BBT’s socially responsible investments post strong returns

Year-end reviews of Church of the Brethren Benefit Trust’s investment managers revealed that socially responsible investing hasn’t hurt overall performance.

Six of the seven investment managers invited to present quarterly and year-end results reported that BBT’s Brethren Pension Plan and Brethren Foundation funds exceeded their non-SRI composite funds (which represent the average of their clients’ funds).

Agincourt, one of BBT’s two bond managers, reported that the accounts for Pension Plan and Foundation had returns ranging from 8.35 percent to 8.49 percent in 2010; its composite fund returned 8.22 percent in the same time period. Those funds’ benchmark, Barclays Government/Capital index, gained only 6.59 percent in 2010.

Five other investment managers — Boston Common, Iridian, Income Research and Management, Kayne Anderson, and Segall Bryant Hamill — reported that BBT’s funds also exceeded their composite funds.

“Each of BBT’s investment managers indicated that performance of our socially screened accounts typically are similar to the performance of their non-screened composite funds, especially over longer time frames,” said Steve Mason, director of Brethren Foundation, director of BBT’s socially responsible investing, and BBT’s interim chief financial officer.

BBT’s socially responsible investment directives prohibit managers from investing in companies that earn 10 percent or more of their annual gross revenues from weapons.

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Brethren Medical Plan

Your congregation may benefit from a new tax credit

Many congregations and other Brethren-affiliated organizations may be eligible for a reduction in taxes, thanks to a small-business tax credit that went into effect on Jan. 1.

Last year, the Patient Protection and Affordable Care Act was passed by Congress and signed into law by President Obama. One of the many changes in this act is the Small Business Health Care Tax Credit.

In December 2010, the IRS clarified that the tax credit applies to churches and other small employers that obtain coverage through self-funded church health plans.

If your church or employing organization provides coverage for one or more of your full-time or part-time employees through the Brethren Medical Plan or another health insurance plan, it may qualify for the tax credit. The IRS also explained how clergy are to be counted under the tax credit and rules that apply when an employer offers more than one type of plan.

Employers with 25 or fewer “full-time equivalent employees” whose wages average less than...
President’s Message

Increased security and compliance efforts protect our members

What does it mean to be compliant in this day of increased regulations, including more recent laws like HIPAA and HITECH, which protect personal health information, and the Pension Protection Act of 2006?

We’re finding out.

Last fall, Brethren Benefit Trust hired a consulting company that specializes in helping organizations like ours assess compliance needs and risks. BBT has numerous compliance mandates that are regulated by state and federal laws. All BBT staff met with representatives from the consulting firm over a two-day period as they learned about all of the data that we manage through Brethren Pension Plan, Brethren Foundation, Brethren Insurance Services, and as staff of Church of the Brethren Credit Union. Senior BBT staff members have since met with the lead consultant for a few more meetings to assess threats and possible outcomes. This is leading us to create a number of policies and procedures that are intended to make us fully compliant with applicable laws and with top standards of business.

One example of what we’re looking at includes our need to ensure that confidential information is not left on unattended computer screens, fax machines, printers, or in file cabinets that are accessible to BBT staff from other departments or to others beyond the BBT staff. BBT’s office space was configured within the Church of the Brethren General Offices at a time when privacy regulations were not as stringent. Now that they are much more strict and directive, we find ourselves assessing how to best meet the guidelines of today.

We have identified risks and are in the process of writing drafts of new policies and procedures, and we anticipate that we will need to make changes to how we handle data and to the accessibility of our office space. In truth, we have already started making changes — confidential e-mail is encrypted, as is data on laptops and memory sticks; faxes are becoming segregated by department; perimeter doors are locked; and video cameras are set up in key areas of BBT’s offices.

With compliance issues permeating our work, we are at the point of needing a coordinator of our compliance initiatives. Thus, in late January we announced the creation of a new position — a chief operating and compliance officer.

Why did we combine a compliance position with that of a chief operating officer portfolio?

Over the past 2½ years, BBT has worked hard to improve our customer service and product offerings and to strengthen relationships. We have also had to respond to an economic crisis and the subsequent recovery. All of these tasks were more short-term and reactive. It is now time for us to move our planning from the immediate to the future. Strategic planning and thinking, a review of policies and procedures, and an evaluation of all of BBT’s positions are in order. For me to focus on these issues while working closely with the BBT Board of directors and continuing my work to undergird relationships of those we serve, I need someone to oversee BBT’s daily operations.

As part of strengthening and growing our ministries, we are engaged in several other special activities. We soon will be announcing the search for a permanent chief financial officer. We have filled a mid-level manager position in the finance department and are seeking a help desk/programmer staff member in our IT department. The Brethren Pension Plan Task Force met on Feb. 25 in Mechanicsburg, Pa., to consider ways to strengthen the Plan for decades to come. The online portal for Brethren Foundation continues its beta testing prior to being launched for all of our Foundation clients.

Among all of these new and special initiatives, staff members continue to support all of our members and clients and the entire Church of the Brethren denomination. Thank you for the opportunity for us to continue to be in your service. — N.D.

Do you need assistance with filing your taxes for 2010?

The Internal Revenue Service can help. If you earn less than $49,000 per year or are over age 60, the IRS Volunteer Tax Assistance service can help you prepare and then electronically file your taxes for free. Go to IRS.gov and search for “Volunteer Tax Assistance” in the search box at the top for more information.
“The righteous give and do not hold back” — the healthy, too

As you may have read in this issue’s “Your Money” column on page 5, giving is an important part of one’s annual budget. But it may also be an important part of your health. Anecdotal and clinical evidence suggests that giving time, money, and support can help people manage stress, depression, pain, and chronic illness.

A 1999 study performed by Stanford University and the Buck Center for Research and Aging suggests that mortality rates can decline as much as 63 percent among elderly who volunteer compared with those who do not. A similar study performed by Boston College in 2002 found that chronic pain sufferers noticed a dramatic decrease in pain during and after volunteering. Narrative data indicated that the opportunity to help others gave the pain sufferers a “sense of purpose.”

But what is the psychological core of the act of giving? It has long been held that an underlying psychological impetus to giving might be the shower of thanks we receive from the recipient of the gift — that or the possibility of reciprocation. However, a 2007 Virginia Commonwealth University study was published on the phenomenon of pet owners giving their creatures gifts throughout the year — without any obvious, direct return of giving.

“When you’re giving to another person, you have this pressure of reciprocity, but it’s not there with a pet,” said Tracy Ryan, a partner in the study, in an interview about the subject. “It shows that a lot of the pleasure is in the giving, knowing you’ve taken care of someone.”

The scripture referenced in the title of this article (Proverbs 21:26) reminds us that there is spiritual reward in giving, too. Giving reinforces the connection between Christians and Jesus’ principles for living. After all, Jesus said in Luke 6:38, “Give, and it will be given to you. A good measure, pressed down, shaken together, running over, will be put into your lap; for the measure you give will be the measure you get back.” — B.S.

Gift-a-day regimen reaps spiritual benefits

It started with a sleepless night and ended, 29 days later, as an opportunity for personal and global change. It’s called the 29-Day Giving Challenge, and it’s an opportunity to bring positive energy into your life and help others along the way.

On that night, the program’s founder, Cami Walker, wasn’t feeling well. Her multiple sclerosis was flaring up and causing overwhelming distress both physically and mentally. She found a message in an old journal from a spiritual guide she had worked with that read, “Give away something each day for 29 days.”

Cami decided to start the next day by calling a fellow MS-sufferer and offering her support and compassion. Each day began with a mission — to figure out who to give to that day — and Cami soon felt like her mental state was improving more and more as her project progressed.

Today, Cami’s MS is under control and she feels like her relationships, outlook, and emotional state are vastly improved because of this project, which has grown into a global community of givers through her book, 29 Gifts: How a Month of Giving Can Change Your Life, and her Web site, www.29gifts.org.

The challenge is simple: Begin a 29-day mission to give something — anything — to someone on each day, and then record your activities and ensuing thoughts and feelings in your personal journal or in 29 Gifts’ online community.

“I want to inspire more generosity on the planet and help change lives, one gift at a time,” wrote Cami. — B.S.
The measure of Steve Bob’s impression on the employees at Church of the Brethren Benefit Trust was marked by the outpouring of affection — and food — at a going-away party held in his honor on Jan. 31. On that day, Steve Bob’s employment ended with BBT as the director of operations for Church of the Brethren Credit Union.

“The elimination of this position was done as a necessary cost-containment measure,” said Nevin Dulabaum, BBT’s president.

Steve began working for Brethren Benefit Trust on Nov. 3, 2008. During his tenure, he was instrumental in developing several new services, including online banking with bill pay, and he implemented procedures to bring CoBCU into compliance with state and federal regulations.

Credit Union members continue to be well served by Connie Sandman, CoBCU’s long-time member services representative, and Jill Olson, the Credit Union’s loan officer.

“Both of these exceptional individuals stand ready to meet our members’ needs,” said Lynnae Rodeffer, director of Credit Union special projects. — B.S.

“BBT’s socially responsible investments ...” continued from page 1

abortion, alcohol, tobacco, pornography, or gambling, or in companies with a history of human rights or environmental violations. Additionally, managers cannot invest in the top 25 Department of Defense contractors.

Pension Plan and Foundation year-end results signal growth

For members of Church of the Brethren Pension Plan, the Balanced Fund performed well in 2010, earning 12.7 percent compared with the Blended Balanced index — a weighted average of the S&P 500 and Barclays U.S. Capital Government/Credit Bond indexes — which only experienced a 7.5 percent return last year. Pension’s Common Stock Fund earned 16.4 percent compared with the S&P 500, which saw a 15.1 percent increase in the same period. Two of the other funds came within 1 percent of their benchmarks. The Community Development Investment Fund performed well, but it does not have a benchmark.

Six of BFI’s funds earned returns that exceeded those of their benchmark indexes — the Short-Term, Bond Core, Bond, Domestic Stock, International Stock Core, and Balanced funds all saw performance results greater than 1 percent higher than their respective benchmarks in 2010. Two others — Small Cap and Domestic Stock Core funds — despite not matching their benchmarks, still posted double-digit gains. All of BFI’s investment options exceeded their benchmarks over a five-year period. — B.S.

“Your congregation ...” continued from page 1

$50,000 may be eligible for a credit of up to 25 percent of the amount paid, if they contribute a uniform percentage of at least 50 percent toward the premiums or dues paid for their employees’ health care coverage. The tax credit of up to 25 percent is available for tax years 2010 through 2013.

“Health care is a topic of intense national debate, in light of recent, ongoing, and possible future changes,” observed Church of the Brethren Benefit Trust President Nevin Dulabaum. “When we learn about an important change to health care, we are committed to sharing that news with the greater Brethren community to help each church and affiliated organization be a better steward of its resources.”

The rules for determining full-time equivalent employees, average wages, uniform contributions, and other eligibility standards for the tax credit are complicated. For more information about the tax credit, enter “Health Care Tax Credit” into the search box at www.irs.gov. Additionally, a detailed discussion of how to calculate the tax credit is included in the instructions for Form 8941, which can be found at http://www.irs.gov/pub/irs-pdf/i8941.pdf.

As more information is made available, it will be posted at www.bbtinsurance.org. You may also e-mail questions to Willie Hisey Pierson, director of Brethren Insurance Services, at whiseypierson_bbt@brethren.org.
Build philanthropy into your budget and keep the giving going

December is a popular time to make a donation to a local charity, bump up your giving to your congregation or denominational agencies, or even toss some change in the iconic red Salvation Army bucket. But those organizations need support all year — not just at Christmastime.

Keeping the greater good as a line item on your annual budget — a budget that should include giving to yourself too, in the form of savings — helps you and the organizations that receive your donations.

Examining the first 10 percent

Many Christians commit to tithing — that is, giving 10 percent of their earnings to their church or church organizations each month. This tradition dates back to the beginning of the Bible; Jacob commits to contributing one-tenth of all that God grants to him back to God (Genesis 28:18-22).

For Jacob and his contemporaries, tithing meant giving one-tenth of the harvest; today, tithing means giving one-tenth of your earnings to the church’s ministry. Many banks today even offer a service that will automatically withdraw an amount each month and send it to the church organization of your choice.

Congress grants a giving opportunity

Starting on Jan. 1, the withholding rates for your Social Security taxes went from 6.2 to 4.2 percent for the 2011 tax year. Regardless of whether you agree that this decision will help or harm the nation’s financial situation, that 2 percent is now going straight to your paycheck. What are you doing with it?

Some not-for-profit organizations could certainly use a boost. The Chronicle of Philanthropy reported that 28 percent of surveyed not-for-profit organizations experienced year-end drops in giving, and even though giving increased for many in November and December, one in 10 said that giving was flat during the 2010 Christmas season.

Even small fluctuations in giving can really affect the programming of an organization that relies on donations. Consider this: On Earth Peace, an agency of the Church of the Brethren, reports that about 80 percent of its budget comes from individual and congregational donors. A small decrease in donations can mean big changes for organizations like this.

Let your situation define your contributions

In his book, The Life You Can Save, Peter Singer outlines a donation scheme that Americans could follow based on their level of income.

“[Donations could] begin at 1 percent of income for 90 percent of American taxpayers, rising to 5 percent for those earning above $105,000 a year, and gradually increasing until they peak at 33.3 percent for those earning more than $1 million a year. That would raise more than $500 billion a year — more than double a U.N. estimate of what it would take to cut world poverty in half.”

Giving doesn’t just mean money. It also means services and goods. When was the last time you took your old clothes down to your local family shelter or volunteered to serve dinner at a nearby soup kitchen? Volunteering can bring the same harmony to your life that donating money brings. Read this issue’s “Heart, Soul, and Mind” on page 3 to learn about the physical and mental impact of giving. — B.S.

BBT welcomes new accounting manager

Ovidiu Catanescu has accepted the position of accounting manager for Church of the Brethren Benefit Trust. Ovi began his duties on Monday, Feb. 28, and reports to Sandy Schild, director of Finance.

In this position, Ovi will process, review, and report transactions related to the programs of BBT. He will also manage and process payroll, reconcile bank and investment accounts, monitor and manage cash flow, prepare account analyses, assist with accounts payable and receivable, assist with the month-end close, and provide backup for other positions in the Finance department.

Ovi brings over 20 years of general accounting and finance experience. Most recently, he has worked as an accountant for Jordan and Associates Ltd. in Arlington Heights, Ill. He has also served as a mortgage sales consultant for JP Morgan Chase in Downers Grove, Ill. Ovi holds a bachelor’s degree in finance and accounting from the Academy of Economic Studies in Bucharest, Romania.

He and his wife immigrated to the United States in the mid-1980s. They reside in Hoffman Estates and belong to St. Hubert Catholic Church in Schaumburg.
Can regular giving improve your mental and physical health? Find out inside.

Ours holds experts. What’s in your bureau?

On second thought, let’s just talk about BBT’s bureau — the Speakers’ Bureau.

Church of the Brethren Benefit Trust has employees with expertise in various fields ranging from personal finance to stewardship of personal and corporate resources to health care. These individuals are available to lead workshops at events ranging from a small group or pastors’ retreat in your district to a gathering of your entire Church of the Brethren congregation.

Below are two of this year’s options. Visit www.brethrenbenefittrust.org and click on About BBT and then Speakers’ Bureau to read about more seminar options.

- **The “M” Word — Why Talking About Money is so Important**
  This will be a frank discussion about family finances and a look at how attitudes about money affect spending and saving habits. Plus, we’ll answer this common question: “What is a FICO score, and why should I care?”

- **Long-Term Care Insurance — An Investment for Peace of Mind**
  Preparing for your future means making positive investments that will promote financial and physical wellness. Take a closer look at long-term care insurance and learn how to determine whether it is right for you and your family.

BBT provides these opportunities for members and agencies as a service to the denomination. An attempt is made to meet all requests, but scheduling is dependent on staff availability, and sessions are offered on a first-come, first-served basis. Please contact Loyce Borgmann, manager of client relations, at 800-746-1505, ext. 364, for more information or to request a session.