BBT works for you

CHURCH OF THE BRETHREN
BENEFIT TRUST
2019
BBT was not directed to save anyone from losing their house. We were not directed by Annual Conference to find a way to lower our expenses and pass along savings to our members as part of our Pension Plan. We were not directed to add a staff person whose job it is to help our members be better prepared for retirement. Nor were we directed to reach out to the Church of the Brethren district in Puerto Rico to see if there was a need for our ministries and services among pastors and church workers. However, we have done all of these things in the past year to better serve employees of the Church of the Brethren. Our goals for the year have been to strengthen our product offerings, to increase and articulate our competitive advantage, and to provide stellar customer service.

Just prior to Annual Conference we made great strides on the first point by changing our Pension Plan recordkeeper to partner instead with a smaller, niche-style company that is more aligned with the unique, complex structure of Brethren Pension Plan. We are very excited for our members to experience this next phase of Pension service with our new partner, Northwest Plan Services.

We increased our competitive advantage by adding seven lower-cost index mutual funds to our Pension Plan investment lineup, and by adopting a mandatory wellness component to Brethren Medical Plan that is geared toward driving down claims, and thus premium increases, in the future.

In addition to enhancing our customer service by adding the retirement readiness staff position, we also added a new, client-focused staff member with Brethren Foundation and Brethren Foundation Funds, which manages deferred gifts for individuals and assets under management for Church of the Brethren organizations with $10,000 to more than $1 million.

This is our goal — To strengthen our ministries. To remain competitive in the marketplace. And to serve others.

This is how BBT works for you. May it be so.
The BBT Board

L to R front row: Sara Brenneman, Shelley Kontra, Donna Rhodes, Eunice Culp, Ron Gebhardtsbauer, Kevin Kessler; back row: Tom McCracken, David Shissler, Jerry Patterson, Harry Rhodes, and Eric Kabler. Not pictured: Dennis Kingery.

Assets under management

Brethren Foundation and Brethren Foundation Funds (amount in millions)

<table>
<thead>
<tr>
<th>Assets</th>
<th>Amount (in millions)</th>
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<tbody>
<tr>
<td>Alternative Assets</td>
<td>$0.2m</td>
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<tr>
<td>Community Development</td>
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<tr>
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<tr>
<td>Gift Annuity</td>
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<td>Charitable Bond</td>
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<tr>
<td>Fixed Income</td>
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<tr>
<td>Domestic Equity</td>
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<tr>
<td>Equity and Fixed Income</td>
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<td>Tactical</td>
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Pension Plan (amount in millions)

<table>
<thead>
<tr>
<th>Assets</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Community Development</td>
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<tr>
<td>Alternative Assets</td>
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<tr>
<td>International Equity</td>
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<td>Fixed Income</td>
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<td>Retirement Benefits Fund</td>
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Please read our stories on the following pages to learn how BBT has used its advocacy to help people and improve customer service experience through changes made in the past year.
Brethren Pension Plan

*We want our members to have a meaningful retirement*

Everyone wants a good retirement. That’s the goal of the Brethren Pension Plan — to make it a reality for all of those who work for Brethren-related organizations. This starts early, when pastors begin their service, or when employees of districts, camps, retirement communities, or other Brethren organizations begin their work. The Brethren Pension Plan is with them each step of the way.

“I did not want to get to my retirement and then blow it.”

David and Beth Stauffer of Lancaster County, Pennsylvania, have been members of Brethren Pension Plan throughout David’s ministry. During Annual Conference over the years, they attended almost every Pension and retirement planning session BBT presented, and found those sessions to be very helpful. As retirement grew closer, they looked to BBT for help, and talked to Scott Douglas, Director of Client Relations, and Ed Shannon, Retirement Planning Consultant.

Scott and Ed brought up something that had never occurred to the Stauffers — that they could use the pastor’s housing allowance as a tax break in retirement. “It was like a light bulb turned on,” David said. “Of course, it makes sense. I hadn’t even considered that!”

Ed and Scott also pointed out that annuitizing Pension funds before age 70 could make economic sense. The Stauffers had thought waiting until 70 was best. Ed and Scott prepared several scenarios to help them clarify what they wanted.

“Managing the different funds, risk tolerance — all that stuff was good and helpful for us. We did really well in accumulating and investing and using BBT funds. My fear was — I did not want to get to retirement and then blow it. That’s where Ed and Scott were so helpful to us.”

*Staff from the Client Relations department brainstorm with Benefits team staff to be sure members’ needs are being addressed and they are receiving timely information.*

(L to R): Tammy Chudy, director of Retirement Operations; Ed Shannon, Retirement Planning Consultant; Scott Douglas, director of Client Relations; Debbie Butcher, Employee Benefits Specialist; and Lori Domich, Retirement Plans Specialist.
A better experience for our members
In 2018, Brethren Pension Plan made monthly payments of approximately $1.3 million to annuitants. The balance of the Retirement Benefits Fund, the annuity pool that pays out Brethren Pension Plan benefits each month, was at $380,342,843 million at the end of April 2019.

BPP also transitioned to a new recordkeeper better suited to serve our members. Northwest Plan Services is a smaller, niche-style recordkeeper, experienced with managing the unique, complex structure of Brethren Pension Plan, as well as troubleshooting, solving problems, and improving members’ overall customer service experience. NWPS will be a valuable ally, complementing BBT Pension staff members Lori Domich and Debbie Butcher in providing excellent service to our Plan members.

Church of the Brethren Pension Plan, established in 1943, 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.

“\textit{I’m able to retire now, and I don’t have to be worrying…}”
“Being with the Brethren Pension Plan means I’m able to retire now, and I don’t have to be worrying about where every little thing is going to come from,” says JuliAnne Bowser Sloughfy, a retired pastor in the Shenandoah District. “I know a lot of people who are stressed because their retirement income depends on how well the stock market does, and I don’t have to worry about that.

“The staff have always sent me the information I need, told me what I need to know, and even if I ask lots of questions they are still very helpful and friendly … very knowledgeable.

“And, thanks to my BBT pension, I can now afford to finish converting our manufactured home from a business office into a real home.”
Church Workers’ Assistance Plan

Taking care of our own
A church that believes deeply in service cannot forget the needs of its people, especially its leaders and church workers. When the Church Workers’ Assistance Plan was created, employees of churches, districts, and camps were asked to contribute 1 percent of their salaries to fund the plan. Congregations also made donations.

More than $330,000
This benevolence ministry offers grants to church workers who have severe financial need. In 2018, more than $330,000 was given to 47 individuals, and this included helping to save three houses from foreclosure. This year BBT expanded the scope of the program by issuing grants to pastors and church workers in Puerto Rico district.

“BBT did everything they could”
Financial difficulty can descend suddenly on anyone as it did on the family of Rachel Kauffman, of Northern Indiana District. During an economic downturn in 2015, her husband lost his job and was unemployed for the next two years. Struggling to buy food and keep the lights on, they filed for mortgage assistance. After two years the application was denied, and they were just months away from losing their home to foreclosure.

Rachel sent out a plea to friends, and that’s when she learned about the Church Workers’ Assistance Plan. Within a day or two of sending in her forms, a BBT staff member acknowledged that her application was being processed. As her bank deadline was approaching, she learned that she and her family had been approved for assistance.

“I was happy that BBT did everything they could,” Rachel recalls. “In fact, they even called the bank for us to make sure that the money got where it was supposed to be.” A few weeks later the Kauffmans received a letter from their bank saying their account was back in good standing.

“I prayed a lot,” Rachel says, “I said, ‘God, we have given our home to you. We don’t have much, but we have this home. We have this roof over our heads. Through the years we’ve allowed homeless people, people who were jobless, who were just passing through — we gave them room and board at our house. God, we’ve given our house to You all these years. We need You to take care of us. This is our ministry. We need You to save this.’ And He did — through BBT!”
Brethren Foundation (BFI)

Gifts for the future
Brethren are a generous people, and the Brethren Foundation offers a way for them to extend that giving spirit. In addition to the stewardship they practice weekly and monthly, many Brethren contribute money to one or more tax exempt organizations whose work they value and support. Through the Foundation they can make their giving, both to the church and to these other Brethren organizations, part of their estate planning. Brethren Foundation will assist people who want 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.

Giving money and receiving money
BFI offers a way to give money while giving the donor a lifetime income. A one-life charitable gift annuity, one of the gift instruments administered by Brethren Foundation, is a contract between a Church of the Brethren member and Brethren Foundation. The member donates assets to BFI and is then eligible for a tax deduction for that gift. For the rest of the annuitant’s life, he or she receives annuity payments. Upon the annuitant’s death, the one or more Church of the Brethren-related organizations identified by the donor receives the remainder of the annuity assets. Other forms of charitable gift annuities are also available.

Do you know who you’ll reach when you call Brethren Foundation? Steve Lipinski, Manager of Brethren Foundation Operations, and Sherri Crowe, Client Manager for Brethren Foundation, who are ready to address the needs of BFI clients and are waiting to serve you.
Brethren Foundation Funds (BFFI)

Managing assets the Brethren way

It’s in the Brethren DNA for members of Church of the Brethren congregations and church organizations to be good stewards. When they have reserve or endowment funds, they want an agency to help them manage those assets. And because they are Brethren, they want to be sure their investments are true to Brethren values. This is why they turn to Brethren Foundation Funds.

Brethren Foundation Funds is a ministry that offers asset management services for denominational agencies, districts, congregations, affiliated organizations, and other not-for-profit agencies that affirm Brethren values. On March 31, 2019, BFFI was serving 188 organizational clients.

“We trust them with our investments”

Twenty-two of the 24 Church of the Brethren districts have assets invested through BFFI. “We are pleased with the service and the cost structures and the responsiveness that we get in working with them as partners,” said Russ Matteson, District Executive, Pacific Southwest District. “Additionally, several of our congregations have funds that they have invested through Brethren Foundation Funds.”

Brethren Values Investing is especially important to Gary Higgs, director of Finance for Shenandoah District. “We have stayed long-term with Brethren Foundation Funds because of their investment strategies and how they invest funds according to Church of the Brethren guidelines, and we are extremely happy with the service on a daily basis whenever we have a need.”

Being a trustworthy investment organization where money can be managed with the possibility for growth so that it can be used for the mission of the church is one of the purposes of Brethren Foundation Funds. “We trust them with our investments,” said Colleen Michael, District Executive, Pacific Northwest District. “We have a new church growth/development fund from which we have drawn, in fact, to support a new church.”
**All this popcorn money**

Mike Neff is the director of Camp Ithiel in Gotha, Florida, and treasurer of New Covenant Church of the Brethren, which is on the Camp Ithiel campus. The church sponsors a Boy Scout troop, an enterprising bunch who raised a lot of money selling popcorn and doing other fundraisers. “The scouts were sitting on all this popcorn money,” Mike says. “It wasn’t worth it to have it in a CD or a money market. So, through the church we were able to invest it in Brethren Foundation Funds. We are so glad for that opportunity and for the strong foundation it’s going to give the scouts in the future. By going to Brethren Foundation Funds, they can be better stewards.”

Mike added, “The camp’s doing the same thing. The camp has money invested in Brethren Foundation Funds, and the reason we do that is so that when we have a significant need, we can pull the funds to cover it and continue operating, and in the meantime we can let it go and grow.”

For BFFI clients, valuable data and customer service tools are only a click away. At present 81 percent of BFFI’s clients are using online account management. BFFI’s investment options give clients access to a variety of asset classes including equities, fixed income, short-term, community development, alternative, and tactical funds. Many of these investments comply with Brethren Values Investing guidelines. As of the end of March 2019 BFFI had $178,432,426 under management.
Brethren Values Investing

Staying true to our beliefs
Brethren want to enjoy the fruits of successful investing, but not at the expense of deeply held values. Thus, Brethren Benefit Trust developed guidelines that are congruent with Church of the Brethren Annual Conference statements. The Board and staff of BBT continues to invest funds in a manner consistent with these Brethren Values Investing guidelines.

Screening
BVI’s three-pronged approach begins by screening from its investment portfolio, whenever possible, the 25 publicly traded companies that receive the most 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. Further, it screens out companies and organizations that derive 10 percent or more of their profits from the manufacture or sale of firearms, military weapons systems, or weapons of mass destruction; from providing or supporting abortion procedures; from the manufacture or sale of alcoholic beverages or tobacco products; from the manufacture, sale, or operation of gambling devices; and from the manufacture, sale, or distribution of pornography. Also, companies that are egregious violators of environmental regulations and supporters of or participants in human rights violations are screened out.

Advocacy
The second of BVI's three-pronged strategy is advocacy with companies in which BBT or its affiliates holds stocks; advocacy with other initiatives that have to do with how companies interact with shareholders; and advocacy with others in the global community. In the recent past this has included working with ConocoPhillips to protect the rights of indigenous peoples where the company does business; continuing, as part of an investor group, to encourage

Workers in this Bangladeshi garment factory are protected by the Accord on Fire and Building Safety in Bangladesh.
the Bangladesh government to support the accomplishments of the Accord on Fire and Building Safety, which was established in the wake of the Rana Plaza building collapse in April 2013 to address workplace safety in Bangladesh garment factories; and signing an investor letter that encourages global home goods and apparel brands and retailers to take action to address the use of forced labor in the cotton fields of Turkmenistan.

Community development

The third component of Brethren Values Investing activities is positive investing, which means providing economic opportunities where they are needed most. By the beginning of 2018, BBTI members and BFFI clients had more than $984,000 of their assets invested in helping build or rehabilitate 10 affordable housing units, establishing 65 new enterprises through small and microcredit loans, financing two community facilities, supporting two Fair Trade farmers, and supporting 97 jobs.
Brethren Insurance Services

Your people are your assets
Your church’s most valuable asset is not your church building or the money in your congregation’s bank account. It’s your people. It’s your leaders. Your pastor and staff are your assets. Your district staff, your camp, and retirement community employees are your resources. As with your physical assets, you know you need to protect and care for them.

The way Brethren do this is through Brethren Insurance Services. Those employed by Church of the Brethren-affiliated organizations, including churches, retirement communities, agencies, camps, and districts, have an excellent array of insurance products available to them. BIS holds 2,304 certificates of coverage, providing plan designs with rich benefits, competitive pricing, and outstanding service to employees and their dependents.

Protecting and caring
Because disability is a real threat to financial security, BIS offers Long- and Short-term disability insurance to replace lost income in the event of injury or illness. Because sudden death can cause great pain and stress to a family, life insurance from BIS protects the families of employees by providing money to cover debts, mortgages, loans, end-of-life expenses, and daily living costs. When an employee suffers a disabling illness or injury, long-term care insurance pays for the nursing care that would be a drain on the family’s resources.

BIS offers excellent medical insurance to those who work for Brethren organizations and agencies. By stressing prevention, vision insurance and dental insurance anticipate problems. BIS cares for employees when they retire by offering Medicare supplement insurance, which pays for the care that Medicare will not cover. Finally, in a world where more and more people have pets, BIS offers well-designed pet insurance coverage.

Staying on the cutting edge
Not to be outpaced by current developments in digital technology, Brethren Insurance Services is offering, as part of its health insurance, Sharecare — a wellness rewards program with a health tracking app that looks at employees’ daily activity and stress levels to suggest how healthy they are and to give them resources for improving their health. Another mobile app enables employees to find doctors and hospitals; rate and review providers; view medical, dental, and pharmacy claims; get health and wellness information; and much more. A population that is consuming too much sugar has resulted in a rising incidence of diabetes. In response, BIS offers a program called Livongo, which provides tools for managing this disease.
Greatest benefit
These excellent, well-priced products are the foundation of BIS, but the cornerstone is customer service. Anchored by Jeremiah Thompson, director of Insurance Operations, and given voice by Connie Sandman, Insurance Plans specialist, who staffs the phone lines, BIS always offers a friendly ear and thoughtful, intelligent guidance. In the claims process BIS staff take up the case and advocate for the employee, helping them get all the benefits they deserve, while explaining the process so they understand what is happening. Customer service is our most distinctive benefit.

“Our insurance products support our members’ physical and financial well-being. Our plans are rich in features and benefits. And we are always just a phone call away.”
– Jeremiah Thompson,
Director of Insurance Operations

Connie Sandman, Insurance Plans specialist, understands the importance of accessible, friendly customer service.
Planning for future growth, BBT over the past year increased its full-time staff from 22 to 25. A 12-member board, plus two ex-officio Board members, oversee the organization.

Board changes in 2018 included a farewell to Wayne Scott, who concluded two 4-year terms that began in 2010, having served on the Investment Committee and Governance Committee during his tenure. To succeed Wayne, the Board appointed Eunice Culp to serve a second 4-year term. Dennis Kingery was elected by Pension Plan and Insurance Plan members, and he began his second term in 2018, representing the Annual Conference Agencies. New to the Board in 2018 was Shelley Kontra, who was elected to a 4-year term by the delegates at Annual Conference.

Changes in the BBT staff in 2018 included two new positions added to help with business growth. Ed Shannon came to BBT in June as Retirement Planning Consultant in the Client Relations department. Sherri Crowe was hired in August as Brethren Foundation Client Manager. In July, Everett Teetor transitioned from an intern to the new full-time position of Accounting Assistant. Rick Villalobos was promoted in June from the position of Production Coordinator to Communications Manager. Ellen Lennard, Employee Benefits Specialist, resigned her position in February 2019, and her job was filled by Debbie Butcher, who joined BBT in March.

One of the highlights at BBT is that of the 25 staff members, six — nearly one-quarter — are bilingual! A total of five languages are represented across the staff.
Director

Directory as of June 1, 2019

BOARD MEMBERS
Harry Rhodes, Chair
Roanoke, Virginia
Donna McKee Rhodes, Vice Chair
Huntingdon, Pennsylvania
Sara Brenneman
Hershey, Pennsylvania
Eunice Culp
Goshen, Indiana
Ron Gebhardtsbauer
State College, Pennsylvania
Eric Kabler
Johnstown, Pennsylvania
Kevin Kessler
Canton, Illinois
Dennis Kingery
San Diego, California
Shelley Kontra
Lancaster, Pennsylvania
Tom McCracken
Dallastown, Pennsylvania
Jerry Patterson
Fairfax, Virginia
David Shissler
Hummelstown, Pennsylvania
David Steele
Ex officio
General Secretary, Church of the Brethren Inc.

STAFF
Nevin Dulabaum
President; Ex officio of the Board
Veronica Aragon
Accounting Specialist
Jean Bednar
Director of Communications
Loyce Swartz Borgmann
Assistant Director of Client Relations
Debbie Butcher
Employee Benefits Specialist
Joven Castillo
Network Administrator
Ovidiu Catanescu
Assistant Director of Financial Operations
Tammy Chudy
Director of Retirement Operations
Sherri Crowe
Client Manager for Brethren Foundation
Lori Domich
Retirement Plans Specialist
Scott Douglas
Director of Client Relations
German Gongora
Director of Operations for Information Technology
Fatima Kurth
Accountant/Bookkeeper
Steve Lipinski
Manager of Brethren Foundation Operations
Donna March
Director of Human Resources and Administrative Services
Steve Mason
Director of Brethren Foundation and Director of Brethren Values Investing
John McGough
Chief Financial Officer
Diane Parrott
Administrative Office Assistant
Humrana
Director of Financial Operations
Lynnae Rodeffer
Director of Employee Benefits
Connie Sandman
Insurance Plans Specialist
Ed Shannon
Retirement Planning Consultant
Everett Testor
Accounting Assistant
Jeremiah Thompson
Director of Insurance Operations
Rick Villalobos
Communications Manager

SERVICE PROVIDERS
Legal Counsel
Conner and Winters
Washington, DC
Huck Bouma
Elgin, Illinois
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
Crossmark Global Investments
Houston, Texas
Income Research + Management
Boston, Massachusetts
Kayne Anderson Rudnick
Los Angeles, California
Marquette Associates
Chicago, Illinois
Numeric Investors
Boston, Massachusetts
Ponder Investment
Nashville, Tennessee
Walden Asset Management
Boston, Massachusetts

Investment Consultants
Ascension Capital Enterprises
Sewickley, 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
Northwest Plan Services, Inc.
Seattle, Washington

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
United American
Chicago, Illinois

Information Technology
Arthur J. Gallagher Risk Management Services, Inc.
Rockford, Illinois

Christian Brothers Services
Romeoville, Illinois

Halock Security Labs
Schaumburg, Illinois

Sikich
Aurora, Illinois

Sterling Network Integration
Lake Barrington, Illinois
The ministries of Church of the Brethren Benefit Trust include the affiliates Brethren Benefit Trust Inc., Brethren Foundation Inc., and Brethren Foundation Funds Inc.