

Building pathways: BBT Board commits to strategic planning and RBF “glide path” at November meeting

Three days of meetings of committees, task forces, and the full assembly of the Church of the Brethren Benefit Trust Board of Directors culminated in several significant steps toward strengthening the Retirement Benefits Fund, expanding investment options for clients, and securing nominees for an open Board position for 2013.

“BBT continues to fine-tune its direction for the future so that each member and client is being well served by our ministries,” said BBT President Nevin Dulabaum. “The Board is eager to work with staff to make thoughtful, flexible plans for BBT’s long-term future.”

Highlights from the Nov. 15-17 meeting include —

- The Pension Plan Task Force met to review reports on an asset allocation strategy that will bring the Retirement Benefits Fund (which

pays annuitants’ benefits) to fully funded status. This “glide path” strategy for the RBF is designed to reduce the fund’s risk exposure as the fund’s assets move closer to the funded status goal.

- In order to maintain a strong, competitive fund lineup for BBT’s members and clients, the Investment Committee approved the exploration of three new funds: bank loans, global aggregate fixed, and hedge-multi-strategy.

- The Board heard a presentation from Randy Yoder, the former director of Brethren Insurance Services and an expert in business organization, about the value of strategic planning. The Board committed to forming a Strategic Planning Task Force, which will assemble at the April Board meeting.

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BBT member Larry Elliott and BBT Board member Eric Kabler chat before a member luncheon hosted by BBT at its Board meeting in November.

Brian Solem

planning. The Board committed to forming a Strategic Planning Task Force, which will assemble at the April Board meeting.

Insurance Services

Is long-term care insurance on your wish list?

As we get older, our Christmas wish lists seem to become smaller and smaller. What do you ask for when you feel like you have everything you need? Nevertheless, there’s one important item out there that you or a loved one should unwrap sooner rather than later: long-term care insurance.

LTCI pays for services associated with a prolonged physical illness, a degenerative

disease like Alzheimer’s or Parkinson’s, or a disability. That helps to protect the policy holder’s legacy from being eroded by hefty bills from a nursing home or in-home health provider.

The reasons to pursue LTCI are many, but one of the biggest is the rise in the cost of long-term care. Insurance provider Genworth’s 2012 Cost of Care Survey indicates that the five-year annual growth rate of the cost of a single-occupancy room in facility providing 24-hour skilled nursing care is 4.28 percent. Today, the national median daily rate for that room is \$222 — how much will it cost when you need it?

“It’s impossible to know how much skilled

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Putting our money where our values are

"That's not good enough!"

It may seem surprising at first glance that a faith-based organization like Brethren Benefit Trust would dismiss one of its investment managers, which manages a specific pool of funds for Brethren Pension Plan members and Brethren Foundation clients. It is especially notable when that manager has posted solid investment earnings when compared with its industry benchmark.

But we did fire that manager in early December because it declined to guarantee that it could meet BBT's socially responsible investment guidelines.

As an agency of the Church of the Brethren, BBT manages its investments according to CoB position statements. That means we have screening thresholds or guidelines for companies that earn significant revenue from abortion, alcohol, gambling, pornography, tobacco, weapons manufacturing, or contracts with the Department of Defense, and we also screen our companies that have a history of human rights or environmental violations. Every three months, BBT staff members meet with our investment managers to evaluate performance, discuss where the markets may be headed, and review compliance with BBT's SRI guidelines. Conversation with one of the managers earlier this year revealed that while the firm made a passing effort to meet some of our guidelines, it would not take the time nor invest in the resources to ensure that it would meet all of them.

"Is that OK?" they asked.

"No," we said.

And so a search ensued for an investment partner that will both earn the returns that we demand for our members and clients and join us in witnessing to CoB social concerns. We believe we found such a firm, which turned out to be a smaller, boutique investment house with a fraction of the assets under management and corporate infrastructure that its predecessor had. Given its size and structure and strong investment returns, the new firm is nimble enough and willing to meet our social guidelines.

"What if not all BBT members and clients support these guidelines?"

With a membership and client base that is as diversified and geographically spread out as ours is, those we serve no doubt have varying viewpoints regarding our social screens. While BBT staff members affirm the adherence to CoB position statements, we also

believe that our model allows us to maintain a strong investment portfolio. When we compare our portfolios with non-SRI portfolios managed by the same firm, our

portfolio often outperforms the non-SRI portfolios. And, over the long term, we also believe our investments meet or beat established industry benchmarks and match up favorably with other investment possibilities.

We take our responsibility of providing the best returns possible very seriously. Thus, we will continue to monitor our investment managers and meet with them every three months to review their performance. If one begins to chronically underperform or declines to fully meet our SRI screens, we may find ourselves in yet another search for a new investment manager in the future. That is the role we play to ensure strong investment returns as well as your continued trust. — N.D.

To learn more about BBT's SRI program, visit brethrenbenefittrust.org/socially-responsible-investing.



(From left) Employee Benefits Director Scott Douglas, Marquette Associates Managing Director Tim Fallon, and new BBT Board Member Jerry Patterson participate in the BBT Investment Committee meeting on Nov. 15. That committee's work includes investment manager oversight.

Brian Solem

What's your story? Share it with the denomination

Brethren Benefit Trust is collecting stories to share in its publications and presentations that describe how members and clients of Brethren Insurance Services, Brethren Pension Plan, or Brethren Foundation have been helped by BBT's services. Please submit your story electronically at brethrenbenefittrust.org/share-your-story. A BBT staff member may contact you to learn more about it.

Being a good cop: policing your children's social media use

The tap-tap-tapping, click-click-clicking, and beep-beep-beeping of a young person's cell phone, tablet, or computer may annoy parents on a visceral level, but those sounds might also represent a bigger problem: How are kids representing themselves through tweets, Instagram photos, Facebook posts, and other social media interaction?

Parents are increasingly concerned about the way their children's online activities impact their safety and reputation. A recent poll of parents of American teens by the Pew Research Center found that 72 percent of those surveyed were concerned about their kids' interactions with strangers online, and 70 percent worried that their teens' Web habits may have a negative impact on career and educational prospects.

What can parents do to help their children make wise choices as citizens of the Internet?

Friend request

How will you know whether a social media site is right for your child if you haven't explored it yourself? Ask your kids to be your friend on Facebook, or follow them on Twitter or other social media sites they use. If they refuse, you may want to be concerned about what they're trying to hide from you. When your child does accept your friend request, be supportive, but try not to comment on every post. Your child may feel like you're being invasive. Instead, let them take the lead; interact as much with them as they do with you.



Be aware, however, that social media bonds are a two-way street. Your kids as "friends" or "followers" will be able to see each photo you post, each wall post your friends create, and each off-the-cuff comment you broadcast to your network. Make sure that the way you represent yourself on Facebook, Twitter, or other sites serves as a good example of the way one should use social media.

Check your attitude

Teen parenting blogger Sue Blaney suggests that fear of the new and vast world of digital media can make many parents shut down before the conversation with their kids about their use of that world even begins. "Don't be fearful; don't allow yourself to be intimidated. Reframe your approach and let your curiosity and open mind guide you," Sue writes. Ask your child to teach you about a new app or social media site that they want to use; ask your child questions and allow him or her to be

the expert. That way you can make informed decisions, and your child feels like he or she is truly part of that process.

Playing it safe

Online safety is at the heart of the matter for many parents. How can they keep their children safe from online predators, bullies, and other folks who mean to do harm?

The key is preparing your kids for these interactions before they happen. Making them aware of the risks of interacting with strangers will help them make wise choices when confronted with those situations.

The National Center for Missing and Exploited Children has created NSTeens.org, a Sprint-sponsored Web resource that offers interactive video guides on avoiding online predators for children ages 8-12.



When you help your child set up his or her social media account, make sure that you adjust the security settings to a level that is comfortable for you. Most social media sites allow for nearly complete invisibility of a user to strangers, including potential predators. Visit www.privacyrights.org/social-networking-privacy for a comprehensive overview of the potential threats to an individual's privacy via social media sites.

Make sure the time is right

The generally held rule is that 13 is the appropriate age for children to begin exploring social media sites like Facebook. And thanks to the Children's Online Privacy Protection Act, which bars websites from collecting information from children under 13 without parental consent, most social media sites require new users to confirm that they are 13 or older. Of course, this is just a suggested age; if you believe your child is not emotionally mature enough to represent him or herself on the Internet, use discretion when giving the "OK" for social media usage.

A 2011 report from the American Academy of Pediatrics suggests, "For sites without age stipulations ... there is room for negotiation, and parents should evaluate the situation via active conversation with their preadolescents and adolescents." For sites with age stipulations, teach your children a lesson in honesty by enforcing the rules. After all, they'll have the rest of their lives to post, tweet, message, and otherwise build their social media identities. — B.S.

On the other side of the fiscal cliff, tax hikes loom

While many have heard the term “fiscal cliff,” which refers to sweeping federal budgetary changes that will kick in on Jan. 1, 2013, few know the exact changes set to take place if Congress and the president are unable to broker an agreement. While it’s possible that the changes will be prevented by a last-minute agreement in Washington, Ben Bernanke, the chairman of the Federal Reserve, said on Dec. 19, “Clearly the fiscal cliff is having effects on the economy.” And the changes haven’t even taken place yet!

Which tax increases and spending cuts are being fought over in this battle between the president and Congress?

Tax rate increases

The tax cuts passed in 2001 and 2003 (commonly known as the “Bush-era tax cuts”) would end effective Jan. 1, 2013. This means that take-home pay for U.S. workers would decrease as early as the first paycheck in January due to income tax increases for all levels. Capital gains taxes and dividend taxes would rise; an inheritance tax that is currently exempt for higher inherited estates would lower its threshold.

Social Security holiday would end

A 2 percent cut in Social Security and Medicare payroll tax would

end, leading to another possible trim to U.S. paychecks.

Cuts to federal programs

Across-the-board cuts to the federal budget would mean reduced budgets for the Department of Defense, as well as most federal programs besides Social Security and Medicaid.

Details	Current rate (percent)	Rate beyond fiscal cliff (percent)
Income tax rate changes	10	15
	25	28
	28	31
	33	36
	35	39.6
Capital gains taxes	15	20
Dividend tax rate	15	Based on income tax
Defense programs	9.4 percent cut	
Medicare	2 percent cut	
Other federal programs	8.3 percent cut	

Source: *The New York Times*

“Building pathways ...” continued from Page 1

- Thanks to the work of the Governance Committee, BBT’s Board nominees will be as follows — Sara Brenneman, Atlantic Northeast District; Cynthia Allen, Northern Ohio District; Dana Krull, Northern Indiana District; and Larry Fultz, Southeastern District. One of these nominees will be chosen by delegates at Church of the Brethren Annual Conference in 2013 to fill the Board position made vacant by Carol Ann Greenwood as of Aug. 27.

- The Investment Committee reviewed reports from each investment manager detailing the potential impact of the “fiscal cliff” — the dramatic series of tax increases and spending cuts scheduled to go into effect on Jan. 1, 2013. (Read more about the fiscal cliff in the article above.)

- The Board reviewed and approved housing allowance designations for retired ministers receiving an annuity through Brethren Pension Plan and/or funds through a Church Workers’ Assistance Fund grant, as well as ministers receiving a disability benefit. Those sources of income are allowed to comprise up to

100 percent of a minister’s housing allowance.

- Jerry Patterson participated in his first BBT Board meeting as its newest member. Jerry was chosen to complete the position made vacant by John Waggoner’s resignation, effective Aug. 1. Jerry is a financial adviser from Ashburn, Va., and a member of Manassas (Va.) Church of the Brethren.

- While meeting at Pinecrest Manor, a Brethren retirement community in Mount Morris, Ill., Board members met with its CEO, Ferol Labash, and Director of Human Resources, Victoria Marshall, to receive feedback about how BBT serves that organization. The Board then toured the facility, led by Ferol.

- In Pinecrest’s community center, the directors of BBT’s ministries met with a group of members from the area to answer questions about BBT’s pension, asset management, and insurance programs. A lunch followed, and the guests engaged in a time of sharing with BBT Board members and staff.

- The next BBT Board meeting will take place on April 26-28, 2013, at the Church of the Brethren General Offices in Elgin, Ill. — B.S.

Affordable Care Act timeline: What's new, effective Jan. 1, 2013?

Improving Preventive Health Coverage

This element of the Act provides new funding to state Medicaid programs that choose to cover preventive services for patients at little or no cost. This ensures that more Americans have the option of receiving care through Medicaid.

Increasing Medicaid Payments for Primary Care Doctors

Funded by the federal government, this component of the Act requires states to pay primary care physicians no less than 100 percent of Medicare payment rates in 2013 and 2014 for primary care services.

Expanded Authority to Bundle Payments

A national pilot program to bundle payments will encourage hospitals, doctors, and other providers to work together to improve the coordination and quality of patient care. Hospitals, doctors, and other service personnel will be paid in a single payment, rather than in a piecemeal manner. This element of the Act is designed to encourage efficiency and cooperation among multiple health care providers.

Source: U.S. Department of Health and Human Services

Plans for a Medicare payment cut worries doctors — again

Though not technically part of the Fiscal Cliff scenario, there is a major budgetary policy that, without congressional intervention, could dramatically change the U.S. health care system. The Medicare Sustainable Growth Rate was created as part of the Balanced Budget Act of 1997; it is intended to control Medicare spending on physician services. The SGR is based on the estimated change in fees for physicians' services, the estimated change in Medicare beneficiaries, the estimated change in U.S. gross domestic product, and the estimated change in spending based on changes in the law.

While the rate has not experienced major changes over the last decade, thanks to last-minute congressional action, this year, the SGR is set to decrease Medicare payments to doctors by almost 27 percent. Major health organizations like the American Medical Association have called for an end to the SGR and the annual rush to eliminate scheduled cuts in payments to doctors. Will Congress allow this cut to be enacted? Stay tuned. — B.S.

"Is long-term care ..." continued from Page 1

care will cost when a person needs it," says Randy Yoder, who represents Brethren Long-Term Care Insurance in partnership with Church of the Brethren Benefit Trust.



"All signs suggest that the price will only get bigger and bigger. That's why it's important to pursue LTCI — and sooner rather than later, because age and health affect the cost of premiums."

Brethren Long-Term Care Insurance is available to all members of the Church of the Brethren, their family and friends, and employees of Church of the Brethren-affiliated agencies, organizations, colleges, and retirement communities. Through Brethren Long-Term Care Insurance, policies with five of A.M. Best's A-rated insurance companies are available.

To receive a no-obligation quote on LTCI, contact **Randy Yoder** at ryoder@cobbt.org or **847-849-0205**. — B.S.



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The Affordable Care Act: Which new changes take place on Jan. 1? Read about them inside.



Loyce Swartz Borgmann

*Merry Christmas
from Brethren Benefit Trust*

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