



---

# Pension Perspective

FROM BRETHERN PENSION PLAN

APRIL 2009

Dear Pension Participant —

The challenge of our nation's economic crisis continues to impact lives, and confidence in the markets continues to fluctuate. The number of unemployed persons continues to rise, and those who still have jobs worry that they may be next to receive notice. In times like these, it is easy to make retirement savings decisions based on emotions, which might suggest retreating from the markets. Perhaps it is useful to look for hopeful signs instead.

- Congress is currently considering new processes that will close the regulatory gaps across financial markets and promote transparency.
- The Securities Exchange Commission is considering bringing back a rule or a revised version of it to help curb the abuses and manipulations of short selling.
- More comprehensive and robust regulation of the more esoteric financial institutions and products (such as hedge funds, private equity funds, and credit default swaps) is under consideration.
- While unemployment has topped 8 percent, it is far from the 25 percent peak of the Great Depression, according to the book, *The Great Depression and the New Deal*, by Eric Rauchway.
- While past performance does not guarantee future returns, history suggests that good performance typically follows bad. *The Kiplinger Letter* reports that when stock market returns have fallen to 1.0 percent or less, the following ten-year periods have averaged annualized gains of 10.7 percent.
- Inflation appears to be under control. The consumer price index is currently close to zero, and the Federal Reserve Board is keeping a watchful eye. As consumer confidence returns, many of the stimulus programs are designed to disappear, which should end runaway inflation.
- Stock valuations are compelling as prices already reflect a lot of the economic bad news.

Even if there is  
reason to be  
guardedly hopeful,  
what can we do in  
times such as  
these?

Even if there is reason to be guardedly hopeful, what can we do in times such as these? Now is a good time to re-evaluate your tolerance for risk and your long-term investment goals. During good times, it is easy to overestimate your risk tolerance. In light of the current market downturn, are you still comfortable with the amount of risk to which your investments are exposed? Proper allocation and diversification of your investments are keys to achieving your long-term financial goals and managing your tolerance for risk. That said, reallocation of assets in this current financial climate could potentially lock in losses. To more fully understand your risk tolerance, meet with your financial adviser, create a plan, and stick with it.



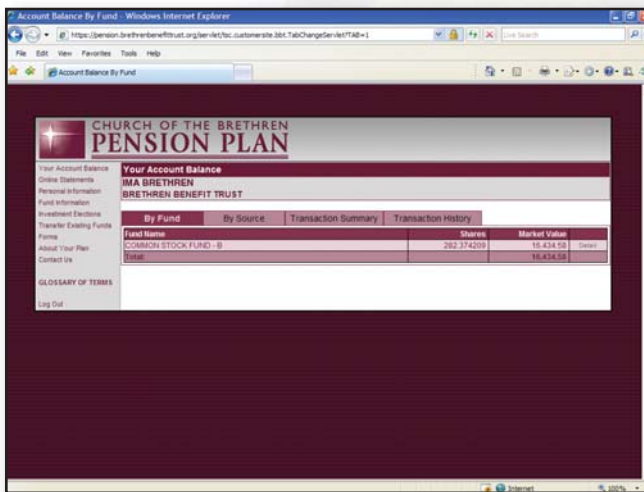
Scott Douglas

Director of Pension Plan and Employee Financial Services

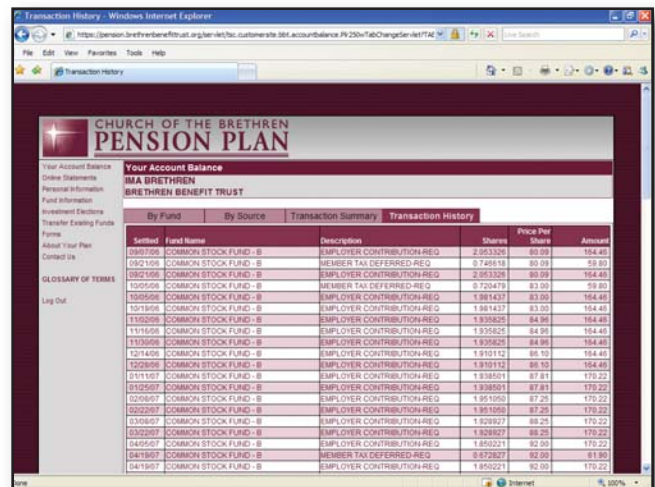
# COMING SOON — ONLINE ACCESS TO YOUR PENSION ACCOUNT

Soon you will be able to view your Pension Plan account online, 24 hours a day, from any Internet connection in the world. From the new Web portal you will be able to check your account balances, view and update your fund allocations, check investment performance, manage demographic data, download forms and previous statements, and more. We are currently testing this software, and we hope to make it available for you to use this summer.

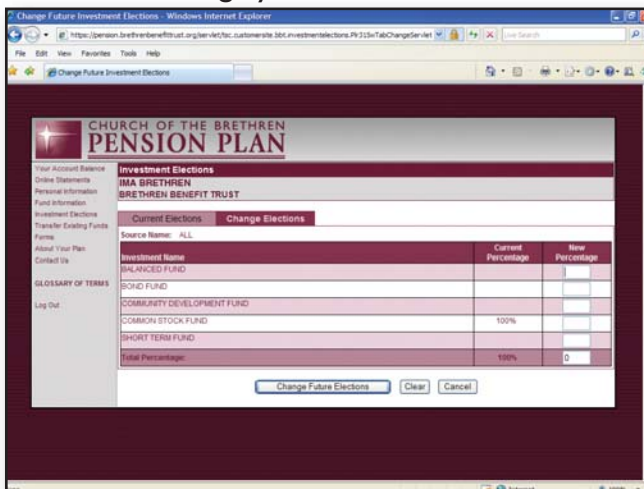
## Check your account balance.



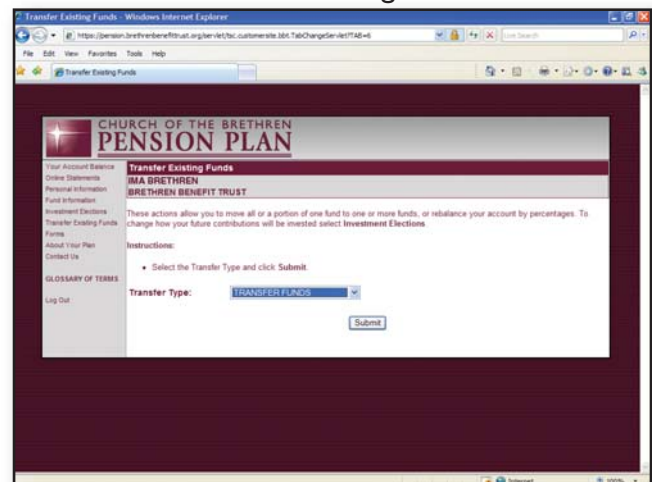
## View your transaction history.



## View or change your investment selections.



## Transfer existing funds.





## MARKETS AND ECONOMY

The first quarter of 2009 started out looking as if the decline in equities in 2008 was just the beginning. January, February, and the first week in March saw the S&P 500 index drop an additional 27 percent after the 43 percent decline for the entire year in 2008.

Yet, there was a silver lining for the remainder of March. Details of the Obama administration's stimulus package, coupled with additional promises to purchase 30-year Treasury securities by the Federal Reserve, bolstered bank stocks. The financial sector made a robust rebound in mid-to-late March, leading the entire market higher. The S&P 500 index ended with an 8.76 percent gain for March, while the quarter was down 11.01 percent. The MSCI EAFE index we use to track international performance was up 6.39 percent in March; however, for the quarter, the MSCI EAFE showed a decline of 13.85 percent. Bonds followed suit, showing increased value from falling interest rates in the month of March with the Barclay's Gov/Credit Index up 1.10 percent, while this index was down 1.30 percent overall for the first quarter.

Some analysts are concerned that inflation will increase dramatically as a side effect of the multiple stimulus packages. But it should not be a problem for some time. In the current economic situation, demand for goods and services is lower than the supply — what companies produce — because of a decrease in consumption and as a result of rising unemployment. This concept is called overcapacity. When demand starts to increase again as more jobs are created, companies should be able to meet those needs with minimal price increases. Costs associated with more business will not go up greatly, which allows increased production without dramatically increasing costs to consumers. For example, new factories will not need to be built to meet increased business demand — more employees could simply be hired to meet increased demand for goods. Because of overcapacity and high unemployment, inflation stays low in the short run.

## BALANCING YOUR RISK AND RATE OF RETURN

Remember, risk and rate of return go hand in hand. As a general rule, an investment with high earning potential carries with it greater volatility compared to investments with lower earning potential. Stocks offer the greatest potential for earning — returning an average annualized return of 10 percent over the past 50 years. However, stocks are the most volatile investment choice, exposing the investor to significant losses during certain periods of time, as we have recently experienced. High-quality bonds tend to be less risky than stocks, averaging an annualized 6 percent return on investment over the past 50 years. A well-diversified portfolio will include both stocks and bonds in a proportion that is consistent with your tolerance for risk.

Brethren Benefit Trust Pension Plan works hard to simplify your allocation and diversification choices. The Common Stock Fund works very much like a collection of mutual funds that is managed by several investment managers. Assets in the stock fund are invested across five classes of equities (core, value, growth, small cap, and international) with significant diversification within each class. The Bond and Balanced Funds work in the same fashion. The Short-Term Fund has one investment manager with expertise in maximizing the performance of cash and cash equivalents. This makes your task of balancing investments and managing risk tolerance less complicated.

How then does one determine the appropriate balance between investment performance and risk tolerance as it relates to retirement savings? While this is a personal decision that each one of us makes, the following factors are typically considered — contributions, time available for investments to grow, and the amount of money desired at the time of retirement. Generally speaking, smaller contributions, less time to invest, or a desire for a higher retirement income require greater risk tolerance in order to achieve your financial goals. A qualified financial adviser can be extremely helpful in establishing your retirement financial goals and the necessary steps to achieving them.

*Do you have questions about your Church of the Brethren Pension Plan account? Contact Lori Domich, Member Services Representative, at 800-746-1505 or at [ldomich\\_bbt@brethren.org](mailto:ldomich_bbt@brethren.org).*

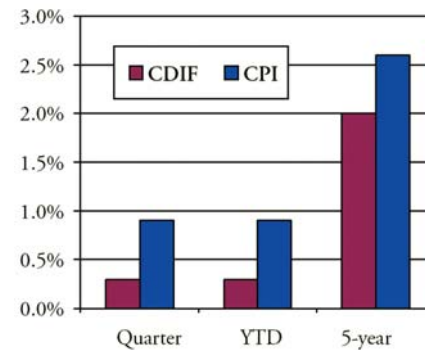
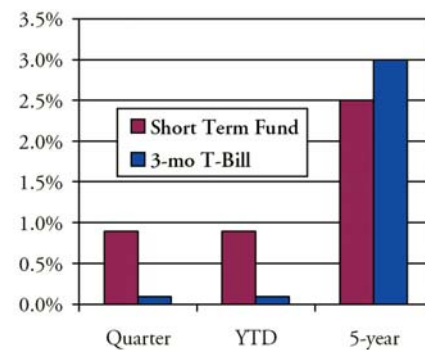
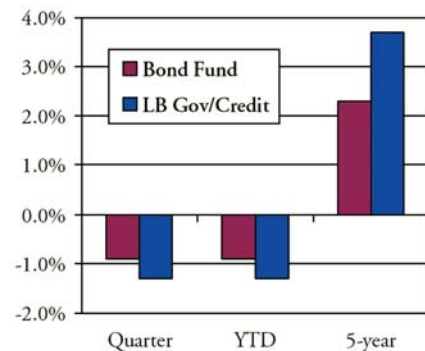
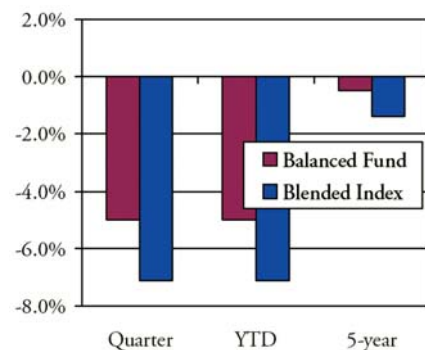
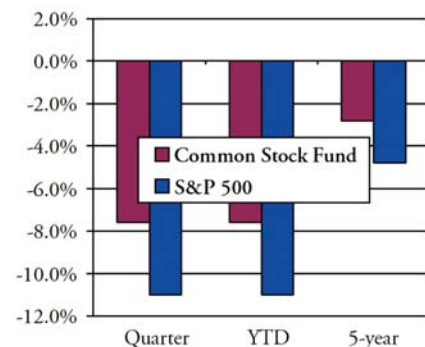
# Quarterly Fund Performance Report

for the period ending March 31, 2009

All Pension investment funds must meet socially responsible investment guidelines.

# Performance Report

<b>FUNDS</b> (Net of Investment Fees)	<b>BENCHMARKS</b> (Gross)
<p><b>Common Stock Fund:</b></p> <p><b>Rate of Return</b></p> <p>Current quarter . . . . . (7.6)%</p> <p>Year to date . . . . . (7.6)%</p> <p>Five years . . . . . (2.8)%</p>	<p><b>S&amp;P 500:</b></p> <p><b>Rate of Return</b></p> <p>Current quarter . . . . . (11.0)%</p> <p>Year to date . . . . . (11.0)%</p> <p>Five years . . . . . (4.8)%</p>
<p><b>Balanced Fund:</b></p> <p><b>Rate of Return</b></p> <p>Current quarter . . . . . (5.0)%</p> <p>Year to date . . . . . (5.0)%</p> <p>Five years . . . . . (0.5)%</p>	<p><b>Blended Balanced Index:</b></p> <p><b>Rate of Return</b></p> <p>Current quarter . . . . . (7.1)%</p> <p>Year to date . . . . . (7.1)%</p> <p>Five years . . . . . (1.4)%</p>
<p><b>Bond Fund:</b></p> <p><b>Rate of Return</b></p> <p>Current quarter . . . . . (0.9)%</p> <p>Year to date . . . . . (0.9)%</p> <p>Five years . . . . . 2.3%</p>	<p><b>Barclays Capital Gov/Credit:</b></p> <p><b>Rate of Return</b></p> <p>Current quarter . . . . . (1.3)%</p> <p>Year to date . . . . . (1.3)%</p> <p>Five years . . . . . 3.7%</p>
<p><b>Short-Term Fund:</b></p> <p><b>Rate of Return</b></p> <p>Current quarter . . . . . 0.9%</p> <p>Year to date . . . . . 0.9%</p> <p>Five years . . . . . 2.5%</p>	<p><b>3-Month T-Bill:</b></p> <p><b>Rate of Return</b></p> <p>Current quarter . . . . . 0.1%</p> <p>Year to date . . . . . 0.1%</p> <p>Five years . . . . . 3.0%</p>
<p><b>Community Development Investment Fund:</b></p> <p><b>Rate of Return</b></p> <p>Current quarter . . . . . 0.3%*</p> <p>Year to date . . . . . 0.3%*</p> <p>Five years . . . . . 2.0%*</p> <p>*Interest accrues on a quarterly basis.</p> <p>This ministry-focused fund does not have a benchmark.</p>	<p><b>Consumer Price Index:</b></p> <p>The CPI is an indicator of inflation. It is not a benchmark for the CDIF.</p> <p>Current quarter . . . . . 0.9%</p> <p>Year to date . . . . . 0.9%</p> <p>Five years . . . . . 2.6%</p>



Five-year returns are annualized.