

Benefit News

NEWS ABOUT THE MINISTRIES OF BROTHERN BENEFIT TRUST

SECOND QUARTER 2009

President's Message

Clarifying difficult annuity payment changes

As the lowering of Pension annuity payments moves to becoming a reality, we have heard your surprise and your disappointment. We have heard angst. We have heard support. Please understand that we have made these decisions prayerfully and to the best of our ability, in order to respond to unprecedented market conditions.

When some Brethren Pension Plan members annuitized their accounts, the markets were producing double digit returns, the Retirement Benefits Fund was fully funded, and for a number of years, actuaries had indicated that we could issue 13th checks because we had enough funds on reserve. In that climate, there was not a lot of discussion about annuity rates ever needing to be changed because, although they had been changed repeatedly to the up side — as a one-time or as a permanent increase — they had never been reduced.

When the equity markets plunged from 2000 to October 2002, the Retirement Benefits Fund for the first time became underfunded. BBT took a number of pre-emptive steps earlier this decade to try to keep annuitants' payments from changing, including lowering the annuity assumption rates to 6 percent for all new Pension contributions on or

after June 30, 2003; by creating an RBF contingency fund about a year later; and then on Sept. 1, 2007, by lowering the future annuity assumption rates on the Part A contributions (money contributed prior to July 1, 2003) from 8 percent to 7 percent.

In September of last year, the S&P 500, which is our benchmark for domestic equities, was at the 1,200 level. It had fallen 300 points over the preceding year. And then, with the implosion of the banking



Check our Web site for a growing list of frequently asked questions regarding the Retirement Benefits Fund and the Brethren Pension Plan.

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Insurance Services

Turning 65? Don't miss the Med Supplement deadline

When you turn 65, you are eligible for Medicare Supplement insurance through Brethren Insurance Services, but you must apply within six months after your 65th birthday. Medicare Supplement is an optional insurance plan that can help pay for extra health care costs that Medicare does not cover.



Guidelines for Ministers Group —

If you are a current or former Church of the Brethren ordained, licensed, or lay employee, or a surviving spouse of a current or former employee of a Church of the Brethren congregation, district, or camp, you and your spouse are eligible for the Medicare Supplement Plan. You or your spouse must enroll in the Medicare Supplement Plan within the six-month period that immediately follows the day you become enrolled in Medicare, which is your 65th birthday, or if you become disabled.

Guidelines for Agency Groups —

The Medicare Supplement Plan is also available to employees and spouses of any eligible Church of the Brethren agency according to the

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Staff Contacts

President: Nevin Dulabaum

Editor: Patrice Nightingale

Editorial Assistant: Cyndi Fecher

Layout/Design: Lauryn Klotzbach

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Address corrections and editorial suggestions:

Send to **Benefit News**, Brethren Benefit Trust, 1505 Dundee Ave., Elgin, IL 60120. Call **800-746-1505, ext. 374**. Or send e-mail to newsletters_bbt@brethren.org.

BBT insight sessions at Annual Conference 2009 in San Diego

Join us for the many insight sessions and activities offered by BBT during the 2009 Annual Conference —

- **A No Nonsense Look at Long-Term Care Insurance**

Saturday, June 27, 12:30 p.m.

Presenter: Randy Yoder

- **Read Between the Headlines — Economic News You Can Use**

Saturday, June 27, 12:30 p.m.

Presenters: John Waggoner, Gail Habecker, and Deb Romary

- **A Strong Brethren Foundation**

Saturday, June 27, 9 p.m.

Presenter: Steve Mason

- **Brethren Pension Plan Update**

Saturday, June 27, 9 p.m.

Presenters: Scott Douglas, Nevin Dulabaum

- **A Woman is Like a Tea Bag — You Never Know How Strong She is Until You Put Her in Hot Water**

Monday, June 29, 12:30 p.m.

Presenter: Deb Romary



Eric Thompson

John Waggoner, Gail Habecker, and Deb Romary (pictured from left to right) will present an insight session on Saturday, June 27, at 12:30 p.m.

- **Brethren Pension Plan Update**

Monday, June 29, 12:30 p.m.

Presenters: Scott Douglas, Nevin Dulabaum

- **CoBCU — Not Just Your Everyday Credit Union**

Monday, June 29, 9 p.m.

Presenter: Steve Bob

- **Investing for the Good**

Monday, June 29, 9 p.m.

Presenter: Stephen Heim

Other BBT activities to enjoy at Annual Conference

Credit Union Members Meeting. Come join the annual meeting of Church of the Brethren Credit Union members! The meeting will take place Friday, June 26, at 2 p.m., in Pacific Salon I. It is open to all Credit Union members and to all attendees of Annual Conference. Board members and staff will be present for questions and dialog.

Fitness Challenge. Get fit in body and spirit at the BBT annual 5k race! This event for runners and walkers of all ages begins at 7 a.m. on Sunday, June 28. Participants will receive refreshments and a commemorative T-shirt. Registration is \$18 for individuals and \$55 for families of four or more. Checks should be made payable to Brethren Benefit Trust. For more information and a



Eric Thompson

registration form, stop by the BBT booth at Annual Conference or contact Mandy Garcia before Conference, at **800-746-1505, ext. 361**, or at mgarcia_bbt@brethren.org

Brethren Benefit Trust Booth. All Annual Conference attendees are invited to visit the BBT booth to pick up a free tote bag, enter in a drawing to receive a SERRV gift basket, open a CoBCU account, and learn about all the services we offer. Share your e-mail address with us and receive a choice of free thank-you gifts!

BBT Business Report. Join us on Saturday morning, June 27, at 9:45 for the BBT Board Report, and hear more details about the past year with Church of the Brethren Benefit Trust.

Memorial Tribute. At 11:10 on Saturday morning, a tribute will be held to memorialize national church leaders, Pension Plan members, and their spouses who have passed away during the previous year. Please join us in honoring these Brethren servant leaders.

Highlights from the April 2009 BBT Board meeting

Much of the April Board meeting was spent discussing the ramifications of the economic downturn on the Pension Plan's Retirement Benefits Fund. A decision was reached that in order to preserve the solvency of the Plan, the annuity assumption rate would have to be lowered. Effective July 1, 2009, all new annuities will be calculated using an interest assumption rate of 5 percent, and the A and B accounts of active and inactive participants will be combined into one account. Effective Aug. 1, 2009, all existing annuities will be recalculated using an interest assumption rate of 5 percent.

The Investment Committee received an extensive actuarial report from Hewitt and Associates, which was informative in making the difficult decision to reduce annuity payments. The Committee also heard a presentation by IR&M and elected to keep them on as a bond investment manager for Brethren Benefit Trust funds. IR&M has been working for BBT for 14 years.

The Board voted to continue giving Church Workers' Assistance grants to the surviving

spouses of pastors who received these grants. The plan has done this in the past, but the legal documents did not state that. The Board voted to continue making these awards and to amend the Church Workers' Assistance Plan legal document to include surviving spouses as eligible recipients for the funding. Qualifying income guidelines were kept the same as they were set up for 2008.

Each department gave a report on its progress. In addition to the extensive discussions pertaining to the Pension Plan, Church of the Brethren Credit Union reported that the management of online services continues to go well. It is also working hard to increase its auto and personal loan volume. Brethren Foundation maintains its work promoting socially responsible investment initiatives, as well as providing asset management services and charitable gift annuities. Brethren Insurance Services reported that it is working diligently to grow a viable medical plan, and continues to offer ancillary insurance products, including long-term care insurance for employees. Communications continues to produce its newsletters, as well as handling the marketing for the other ministries, and planning for Annual Conference. Communications was also elemental in launching CoBCU online services. — CF



Nevin Dulabaum and Harry Rhodes listen intently during the April 2009 BBT Board meeting. Several issues were discussed, including the actions for the Retirement Benefits Fund.

Patrice Nighthingale



Harry Rhodes and Bob Mosley shake hands as Bob is honored at the April 2009 BBT Board banquet for his 10 years of service with BBT.

Patrice Nighthingale

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Insurance Services

"Medicare Supplement" ... Continued from page 1

personnel policy in effect at the time of your Medicare eligibility.

There is no late enrollment, so use your 65th birthday as a reminder to take advantage of this supplemental insurance plan. You can even apply for coverage and obtain a quote up to six months prior to your 65th birthday.

Medicare Supplement Insurance through Brethren Insurance Services covers hospitalization costs, skilled nursing facility care, foreign travel emergencies not covered by Medicare, some preventive medical care benefits not covered by Medicare, and a variety of other services.

For more information or to receive a quote and enrollment materials, contact Brethren Benefit Trust Insurance Services at **800-746-1505, ext. 372**, or **tchudy_bbt@brethren.org**. — CF

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industry, the floor fell out of the markets, with the S&P plunging 400 points during the next month. It fell into the 700s in November before it began to rebound in December and early January. And then the markets took another dive, dropping nearly 28 percent this year before staging a remarkable comeback to where we basically are flat, or even, for the year. You may wonder why we are so heavily invested in equities. We had to be invested somewhat in equities to produce the annuity assumption rates that we were paying out.

We knew from looking at our year-end financial statements that the Retirement Benefits Fund had taken a great hit, and that we would be taking a close look at the actuarial assessment when we received the financial data by the end of the first quarter of 2009. We indicated as such in a previous issue of this newsletter that was sent to all of our Plan members in January.

At that time, we believed the fund might be underfunded the most it had ever been, but we could not determine that without being told what the liabilities were. And so we asked one of the leading employment benefits firms in the industry, Hewitt Associates, to run the most comprehensive study we've ever asked them to perform, so that we could determine just how underfunded the RBF was, what would happen if we took no action, and several different scenarios of actions we could take if we believed we needed to do so.

In the meantime, we looked at what our options would be if it was determined that the RBF was severely underfunded. We did not believe that we could fundraise, and we did not believe the markets were going to swiftly rebound. The only other two options would be to lower the payments given to annuitants, or to let the RBF possibly run out of money. Because we believe it is our responsibility to not let the RBF run out of funds, we verified our long-term belief that the annuity assumption rate could be changed by looking at the annuity certificates that are issued to our annuitants, at our legal plan documents, at our handbook and Plan supplements, and by speaking to legal counsel that represents denominational pension plans.

While it is clear that we guarantee a payment for life, we determined that the amount is not guaranteed. Specifically, the legal plan document states that the Pension Plan can make adjustments needed to safeguard the Plan.

Twice we went back to Hewitt and asked them for additional details, which we did not receive in full until late March. The data showed that the RBF was only 68 percent funded at the end of 2008, and could easily dip below 50 percent by the end of 2010 if the markets remained flat. Moreover, the fund would only be 78 percent funded by the end of 2010 if the markets generated 20 percent returns this year and next. Believing that we are at the beginning of a slow “up” market, and that we need to reach fully funded status before the markets



experience another substantial period of decline, we ran through many scenarios to determine what we thought would be best to safeguard the Plan for the long term and to try to cause as little negative impact to the annuitants as possible.

Indeed, the decisions were not reached easily. No one at BBT wants to cause hardship for any of our annuitants. It grieves us as an organization that such a change is needed. And yet, ultimately, our mandate is to ensure that the Plan exists for all its members, which currently means at least another six to eight decades, and so we had to make what we thought was the best decision to save the Plan long term.

This is not a situation that any of us is happy about. What has happened is a once-in-a-lifetime drop in the equity markets, the implosion of the banking industry, the decline of the real estate markets, and a recession that is forcing many companies out of business and many others to constrict their operations. This is an economic condition that no one can control, but must instead adapt to, and we at BBT have made the decisions that we believe will get us through these difficult times.

We are truly sorry for the pain that you may feel as a result of this change. We are working as quickly as possible to calculate the adjusted payment amounts so that we can get them to all our annuitants. You will receive that information by mail, and the letter will also include an explanation of the grant program offered to those annuitants who will suffer the most from the reduced benefits. The criteria for these grants will be simple, and the letter that comes with your adjusted annuity payment will also include a grant application.

BBT is prepared to respond to the continuing questions and concerns that are likely to arise from these changes, and we welcome you to contact us directly. — ND

Be healthy no matter what your age!

It's important to develop healthy habits no matter how old you are. Follow these simple pointers to protect your health and prevent disease, and celebrate the long, healthy years ahead of you.

What to watch for in your 20s and 30s.

The best way to safeguard your health in your 20s and 30s is through prevention. Meet with your doctor at least once a year for checkups — there are simple tests your doctor can provide to give you an important baseline of health, which will help if you become ill in the future.

- **Weight.** Maintain a healthy weight. A body mass index number that is too high can put you at high risk for developing a disease later in life.
- **Cholesterol testing.** WebMD.com recommends that every person over age 20 get a cholesterol exam, and get cholesterol numbers checked every five years.
- **Get a blood test.** A simple blood test can provide results for cholesterol levels and can screen you for diabetes.
- **Check your skin.** Check for unhealthy moles using these ABCD guidelines: A — asymmetry. If a mole is not symmetric, there may be reason to have your dermatologist inspect it more carefully. B — border. The border around a healthy mole is consistent, while it is inconsistent and bumpy on an unhealthy one. C — color. If moles are brown or black or uniform in color, it is a sign of healthy moles, while wide color variation could indicate a problem. D — diameter. A mole might be a problem or a sign of skin cancer if the diameter is larger than that of a pencil eraser. If any of your moles have these indicators, make an appointment with a dermatologist to have an overall skin check, especially if you have a history of tanning or frequent sunburn.

What to watch for in your 40s.

Your 40s are a great time to review the overall state of your health, change bad habits from the past, and get ready for a healthy future. Keep up the good habits you established in your 20s and 30s, and focus on including these few new tests. Prevention is still key in your 40s, but remember to maintain the good habits you've begun years earlier.

- **Blood sugar.** Around age 40, your risk for diabetes increases. This is because of possible hormonal changes, as well as a lifetime of unhealthy eating. Your pancreas is slowing down, and it is recommended to get a fasting blood sugar test, and then repeat it at least once every three years.
- **Weight.** Being overweight puts you at high risk for developing a number of diseases, including heart disease and Type 2 diabetes.
- **Blood pressure.** Continue to monitor your blood pressure on a regular basis. It is not uncommon to see your blood pressure



start to rise as you age. A test will determine whether you are within healthy limits.

- **Maintenance.** Continue your good habits. Keep up-to-date with your regular eye and dental exams, and make an appointment to update your immunizations.
- **Exercise.** According to the Centers for Disease Control and Prevention, adult Americans need at least 150 minutes, or 2 hours and 30 minutes of moderate-intensity aerobic activity each week. This includes such activities as brisk walking, jogging, or cycling. The CDC recommends that beginners try meeting their 150 minutes in 10-minute increments. Try going for a 10-minute walk, three times a day, for five days. That's 150 minutes!

Important medical tests to get in your 50s, 60s, and beyond.

- **Colonoscopy.** This test may not be popular, but it is a necessary preventive measure. Colon cancer is the second leading cause of cancer death in the United States after lung cancer, according to the Centers for Disease Control and Prevention.
- **Vision exam.** Diseases that affect your vision become more common with age. Be sure to get your eyes examined at least once a year, and go to the eye doctor more frequently if you have vision problems.
- **Protect your bones.** Women should have a bone density test at age 65. If you are at higher risk, you should get a test at 60.
- **Hearing test.** At least 30 percent of people over 60 have some sort of hearing loss, but hearing problems often go unnoticed because they develop so gradually. Try to get a hearing test at least once every three years.

WebMD.com suggests using your birthday as a yearly reminder to set up routine doctors' appointments, such as dental, vision, and immunization exams. — CF

Use your piggy bank for a good cause

Patrice Nightingale



Have you ever wondered why we save coins in a piggy bank? In the Middle Ages, metal was scarce and expensive throughout Europe, and household cups and pots were fashioned instead from an orange-red clay called “pygg.” People would collect their spare change and keep it in a “pygg” jar. Eventually, these “pygg” jars became known as “pygg” banks.

In the 18th century, artisans were frequently asked to create pygg banks. Misunderstanding the request, the potters crafted banks in the shape of pigs, and even painted them to

resemble pigs as well. These banks soon became popular, and today piggy banks are still associated with saving.

To help with your personal savings initiative, Church of the Brethren Credit Union is offering a piggy bank as one of its incentive gifts when you open an account. In addition, CoBCU will donate \$5 to Heifer International for each new account opened during the months of June and July. Take home a piggy bank, and help Heifer with an animal gift!

Open a CoBCU account by logging on to www.cobcu.org or by calling **888-832-1383**. Already have an account with us? Consider opening a vacation or Christmas Club account. — Cindy Bravos



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Inside: Annual Conference 2009, health tips that span your lifetime.

800-746-1505
847-695-0200
Fax 847-742-0135

www.brethrenbenefittrust.org

1505 Dundee Avenue
Eglin, IL 60120

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