Did we make the right decision one year ago?

When it comes to making decisions, it is often said that hindsight is 20/20.

I believe that statement to be overly simplistic. Nevertheless, after a period of time, reflective thought on what had been a difficult decision is a useful exercise to determine if corrections are needed and to further develop the decision-making process.

I recently found myself in such a time of contemplation. It has been a year since we moved to reduce benefits for Brethren Pension Plan retirees due to the fact that the steep decline of the markets left the Retirement Benefits Fund, from which annuity payments are made, at 68 percent funded as of Jan. 1, 2009. As a result, the BBT Board moved annuity assumption rates that are used to calculate retiree benefits to 5 percent, down from 8, 7, and 6 percent.

One year later, how well does that decision hold up to scrutiny? To assess, I think one must look at three factors.

RBF status
As reported in previous BBT publications, the RBF improved last year thanks to market growth, the reduction of payments, and routine client activity. As of Jan. 1, 2010, the RBF was 78 percent funded, an improvement of 10 percent from one year prior. When the BBT Board decided in April 2009 to reduce the annuity assumption rate for all annuitants, it took action that it believed would cause the least amount of hardship while working to restore the fund over the long term to fully funded status.

The markets
After a robust recovery in the equity markets in 2009, many investors are under the assumption that the economic crisis is over. That's hardly the case. There are numerous U.S. and international indicators that show the markets are uncertain about...
The credit number crunch: Keep score to save more

At July’s National Youth Conference in Fort Collins, Colo., 2,800 Brethren youth and advisers watched a video created by Church of the Brethren Credit Union about an unlikely topic: credit scores.

It might seem premature to educate 14- to 19-year-olds about the virtues of maintaining a high credit score, but as kids write their first checks, enter their first PINs, and otherwise swipe their (or their parents’) money away, they are starting spending habits that may stick with them for life.

The video toyed with an old standard — The Village People’s hit “YMCA” — and turned it into a catchy look at FICO (credit) scores.

For some of the adults in the crowd, FICO scores weren’t a new thing: The number, created by FICO, is the standard measuring tool lenders use to determine the interest rate you’ll get on a loan. These days, FICO is incorporating more than just your payment history on your credit cards into your score: Cell phone, gas and electric, and other bills can be used to either help or hurt your number.

Lucky numbers

FICO rates your credit based on your credit report and assigns you a number between 300 and 850. This number acts as a shorthand summary of your payment history. Although FICO doesn’t report an average credit score, it commonly reports that the median score in the U.S. is 720.

That score might not seem all that important, but when it comes to closing a loan on a car or a mortgage for your home, it can make a huge impact. For example, according to MyFICO.com, the average 36-month auto loan interest rate might be around 5.5 percent if your credit score is 705, but it could rise to around 9.5 percent if your credit score is 600.

Continued on page 5

Parrott and Hisey Pierson join BBT; Garcia and Rodeffer depart

On July 14, BBT staff welcomed Diane Parrott as the new administrative office assistant for the ministry, replacing Mandy Garcia, who resigned in July. Diane brings a broad array of experience to this position, serving most recently as human resource/office coordinator for Hoffie Nursery in Union, Ill. Diane also worked for Brethren Benefit Trust in 2008 as the loan processor for Church of the Brethren Credit Union and for Brethren Employees’ Credit Union from 1999 to 2003. Diane has been a life-long member of Highland Avenue Church of the Brethren in Elgin, Ill. On Sept. 21, Willie Hisey Pierson began his tenure as the director of Insurance Services for Church of the Brethren Benefit Trust. Willie brings more than 16 years of experience in the insurance industry to this role. He has been a business owner in the home health field and has extensive knowledge about underwriting. Willie has served as a member of the Board of Directors for the Church of the Brethren Mission and Ministry Board and Athletes Against Drugs in Chicago. He and his family reside in Plainfield, Ill., and belong to Neighborhood Church of the Brethren.

Jerry Rodeffer resigned from his position as chief financial officer of Brethren Benefit Trust on Aug. 11 for medical reasons. Rodeffer had served in this role for nearly two years, having begun on Nov. 19, 2008. He directed BBT’s finance department and oversaw management of eight national investment managers and the company’s investment system, which secures the assets of Brethren Pension Plan members and Brethren Foundation clients.
**BBT Insight Sessions**

Left: Calvert Foundation spokesperson Art Stevens leads an insight session titled “For the Glory of God and My Neighbor’s Good,” explaining how that organization makes a difference in disadvantaged communities around the world, thanks to organizations like BBT.

Right: Scott Douglas (right) aimed to answer an important question in his insight session: “How Much is Enough?” Here he discusses retirement planning techniques with Ken Kline Smeltzer, one of the session’s attendees.

**BBT Booth**

Right: Jerry Rodeffer (left) and Steve Mason resist the urge to eat nearly 1,000 cupcakes by themselves. Instead, they helped give them away to attendees to celebrate Brethren Foundation’s 20th anniversary.

Right: Nevin Dulabaum reads the name of a winner of a $50 Visa gift card. The giveaway was hosted by Church of the Brethren Credit Union; Director of Credit Union Special Projects Lynnae Rodeffer (right) assists.

**Fitness Challenge**

Right: The winners of BBT’s annual 5k Fitness Challenge receive their awards. From left: Christy Crouse and Nathan Hosler won the female and male runner categories, and Bev Anspaugh and Don Shankster won the female and male walker categories. Congratulations to all participants!

Below: More than 165 runners and walkers participated in this year’s Fitness Challenge event, which took place along the scenic Allegheny River.

**Board Members**

Right: After four years as BBT Board chairman, Harry Rhodes represented the organization at Annual Conference’s podium for the last time on Monday, July 5.

Below left: The Board elected its new chairwoman, Deb Romary, at its July meeting. Deb has served the Board for three years and serves as the Investment Committee chairwoman.

Below right: Annual Conference delegates elected Wayne Scott of Mechanicsburg (Pa.) Church of the Brethren to serve on the BBT Board. Wayne is an attorney in Harrisburg. Delegates also confirmed the second terms of Eunice Culp and Karen Orpurt Crim.
Insurance Services

the future, and their roller-coaster performance thus far this year bears this out. From what we read in trade journals, hear from our investment managers, and surmise on our own, we believe that the markets are going to continue to meander, with no hope for finding a firm footing for some time. And, despite all of the growth of last year, the S&P 500 still needs to grow about 35 percent from where it is today to return to its October 2007 value.

The state of other pension plans

A read of mainstream and pension-focused news publications shows that many pension plans are experiencing underfunded status. For-profit corporations are reducing their retirement benefits; those church plans that can are making difficult decisions to try to return to fully funded status while others left more vulnerable from the decline in assets have closed; and many municipal and government pension plans are seriously underfunded. A June article in *Time* is a sobering but worthwhile read on the fiscal status of states in the U.S. ([http://www.time.com/time/nation/article/0,8599,1997284-1,00.html](http://www.time.com/time/nation/article/0,8599,1997284-1,00.html)). One fact it offers is that back in 2000, the pension plans of half of the 50 states were fully funded; that number by 2008 fell to four. A number of states are in the 50 percent funded range, which means their assets would have to grow 100 percent to return to fully funded status. Does anyone believe that is going to happen anytime soon?

Would we do anything differently?

A year after making the difficult decision that adversely impacted the lives of Brethren Pension Plan annuitants, the move appears to have been a good one. That being said, we know that the reduction of the monthly benefit for Brethren Pension Plan annuitants was difficult for many. That is why the Board created a grant program using BBT reserves for those members whose annuity reduction made them financially vulnerable. At its meeting in July, the Board approved extending that program for the 2011 calendar year.

In conclusion, then, do we still believe we made the correct decision to ensure that we will continue to offer a fiscally sound pension plan for our members for decades to come? We do. — N.D.

**President’s Message**

"Did we make ..." continued from page 1

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"Yoder takes new role ..." continued from page 1

A new chapter

Starting on Jan. 1, 2011, Randy will transition to a new position for Brethren Insurance Services: client development representative. In this role, he will introduce Brethren church members and employees to the benefits of Long-Term Care insurance. Because skilled care in a nursing home will cost around $220 per day in 2010, according to the American Association for Long-Term Care insurance, LTCi is an important safeguard for any time of life. Brethren Insurance Services offers LTCi policies through seven top-rated providers.

“Long-Term Care insurance is so much more important these days, because Americans are living longer lives,” said Randy. “It can keep your finances secure when you need to turn to an assisted living situation.”

For more information, contact Randy at 800-746-1505, ext. 362, or ryoder_bbt@brethren.org. — B.S.
The high impact of low-impact exercise

How low — low-impact, that is — can you go? That’s not an invitation to limbo — it’s a question you might be asking your friends and doctors these days. How much exercise is enough to maintain a healthy heart, waistline, and mental state?

It might be best to consider separate levels of intensity for separate goals. To gain the emotional benefits of exercise, for example, the threshold is quite low. A 2009 study by the British Journal of Science Medicine concluded that “Mental health benefits were observed at a minimal level of at least 20 minutes per week of any physical activity.” Even walking and housekeeping (and limbo, too) can initiate that warm and fuzzy “endorphin buzz” that results from pituitary gland activity during exercise.

But which level of intensity helps the body? Although countless studies have been conducted to determine what is the least amount of exercise the average body needs to stay “fit” and stave off early mortality, the results tend to vary based on people’s body types, health histories, and inherited traits.

As a general rule, the Centers for Disease Control and Prevention urges adults — even those over 65 with no limiting health conditions — to partake in at least 150 minutes of “moderate-intensity aerobic activity” per week. For most working adults, that can seem difficult to wedge into a weekly schedule that’s overflowing as it is. Plus, if you have pre-existing aches and pains, how can you put yourself through such a rigorous regimen?

Your physician can give you a more accurate recommendation of physical activity that caters to your body’s strengths and weaknesses. Start by partaking in simple, low-impact exercise three times a week, and increasing the intensity and time as your body dictates. To get the highest heart rate possible out of even the lowest-impact exercises, the British National Health Service suggests making your movements exaggerated and making sure to incorporate your arms in every activity.

And even if you can’t find the time or energy to incorporate these alternative exercises into your routine, those 20 minutes of walking per week to boost your spirit and mental state can probably be managed. After all, as 1 Timothy 4:8 advises, “While physical training is of some value, godliness is valuable in every way, holding promise for both the present life and the life to come.” — B.S.

Insurance open enrollment scheduled for October

Join our group — or if you already have, join it again! Church of the Brethren Insurance Services began its open enrollment period on Oct. 1 through Oct. 31. Brethren Insurance Services offers coverage to those who work 20 or more hours per week at Church of the Brethren agencies, congregations, and other affiliated employers.

If you already enjoy the benefits of the Brethren Medical Plan or one of Brethren Insurance Services’ ancillary programs — Life, Long-Term Disability, Dental, Vision, or Medicare Supplement — you should have received a packet containing renewal forms for 2011. If not, or if you are new to the program and are interested in receiving a packet to begin coverage, please contact Tammy Chudy, member services representative, at 800-746-1505, ext. 372, or tchudy_bbt@brethren.org.

“The credit number crunch ...” continued from page 2

between 720 and 850, but it more than doubles to 12.6 percent if your score falls between 620 and 659. That’s like paying interest on two auto loans instead of one!

Making a change

The easiest thing you can do to improve your score is to pay your bills on time, all the time. Do you have trouble remembering when your bills are due? Thanks to 2008’s Credit CARD Act, your credit card company allows you to choose the monthly date that you pay your credit card bill. Why not make that date one that corresponds with your pay period, and then schedule an online reminder using your e-mail system?

If you have a difficult time budgeting huge credit card payments, try this: Have some money from your paycheck deposited into a new savings account each payroll period. Every 6 or 12 months, you can divide that saved money up among your debts. Because it’ll never touch your checking account, you won’t be tempted to spend it elsewhere.

Another important thing to remember is that your credit report only records the last seven years of your credit history. If you’re displeased with what it says today, start making positive changes so that your future FICO score can fly high. — B.S.
Inside: Don’t miss it — October is open enrollment month for Brethren insurance plans.

Does your Brethren youth group like pizza?

It’s a silly question, we know.

As your youth group gets back into the swing of the school year after a summer of workcamps, retreats, and National Youth Conference, why not help them secure the finances they need to attend other retreats and earn them an awesome pizza party at the same time?

If your Church of the Brethren youth group opens a Youth Mission Club account before 2011, CoBCU will donate a $50 gift card for a pizza party to celebrate good financial planning. Your pastor or youth leader can visit www.cobcu.org to find a set of forms to complete to establish an organizational account. You can save the funds your group raises through fundraisers, while earning interest at a better rate than standard savings accounts.

“Mission trips and workcamps are such an important part of growing up in the Brethren faith,” said Lynnae Rodeffer, director of Credit Union special projects. “We want to help churches manage and grow their youth groups’ funds so these experiences can happen.”

For more information, visit www.cobcu.org or call the CoBCU team at 888-832-1383.