BBT Board meeting brings expanded guidelines to benevolent fund

The board and staff gathered in Kansas, its final meeting of 2017, holding committee meetings in Wichita, and the full board meeting at The Cedars in McPherson. Local members of the BBT Pension Plan were invited to join the group for lunch, and to listen to a presentation on the economy from Matt Zalosh and Corne Biemans, investment managers at Boston Common Asset Management. There was also Q&A time for the guests following the presentation.

BBT president Nevin Dulabaum commented, “It is always wonderful to meet and have lunch with those we serve. We also had a closed session meeting with Carma Wall, CEO at The Cedars, to ask her how we are doing, and get some honest feedback from her. It is an annual practice to meet with our clients this way as a means of showing them that we remain committed to being customer-focused.”

At this final meeting of 2017, board members voted on several items that had been in the planning stages throughout the year. With board approval, the staff was directed to proceed in several areas. The guidelines for the Church Worker’s Assistance Plan grants were expanded to include an exception process when the grant processor becomes aware that the applicant does not meet the basic guidelines. This measure will allow more leniency in awarding grants to applicants, and will help distribute the money in this fund to more of those in need within the denomination. Also approved were resolutions for the pastor’s housing allowance, which guarantees that this IRS rule applies, whether the pastor is retired, on disability, or receiving a Church Workers’ Assistance Plan grant.

BBT and the board addressed a change in the Pension Plan conversion rate (see p. 2, President’s Message). They also approved a balanced budget of $4.5 million, which includes the addition in 2018 of two additional staff members. One will be

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A closed meeting becomes open

In December 2017, the ConocoPhillips Board of Directors adopted a resolution that their annual stockholder meetings would be held in-person with internet availability until the Board determines otherwise. This decision was made after the company considered feedback received from stockholders, including Church of the Brethren Benefit Trust, regarding the 2017 Virtual Stockholder Meeting conducted last May.

Upon receiving word that the 2017 annual stockholder meeting would be a virtual meeting, Church of the Brethren Benefit Trust and others questioned this decision.

Concerns expressed by shareholders included loss of direct interaction with senior staff and members of the Board, increased company control over which questions and concerns would be addressed, and ability to manipulate the meeting. Participants in the virtual meeting, including the BBT representative, expressed concern about this format and asked the Board of Directors to reconsider for future meetings.

On October 11, 2017, Church of the Brethren Benefit Trust joined as a co-filer on a resolution requesting that “the ConocoPhillips Board adopt a corporate governance policy

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The Brethren Pension Plan has been serving Brethren pastors and staff members of related organizations and retirement communities since 1943.

For the first four decades, the Plan was pretty straightforward, easy to understand, and had one investment option. For the past three-and-a-half decades of the Pension Plan’s existence, and especially the past 10 years, that all has changed. During that time we have moved from five investment funds to 29. We have moved from calculating each person’s account balances (old contributions, new contributions, and market fluctuations on those monies over a set period of time) on a monthly basis to daily. We now provide a robust Web portal that is filled with great functionality and tools that allow people to calculate the kind of income stream they will have in retirement. And just this month that portal has been updated to include even more tools and functionality.

There are different types of retirement plans. The Brethren Pension Plan is a 403(b)(9) plan, which is a church plan. Upon retirement, it offers a payment for life in the form of an annuity. In October 2017, members were offered a second option called the Periodic Payment Plan. There are pros and cons to each choice; call us if you would like to discuss the two options.

What are the ingredients to a successful Pension Plan? First, take the contributions that hopefully are made from both you and your employer. You can’t start too early. Google “the effect of compounding interest” and you will see why it is important for everyone to start their retirement savings early in their careers.

Second, consider the investment options that are presented to you. At Brethren Pension Plan, we provide a variety of funds that are geared toward the most novice to the most sophisticated investors.

Third, you need to take into account the overall effect of fees that you pay, the services you receive, and the successful growth of the investment funds, to determine if you are receiving a strong value, as fees will slow down the impact of compounding while strong investment returns will enhance it.

Fourth, you will need to determine how you want to manage your funds in retirement, and whether an annuity, the periodic payment plan, or rolling funds out of the Plan (for employee contributions only) make the most sense for you.

For our part, we need to provide the best services possible at the lowest fees. That sometimes can be challenging because we only serve 4,533 people. While we serve a small population, contributions come into BBT from hundreds of individual sources rather than a single payroll department, which would be typical with most corporate pension plans. Even so, we are continually trying to do better.

We have begun a process to examine our operations and offerings, including our investment returns and our fees, in order to continue to provide the best value to you. We are creating a new position, soon to be announced, that will work specifically at helping members prepare for a fruitful retirement. We also need to look at factors like how long our members are living. For the second year in a row (2016 - 2017), Brethren Pension Plan mortality age continued to grow, while the life expectancy of the general U.S. population fell. Last July the BBT Board modified the mortality table used to calculate annuities to reflect the lengthening lifespans of our members.

We also look at our ability to invest the fund from which annuities are paid, the Retirement Benefits Fund, in a manner that keeps it healthy. We need to earn at least 6.5 percent on that fund annually, given the annuity payments that are made from it each month. With interest rates still hovering at near all-time lows, where they have been for the past nine years, our ability to match our liabilities with fixed instrument investments has been challenged. Because of these market forces, the BBT Board last November changed the rate of interest used to calculate new annuities from five to 4.75 percent, an amount that is still more than 2 percent above the average annuity rate being offered in the U.S. BBT will continue to monitor the RBF’s funded status and market characteristics to determine if further changes will be needed in the future.

We celebrate the financial security the Brethren Pension Plan has long given to Brethren-related employees, providing them a solid retirement for the past 75 years. A successful retirement is the result of actions taken by employees, employers, and Plan administrators like BBT. For our part, we’re striving to help you create the best retirement scenario possible, so that you can afford to make the later years of your life whatever you want them to be. — N.D.
Many of the old ideas about aging don’t make sense anymore, and the new ideas are confusing. Sixty used to be old; now it’s “the new 40.” Not so long ago there weren’t many 80-year-olds, there were almost no 90-year-olds, and 100-year-olds were very rare. People lived just a few years past the retirement age of 65. The famous “stages of life,” named and described in the 1950s by the psychologist Erik Erickson, had only one post-65 stage.

Today, people are living 15, 20, 25, or 30 years longer than they used to. In Erickson’s scheme there was only one retirement stage, and now there are several. He characterized that one post-65 stage as “ego integrity vs. despair”— a time when people put aside their drive to be productive and began to think about what they had done. If they were satisfied, their life became more integrated. Who they were and what they had done came together and made sense. Out of this integrity came wisdom and the ability to accept death without fear. On the other hand, if they were dissatisfied with their life, they could fall into disappointment, depression, and even despair.

However, this stage was predicated on the expectation that it would last only a few years. What about now, when there’s a good chance people will live 20 or 30 years more?

Interestingly, people are still retiring at 65, ending what we call the “productive” years. Instead of preparing for the possibility of illness and death, people can now look forward to these additional vigorous years. Notice the word-shift from “productive” to “vigorous.” People have the vigor to keep working, but they have given up the work that made them productive.

You might call this stage “What a time! vs. What now?” There’s another important thing about this stage. Some people have more money than they ever had — more disposable income. The costs of raising and educating children and buying and managing a home are behind them. They have steady income from Social Security payments, pension checks, and distributions from investments. They are on Medicare, so health insurance is much cheaper and the coverage is better. Even for those who have not planned well for their retirement, there is sometimes enough money to get by without working as hard as they had. For a time, the financial anxiety they have lived with is abated. These are halcyon days, and this may be the first time in U.S. history that a broad range of people across economic classes have had this freedom and blessing.

Modern medicine and an increased emphasis on nutrition and exercise are among the reasons for these changes. Not only are we living longer, but our health is better. The natural deterioration of aging is spread over a longer time interval. Thus, additional stages now follow this stage of freedom. This has important financial implications. Will we have enough money to take care of ourselves into extreme old age? It has spiritual implications. What do we want done, if we lose our cognitive abilities but are still living on? How do we keep our minds alert and clear, as our energy and strength diminish, and we become gradually unable to care for ourselves?

So — in place of one post-65 stage, some thinkers now point to four: freedom; interdependence (when people begin to need help); dependence (when people need help with most of the tasks of daily living or need to have them done for them); and the time just before dying. In this short essay it is not possible to write about all the implications and challenges of these stages, but it is worthwhile to consider that each presents a challenge and an opportunity.

By finding freedom and opportunity in that first post-65 life stage, we set a pattern for being proactive for the ones that follow, so that we can face into them with courage and creativity instead of anxiety and dread. This new stage of freedom not only offers great opportunity, it can become a staging ground for the stages to come. — J.L.
Things to think about at the beginning of the new year

Make creative use of your cost of living increase
If you have received a salary increase, consider putting the extra money straight into your retirement account. You were living without this extra money last year, so maybe you won’t miss it. Remember, every penny you put away today on a tax-free basis can yield great benefits in your future, if invested wisely.

Re-evaluate your retirement readiness
There are excellent tools for looking at your retirement planning and projecting what your income might look like in retirement, and then considering what you might do to increase your readiness for retirement.

How ready are you?
A report from the Federal Reserve indicates that 33 percent of non-retired adults have no retirement savings. The Economic Policy Institute reports that the average retirement savings of working-age families (aged 32 to 61) is $95,776. But the super-savers pull this figure up. The median is actually just $5,000. Many families, even those approaching retirement, have little or no retirement savings. The average for families between 56 and 61 is $163,577, but the median is only $17,000. Fidelity Investments suggests that by age 50 you should have six times your salary saved, and by age 67 the amount should be ten times your salary.

Look at your asset allocation
Now is a good time to re-balance your investments. Do you have the mix of stocks and bonds that fits your time of life and your retirement goals? If you aren’t sure about such things, consider Target Date Funds, which adjust automatically as you approach your retirement date.

Think about your life insurance
Now is the time to ask yourself if you are carrying enough life insurance — how much will be needed to pay all final expenses, outstanding bills and debts, your mortgage, etc., if you die. How much future income will be needed to sustain your household? The end of one year and the beginning of another is a good time to make this review.

Consider the tax benefit of life insurance
Did you know that life insurance is one of the best assets in your estate? If you are approaching retirement age or are already retired, you may think you no longer need life insurance. You have accumulated money in your retirement plan. You have paid off the mortgage. Your kids are through college. But the best time to have life insurance is when you are older. The money will go directly to your beneficiaries and is not taxable.

Evaluating all your insurance plans

Dental
Take this recent example — A employee chose to add dental insurance coverage, and after one year, he reviewed an itemized statement of all his treatment costs from his dentist. He was able to see not only the charges but the discounts his in-network dentist gave him. He added the discounts as well as the amount reimbursed, and compared that figure to his annual premiums. Not only was it was clear that he had made the right decision to carry dental insurance, but his review of cost/benefits after one year caused him to consider changing his coverage for the new year to the most generous plan.

Disability
Do you have short-term disability insurance, and is your coverage enough to give you the income you will need to carry you through the early weeks of a disabling illness or injury? Additionally, do you have long-term disability insurance to pick up where short-term disability insurance ends, to provide ongoing income if you should suffer an illness or injury that incapacitates you for a long time?

Long-term care
Short-term and long-term disability insurance provide income in the event of illness or injury, but what about nursing care? Have you thought about the need for care at the end of your life or in the event of serious injury or illness? Many people are turning to long-term care insurance to get the protection they need.

Be vigilant
You should be thinking about savings, retirement readiness, asset allocation, and insurance all year long, but it’s a good idea to give these important financial considerations a systematic review, and the sooner you start this practice, the better. — J.L.
Fatima Kurth joined the staff as Accountant/Bookkeeper for Church of the Brethren Benefit Trust on Oct. 9. Fatima has more than 13 years of general accounting/bookkeeping experience with varying roles in that field. Fatima’s background and education is a great fit for our organization and for her position. She and her family live in Carpentersville and they are members of St. Mary Catholic Church in Huntley, Ill.

Patrice Nightingale retired as Brethren Benefit Trust’s Manager of Production on December 31. Patrice joined the BBT Communications staff in May 2008. She later was named Director of Communications, and then transitioned to Manager of Publications. In her various roles in the communications department, Patrice provided leadership in marketing, promotions, publications, and electronic media initiatives, and also served as copy editor. In addition, she often represented BBT at District Conferences and many Annual Conferences. She served as a member of the communications team for the Church Benefits Association since 2010, and at her final meeting in November 2017, she was recognized for her efforts (pictured at lower left, with her CBA certificate). Throughout her nearly 10 years of employment, Patrice showed her love and dedication to the church. BBT is sincerely thankful for all of her contributions, and wish Patrice well in retirement.

Rick Villalobos joined the BBT staff as Production Coordinator On Jan. 29. Rick brings many creative and organizational skills from his prior experience in graphic design, copywriting, and journalism. He is fluent in both English and Spanish. He received his Bachelor’s degree in Communications from DePaul University, with a minor in Graphic Design. Rick’s background and education is a great fit for the many challenges of the Communications Department at BBT. He is a member of St. Mary’s Catholic Church in West Chicago, Ill.

“BBT plays a role in ConocoPhillips...” continued from Page 1

affirming the continuation of in-person annual meetings in addition to internet access to the meeting, adjust its corporate practices accordingly, and publicize this policy to investors.”

Following two conference calls with the filers of the shareholder resolution, the Board of Directors reported that they would return to an in-person format for future annual stockholder meetings, with internet availability. In light of the Board’s decision, the shareholder resolution was withdrawn.

It should be noted that this decision was made by the ConocoPhillips Board of Directors at a time when virtual annual shareholder meetings are becoming increasingly popular.

Steve Mason, Director of Brethren Values Investing for BBT, expressed appreciation to ConocoPhillips staff and Board of Directors for engaging in substantive conversation with shareholders on this issue, as they have on other issues, and for considering shareholder input as part of the decision-making process.

“Moving ahead with board plans...” continued from Page 1

able to help our Pension Plan members in a practical way with retirement readiness and other financial planning, and the second new staff member will add more capacity in the Brethren Foundation.
Brethren Foundation helps persuade a corporate giant to change – details on Page 1

BBT's Annual Report will be available online in June.

If the online version is not an option for you, please contact us to request a printed copy.

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One of the ways BBT saves paper and money is by posting the Annual Report with 2017 financials online rather than mailing it to each member.