



Report of Significant Developments

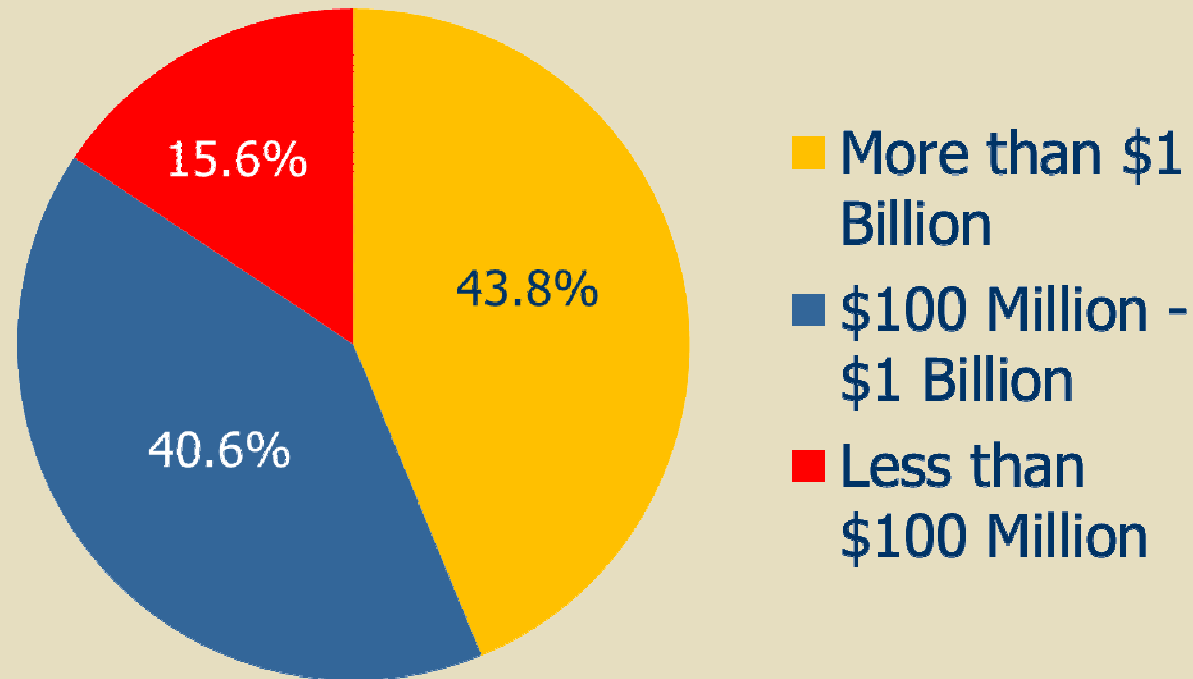
CBA Annual Meeting
Baltimore, Maryland
December 4, 2013



- We received responses from 33 CBA Member Organizations

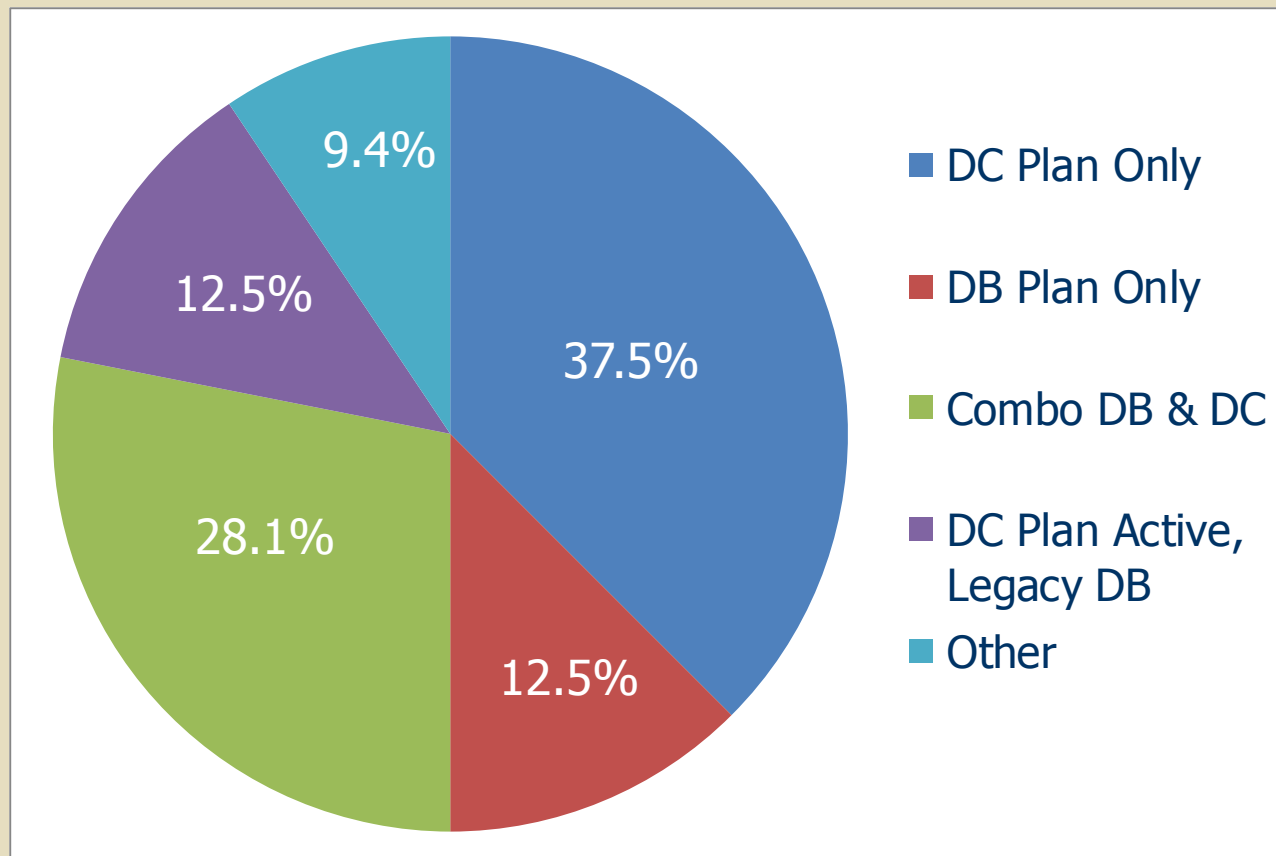


Responses by Denominational Plan Assets





Types of Plans Managed





New Initiatives to Enhance Our Programs

- Creating a “Seamless Benefits Organization”
- Mandatory lay employer Pension Plan
- Mandatory Health Benefit Plan
- Using improved performance metrics
 - The Church Pension Group – Mary Kate Wold, CEO



New Initiatives to Enhance Our Programs (continued)

- Multi year new technology platform used to enroll and interact with pension and healthcare participants
- Develop and approve an “ELCA Philosophy of Benefits”
- Asset Retention Program
- Portico Benefits Services – Jeff Thiemann, CEO



New Initiatives to Enhance Our Programs (continued)

- Approved to provide products and services to church members and others
- Encouraged churches and ministries to utilize secure online “Employer Access” to manage plan details, make payments for pension and insurance coverage
 - Guidestone Financial Resources - O.S. Hawkins, CEO



New Initiatives to Enhance Our Programs (continued)

- Developed and implemented a new website
- Benchmarked performance against top industry standards
 - YMCA Retirement Fund - John Preis, CEO
- Confirmed contributions and distributions to participants electronically through email
 - Joint Retirement Board - Mitch Smilowitz, CEO



New Initiatives to Enhance Our Programs (continued)

- 100% online enrollment and maintenance
 - Unity School of Christianity - Bruce Schall, CEO

- Transition to monthly direct billing with electronic banking
 - Free Methodist Church – USA - Larry Roberts, CEO



New Initiatives to Enhance Our Programs (continued)

- Implementation of Lifestage Retirement Income to turn DC balances into monthly income – without additional liability to the Church
- Installation of interactive online application for DC benefits
- Installation of phone apps
 - United Methodist Church - Barbara Boigegrain, CEO



New Initiatives to Enhance Our Programs (continued)

- Instituted use of snap survey following each client interaction
- Initiated giving Investment Advice
 - Ministers and Missionaries Benefit Board - Louis Barbarin, CEO
- Utilization of a microsite along with in-person and video presentations for significant plan modifications
 - Concordia Plan Services - James Sanft, CEO



New Initiatives to Enhance Our Programs (continued)

- Introduced retirement income control panel through its record keeper to assist participants in estimating expected retirement income
 - Mennonite Church USA/Everence - Larry Miller, CEO

- Implemented a chat feature on website
- Implemented virtual retirement seminars
 - United Church of Christ - Mike Downs, CEO



New Initiatives to Enhance Our Programs (continued)

- Initiated use of Fidelity Education/Investment guidance
 - Church of the Nazarene - Don Walter, CEO

- Redesign of website

- “Board University” to house educational materials
 - Board of Pensions of Presbyterian USA - Rob Maggs, CEO



Threats

- Common Responses
 - Affordable Care Act
 - Controlling health care premiums
 - Declining congregational membership
 - Shrinking participant base
 - Aging clergy who are increasingly retiring as a "baby-boom" cohort
 - Market volatility, diminished returns
 - Declining fixed income and other interest rate sensitive investments



Threats (continued)

- Common responses (continued)
 - Long-term funding for legacy pension plans and healthcare
 - Regulatory uncertainty
 - Data security
 - Weakened financial condition of congregations, assemblies, parishes, organizations, etc.
 - Transition to replace retiring CEO or other key staff members
 - Replacing key trustees as they retire or term out



Threats (continued)

- Participants removing funds (rolling out) when they retire
- Ongoing legal challenge to parsonage
- Divestment pressure
 - Israel
 - Fossil Fuels
- Religious freedom especially as it relates to Affordable Care Act
- Benefits related to same-gender domestic partners and marriages



Changes to Healthcare Benefits Premiums and Cost Containment

- Common Responses
 - Increased wellness advocacy and related programs
 - Biometric Screening
 - Healthcare coaching
 - Encouraging physical activity e.g. walking
 - Incentives/disincentives strategies
 - United Methodist Church – Barbara Boigegrain, CEO



Changes to Healthcare Benefits Premiums and Cost Containment (continued)

- Instituted Employer Group Waiver Plans (EGWP) for Medicare participants and Medicare Secondary Payer (MSP) small employer exemption
 - Portico Benefits Service – Jeff Theimann, CEO
- Increased the number of plan options available
- Increased deductibles
- Planned/actual elimination of Preferred Provider Plans PPO



Changes to Healthcare Benefits Premiums and Cost Containment (continued)

- Common Responses
 - Premiums increased from 0% to 12.5%
 - Utilize “compass” service to assist participants in locating best medical services at reasonable cost
 - Reformed Church in America Board of Benefit Services – Kenneth Bradsell
 - Using CBA Prescription Coalition
 - Use of Health Savings Accounts (HSA)



Long-Term Disability Benefits and Premiums

- Most LTD plans were stable
- Some noteworthy comments on benefits
 - Added 24-month benefit on certain treatable and returnable mental health conditions
 - Made changes to some income offset provisions to allow clergy who are on disability for more than 12 months and returning to work part-time to retain more of that earned income
 - Added a provision for participants to purchase additional coverage if maximum benefit allowed did not equal 60%



Long-Term Disability Benefits and Premiums (continued)

- Some noteworthy comments on LTD premiums
 - Most plans had stable or very low premium increases
 - Two plans reported 15-16% premium increases
 - One plan reported that favorable claims, experience, and investment returns allowed for a 1-year moratorium on employer contributions
- LTD Cost Containment
 - Enhanced return to work provisions
 - United Methodist Church – Barbara Boigegrain, CEO

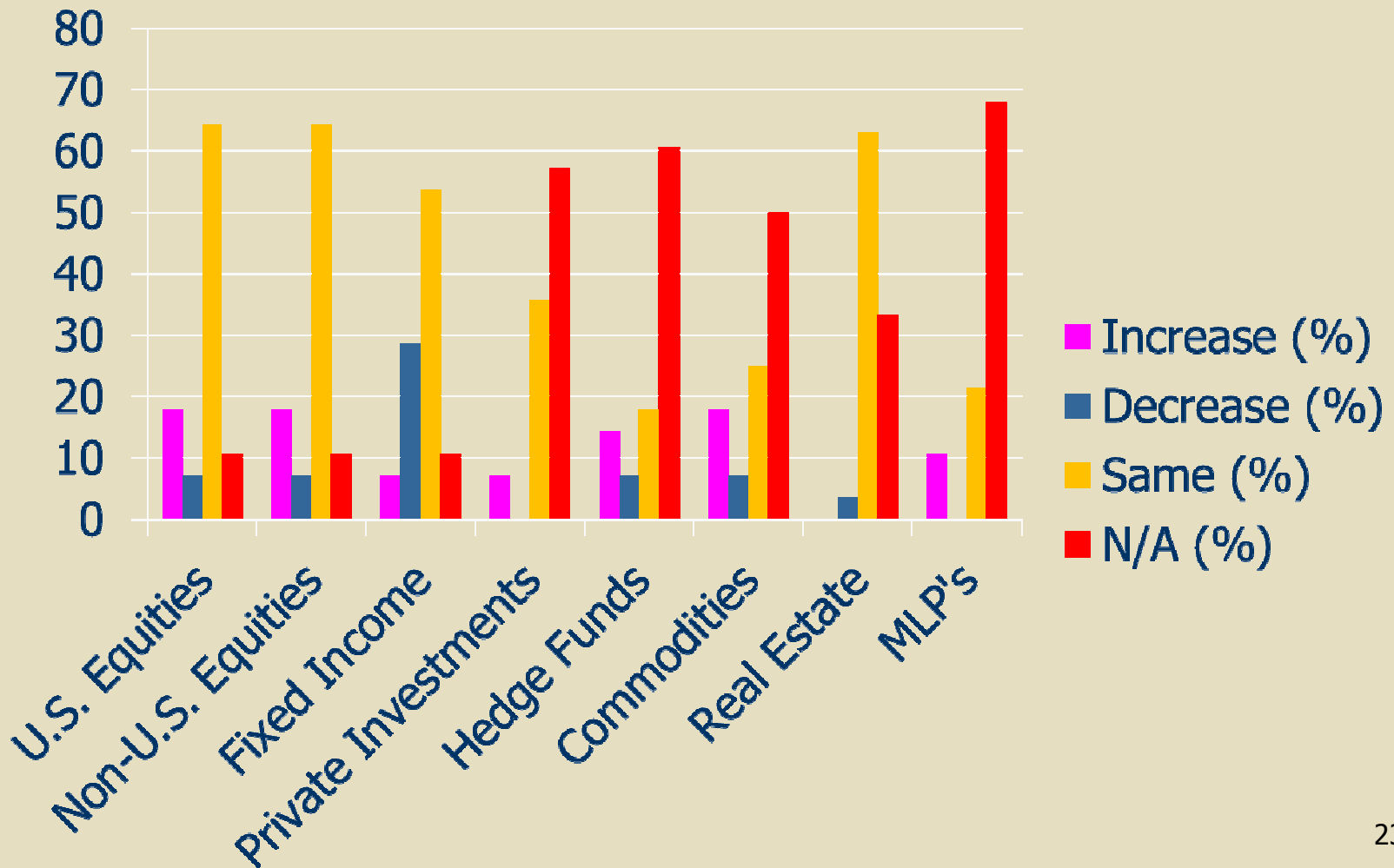


Ministerial Assistance

- Approximately 50% of respondents have an assistance program
- Most of those denominations responding either increased their level of assistance or anticipate doing so



Investment Strategies Percentage of Respondents 2013

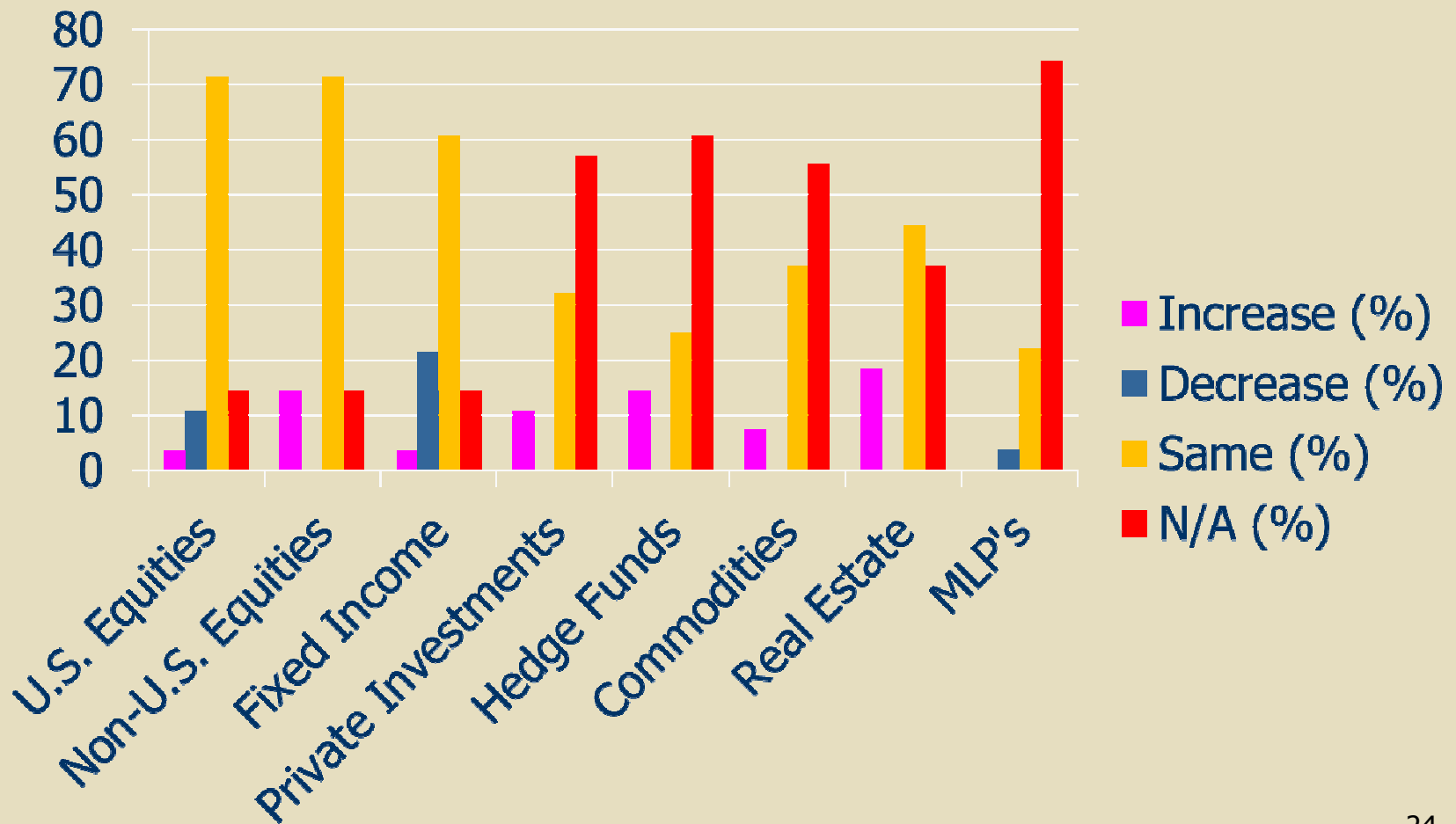




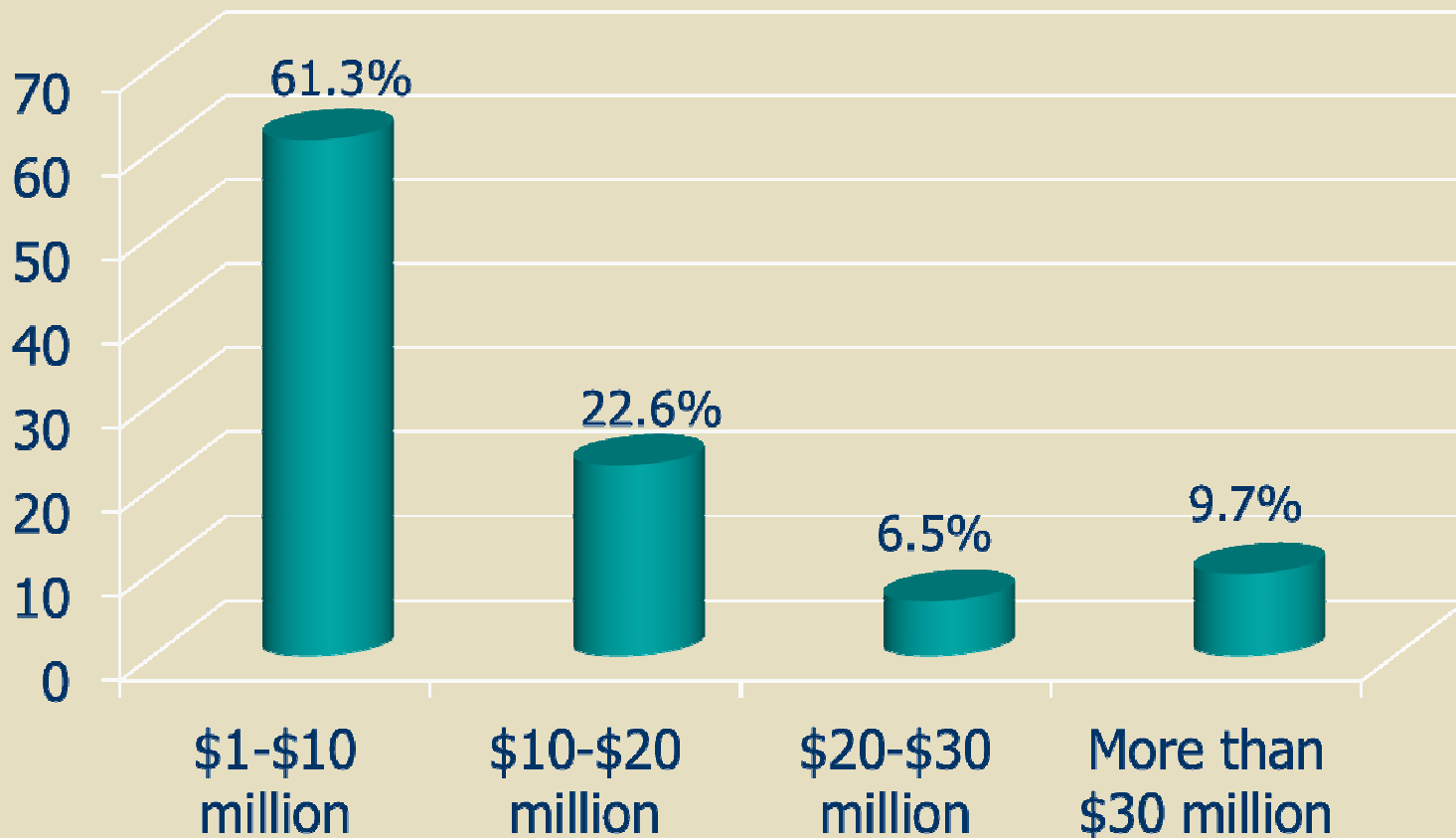
Investment Strategies

Percentage of Respondents

2014 Projection

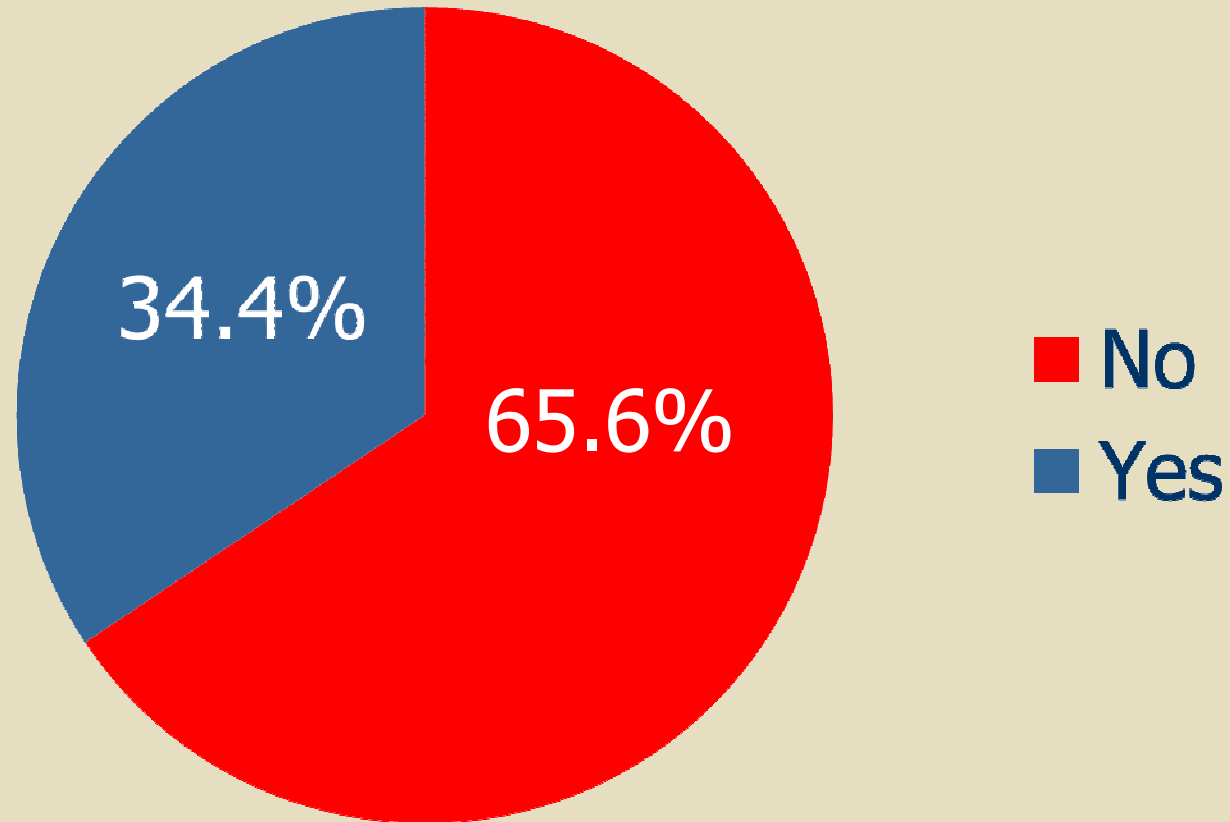


D&O Liability Levels





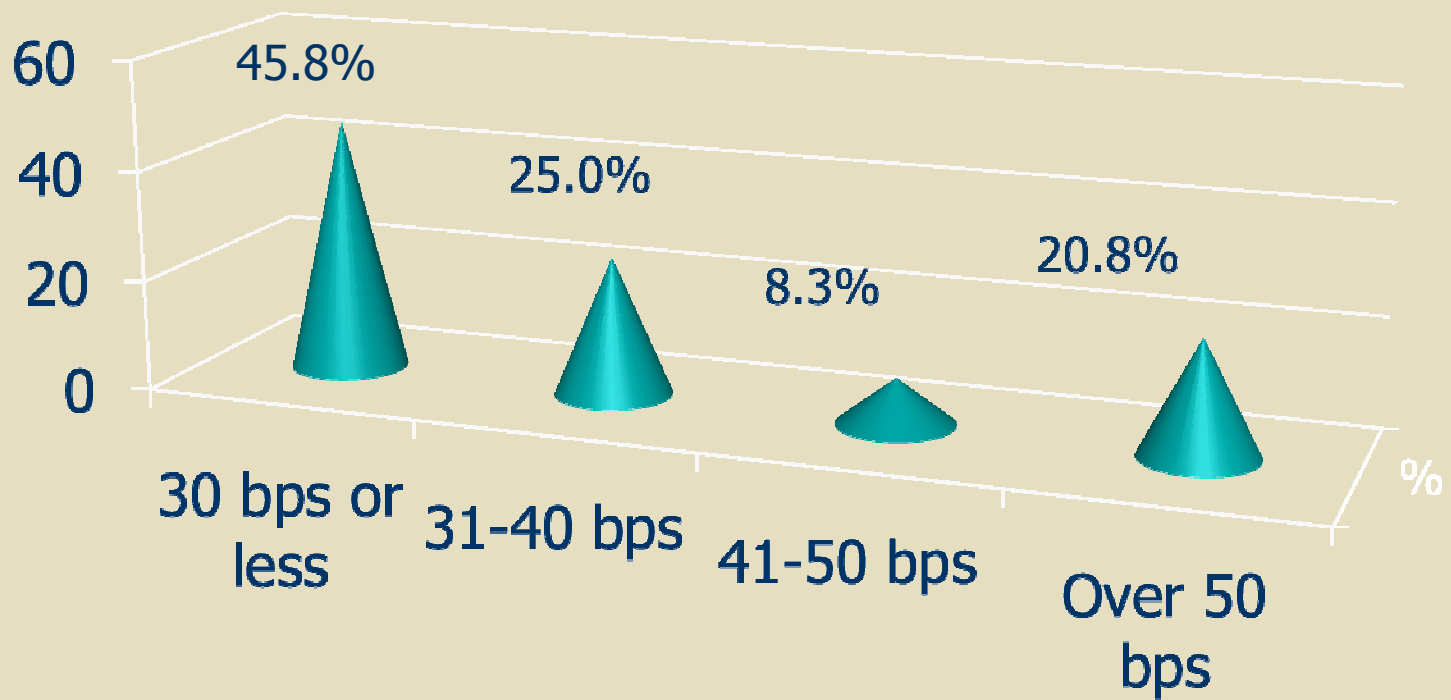
Do You Have Cyber Liability Coverage?



- 33% increase from 2012

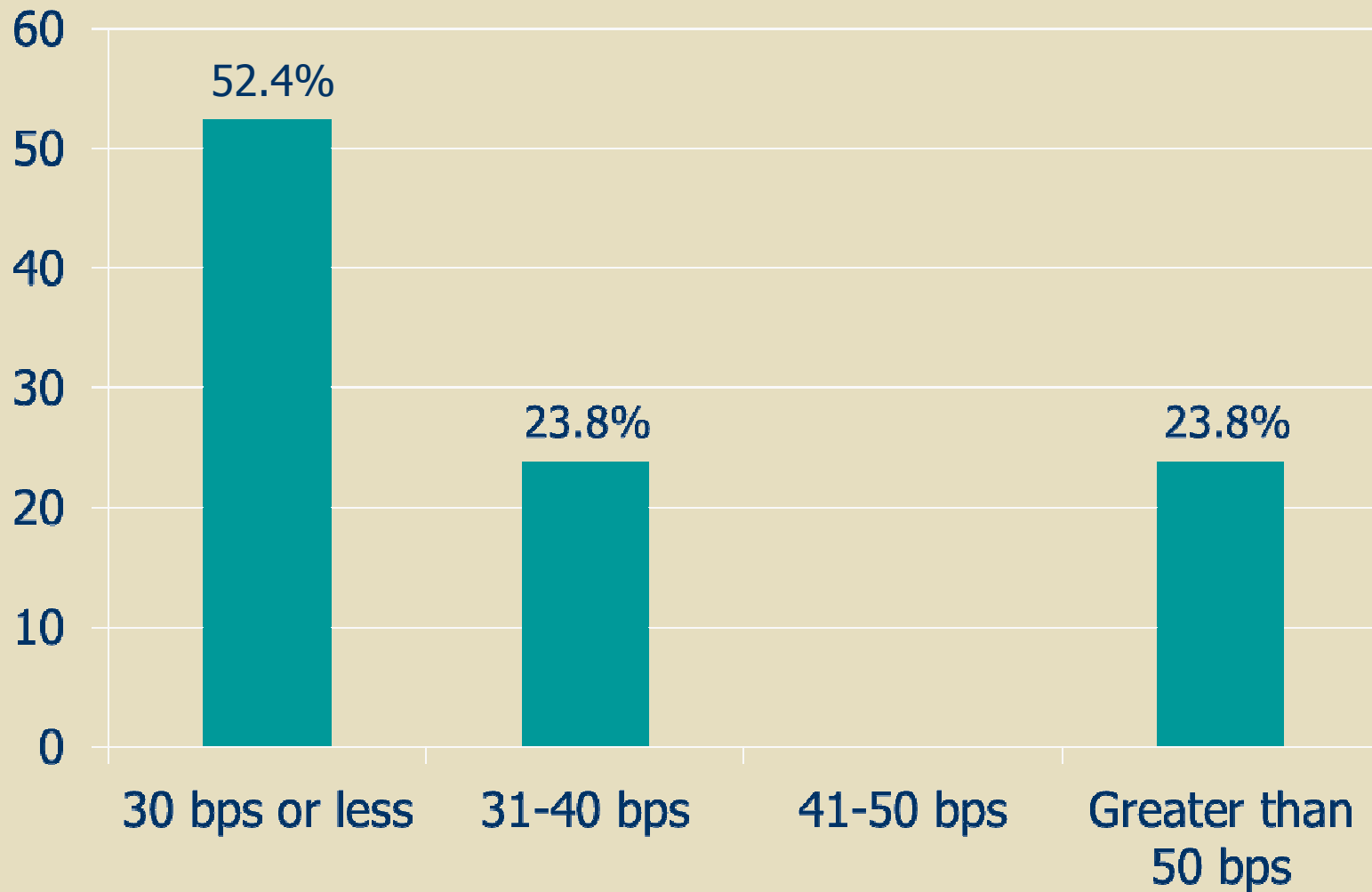


DC Plan Administrative Expenses



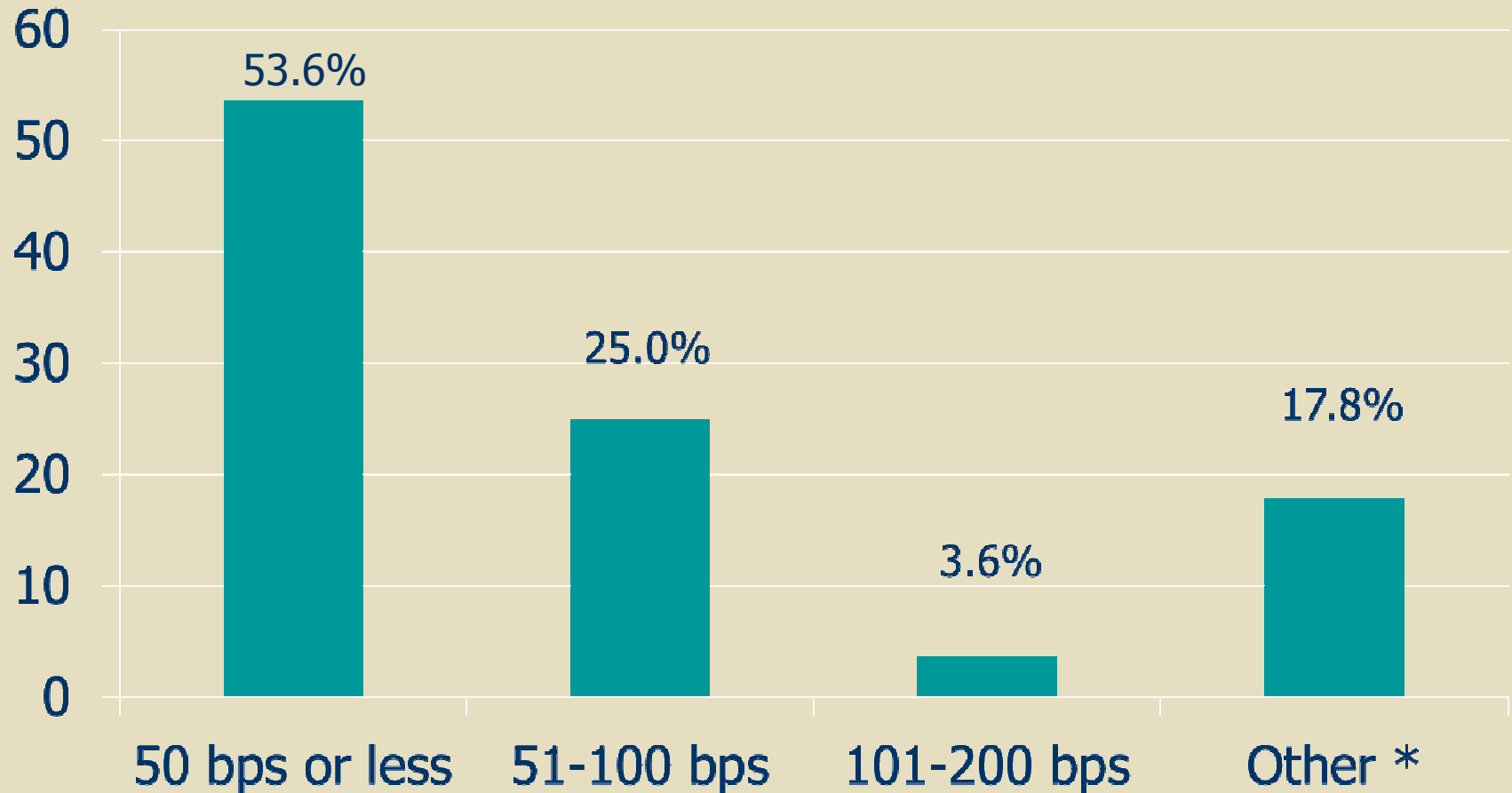


DC Participant Administration Fees





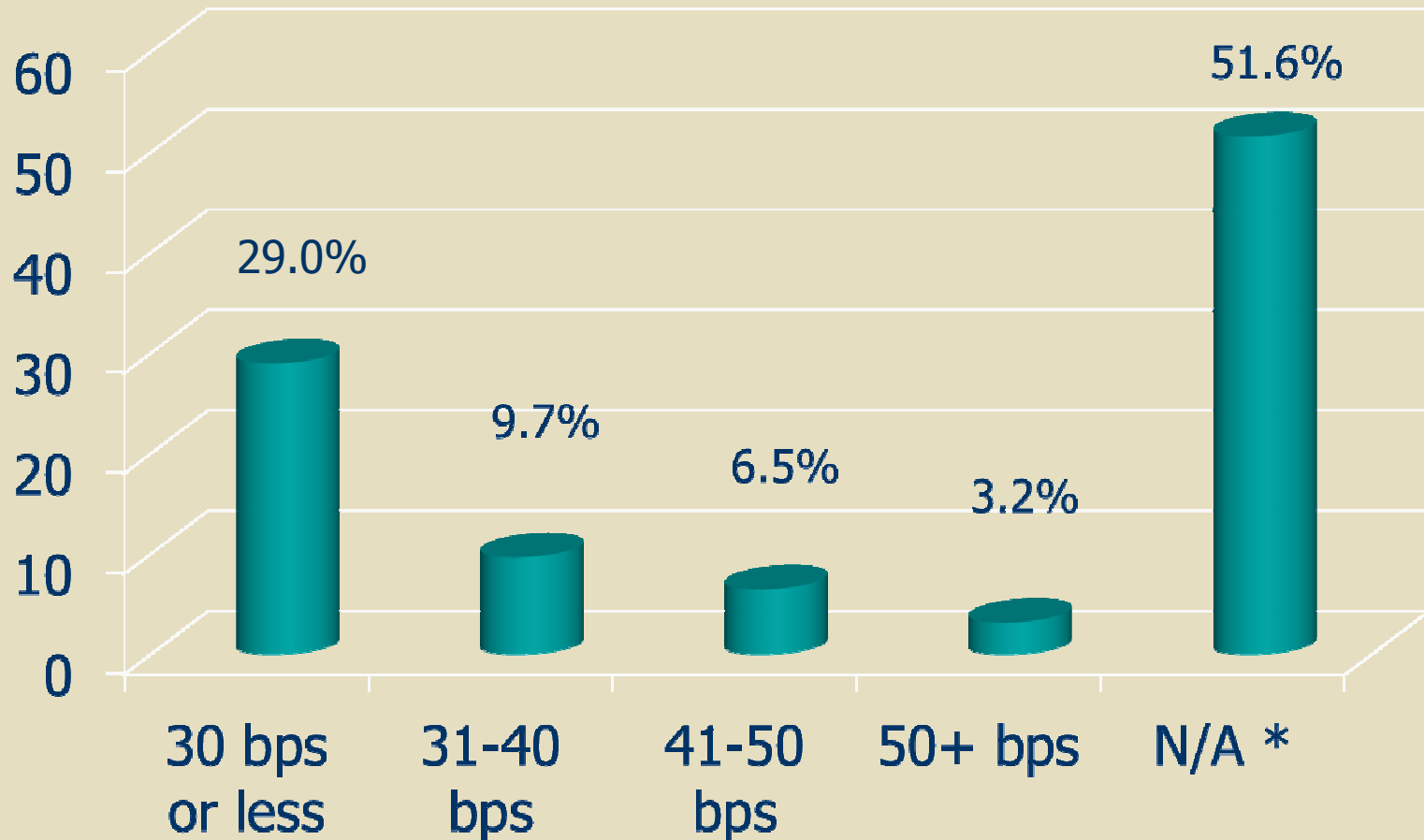
DC Participant Investment Fees (Basis Points)



* Investment fees vary by fund election



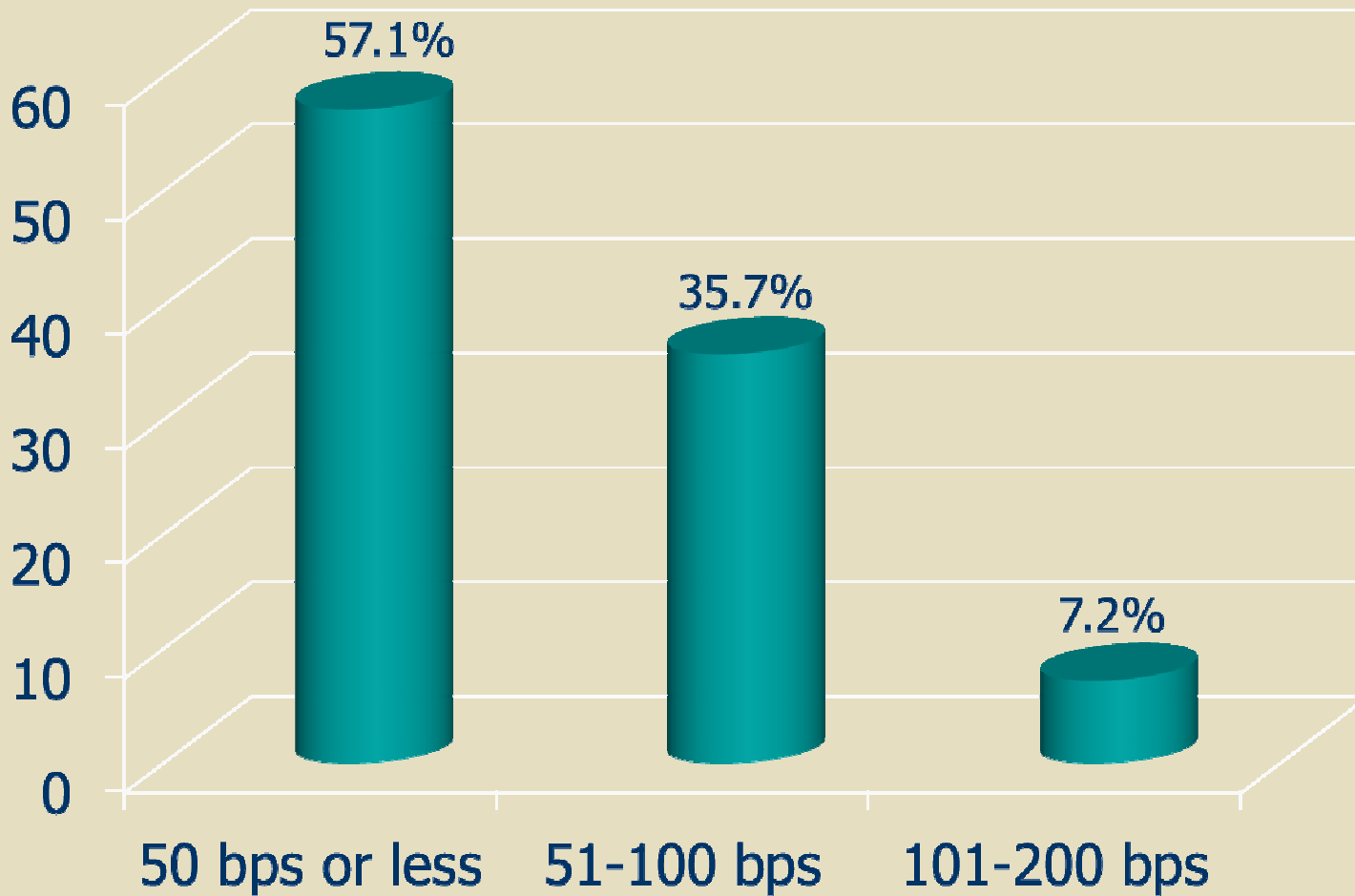
DB Plan Administrative Expenses (Basis Points)



* Costs are bundled or included elsewhere

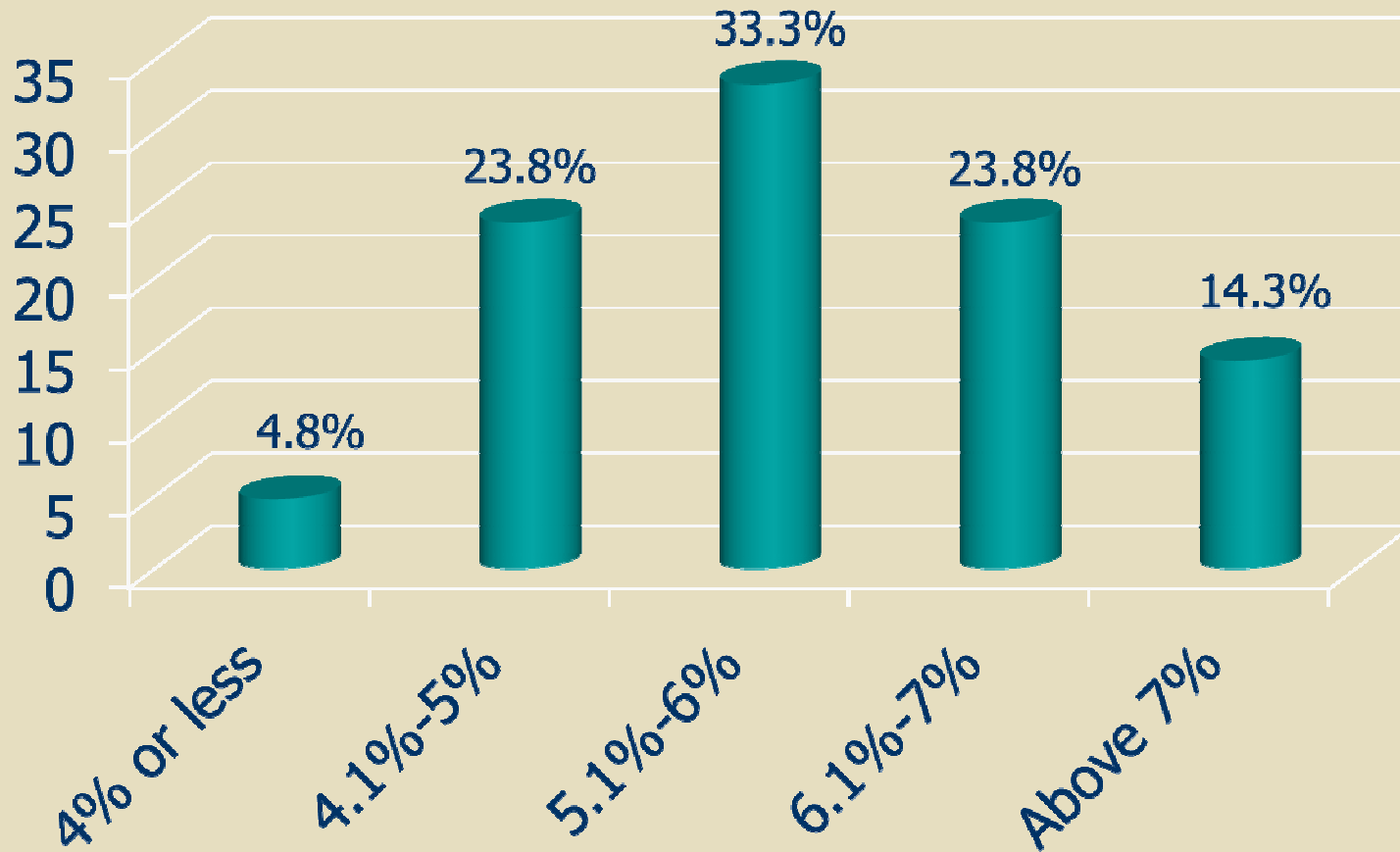


DB Investment Costs (Basis Points)



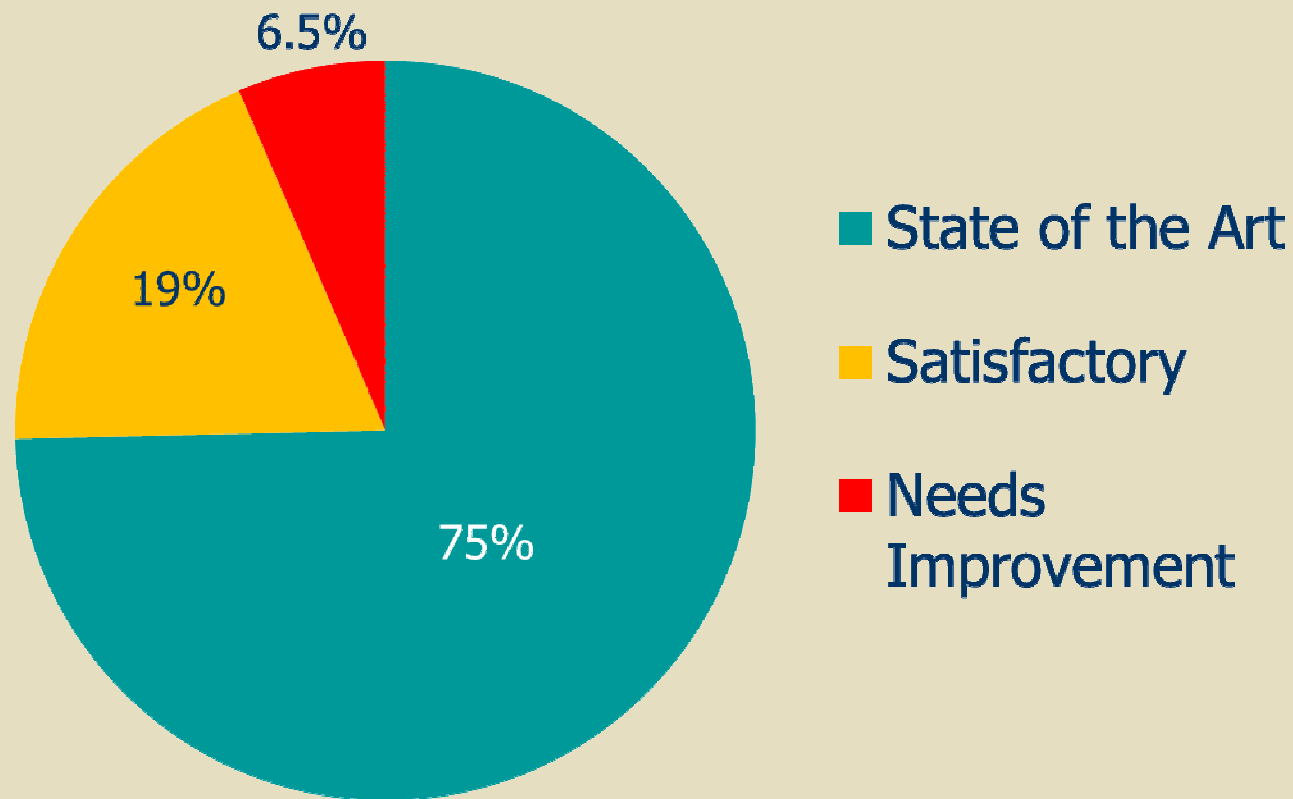


What is your Actuarial Liability Discount Rate?





Use of Technology



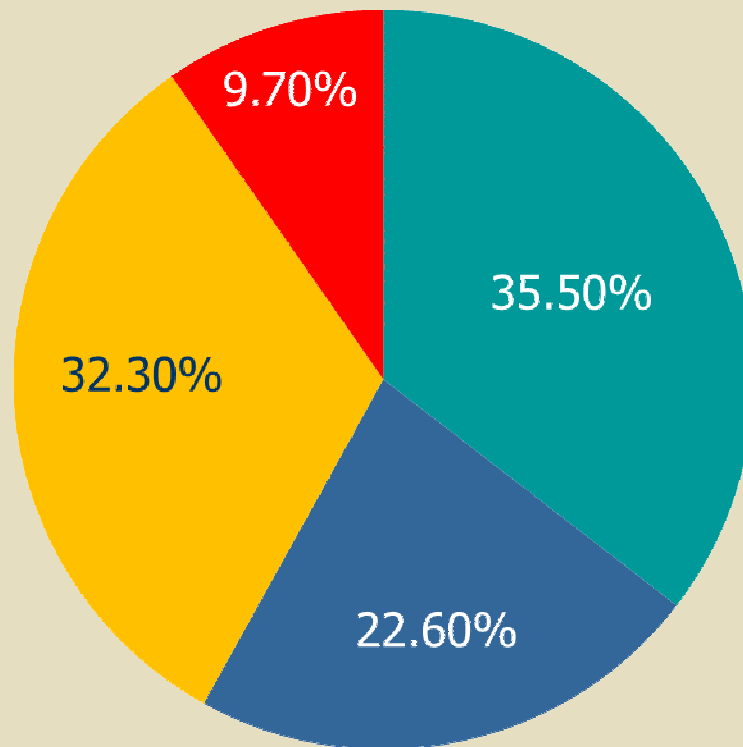


Technology Notes

- Most denominations invest in technology on a yearly basis
- Many denominations report that technology improvements allow for better service to participants
- Affordable Care Act is driving many technology investments
- Cloud, IP telephony, mobile, web self-service are among the most common trends



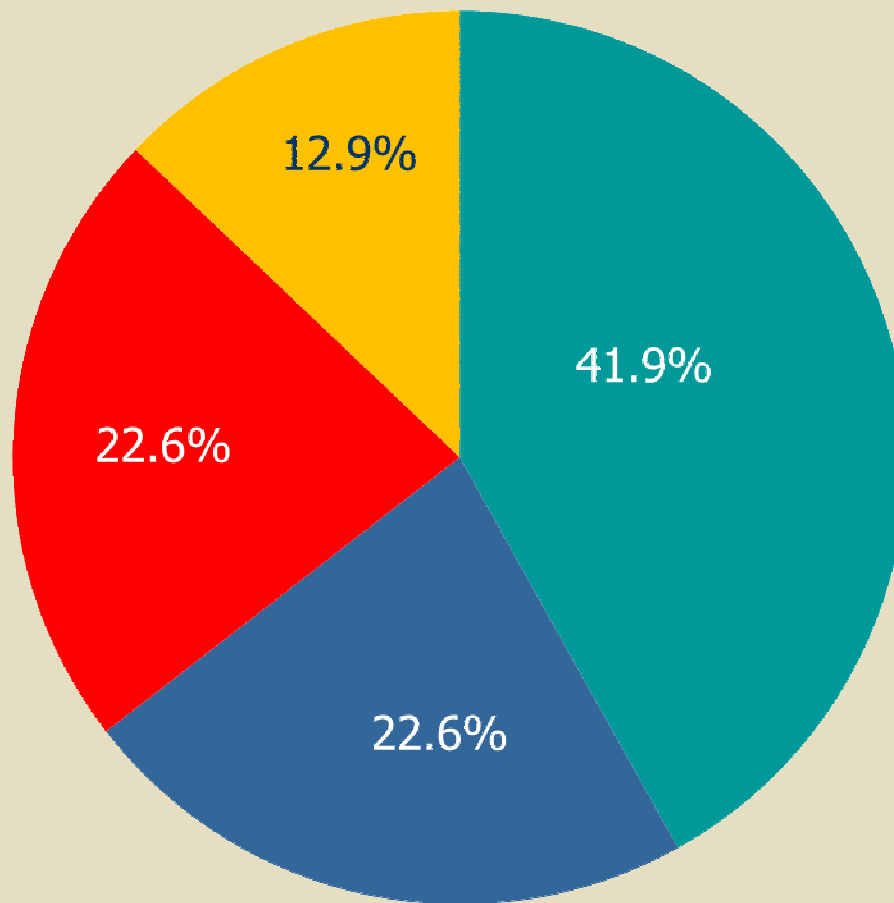
Disaster Recovery/Business Continuity Plan



- Written plan, dedicated workspace
- No formal plan but confident of continuity
- Developing a plan
- No plan

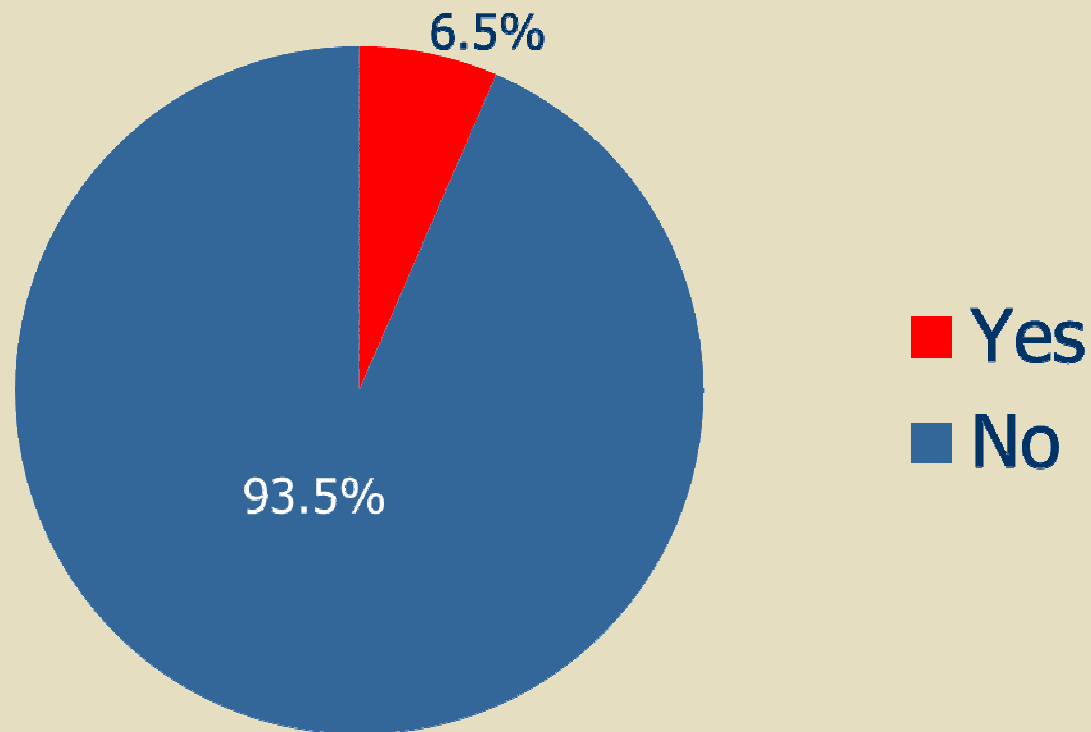


Governance



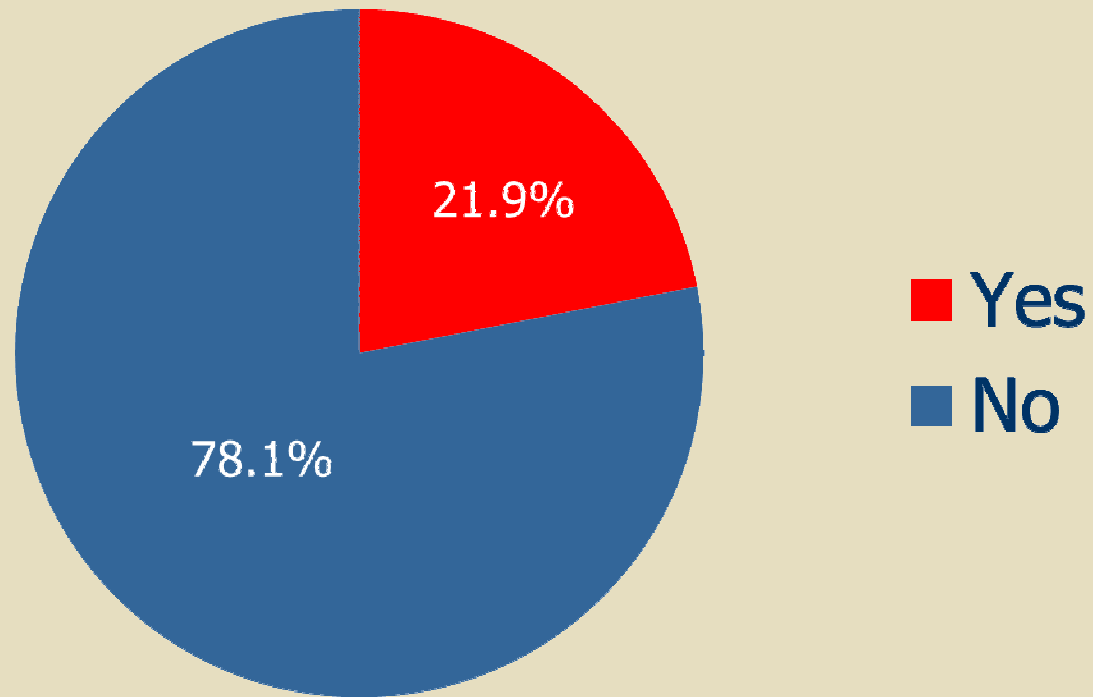
- Unlimited stream of highly qualified, deeply dedicated Directors
- We are assigned highly qualified deeply dedicated Directors
- Dedicated and well-meaning Directors, but sometimes an experience/training gap
- Other

Is Staff Turnover a Concern?

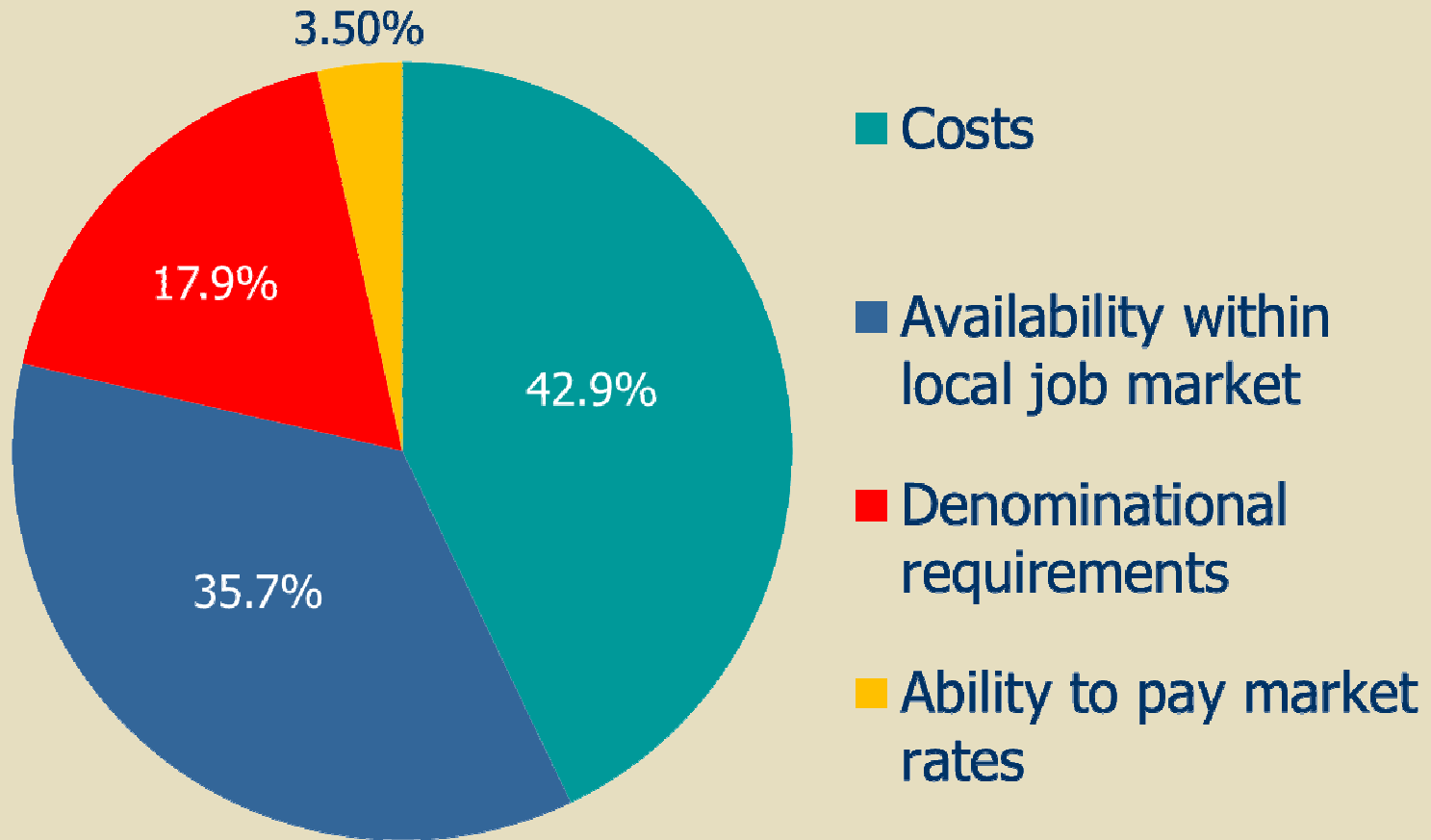




Is Management Staff Recruitment a Concern?

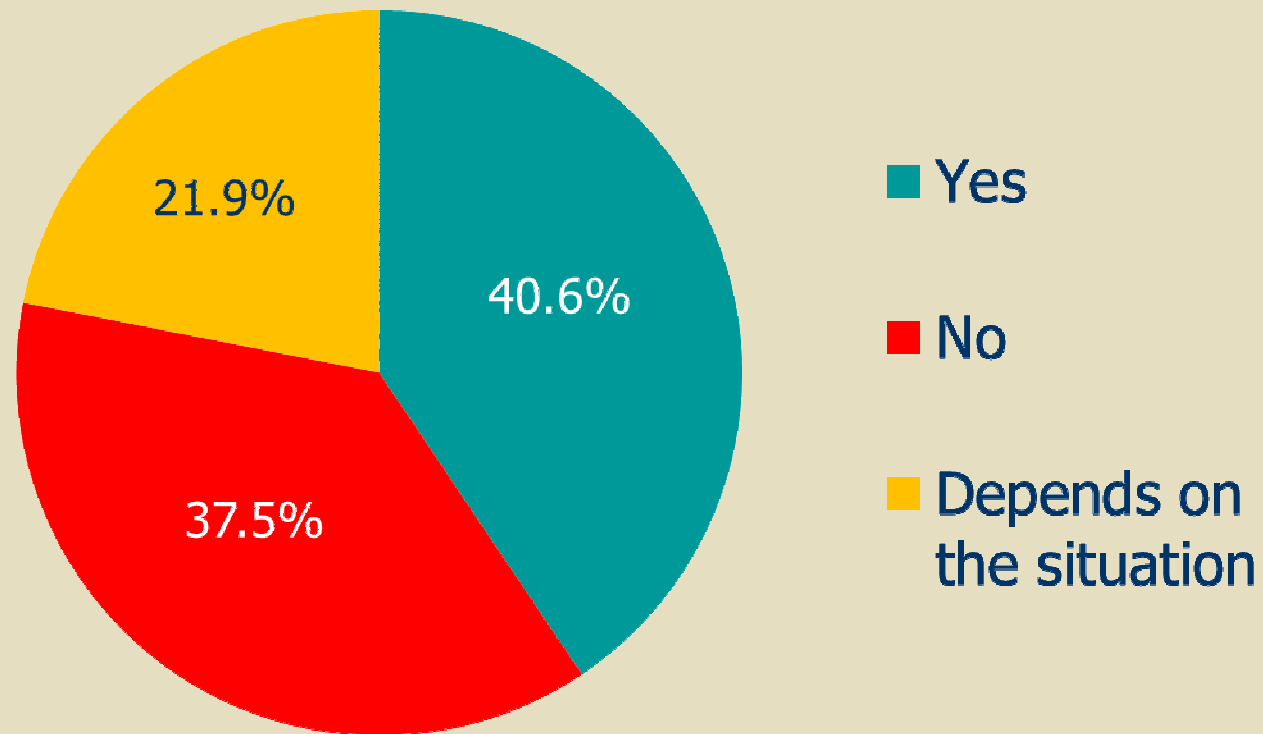


What Affects Recruiting Decisions?



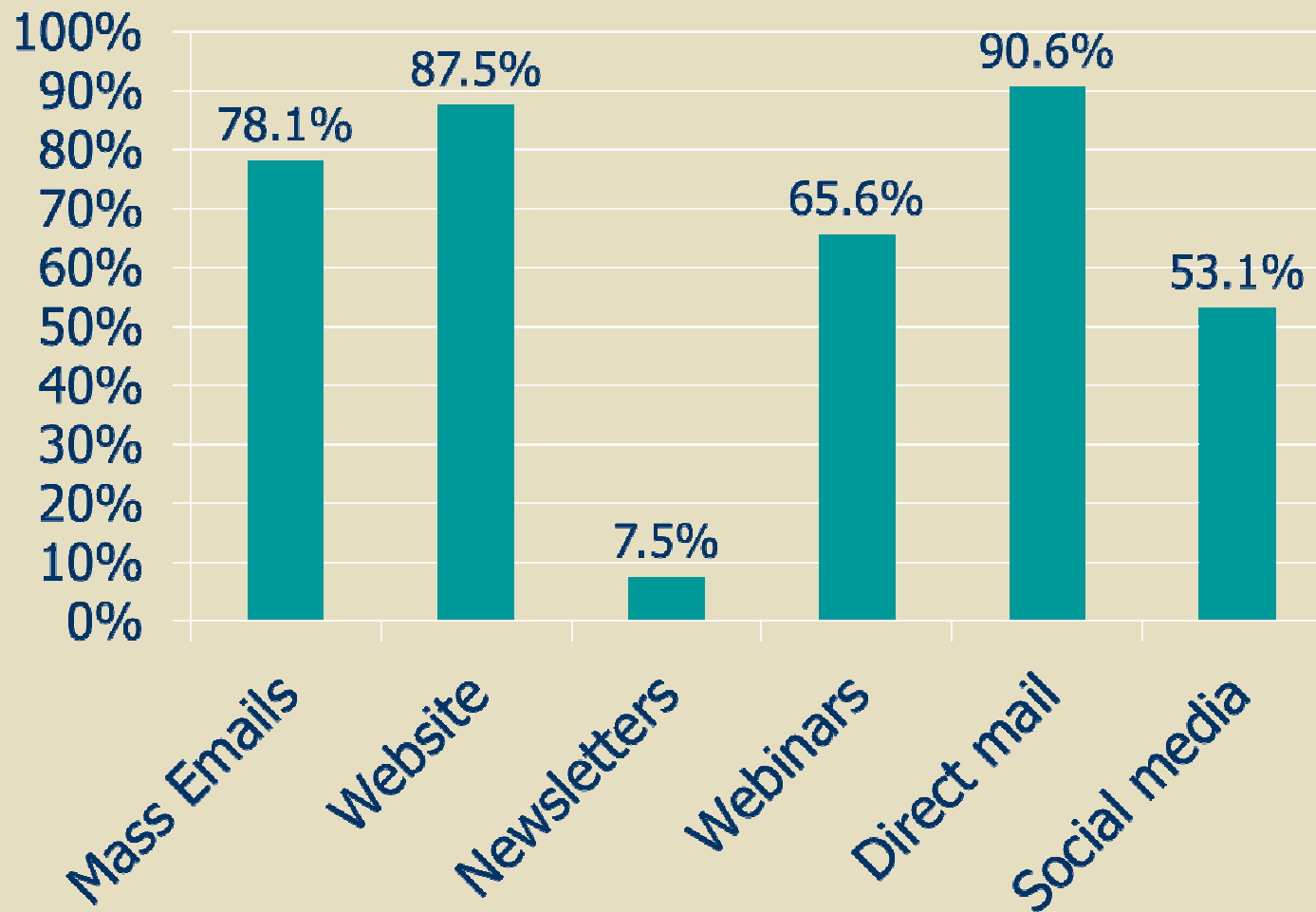
Comment: Finding the right person is by far the most important point.

Use of Professional Search Firm



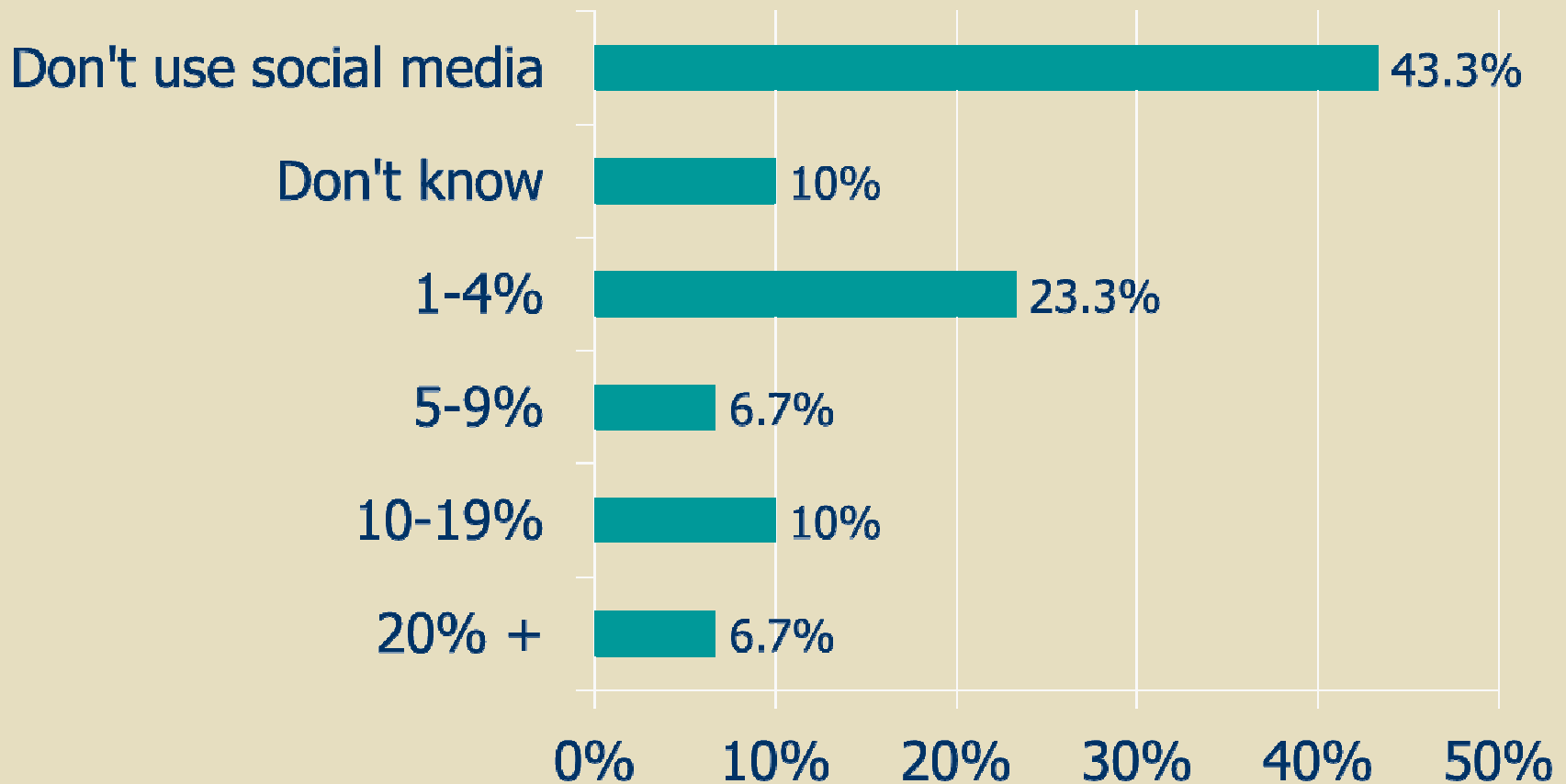


Communication Tools Utilized



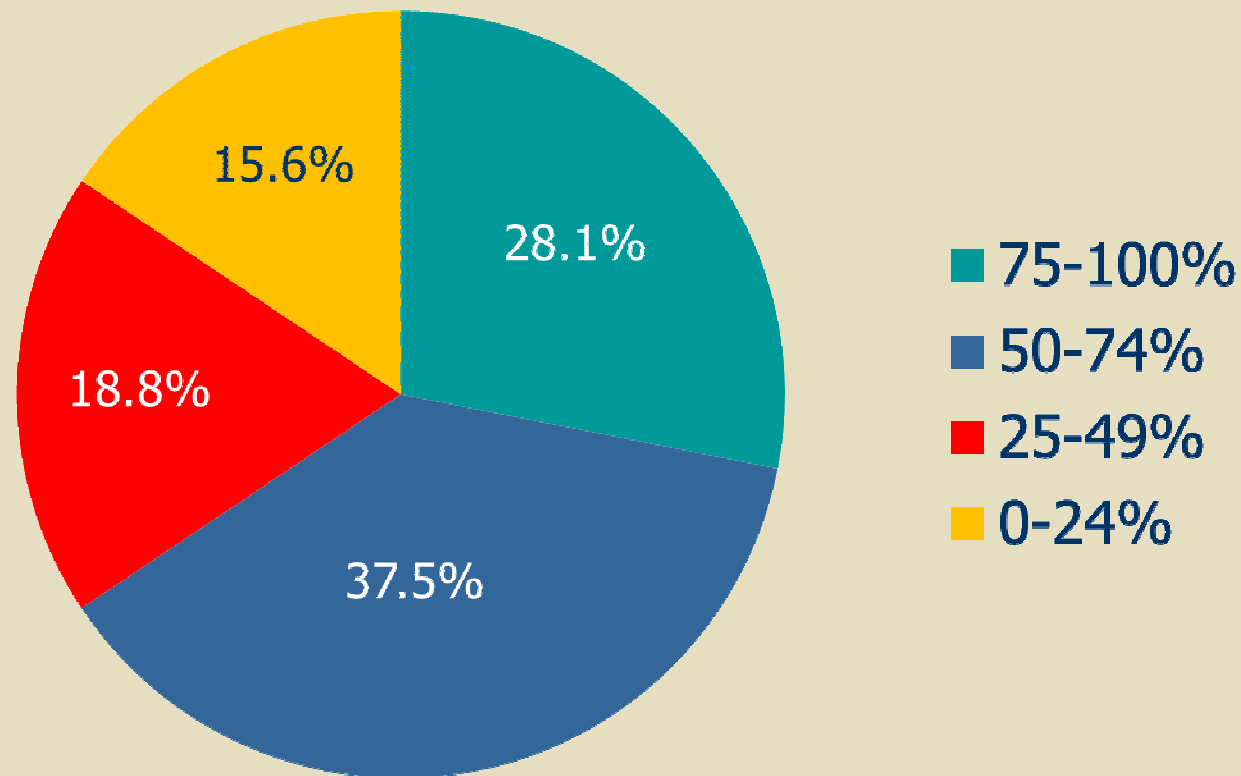


Percentage of Participants Following You on Social Media



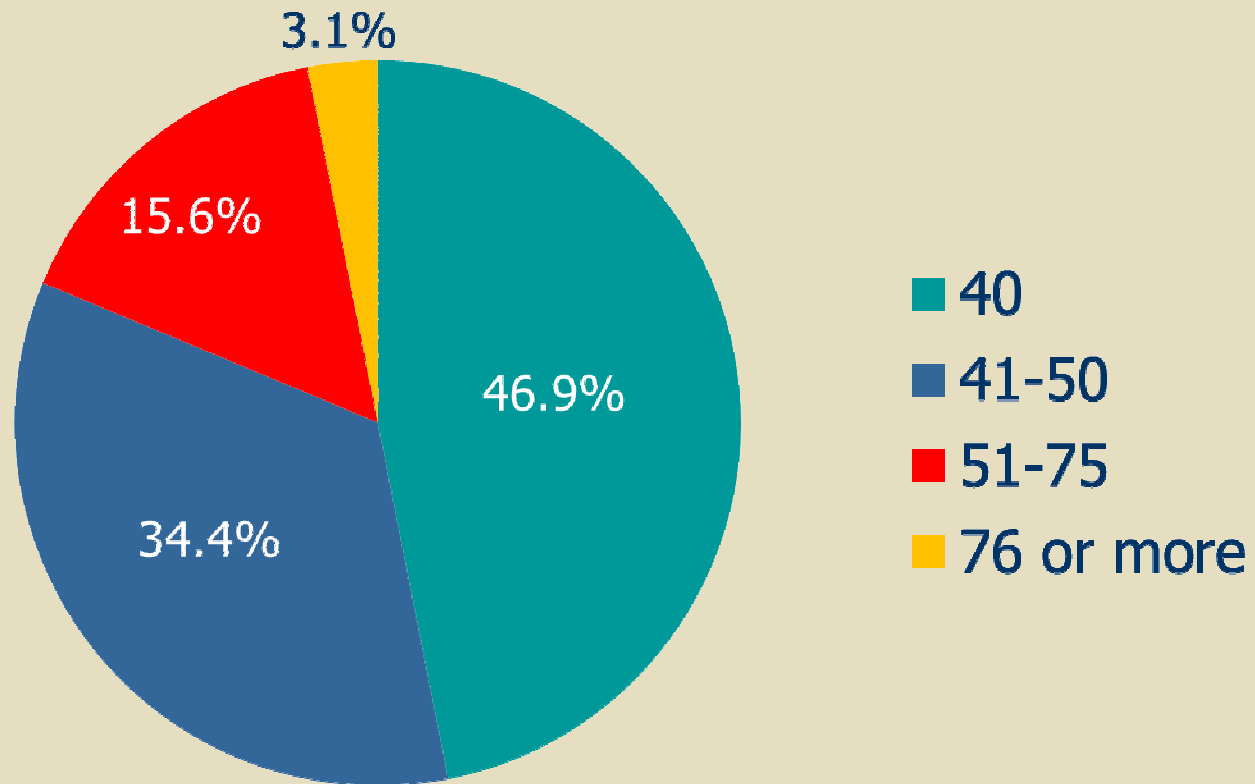


Percentage of Participants that provide an email address



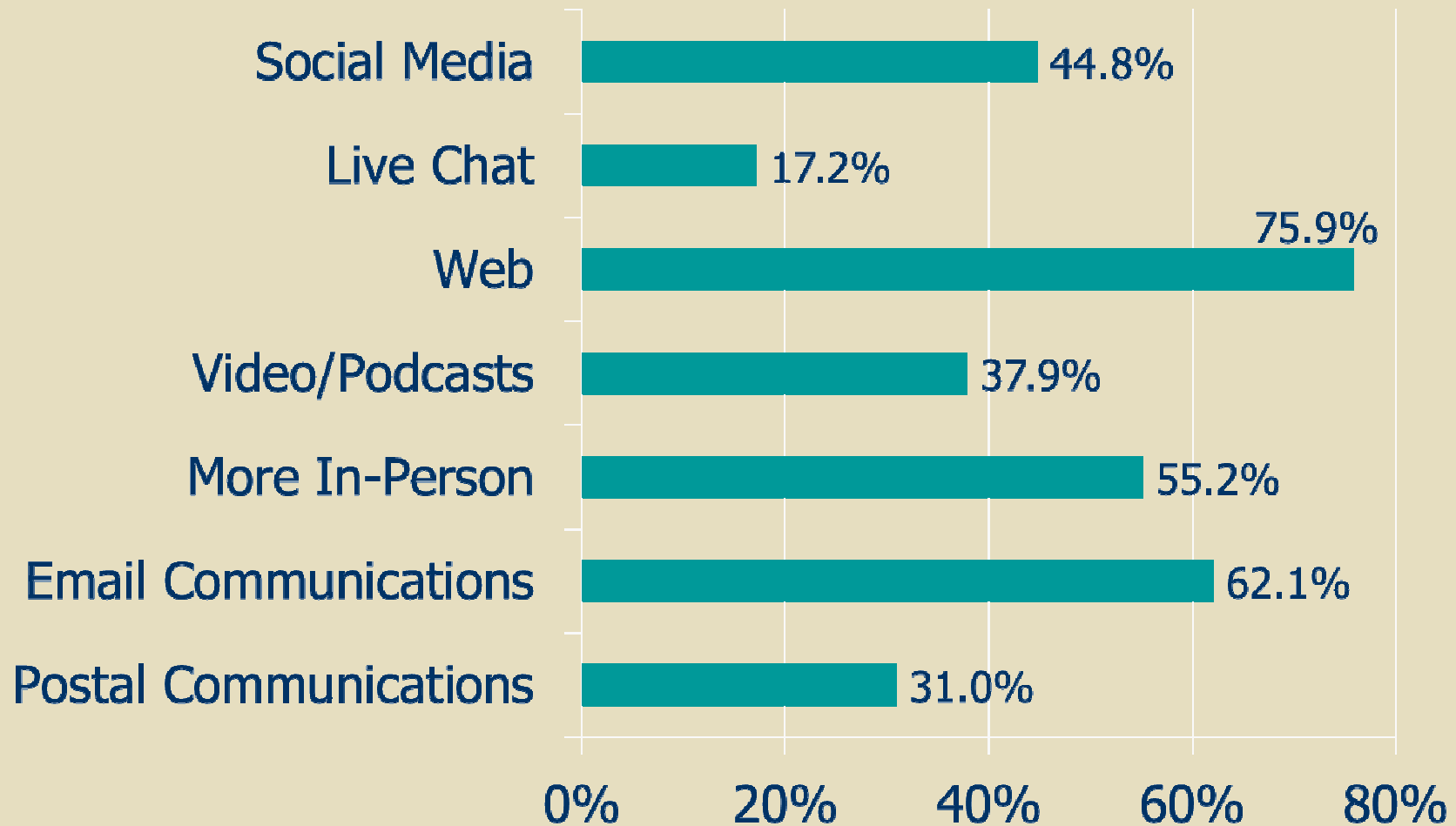


Hours per week Customer Service is open





New Areas of Education and Outreach





Additional Details Available

- This presentation and complete survey results will be posted on the CBA 2013 Annual Meeting website at <http://2013.churchbenefitsassociation.org>
- Questions? Email Bob Koppel at rmkoppel@rpb.org



Thank you to all CBA Denominations for responding to the Report on Significant Developments Survey!