted allocation of 55% to stocks, 35% to bonds, and a target of 10% to real assets (real estate and infrastructure investments)). Over longer periods of time, the objective of the Participating Annuity is to produce average returns that are higher than the 4% return assumption built into the base level of annuity benefits, which should allow for benefit increases from time to time that are expected to continue to be paid over the annuitant's lifetime. Of course, if investment and mortality experience result in decreased assets that no longer support the benefit levels, then monthly benefits can also decrease. There was a 2.0% increase approved for 2018.

### Basic Annuity

The assets supporting the Basic Annuity are invested entirely in fixed-income securities that on a portfolio level have high quality ratings. Our current assumption is that these securities will produce an average investment return that is close to the 4% return assumption built into the base level annuity benefits. We do not currently anticipate that the benefit will increase or decrease in the near-term future. However, if interest rates rise or fall significantly above or below the 4% earnings assumptions for extended periods, there is always a possibility that the benefit could change. There was a 2.0% increase approved effective January 1, 2018.

### Equity Benefit Annuity

*(Closed to new investment since April 1, 2006)*

Payments from this annuity are supported by equity securities and fluctuate with the movement in equities, with a three-month lag. Payments are adjusted twice a year, effective April 1 and October 1. Payments incorporate the 4% annual growth assumption built into the initial levels of a member's annuity payment. On April 1, 2017, the annuity increased 3.50%, reflecting the increase in stocks over the last six months of 2016. On October 1, 2017, the annuity increased 7.98%, reflecting the strong performance of stocks over the first six months of 2017. Stock returns in the second half of the 2017 were also very strong, resulting in an 8.67% increase, effective April 1, 2018.

### Balanced Benefit Annuity

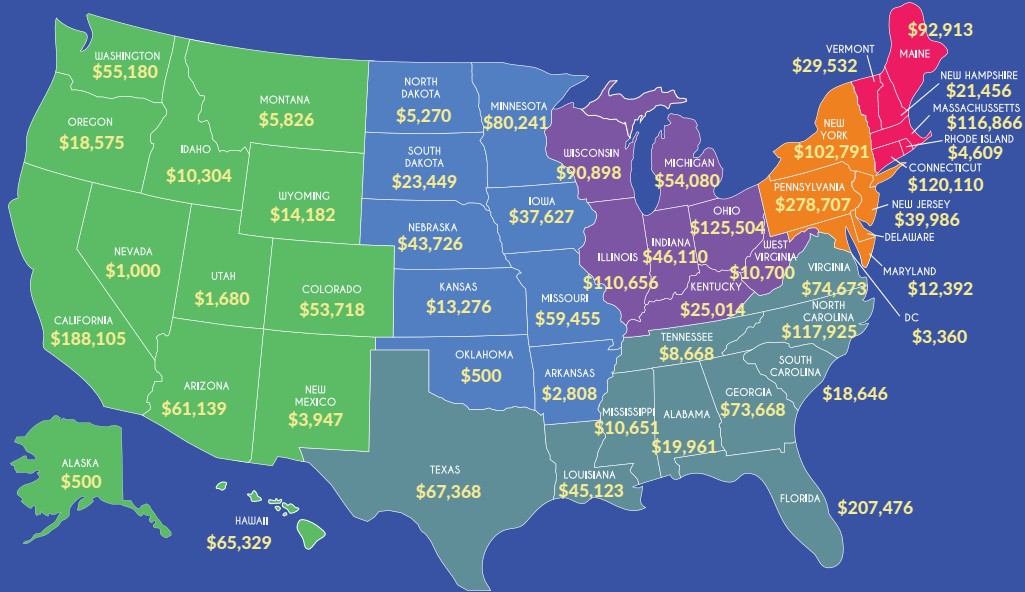
*(Closed to new investment since April 1, 2006)*

Payments from this annuity are supported by investments in fixed-income and equity securities and fluctuate with movements in equity and fixed-income markets, with a three-month lag. Payments are adjusted twice a year, effective April 1 and October 1. Payments incorporate the 4% annual growth assumption built into the initial levels of a member's annuity payment. On April 1, 2017, the annuity increased 0.06%, reflecting an increase in stocks over the last six months of 2016. On October 1, the annuity increased 7.30%, reflecting the increase in stocks in the first six months of 2017. Stock returns in the second half of the 2016 were also very strong, resulting in an increase of 4.86%, effective April 1, 2018.



# BEING the Church for those who SERVE the Church

## Ministerial Assistance Direct Support by State - 2017



### UCC Regions

Western Region	\$473,485
West Central	\$266,352
Southern	\$644,159
Great Lakes	\$462,962
Middle Atlantic	\$437,236
New England	\$385,486

### Additional Funds Committed to Ministerial Assistance Programs

The Next Generation Leadership Initiative	\$490,596
CREDO	\$511,895
Annuitant Visitor Program	\$272,943
Ministers' Financial Vitality Initiative	\$71,832
<b>Total:</b>	<b>\$1,347,266</b>

Total Assistance Grants by State	\$2,669,680
Total Assistance Programs	\$1,347,266
Total Assistance International	\$135,122
<b>GRAND TOTAL</b>	<b>\$4,152,068</b>



### 2017 DIRECT SUPPORT—\$2,804,802:

**Supplementation of Small Pensions** for 424 retired clergy/lay employees totaling **\$1,513,602**

**Supplementation of Health Benefits** for 210 retired clergy/lay employees totaling **\$492,863**

**Emergency Grants** for 384 servants of the church totaling **\$136,012**—including **\$86,750** that went to 347 authorized ministers in Florida and Texas to provide hurricane relief

**Christmas “Thank You” Gift Checks** to 477 retired clergy/lay employees totaling **\$228,300**

**Ministerial Assistance grants** to 78 retired/disabled clergy/lay employees and surviving spouses totaling **\$343,263**

**New Church Start Benefit Support Grants** to 10 new church start pastors totaling **\$78,562** (in cooperation with UCC Local Church Ministries and UCC Conferences)

**Scholarships** for children of deceased or disabled clergy to 1 student for total of **\$2,000**

**Herring and Stark Memorial Funds** to seed the annuity accounts of 6 seminarians in their last year of theological studies for a total of **\$9,000**

### 2017 SUSTAINABLE LEADERSHIP INITIATIVES—\$1,347,266:

**Annuitant Visitor Program (AVP)**, with 160 visitors who call on UCC annuitants. The cost of this ministry was **\$272,943**. (See p. 16 for more about AVP.)

**CREDO**, a sustainable leadership initiative that provides eligible authorized ministers with time, resources, and encouragement to discern paths to greater wellness and wholeness; 60 authorized ministers participated in 2017 and the cost was **\$511,895**. (See page 17 for more about CREDO.)

**Next Generation Leadership Initiative (NGLI)**, currently with 111 pastors in eight cohorts. The cost of this ministry was **\$490,956**. (See page 16 for more about NGLI.)

**Ministers’ Financial Vitality Initiative (MFVI)**, strengthens financial management literacy skills so that clergy may move toward a more secure future. The first year of this multi-year initiative engaged 30 authorized ministers and was made possible by a \$1 million grant from the Lilly Endowment. The cost of this ministry was **\$71,832**. (See page 17 for more about MFVI.)



Since 1885, UCBMA has been one of the places that United Church of Christ clergy and lay church employees, and their surviving spouses, have turned to for assistance. As the charitable arm of the Pension Boards, UCBMA's mission is to ensure the wholeness of those who serve the church—bridging financial and leadership needs of retirees, of those serving new church starts, of younger pastors beginning their ministries, and of those facing unexpected hardships.

This mission is funded by gifts from UCC members and friends across the country through the Christmas Fund for the Veterans of the Cross and the Emergency Fund, Ministerial Assistance Fund, Our Church's Wider Mission, and individual legacy gifts. Thanks to the generosity of many, UCBMA provided about \$2.8 million in direct support and about \$1.3 million for sustainable ministry initiatives in 2017.

## WORDS OF APPRECIATION

### From retirees

*"Prior to retirement, I always encouraged the congregations where I served to participate in the Christmas Fund offering. Yet now, as a recipient of these kind gifts of caring during my retirement years, I find it heartwarming that our churches and church people care so much for pastors like me, who, for various reasons, find themselves struggling at times to make ends meet."*

*"After 39 years of faithful service to the UCC and keeping my part of the covenantal relationship, my beloved denomination came through for me in a crisis situation. Each church that I have served has been diligent giving to the Christmas Fund. On several occasions, I have even asked for assistance for other ministers. Little did I know that one day I would find myself in need of assistance through the Christmas Fund. Thank you."*

### From those with immediate needs

*"Thank you for the emergency grant to assist with medical bills. My husband had emergency bypass surgery, which was a shocking event for which we were quite unprepared. The grant we received enabled us to make a financial transition into the next month, which otherwise would have been extremely challenging. The healing has certainly begun and it is all the more strengthened by support such as was extended to us through the Christmas Fund. It has blessed us immeasurably, as has the knowledge that we have the support and care of the Wider Church. Blessings, and thanks for all you do to maintain the covenant of compassionate ministry that is at the heart of our beloved United Church of Christ."*

### From those who received post-hurricane assistance

*"A few days ago, I received your check to help out because of the hurricane damage. It was a totally unexpected gift. But even more, it showed me the kind of church I have served and believed in for my whole time of ministry. My wife and I were evacuated during the storm, lost power for a week and water for four days. There was some damage to the siding on one end of the house, food loss, and two nights in a motel. Our normal living went away and is just now returning. We appreciate the money, of course, but even more we are moved by the thought and care that motivated it. I am "surprised by joy" to know that I am remembered even after twenty years in retirement. We thank you so much for your help and for being there."*

*"Just a note to thank you for the gift post-Hurricane Irma. While I'm a renter, just restocking my refrigerator/freezer along with the cost of trash bags to clean up the yard made your gift a true GIFT. I feel so fortunate to be a pastor in the United Church of Christ for many reasons. Thank you again."*

## CHRISTMAS FUND FOR THE VETERANS OF THE CROSS AND THE EMERGENCY FUND

For over 100 years, the Christmas Fund for the Veterans of the Cross and the Emergency Fund has helped clergy, lay church employees, and their surviving spouses facing challenging financial situations.



In 2017, the Christmas Fund created a Christmas coloring book to help United Church of Christ congregations tell the story of how we can be active in Shepherding the Light today. About 5,000 coloring books were mailed to all UCC congregations, another 2,000 were sold through UCC Resources, and countless others downloaded for free from the PBUCC website. The coloring book was illustrated by Ted Dawson, a member of Judson Memorial Church in New York City, and written by NGLI participant, the Rev. Vince Amlin, co-pastor of Bethany United Church of Christ and Gilead Church, in Chicago.

Total Gifts to the 2017 Christmas Fund Offering equaled \$1.5 million. Visit [www.christmasfund.org](http://www.christmasfund.org) to learn more.

**THANK YOU FOR YOUR GENEROSITY!!**

## ANNUITANT VISITOR

The Annuitant Visitor Program seeks to provide an annual visit to over 6,000 retired clergy, missionaries, and their spouses in the United Church of Christ. Annuitant Visitors serve as ambassadors for the Pension Boards' benefits, communicate appreciation for a lifetime of dedicated service, and offer collegial support.

**Words from Annuitant Visitors:**

*"Like most Annuitant Visitors, I treasure visits with my annuitants, some of whom I have known for many years and some I have just met. Some of the visits are fairly routine and some are just plain surprising. Perhaps the most important thing we can do is simply this: to say thank you and we treasure the gifts you offered so many for so many years."*

*"What a joy, a privilege, a special gift it is to talk with a brother or sister in ministry, to hear all the stories of how folks have lived out Jesus' commandment to go into the world and share the Good News. I love being able to say, 'Thank You; you are not forgotten; we treasure your years of service to the UCC.' For in return, I too receive such a lovely and faithful gift of being welcomed into homes and lives and hearts."*



Next Generation Leadership Initiative (NGLI) equips, energizes, and empowers younger United Church of Christ local church pastors to build vibrant congregations that change lives and further God's mission in the world.

NGLI seeks to honor and challenge younger clergy who demonstrate significant potential, who have accepted the high calling to parish ministry, who view parish ministry as a career path, and are willing to make a long-term commitment to service in congregational settings of the United Church of Christ.

Each participant engages in a multi-year program that includes core curriculum, individualized continuing education, General Synod visits, learning field trips, and a peer group for support and networking. For more information, visit <http://www.ngli2030.pbucc.org>.

There are currently 111 pastors participating in NGLI. This is about 22% of all UCC clergy under the age of 40. (Data provided by the UCC's Center for Analytics, Research and Data)

NGLI pastors serve local congregations in 33 of the 38 Conferences of the United Church of Christ.



**Words from NGLI pastors:**

*“I continue to be so grateful for NGLI and the ways it has sustained me in ministry. I’ve been equipped with new skills to help me intentionally forge a path other than the one paved by inertia. I can point to multiple occasions where the skills I’ve learned in NGLI have been utilized. When I recently left my congregation for a new one, the constant refrain was gratitude for how much our church had transformed over the last 4.5 years. I’m confident that growth and health is due in large part to NGLI.”*

*“NGLI has been an incredible experience for me. As a pastor whose drive, natural ability, and passion are often stilted by what the traditional models of higher education and institutional models are offering, this program has been the catalyst for personal and professional growth calling me to deepen my own commitment to self-discovery and the exploration of all that is possible. Thank you.”*



In 2015, the Pension Boards launched a new holistic wellness program called PBUCC CREDO. By the end of 2018, 200 UCC authorized ministers will have participated in the transformative experience.

PBUCC CREDO is anchored in a week-long seminar that creates sacred space for participants to examine significant areas of their lives and discern prayerfully the future direction of their vocation and personal wellness, and includes pre-seminar and post-seminar assessments and resources to expand upon the opportunities for wellness. Participants are also encouraged to utilize existing Pension Boards’ resources, including the Health Plan’s Healthy Stewards Wellness Program and the Annuity Plan’s *Ernst & Young Financial Planning Services®*. CREDO is administered in cooperation with the Episcopal Church Pension Group and Presbyterian Board of Pensions, which run similar programs in their denominations.

Visit <http://bit.ly/PB-CREDO> for more information.

**Words from CREDO ministers:**

*“I gained a renewed sense of enthusiasm for my ministry with the local church, a clearer understanding of how to improve my health—physical and spiritual—and it was wonderful connecting with committed UCC clergy.”*

*“Thank you for showing this level of care, love, concern, and appreciation for the clergy of this church. This program has made a [profound] difference to and for me.”*



The Ministers’ Financial Vitality Initiative (MFVI), made possible by a \$1 million grant from the Lilly Endowment, was introduced at General Synod 31. MFVI is comprised of two programs:

- Program One consists of three, three-year cohorts of UCC authorized ministers from historically-underrepresented groups. A financial wellness curriculum developed by *Ernst & Young Financial Planning Services® (EYFPS)* includes one-on-one work with a certified financial planner, budget planning, debt reduction strategies, webinars, readings, and a private online discussion group. Participants set personal financial goals with their planners, and financial incentives are awarded as milestones are achieved.

The first cohort began its work in October 2017; almost 50% are people of color, 60% are women, and there are significant percentages of LGBT persons and individuals living with disabilities. Over half of UCC Conferences are represented; participants serve in a wide range of ministry settings.

Applications for the second cohort will be available in Summer 2018, and participants will begin their work in Fall 2018.

- Program Two is a grant program for UCC authorized ministers serving in parish settings. One-time grants of up to \$1,000 are available to ministers whose congregations commit to raising a matching amount. The grant program is designed to assist ministers in paying off debt, seeding an emergency fund, or other urgent personal or family financial needs. Applications for Program Two are currently available at [http://bit.ly/MFVI2\\_APP](http://bit.ly/MFVI2_APP).

**Words from MFVI ministers:**

*“We are working really hard to pay down debt and it is (slowly) paying off!”*

*“At my spouse’s annual evaluation he learned the amount of his bonus and his raise...We’ve decided that half the raise will go into savings and the other half will live in our checking account to help that start to increase, too. (So: not to dribble it away, but for the peace of mind to know it’s really accessible in case of an emergency.)”*



# HEALTH

The UCC Health Plan assists thousands of clergy and lay employees and their eligible dependents by providing a wide array of benefits including Medical, Pharmacy, Dental, and Vision coverage. Other available benefits include Life Insurance and Disability Income and Flexible Spending Plans.

Focus on wellness, prevention, and targeted outreach to participants for the management of chronic conditions remains at the forefront of our Healthy Stewards philosophy, which encourages church leaders to care for themselves so that they may effectively care for others.

In 2017, Health Plan Operations, in collaboration with Church Relations, and Member Education, offered leadership for clergy holistic wellness retreats in the Penn West and Minnesota Conferences. Health-related presentations focused on ways ministers can incorporate positive mental and physical well-being habits into their daily lives.

As part of the Healthy Stewards Wellness Rewards Program, onsite screening locations were offered in Cleveland, New York, and Rochester, Minnesota. Over 250 Health Plan participants took part in these health screenings, giving individuals immediate access to test results and providing a snapshot of their current health status.

Health Plan vendor partnerships provide participants with access to a nationwide network of reputable providers, excellent customer service centers, and websites that allow participants to take an active role in managing their health. Participants can access online information about claims and benefits, order medications, request and print ID cards, and access a library of information on different physical and mental health conditions.

Participants in the UCC Health Plan benefit from the collective purchasing power of the Church Benefits Association. The UCC Health Plan, in collaboration with other denominations, negotiates substantial discounts for medical and pharmacy services.

We are pleased to report that all Plans remain in a stable financial position, with adequate reserves to cover unexpected high cost claims and contingencies. High-cost claims and the increased cost and availability of specialty medications are the primary cost drivers for the UCC Plan. For the 2017 Plan Year, the Non-Medicare Plan and Medicare Supplement Plan with Rx experienced rate increases of 9%. Rates for the Life and Disability Plan, as well as the Dental and Vision Plans, remained unchanged from 2016 levels. These rate actions were significantly lower than the nationwide average.

## 2017 Plan Enhancements:

- Eligibility guidelines were expanded to include coverage for Opposite-Gender Domestic Partners.
- Highmark Blue Cross Blue Shield became the vendor partner for Mental Health/Behavioral Health services. This transition resulted in greater member satisfaction by providing a broader nationwide network of providers and the ability to view and manage claims online in a central location by accessing the user-friendly Highmark website.
- Full coverage for abortions was added.

## Key Items reviewed in 2017 for 2018 implementation:

- A new Member Assistance Program through Health Advocate provides personal short-term assistance to UCC Non-Medicare Health Plan participants and their eligible family members when faced with life's unexpected challenges.
- Highmark Blue Cross Blue Shield, a long-time vendor partner, was selected to administer the Flexible Benefit Plan for UCC Ministries (also known as the Flexible Spending Account or FSA), effective January 1, 2018.
- Limits were removed on Autism Spectrum Services, including Applied Behavioral Analysis.

The Pension Boards' Member Services and Operations department is the primary group responsible for delivering customer service to the members, churches, and employers who participate in our benefit plans. The department also has responsibility for the day-to-day administration of our plans.

## Customer Service

The customer service team within our contact center is staffed by caring professionals who stand ready to answer questions spanning from the simple to the complex. This group is equipped to respond to service requests in a variety of ways—via phone, email, chat, and fax. In addition to our contact center, the Pension Boards website provides a wide range of 24/7 self-service options including personalized benefits information, forms, tax resources, and online transactional capabilities.

*"Seeta was very considerate and answered all my questions with great skill."*

*"Thank you so much for your professional demeanor and your help in making all of this happen. I feel blessed to be part of an organization that works so well!"*

*"Anna was professional, knowledgeable, helpful, and personable. In summary, I couldn't have been more pleased. She is a credit to the PBUCC."*

## Operations

The operations team is staffed by highly-trained professionals in benefit plan administration. This team is charged with the timely and accurate processing of new enrollments, terminations, distributions, retirements, and more.

**28,556**  
The number of service interactions with our service team.

**92%**  
The percent of members who called our contact center who indicated their call was answered promptly.

**98%**  
The percentage of members who called our contact center and indicated the service representative was courteous and polite.

Those who respond to member and church inquiries represent the face of the Pension Boards. It is our intention to not only provide accurate responses to your questions, but to make every interaction with us a memorable one. Here is what some of our members have told us:

*"I would rather talk to real live people/children of God. Suffice to say, I think Maria and the staff at the (PBUCC) office in New York are angels of mercy."*

## Member Education

PBUCC's Member Education programs assist members in maximizing the benefit plans and programs administered by the Pension Boards.

This is accomplished through educational events including onsite retirement seminars, webinars, and other programs. In addition, our pension counselors are available to provide personalized retirement counseling for members and their spouses and partners who are approaching retirement.

*"These trainers were awesome. Many people commented on how impressed they were with the knowledge and competence of these folks. PBUCC benefits from having these great folks in the field."*

*"Thank you for doing all in your power to ensure our financial ability to retire! Excellent presentation!"*

**416**  
The number of members who participated in member education retirement seminars and webinars in 2017.

## Financial Planning Services

Since 2015, the Pension Boards has offered financial planning services through Ernst & Young Financial Planning Services® (EYFPS) at no cost to actively-contributing Annuity Plan members. EY financial planners are trained in topics of importance to members, including PBUCC-administered plans and programs, and provide independent, objective, and confidential financial education and counseling.

**2,842**  
The number of member contacts with EYFPS.

**31,385**  
The number of transactions processed by the operations team.



## THE PENSION BOARDS-UNITED CHURCH OF CHRIST, INC.

(An Affiliated Ministry of the United Church of Christ)  
Incorporated under the laws of New Jersey, 1914

## UNITED CHURCH BOARD FOR MINISTERIAL ASSISTANCE, INC.

(A Controlled Affiliate of The Pension Boards-United Church of Christ, Inc.)  
Incorporated under the laws of Connecticut, 1885

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