



### Retirement and Disability

#### No increase in pension benefits; disability benefits increase approved

At their March 6 meeting in Philadelphia, the directors of the Board of Pensions carefully reviewed the investment and actuarial experience of 2009, as well as the reserve levels of both the Pension and Death and Disability Plans, and recommended that:

- no experience apportionment be granted at this time
- disability benefits be increased by 3% effective July 1, 2010

#### *Pension*

Although reserves for the Pension Plan improved significantly in 2009, they have not reached the Funding Adequacy Level established by the Board's experience apportionment policy. Accordingly, the directors decided not to grant an experience apportionment.

Each 1% experience apportionment is a lifetime commitment to members and their survivors, and increases the Pension Plan's liabilities by approximately \$48 million.

Analysis provided by Towers Watson, the Pension Plan actuary, showed that all current pension benefits and pension credits are secure.

"Much of 2009 was spent rebuilding reserves in the Pension Plan," said Donald Fleischer, chair of the Pension Committee.

"Because members rely on us to protect the plan and their future benefits, we think it prudent to continue to strengthen those reserves before granting another experience apportionment."

#### *Disability*

In a separate action, the directors granted a **disability benefits increase of 3%** for disabled members receiving disability benefits on December 31, 2009. This increase, which takes effect July 1, 2010, will help offset the cost of inflation. Disability benefit payments are 60% of the disabled member's former salary.

The Death and Disability Plan has its own fund in the Balanced Investment Portfolio, and its assets and liabilities are evaluated independently of the other plans administered by the Board of Pensions. The Death and Disability Plan can afford a disability benefit increase because of its higher reserve levels as of December 31, 2009.

#### *Guiding principles*

The directors recognize that the commitments to plan members, particularly for pension benefits, may extend more than 50 years into the future. Each year, the directors consider the balance of assets and liabilities as they review the plans' current financial positions in light of future commitments. The assets of both the Pension Plan and the Death and Disability Plan are invested for the long term in the Board of Pensions Balanced Investment Portfolio. Like individual investors, however, these plans are affected by volatile financial market conditions, like those we've experienced over the past two and a half years.

### Inside This Issue

No increase in pension benefits; disability benefits increase approved	1
Administrative fee announced for Retirement Savings Plan	2
Board of Pensions reports 2009 Balanced Investment Portfolio return of 26.2%	3
Healthcare reform watch continues	3
ActiveHealth Management offers significant new capability to improve member health	4
Income targets increased for Income Supplement Program	4
Maximum income levels increased for Housing Supplements	4

2011 Middle Governing Body Grant applications now being accepted	4
Board expresses thanks for the Christmas Joy Offering	5
Farewell to eight directors of the Board	5
Regional Benefits Consultations scheduled	6
Tax Tips replay and other educational resources available on Pensions.org	6
Online salary change submission and salary confirmation through Benefits Connect	6

For experience apportionments, the directors also review the Pension Plan's demographic experience and the plan's reserve.

The experience apportionment policy, which is used to determine the experience apportionment, suggests that an apportionment can be granted if the Funding Adequacy Level is over 125%. The Funding Adequacy Level was 118% at year end.

Promised plan benefits remain secure, but the directors believe any decision to grant additional benefits must wait until contingency reserves, which were eroded by the financial volatility of the last several years, return to appropriate levels.

## Administrative fee announced for Retirement Savings Plan

Effective July 1, 2010, Fidelity Investments will charge accounts in the Retirement Savings Plan of the Presbyterian Church (U.S.A.) a plan administration fee. Each quarter a fee of \$3.75 will automatically be deducted from participants' accounts beginning in the fall of 2010.

The fee will be used to offset the administrative expenses Fidelity incurs in its recordkeeping and invoicing services. These expenses include items such as invoicing participating churches and employing organizations, enrollment processing, contribution and distribution transactions, ensuring compliance with regulatory requirements, and many other services Fidelity provides.

Even with the addition of this relatively modest administrative fee, the potential advantages of continuing to save for retirement on a tax-deferred basis through the Retirement Savings Plan are significant.

For further information about this new quarterly administrative fee, please see [Frequently Asked Questions](#) on Pensions.org or contact the Board of Pensions at 800-773-7752 (800-PRESPLAN).

## About experience apportionments

What is an experience apportionment?

- For active and terminated vested members, it is an increase in their pension credits accrued to date.
- For retirees and eligible survivors, it is an increase in their pension benefits for as long as the individual lives.

This benefit is an unusual, if not unique, feature of the Pension Plan. Few pension plans have formal provisions for giving periodic increases to retirees.

Experience apportionments are not guaranteed to be granted each year. When deciding whether to grant experience apportionments, the directors of the Board of Pensions consider any increase in the cost of living, investment and actuarial experience, level of reserves, and questions of fundamental fairness to all participants in the plan.

## About disability benefit increases

Disability benefit increases help prevent the erosion of disability benefits through inflation. When deciding whether to grant these increases, the directors consider the adequacy of the reserves as well as the annual change in cost of living and the rate at which the incomes of active church workers are increasing.

## Build Retirement Savings!

In this very challenging economy, it's more important than ever to save for your future. Here are three good reasons why you should participate in the **Retirement Savings Plan**, a 403(b)(9) plan:

1. Your taxable income is reduced by the amount of your contributions, so you **pay less in taxes**. Contributions are from pre-tax dollars.
2. **Investments grow more quickly** than with other savings vehicles because taxes on investment earnings, current federal taxes, and some state income taxes are deferred until distribution.

3. **Distributions can be treated as housing allowance** if you are an ordained minister.

The sooner you start saving for the future, the better. Take a moment to enroll in the Retirement Savings Plan or increase your contributions. It's easy! Sign up through your church treasurer or business administrator or the Board of Pensions at 800-773-7752 (800-PRESPLAN). To increase your contributions, complete a Retirement Savings Plan Salary Deferral form, available at Pensions.org or from the Board of Pensions.

## Investments

### Board of Pensions reports 2009 Balanced Investment Portfolio return of 26.2%

Judith D. Freyer, Senior Vice President, Treasurer, and Chief Investment Officer, provided an investment report to the Board of Directors on Saturday, March 6, 2010. She highlighted 2009 performance and reviewed long-term capital market assumptions in light of the extraordinary rebound in all asset classes in 2009.

The Balanced Portfolio is the investment fund for the Pension Plan, Death and Disability Plan, Endowment Fund, and Assistance Program, as well as restricted gifts made to the Board of Pensions. The Portfolio had a market value of \$6.5 billion on December 31, 2009. Despite the strong return of 26.2% in 2009, the negative 28.6% return in 2008 continues to impact performance, with a return of negative 0.8% for the three years ended December 31, 2009. The total return for the five and ten years ended December 31, 2009, were 3.7% and 3.6%, respectively.

“We are pleased with the strong performance of the Portfolio in 2009, but in light of the negative 0.8% return for the three years ended December 31, 2009, it’s clear there’s still work to do,” said Ms. Freyer.

In his last report to the Board as Chair of the Investment Committee, Thomas Parks Jennings provided an overview of current financial and economic conditions and outlined several scenarios for economic recovery. Mr. Jennings reported that the Investment Committee reviewed the investment performance and asset allocation of the Board of Pensions Balanced Investment Portfolio. The Committee affirmed the current asset allocation of 37.6% in U.S. stocks, 18.3% in international stocks, 34.5% in fixed income, and 9.6% in other assets. The Committee also affirmed long-term capital market assumptions for the Balanced Investment Portfolio.

## Healthcare

### Healthcare reform watch continues

At the time of this writing, the fate of proposed legislation to reform healthcare remains uncertain. Over the past year on Capitol Hill, there have been various calls to offer a public option (a government-backed medical plan to compete with private insurers), establish insurance exchanges, require employers

to offer coverage and individuals to maintain insurance, tax high-cost employer-sponsored healthcare coverage, and even allow consumers to buy insurance across state lines. The core objectives of these various proposals are to provide coverage to millions of uninsured individuals while taking steps to control soaring healthcare costs. There seems to be bipartisan agreement that our current system is unsustainable, but little or no consensus on how to “fix” it.

The detailed provisions supporting these broad proposals include such things as eliminating pre-existing condition provisions, extending dependent coverage to adult children, expanding Medicaid, and eliminating annual and lifetime benefit maximums. Working with and through the Church Alliance (a coalition of church pension board executives), our consultants, and other industry groups, the Board is closely monitoring the congressional activity around this important issue, assessing its potential impact on the Medical Plan, our members, and all the employing organizations our plan serves.

In the meantime, the Board remains focused on addressing some of the quality and cost issues common to many plan sponsors under the current system. Members are encouraged to familiarize themselves with the Board’s efforts to offer programs that can improve health and thereby contribute to containing healthcare costs.

The decision to contract with ActiveHealth Management® for the provision of health and care management services as of January 1, 2010, was one of the more significant consequences of this focus on quality and cost. What distinguishes ActiveHealth from other providers is its Web-based Personal Health Record (PHR) capability — an approach to personal medical record-keeping that is expected to help members improve the quality, efficiency, and safety of the medical care they receive.

As detailed more fully in the article about ActiveHealth Management on page 4, the Personal Health Record will integrate a member’s recent medical history, storing it in a single, secure location beginning spring 2010. In contrast to the old approach — keeping paper folders with often incomplete information — the PHR allows members to view and manage their medical history confidentially online.

Members should be assured that the Board of Pensions is watching legislative actions closely. We will communicate to members the impact on the Medical Plan of any health reforms that may be enacted.

## ActiveHealth Management offers significant new capability to improve member health

As reported in the **Summer 2009 issue** of *The Board Bulletin*, ActiveHealth Management provides a full spectrum of health management programs and services for **active members\*** of the Medical Plan. These include pre-certification, case management, and informed care management services. And later this spring ActiveHealth will launch **MyActiveHealth**, a Web site that features online health management resources.

Through this site, members can maintain, online, their own **Personal Health Record** (PHR). When a member chooses to use this resource, ActiveHealth will collect his or her recent medical history, retrieved from various sources, including Highmark, Express Scripts, and the member himself or herself, and store it in a single, secure, and confidential Personal Health Record.

**“Members and their doctors [can] make more informed healthcare decisions, leading to improved health.”**

Members will be able to use their PHRs to view and manage information about doctor visits, immunizations, prescriptions, and more. They will be able to begin populating their PHRs by completing a Health Assessment, which provides an immediate, confidential report on the member's health. Active members will be offered an incentive — a prepaid \$100 gift card for health expenses — for completing a Health Assessment and returning twice to the Web site.

“The Board of Pensions is pleased to be able to offer this significant new capability to active members,” said Pat Haines, Senior Vice President of Benefits. “Personal Health Records can help these members and their doctors make more informed healthcare decisions, leading to improved health,” she explained, adding, “PHRs are a wonderful complement to the suite of health management services already available to plan members.”

MyActiveHealth can be used to manage family medical records. Members will determine who has access to their PHRs; they may choose to grant access to their spouse or doctor, for example. The Board of Pensions will not be able to access members' personal health information or online records.

*\*ActiveHealth Management's services are available to active members of the Medical Plan only. Retired members covered by the Medicare Supplement Plan do not have access, as Medicare is unable to provide claims data to ActiveHealth Management.*

Additional information about the PHR can be found at Pensions.org (click “Benefits & Assistance,” then “Health Management” and “**Personal Health Record**”). Members will be able to securely access MyActiveHealth directly from Benefits Connect; no additional registration will be required.

Visit Pensions.org and watch for emails and other communications for details about each of these new capabilities, including the health stewardship incentive.

## Assistance

### Income targets increased for Income Supplement Program

The directors of the Board of Pensions increased the income supplement target levels as follows:

- from \$26,160 to **\$26,760** for single persons
- from \$31,380 to **\$32,100** for married couples

The new levels take effect April 1, 2010.

A target level is **the maximum income** a single person or married couple will have after an income supplement is added to all other sources of income. In other words, it is the most a member's income will be after financial assistance from the Board is added.

### Maximum income levels increased for Housing Supplement Program

The Assistance Committee increased the maximum income level guideline for housing supplement eligibility to **\$39,450 a year**, effective April 1, 2010. The previous target level, \$36,000 a year, was established January 1, 2008.

Retired plan members whose total retirement income falls below the maximum income level guideline may qualify for housing assistance if they meet certain eligibility guidelines.

For more information, visit [Pensions.org](http://Pensions.org).

### 2011 Middle Governing Body Grant applications now being accepted

The Assistance Program of the Board of Pensions is now accepting **Middle Governing Body Grant applications** for the year 2011. The application deadline is **August 15, 2010**, and 10 matching grants in amounts of up to \$15,000 are available.

A Middle Governing Body Grant is a one-time grant to fund practical skills training for pastors who are members of the

Benefits Plan and currently serving a Presbyterian Church (U.S.A.) congregation. Awards may be granted for training programs in congregational and staff leadership, budgeting and financial management, strategic planning, or conflict resolution.

To learn more about the matching grants available to synods or groups of presbyteries that want to develop new programs to improve the practical skills of their pastors, visit [Pensions.org](http://Pensions.org).

## Board expresses thanks for the Christmas Joy Offering

The Board of Pensions is deeply grateful to the many congregations whose gifts have supported the Christmas Joy Offering. The offering is shared equally by the Assistance Program of the Board of Pensions and Presbyterian-affiliated racial ethnic schools and colleges. A crucial source of support for the Assistance Program, the Christmas Joy Offering helped to underwrite more than 700 grants in 2009, totaling over \$5.3 million.

These grants make a real difference in the lives of Presbyterian ministers, other church workers, and their families who struggle to make ends meet, especially during difficult economic times. Assistance Program grants have helped recipients to remain in their homes, pay for emergency medical expenses, and rebuild after disasters such as floods and hurricanes, among other good works.

Because the Assistance Program is funded entirely by gifts and bequests given to it over the years and half of the Christmas Joy Offering, the Assistance Program of the Board of Pensions needs

the continuing support of churches and individuals to do its work. The Board extends its heartfelt thanks to everyone who participated in the recent offering, and urges all members of the Church to embrace this mission.

For more information, call the Board of Pensions at 800-773-7752 (800-PRESPLAN), extension 7300.

### Can You Give Now to the Assistance Program?

If the answer is yes, here's how:

Go to the [Pensions.org](http://Pensions.org) homepage and click on the "Give Now" button.

It's a secure yet easy way to support the Assistance Program. Every gift makes a difference, so please help if you can.

## Other Business


### Farewell to eight directors of the Board

For eight of the directors, the March 6 meeting in Philadelphia was their last full Board meeting. They will continue to serve until July 10, when the 219th General Assembly (2010) ends.

The Board of Pensions sincerely appreciates the dedicated service, advice, and counsel of the following retiring directors, each of whom served for eight years or more:

- Reverend Dr. Jefferson K. Aiken, Jr., Orefield, PA
- Donald R. Fleischer, Wallingford, PA
- George H. Gotcsik, Lima, NY
- Joseph J. Leube, Jr., Philadelphia, PA
- B. Jack Miller, Bonita Springs, FL
- Thomas Parks Jennings, McLean, VA
- Ann C. Petersen, Chicago, IL
- James A. Unruh, Paradise Valley, AZ

A group of eight new directors will be elected by the 219th General Assembly (2010).




**Help Us Help Those Who Serve the Church**

**"The supplemental income and housing grants for my mother, who served in the ministry her entire working life, came in the very month in which her modest savings had completely run out: The hand of the Lord could not be more discernible."**

The Assistance Program of the Board of Pensions provides vital financial assistance to church workers and their families in their time of need. The need has never been greater than it is right now. Help us to help those who serve the church. Call 215-587-7300 *today*.

Hamilton Memorial Window  
©1994 Laguna Niguel  
Presbyterian Church

 **The Board of Pensions**  
of the Presbyterian Church (U.S.A.)

## Regional Benefits Consultations scheduled

Two Regional Benefits Consultations (RBCs) have been scheduled by the Board of Pensions for synod executives, presbytery executives, Committee on Ministry moderators, Committee on Preparation for Ministry moderators, stated clerks, and pension liaisons. Registration is currently underway for:

**Eastern RBC**                      **April 21-22** in Tampa, FL

**Western/Central RBC**        **April 28-29** in Los Angeles, CA

During the RBCs, leadership from the national church agencies engages in dialogue with attendees. Participants also have opportunities to meet with the regional representatives and Member Services representatives, as well as learn about services offered by the Board's new health management partner and the other programs provided by the Board of Pensions.

Last year, approximately 440 members of middle governing body leadership participated in the consultations.

## Tax Tips replay and other educational resources available on Pensions.org

The Board offers a growing library of educational resources for members. These include both traditional print publications and e-learning modules, which cover the Board's plans and programs as well as topics of interest, such as taxes and dues.

A replay of one of the most popular topics, the Tax Tips Webinar for Ministers and Churches, held in mid-December, is now available on [Pensions.org](http://Pensions.org). This annual one-hour event is designed to help ministers and churches understand clergy taxes.

In this webinar, Richard R. Hammar, a clergy and church tax expert, and Steven Fleming, an education specialist for the Board of Pensions, cover tax and retirement-related topics, including legislative developments and court rulings, ongoing tax issues, and saving for retirement.

Also prepared by clergy tax expert Richard R. Hammar, the *Tax Guide for Ministers & Churches* for the 2009 Tax Year is available at the [Tax Resource Center](http://Tax Resource Center) of Pensions.org. Published annually, the guide provides an up-to-date and authoritative discussion of tax-reporting compliance and the impact of recent changes in tax laws. It serves as a roadmap for minister members in navigating the complexity of the changing tax code. The guide also contains step-by-step instructions and examples for situations specific to ministers' tax returns. (Print copies also are available by calling the Board of Pensions.)

*The information provided in the resources described above is not intended as a substitute for legal, accounting, or other professional advice members may require while preparing their tax returns.*



benefits  
connect

## Online salary change submission and salary confirmation through Benefits Connect

Benefits Connect, the Board's secure benefits Web site, has a new capability that allows **church treasurers and business administrators** to submit salary changes or confirm salaries online. Once a church treasurer or business administrator registers for Benefits Connect, he or she will be given access to this easy-to-use feature, which simplifies the process of notifying the Board of changes in members' salaries.

To register, go to the Pensions.org [homepage](http://Pensions.org). Under the Benefits Connect logo, click "Register." Then follow the step-by-step instructions for creating a user profile and establishing a password.

Any church treasurer or business administrator who has questions about registering for or using Benefits Connect should contact the Board of Pensions at 800-773-7752 (800-PRESPLAN).

*Note: All members, both active and retired, and surviving spouses are encouraged to use Benefits Connect to view their personal benefits information and use related tools. Follow the directions above to register today.*

## Contact Information

The Board of Pensions publishes *The Board Bulletin* after each regular meeting of the Board of Directors.

To receive it **by mail**, call us at 800-773-7752 (800-PRESPLAN), or **by email**, write [communications@pensions.org](mailto:communications@pensions.org), providing your name and email address. Or look for it **online** at Pensions.org.



The Board of Pensions  
of the Presbyterian Church (U.S.A.)



2000 Market Street, Philadelphia, PA 19103-3298  
800-773-7752 (800-PRESPLAN) [www.pensions.org](http://www.pensions.org)  
© 2010 The Board of Pensions of the Presbyterian Church (U.S.A.)