Building financial security
Bettering the world
Together

CHURCH OF THE BRETHREN
BENEFIT TRUST
Building financial security
Bettering the world
Together

A meaningful retirement.

Insurance products that prevent unplanned catastrophic medical expenses.

Asset management for organizations that earns strong returns and is easy to access.

Deferred gifts management for various long-term gifts that Brethren members make to denominational institutions.

A voice that promotes Church of the Brethren values through investment screening and activism.

Education and resources to assist Brethren members and clients in being better stewards of their financial resources.

These are the ministries of Church of the Brethren Benefit Trust and its affiliates, Church of the Brethren Benefit Trust Inc. (Brethren Pension Plan and Brethren Insurance Services), Brethren Foundation Funds Inc. (asset management for organizations), and Brethren Foundation Inc. (deferred gifts management for individuals).

If 2017 was a year of organizational decision making, which indeed it was for the ministries of Church of the Brethren Benefit Trust, then 2018 is the year for implementation.

Last year we concluded a top-to-bottom review of Brethren Pension Plan to ensure that we stay competitive and viable, and meet our financial obligations for years to come. We laid the groundwork to transition our medical insurance plan from a fully insured model that gave us no latitude for making changes or adding new employer groups. We approved pending changes that when enacted will help our members know how to better prepare for retirement, and will add capacity and support for our asset management clients.

Thus far in 2018 we’ve begun implementing steps outlined in that top-to-bottom review. We have begun implementing steps outlined in the Pension Plan review. We have moved to a self-insured medical insurance model that allows us to control changes and growth that benefit organizations and add stability to the plan. We have created a new position that
is focused primarily and proactively on helping our members know what questions they should be asking throughout their lives so that they can have a meaningful retirement. And we expect to add an another staff person that will give additional expertise and capacity to our organizational asset management ministry.

Our work is that of being in service to others, and our goal is to provide products, assistance, resources, and information to those in and related to the Church of the Brethren so that they can better fulfill their missions and their ministries in a meaningful, God-filled manner. May it be so.

Harry Rhodes    Nevin Dulabaum

Harry Rhodes    Nevin Dulabaum
Brethren Pension Plan

Church of the Brethren Pension Plan is a 403(b)(9) plan that serves more than 4,500 current and former employees of congregations, districts, camps, retirement communities, and denominational organizations. It was established 75 years ago.

In 2017, Brethren Pension Plan made monthly annuity distributions of approximately $1.3 million. The amount of money accumulated over a participant’s active involvement with the Plan is determined by two sources — contributions to the participant’s account (both employer and employee) and investment earnings on those contributions.

New in 2017 was the Periodic Payment Plan, an option that gives Plan members more choices for access to employer contributions, and even more flexible options to employee accounts. Also introduced in 2017 were Roth-based Pension Plan contributions, which allows members a means to pay tax on Pension Plan contributions up front and exempting those contributions and their earnings from taxability in the future.

The balance of the Retirement Benefits Fund, the annuity pool that pays out Brethren Pension Plan benefits each month, increased by approximately $22.2 million in 2017, impacted by increased retirements as well as market performance.

Mary Jessup – 19 years with the Brethren Pension Plan and feeling blessed to be an annuitant.

Years ago when Pastor Mary Jessup was at Decatur Church (Ill.) of the Brethren, the church treasurer spoke to her about the importance of being part of Brethren Pension Plan. At the time it seemed like retirement was a distant issue, but she did as was suggested, and stayed with the Plan. She even arranged to keep paying into it when she was later called to serve at a different church.

Mary was able to watch her balance increase and she felt good about her money being in the stewardship of Brethren Pension Plan.
As she got closer to retirement age, Mary decided to ask a few questions. “One of the things I learned is that it’s a good idea, in the last 10 years before retirement, to begin contributing the maximum allowable amount. So that’s what I did.”

In the summer of 2017, Mary received her first Brethren Pension Plan annuity check, and was thrilled beyond words. Her monthly Pension check was more than her monthly pay!

She appreciates the fact that her Pension contributions grew while invested in funds that followed Brethren values. Knowing that people she knew and trusted were in charge of her retirement income kept her from ever thinking about going anywhere else with her funds. “That is the reason that it is so valuable to use the pension plan within my denomination as opposed to some outside vendor,” Mary said. “With BBT, I am confident that they know and respect my values. That’s more important to me than the money, but I was lucky enough to receive wonderful investment returns too!”

“I am not an expert on saving for retirement. But I have the staff at BBT to help me. That’s what they’re there for.”

—Mary Jessup
Brethren Insurance Services

Brethren Medical Plan became a self-insured plan in 2018; and is currently serving the employees of six Church of the Brethren organizations with four plan designs that are part of the Highmark Blue Cross Blue Shield provider network.

Brethren Insurance Services holds 2,304 certificates of coverage, providing plan designs with rich benefits, competitive pricing, and excellent service to members and their dependents. BIS provides an excellent array of ancillary insurance products for pastors and denominational employees. These include vision, dental, life, accidental death and dismemberment, short- and long-term disability, Medicare supplement, accident, and pet insurance.

In 2018, BBT will continue to focus on enhancing our programs, growing the number of participants in the ancillary plans, and achieving sustainable growth in the Medical Plan. Focused expansion of the Medical Plan to additional employer groups will help attain the mass and stability to provide robust benefits. With greater scale and a sound foundation, we will be better positioned to explore Medical Plan offerings to our pastors again in the future.

Accident insurance – just in case ...

After Dan Poole and his family, wife Kelli and son Kevin, moved to the grandparents’ farm in Wayne County, Ind., Kelli realized the occurrence of minor accidents at home had suddenly increased. It was common for
Dan and Kevin to work on their property using chain saws, tractors, giant ladders, etc. Kelli realized one of them was always coming back in from the barn with a cut or a bruise – or worse. And with a high deductible medical insurance plan, the Pooles agreed that accident insurance coverage could serve as a gap measure for those pesky little injuries.

Since renewing their accident insurance for a second year — although they are grateful they haven’t had to make a claim — they agree this extra coverage from Brethren Insurance Services provides peace of mind. It’s good to know that if someone breaks an ankle or needs stitches, they would receive a check to cover some of the related expenses.
Brethren Foundation Funds

Asset Management

Brethren Foundation Funds is a ministry that manages assets for nearly 200 Brethren congregations and affiliated organizations. Many BFFI clients have learned that valuable data and customer service tools are only a click away. Online account management, which was first offered in 2011, was being used by more than three-fourths of BFFI’s clients at the end of 2017. Clients using the online client portal are able to generate custom reports, view account activity and performance data, print statements, and initiate transactions. They also receive an electronic copy of the monthly newsletter that provides market performance of BFFI funds measured against industry benchmarks, and an electronic copy of the annual Information Statement that provides detailed information about BFFI’s investment program.

BFFI’s funds include equity, fixed income, short-term, community development, a number of diversifiers, and Tacticals giving clients the benefit of a variety of investment styles.

A gift that continues to give

In the early 1990s, a church member bequeathed a large amount of money from his estate to Lancaster (Pa.) Church of the Brethren. The board and congregation decided to invest the monetary gift as two equal endowments, one for care of property and one for outreach, using Brethren Foundation Funds. Now, 25 years later, they are realizing what a good decision that was.

The investments grew at such a good rate, church leaders were comfortable budgeting 4 percent each year for whatever needs arose, and they were still left with ample money in the fund.

David Hosler, Property Ministry Team Chairman, is pleased with how well the money has multiplied over the past quarter-century. “We can look back and say that we’ve turned just under $200,000 into more than $600,000, investing with
Brethren Foundation Funds, while making use of the money the whole time,” he said. “The church has spent two to three times the amount they originally received — for property upkeep, for seminary scholarships, and for outreach. And they still have two to three times the original amount in the fund.”

David continued, “In 2017 we decided to add to our investments with Brethren Foundation Funds. Because of how successful the 1993 investment was, we have deepened our partnership with BFFI.” When the church chapel suffered fire damage, investment returns from Brethren Foundation Funds covered the cost for repairs.

David made the comparison to a well-known bible story while describing his church’s intention to make the most of a gift they were given. “In a way, the story of the Lancaster Church of the Brethren’s monetary gift is like the parable of the talents – it’s a modern day story of our congregation accepting money that was given to us, investing it wisely, and watching it multiply through the investments of Brethren Foundation Funds.”

BFFI is available to help other congregations and organizations in the way it helped Lancaster Church of the Brethren.
Brethren Foundation

Deferred Gifts

Many people desire to contribute funds to one or more tax-exempt organizations in which they find value, purpose, and meaning, and some desire to do so as part of their estate planning. Brethren Foundation can assist people who are looking to donate to one or more Church of the Brethren congregations, districts, agencies, or affiliated organizations. BFI manages a variety of deferred charitable gift instruments, each with its own benefits and requirements. Such instruments include charitable gift annuities, charitable remainder trusts, charitable gift funds (donor advised funds), charitable bequest management, and pooled income funds. At the end of 2017, BFI was managing approximately $5 million in assets for nearly 150 deferred gift donors.

Giving money and receiving money

A charitable gift annuity, one of the gift instruments administered by Brethren Foundation, is a contract between a donor and a tax-exempt organization. In this case, it would be a contract between a Church of the Brethren member and Brethren Foundation. The member would donate assets to BFI and be eligible for a tax deduction for that gift. For the rest of the member’s life, he or she would receive annuity payments. Upon his or her death, the one or more Church of the Brethren-related organizations identified by the member will receive the remainder of the annuity assets. This charitable gift annuity option allows donors to receive an annuity income for life and also contribute to one or more tax-exempt organizations upon their death. Other forms of charitable gift annuities are also available.
Brethren Values Investing

In 2017, the Board and staff of BBT continued their work in a manner consistent with Brethren Values Investing guidelines.

Whenever possible, assets managed for members, clients, and donors are invested according to Brethren Values Investing guidelines that are consistent with Church of the Brethren Annual Conference statements. BBT’s three-pronged BVI strategy begins with screening — the 25 publicly traded companies that receive the top U.S. Department of Defense contracts, and companies that generate 10 percent or more of their gross earnings from U.S. Department of Defense contracts, firearms and military weapons systems, weapons of mass destruction, abortion, alcohol, gambling, pornography, or tobacco are screened from our investment portfolios. Companies that are egregious violators of environmental or human rights regulations are also screened from our portfolios.

The second of BBT’s three-pronged BVI strategy is advocacy with companies in which BBT own stocks, and with other initiatives that affect how companies interact with shareholders, and with others in the global community. In 2017, this included work with ConocoPhillips in working with Indigenous Peoples; taking part in an initiative to oppose the Financial CHOICE Act, which would undo critical financial reforms put in place after the 2008 financial crash; expressing continued support for Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act); and signing a letter that affirmed implementation of a code of conduct and creation of its Responsible Labor Initiative.

The third component of BBT’s Brethren Values Investing activities is positive investing, which means investing funds in higher-than-normal risk areas that help stimulate economic growth in inner-city redevelopment communities. At the conclusion of 2017, BBTI members and BFFI clients had more than $948,000 of their assets under management invested in the Calvert Foundation Community Development Investment Fund.

In 2017, BBT Positive investing helped …

… Build or rehabilitate 10 affordable housing units
… Establish 64 new enterprises through microcredit loans
… Finance 5 community facilities
… Support 5 Fair Trade farmers
… Create 101 jobs
BBT’s spirit of giving helps a local pastor

Samuel Sarpiya, pastor of Rockford (Ill.) Community Church of the Brethren, and 2018 Annual Conference moderator, was visiting the General Offices in Elgin, Ill., and was asked to lead a Wednesday morning chapel service. As part of his chapel message, he told a story about his passion for inner-city outreach in the most under-resourced areas of Rockford, and his recent effort to begin a mobile computer lab for the youth there. In order to make it fun and educational, his lab would focus on teaching kids about computer coding and music recording.

“My mobile computer lab project relied solely on donations, so being in Elgin that day turned out to be such a gift,” Samuel explained. After hearing his story in chapel, Samuel was approached by Eric Thompson, former director of operations for IT at BBT, who told him he had recently upgraded several staff computers and printers, and still had the used equipment stored in the building, waiting for a new home. Eric offered it to Samuel for his mobile computer lab.

“I like to share this story because it shows that BBT is not just about money and benefits,” Samuel said. “The computers they donated made such a difference to my project, and enabled my work immeasurably. They heard me talk about my needs, and then they wanted to help. BBT truly cares about outreach and assistance in the Brethren world.”
Brethren Benefit Trust is taking steps to “model social responsibility.”

Green initiatives were introduced for cutting back on materials or practices that have a high carbon footprint. The idea is that by encouraging green stewardship, staff is putting into practice the values that are held by BBT as an organization, and this benefits not only workplace productivity, but society at large.

In 2017, BBT agreed as an organization, to take several steps that they felt would be simple, meaningful, and worthwhile for modeling increased social responsibility going forward.

**Airline carbon-offset** – Staff members purchasing flights for company travel are encouraged to add the carbon off-set when booking the flight. The additional cost is minimal, and it is being donated to remove an amount of carbon dioxide from the atmosphere equivalent to the amount caused by that particular flight.

**Electronic files** – As both a productivity boost, and in caring for the planet in terms of eliminating paper volume, there was an official effort in 2017 to switch operations to “all electronic” and no longer use paper whenever possible. Paper recycling is encouraged and practiced by all staff.

**Water filtration** – A special water filtration system was installed that gives staff access to delicious drinking water right out of the tap. No more water-cooler bottle deliveries from a truck, and no more plastic cup dispenser for one-time use when someone needs to hydrate. Many of the staff have a favorite reusable water bottle that they can easily fill at the sink (or one of two water fountain filling stations) during the workday.

**Biking to work** – Several staff bike regularly to the office, weather permitting. This is not an official initiative, but cycling instead of driving does cut down on the carbon footprint, and promotes a healthy lifestyle as well.
Brethren Benefit Trust has 22 staff members, and is overseen by a 12-member Board and two ex-officio Board members.

In 2017, many changes took place on the BBT Board.

Board members bid farewell to Beth Sollenberger in July as she completed her 4-year term representing the local churches and districts. During her time on the Board, from 2013-2017, Beth was also chair of the Governance Committee for two years.

Kevin Kessler was elected by Pension Plan members to serve the BBT Board for a 4-year term beginning in 2017, representing congregations and districts.

The board also said good-bye to Carol Hess, as she concluded two 4-year terms, having served on the Governance Committee for both terms. Carol was succeeded by Ron Gebhardtslbauer in July 2017.

Sara Brenneman was elected as an incumbent by the delegates at the 2017 Annual Conference, and began serving her second 4-year term.

There were also some changes in the BBT staff in 2017. In October, Fatima Kurth came on board as Accountant/Bookkeeper for the Finance Department. And at the year end, Patrice Nightingale, Manager of Production, retired after nine years in the Communications department. Rick Villalobos was hired to succeed her, with the title of Production Coordinator.

An interesting fact about the BBT Staff is that it is growing in diversity. Of the 22 staff members, nearly one-third are either foreign-born, bilingual, or first-generation Americans. As a family of colleagues, we celebrate the diverse, changing face of BBT.
BOARD MEMBERS
Harry Rhodes, Chairman
Roanoke, Virginia
Eric Kabler
Johnstown, Pennsylvania
Sara Brenneman
Hershey, Pennsylvania
Eunice Culp
Goshen, Indiana
Ron Gebhardtsbauer
State College, Pennsylvania
Kevin Kessler
Canton, Illinois
Dennis Kingery
San Diego, California
Tom McCracken
Dallas, Texas
Jerry Patterson
Ashburn, Virginia
Donna Mckee Rhodes
Huntingdon, Pennsylvania
Wayne Scott
Harrisburg, Pennsylvania
David Shissler
Hummelstown, Pennsylvania
David Steele
Ex officio
General Secretary,
Church of the Brethren Inc.

STAFF
Nevin Dulabaum
President
Veronica Aragon
Accounting Specialist
Jean Bednar
Director of Communications
Loyce Swarte Borgmann
Assistant Director of Client Relations
Joven Castillo
Technology Support Specialist
Ovidiu Catanesu
Assistant Director of Financial Operations
Tammy Chudy
Director of Retirement Operations
Lori Dombich
Retirement Plans Specialist
Scott Douglas
Director of Client Relations
German Gongora
Director of Operations for Information Technology
Fatima Kurth
Accountant / Bookkeeper
Ellen Lennard
Employee Benefits Specialist
Steve Lipinski
Manager of Brethren Foundation Operations
Donna March
Director of Human Resources and Administrative Services

SERVICE PROVIDERS
Legal Counsel
Conner and Winters
Washington, DC
Vedder Price
Chicago, Illinois

Investment Managers
Agincourt Capital Management
Richmond, Virginia
BMO Global Asset Management
Chicago, Illinois
Boston Common Asset Management
Boston, Massachusetts
Calvert Foundation
Bethesda, Maryland
Capstone Asset Management
Houston, Texas
Income Research + Management
Boston, Massachusetts
Iridian Asset Management
Westport, Connecticut
Kayne Anderson Rudnick
Los Angeles, California
Marquette Associates
Chicago, Illinois
Numeric Investors
Boston, Massachusetts
Ponder Investment
Chicago, Illinois
U.S. Bank
Minneapolis, Minnesota

Investment Consultants
Ascension Capital Enterprises
Servichley, Pennsylvania
Marquette Associates
Chicago, Illinois

Audit Services
Legacy Professionals
Chicago, Illinois

Securities Custodian
U.S. Bank
Minneapolis, Minnesota

Depository
J.P. Morgan Chase
Chicago, Illinois

Reconciliation Agent
Nottingham Investment Administration
Rocky Mount, North Carolina

Pension Plan Record Keeper
Empower Retirement™
Greenwood Village, Colorado

Actuary, Underwriters, and Insurance Consultants
Aon Hewitt Associates
Chicago, Illinois
Delta Dental
Naperville, Illinois
EyeMed Vision Care
Mason, Ohio
Highmark Blue Cross Blue Shield
Pittsburgh, Pennsylvania
The Plexus Group
Deer Park, Illinois
Reliance Standard Life Insurance Company
Philadelphia, Pennsylvania
Ritter Insurance Marketing
Harrisburg, Pennsylvania
United American
Chicago, Illinois
Williams Manny Insurance Group
Rockford, Illinois

Information Technology
Christian Brothers Services
Romney, Illinois
Hallock Security Labs
Schaumburg, Illinois
Sikich
Aurora, Illinois
Sterling Network Integration
Lake Barrington, Illinois
I really look forward to the Brethren Pension Plan check when it’s deposited in my account at the bank. I know then that I can pay some bills and have some fun too.
—Roma Jo Thompson

You did amazing things with my husband’s pension. Thank you!
—Brenda Palsgrove

I’m a recipient every month!
—Ralph Moyer