Report to the 2017 General Board and General Assembly

On May 11, 1895, Brother A.M Atkinson, husband of Nancy E. Atkinson, a founding member of the Christian Women’s Board of Missions, received a telegram informing him of the passing of the beloved minister and former governor of Indiana, Ira J. Chase. Brother Chase left a nearly blind widow and several children with no means of support. “Brother Atkinson could not forget the need of this preacher’s family and set out immediately to raise a fund to provide the widow and family a home and a living.”

Enough money was raised to purchase a home in Wabash, Indiana, which Mrs. Chase graciously received, provided $1,000 was returned to the fund from the sale of the home upon her death.

Brother Atkinson called for a Conference on Ministerial Relief, which met on October 21, 1895 in advance of the General Missionary Convention. The purpose of this conference was to raise additional resources for the Chase Fund and formalize the process by which other widows and children would receive support. The outcome of this meeting was recommended changes to the By-Laws of General Christian Missionary Convention, creating the Board of Ministerial Relief and raising an offering which totaled $3,567.25.

Over the years, the Board of Ministerial Relief worked to provide resources “For the Support of Ministry.” From its humble beginnings with two offerings totaling $5,732.56, Pension Fund of the Christian Church has embodied our mission and carefully managed the resources of our pastors and lay employees. At the close of 2016, the fund’s value is $2,933,331,980.

Today, our mission remains the same: For the Support of Ministry – which reflects words Alexander Campbell penned as early as 1830, calling for the church to find a

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1 Smith, W.M; For the Support of Ministry; pg. 49.
2 Ibid; pg. 54.
3 Unaudited and subject to change, as are all numbers related to valuation and fund balances in the report.
means to support missionary labor and “not only for preaching but for the care of the aged is enjoined as the duty and privilege of all disciples.” ⁴

At Pension Fund, we understand our impact is ensuring that pastors and lay employees of Stone-Campbell related employers have a Strong…Smart…Secure retirement. In the coming biennium we are prepared to challenge our members and the church regarding “Retirement Readiness.” Retirement Readiness is having a defined benefit program that one cannot outlive and a defined contribution retirement program that builds individually owned assets by the minister and/or their spouse. As of January 1, 2017, a spouse of an eligible employee may have a Traditional IRA, Roth IRA or Benefit Accumulation Account with Pension Fund.⁵

Retirement Readiness is working through the Excellence in Ministry program to assist pastors in their first five years of ministry with education regarding debt management, investing, retirement savings and basic household budgeting. It is partnering with the church to support ministry at the moment when newly ordained ministers are at the most vulnerable to exiting vocational ministry.

Retirement Readiness is growing the membership base. In 2017, the staff was reorganized and expanded. A sales team was added to develop our customer base, focusing on growing areas of the movement by adding new employers and employees, while encouraging existing members to open additional savings vehicles such as Tax Deferred Accounts, an IRA or a Benefit Accumulation Account.

Our work on your behalf is guided by our:

Mission: For the Support of Ministry

Vision: Stone-Campbell pastors and lay employees will enjoy a Strong…Smart…Secure retirement.

Core Values: Integrity, Security and Compassion

  Integrity: the quality of being honest, making membership-oriented decisions
  Security: the state of stability, providing freedom from worry or fear
  Compassion: the ability to help others in times of need or distress

Guiding Scripture: Matthew 25:20-21 “The one given five thousand dollars showed him how he had doubled his investment. His master commended him: ‘Good work! You did your job well. From now on be my partner.”

⁴ Ibid; pg. 16.
⁵ The eligible employee does not have to be participating in order for the spouse to have the IRA products. Either the eligible employee must have a Pension Plan or Tax Deferred Account or the spouse must have an IRA product in order to open a Benefit Accumulation Account. The spouse must be legally marriage to the eligible employee or the surviving spouse of an eligible employee at the time the account is open. If the married is dissolved, the spouse may leave their investment at Pension Fund but may not add to the principle amount in the account.
Ends Statements:
In service to our members, Pension Fund will...

- Partner with employers to offer financially secure retirement savings options and education for pastors and lay employees of the Stone-Campbell movement including financial support of surviving family members and provisions for those who become disabled;
- Invest and manage prudently the resources of our members - maximizing returns, minimizing costs and assuming the burden of market risk;
- Engage members with compassionate care and personalized attention;
- Steward the assets and programs of Ministerial Relief and Assistance; and
- Utilize current and compliant processes.

Leadership Transition:
Most notable in the past biennium is the transition of Chief Executive. James P. Hamlett announced his retirement effective August 31, 2016. Jim’s ministry was celebrated by the board with a banquet in June, a Disciples Center reception and a staff and family party in August. Rev. Dr. Todd A. Adams was selected from a national search to become the fund’s 9th Chief Executive. Adams joined the staff in March and became President on September 1, 2016. The General Assembly will have the opportunity to recognize Jim during the Pension Fund report.

Contractual Programs:
As of December 31, 2016, our total assets under management were $2,933,331,980. Of these $1,894,320,400 were Pension Plan; $251,697,481 were Tax-Deferred; $11,890,532 were IRA (combined) and $251,895,339 were Benefit Accumulation Accounts (BAA). Additionally, Pension Fund has a General Fund of $133,170,274. In 2016 our base rate for Tax Deferred was 3.5%, IRA products 3.5% and BAA 2.5%. In July 2016, Pension Fund transferred 3% or $59MM from the pension plan reserves to the pension plan liability in order to adjust for new mortality tables and maintain our historic funding status.

Contractual Programs for Canada and Puerto Rico:
Pension Fund provides Pension Plan for clergy and lay employees in Canada. Canada remains a separate corporation with its own board (2 US based Pension Fund employees and 2 Canadian based board members who also participate in the programs). This structure allows us to comply with the laws and regulations of Revenue Canada.

Pension Fund provides access to membership in Pension Plan by clergy and lay employees in the Christian Church in Puerto Rico. The Puerto Rican plan is comingled for investment purposes with the U.S. plan and is part of the unitized trust. This past year the Board of Directors changed our Articles of Incorporation to allow for a member of the Christian Church in Puerto Rico to serve as a voting
member of the Board of Directors. This decision was received with great thanksgiving by the leadership of the Christian Church in Puerto Rico. Rev. Esteban Gonzales-Doble will serve a three-year term through December 31, 2019.

**Investments:**

Pension Fund maintains a fully-invested policy with long-term asset allocation of 55% equities, 25% fixed income and 20% alternatives. We are honored to co-sponsor a General Assembly resolution, reaffirming our commitment to socially responsible investing. We partner with Glass-Lewis for proxy voting. Glass-Lewis follows the guidance of the Interfaith Center for Corporate Responsibility. Monthly, our executive team receives reports regarding our proxy voting and if there were any conflicts between ICCR, Glass-Lewis and/or management. Borrowing a phrase from the Pension Board of the United Church of Christ, “we strive for a double bottom line – doing good for our communities, while doing well for our members.”

**Ministerial Relief and Assistance:**

During 2016, Ministerial Relief and Assistance provided more than $1,655,692 for the support of the ministry. Supplemental Gift Pensions are gift distributions to those retirees who have extremely low pensions.

The 13th Check is a gift to all persons receiving a Ministerial Relief pension. The offering received in Columbus, gifts from our endowment and annual fund contributions provide resources that bless our members. Many recipients offer thanks for the church’s generosity, as the 13th Check provides resources for heating bills, medicine and other necessities that these saints would forgo without this support.

In 2016, the Student Gift Pension program was expanded to include college students participating in approved ministry internships at a Stone-Campbell college or university. Many of the students serving in these programs remain on the staff of the congregation after graduation or continue their studies in seminary.

Consistent with our mission “For the Support of Ministry” and our core value of compassion, the Pension Fund elected not to receive regular distributions from Disciples Mission Fund and Special Day Offerings effective January 1, 2017. The Pension Fund Board of Directors acknowledged that in giving back the allocation, the funds will return to the General Ministry Allocation Pool for redistribution by the General Ministries Cabinet. We are grateful for the support over the decades, however, the programs previously supported by Disciples Mission Fund are fully funded by the endowment and annual gifts.
Commitment to Churchwide Priorities:

Pro-Reconciliation / Anti-Racism: In the past biennium, PFCC has conducted three searches for Executive Team members. Each search, including the Presidential search, utilized the Executive Search Model. The Presidential search was the first time PFCC engaged the process. PFCC’s search for a Chief Operating Officer and Chief Marketing Officer also engaged the process. Our search teams were 50% persons of color including non-Pension Fund employees. We used an internal screener and engaged an external search firm, who also screened resumes. Medora Enterprises, the external search firm, used a team which included 50% people of color.

Compliance with Board Diversity: The board has taken steps to increase diversity and put a plan in place to comply with the General Board and General Assembly expectations regarding board diversity. The plan was communicated to the General Nominating Committee as part of the GNC’s annual review and confirmation. Currently the board is 27% persons of color and has no representation from the WRIMS (Western Regions).

Young Adult Leadership Development: PFCC supports the MissionFirst / Governance Board Concept. We are excited about the churchwide priority of Young Adult Leadership development and look forward to continued collaboration. Excellence in Ministry and our partnership with Bethany Fellows, as well as the expansion of the student gift program provide opportunities for us to support the work of the Mission Council. Many of these programs support the Leadership Development Priority of the 20/20 vision.

New Church: Pension Fund grandfathered new church pastors for healthcare grants who were receiving assistance on December 31, 2016 and maintained eligibility under the program guidelines.

Follow Up on Question(s) from 2015:

In 2015, then President James P. Hamlett, was asked about the possibility of increasing disability benefits under the plan. Currently, an employee who qualifies as disabled has a benefit of 60% of the greater of 2.5 times their salary or $50,000 for the first year and 40% in the following years. The maximum year one disability benefit is $30,000 and $20,000 in subsequent years. The benefit does adjust annually for inflation. Also, pension plan dues continue to accumulate during the disability period prior to retirement.

Pension Fund disability benefits do not coordinate with social security. Therefore, there is no reduction in benefits from the Pension Fund if the member begins receiving social security disability benefits.
Pension Fund staff did work with our actuarial firm, The HayGroup, to determine the actuarial liability of changing the disability benefits. At the time of this report (December 2016) an action item is pending for the April 2017 Pension Fund board meeting. The board will be asked to consider increasing the base salary and establishing a process by which the base salary is adjusted annually for inflation.

### Board Membership

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<th>2017</th>
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<td>Thaddaeus Allen</td>
<td>Josh Santana</td>
<td>Peggy Brittan*</td>
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<td>Brenda Cline</td>
<td>Camilla Lindsey*</td>
<td>Kelly Bauer</td>
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<td>Charlene Butz</td>
<td>James Johnson</td>
<td>Randy Clayton</td>
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<td>Bill Lee*</td>
<td>Deborah Lewis</td>
<td>Kelly Nelson</td>
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<td>Janet Long*</td>
<td>Preston Adams</td>
<td>Esteban Gonzales-Doble</td>
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*2017 Board Officers

The General Board has reviewed GA-1715 from the Pension Fund. The report is submitted to the General Assembly for presentation and discussion. No action is required. (Discussion time: 12 minutes)