

# BenefitNews

NEWS ABOUT THE MINISTRIES OF BROTHERS BENEFIT TRUST

FIRST QUARTER 2007

## Brethren Medical Plan

### AC Committee completes its Medical Plan study

After nearly two years of study, the Annual Conference Brethren Medical Plan Study Committee has issued three recommendations for the 2007 Annual Conference delegates to consider.

Citing a 78 percent drop in participation in the Brethren Medical Plan (BMP) since 1993, when there were more than 3,119 primary members, to just 684 as of January 2007, the committee concluded that “the Brethren Medical Plan’s medical coverage component is neither feasible nor viable in its current state.” The Committee recommends that the medical insurance component for ministers and retirees be phased out.

“The only way to ensure the Medical Plan’s long-term existence,” the study said, “would be to expand its risk pool and to increase its reserves.” In order to expand the risk pool, more participants would have to join BMP who could help spread the risk to a more acceptable level. This goal appears to be unattainable, the study concluded, based on the history of participation in BMP and the recent efforts expended in trying to increase denomination-wide participation. Since 2005

alone, total participation in the Medical Plan has decreased by 16 percent, further shrinking the risk pool. The report stated that “attracting more participants just like the high-risk group already in the Plan would not solve the problem.”

Reserves are of equal concern, the study said. While BMP is currently functioning, it does not have a reserve balance sufficient to incur several years of negative loss claims similar to what it experienced in the catastrophic years of 2003-2004.

The study reported that participants in BMP like the Plan, feel it is competitive with other plans, and have seen a significant improvement in customer service and the availability of network providers since Blue



Nevin Dulabaum

*Delegates at Annual Conference 2005 in Peoria, Ill., discuss the creation of the Brethren Medical Plan Study Committee.*

**Continued on Page 4**

## SRI Update

### The right company at the right time

On Feb. 14, Aflac Incorporated announced that its board had approved a resolution making it the first major U.S. company that will give shareholders an advisory vote on the compensation it pays its executives. This landmark decision in the realm of corporate governance was prompted by the social advocacy work of Boston Common Asset Management using the Aflac shares owned by Brethren Benefit Trust. Boston Common is one of BBT’s eight investment managers and works collaboratively with BBT on a number of socially responsible investing initiatives. The decision received major coverage from national media outlets.

Aflac was one of 150 S&P 500 companies that was sent a letter last October by the Interfaith Center on Corporate Responsibility (ICCR), of which BBT and Boston Common are members. The letter asked companies to give their shareholders a “say on pay” by means of an advisory vote on the compensation packages the firms give their top executives. Companies that did not respond to that letter were targeted for shareholder advocacy initiatives. Boston Common targeted Aflac, which long had been in BBT’s investment portfolio, filing a shareholder resolution with Aflac when the firm continued to be unresponsive to Boston Common’s phone calls.

For ICCR members, executive compensation is a justice issue and can be an indicator of good or

**Continued on Page 5**

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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](mailto:newsletters_bbt@brethren.org).

## Your personal financial portfolio and charitable gift annuities

Would you like to make a gift to your favorite charitable organization and receive income for life, with some of that income being tax free? Would you like to receive a large charitable tax deduction in the year of the gift? Do you have highly-appreciated assets that are generating very little income for you? Would you like to avoid some capital gains tax on those appreciated assets and possibly receive more income for your lifetime? Would you like to reduce your probate costs and estate taxes?

Of the many planned giving options that could address these questions, probably the simplest and most popular one is the charitable gift annuity. A charitable gift annuity is a simple contract between you and a not-for-profit charitable organization. In exchange for your irrevocable gift of cash, securities, or other assets, the organization agrees to pay one or two annuitants you name a fixed sum each year for life. These payments are guaranteed by the general resources of that organization and are usually made in annual, semiannual, or quarterly installments.

The older your designated annuitants are at the time of the gift, the greater the fixed income the organization agrees to pay. Many charitable organizations use payout rates established by the American Council on Gift Annuities. The rates for an immediate payout

charitable gift annuity range from 5.3 percent for a 50-year-old annuitant to 11.3 percent for an annuitant that is 90 years of age or

### Benefits of a Charitable Gift Annuity

- The gift qualifies for tax-deduction
- The gift generates regular income, which is partially tax-exempt
- The donor saves tax on capital gains
- Probate costs and estate taxes can be reduced
- Annuity payments are guaranteed

older. Two-life immediate payout charitable gift annuities range from 4.7 percent for two 50-year olds to 7.4 percent for two 83-year olds. If you defer the first annuity payment to a later date, the fixed income amount will be higher than it would be for an immediate

payout charitable gift annuity.

In most cases, part of each payment is tax-free, increasing each payment's after-tax value. If the gift is appreciated property, you will only pay capital gains tax on part of the appreciation. In addition, if you name yourself as an annuitant, the remaining capital gains tax will be spread out over many years rather than all be due in the year the gift is made. You may also qualify for a large tax deduction in the year of the gift.

You can establish a charitable gift annuity through Brethren Foundation for as little as \$1,000 and indicate which Church of the Brethren organization should be the remainder beneficiary. If you prefer you can name more than one beneficiary. Fees are nominal and they do not reduce the payout amount.

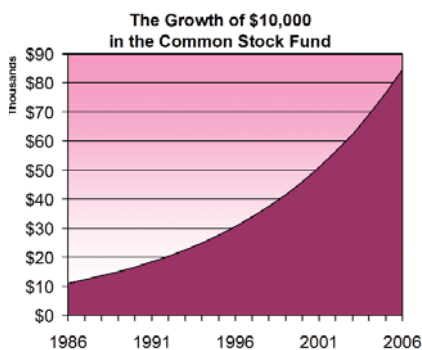
For more information on charitable gift annuities, contact Steve Mason, BFI director, at [smason\\_bbt@brethren.org](mailto:smason_bbt@brethren.org) or at 888-311-6530. — Steve Mason

### Unique opportunity for charitable IRA rollovers

New legislation now allows you to make cash gifts totaling up to \$100,000 a year from your traditional or, in some cases, Roth IRA to qualified charities without incurring income tax on the withdrawal. This is good news for people who are age 70½ or older and want to make a charitable gift during their lifetime from their retirement assets, but have been discouraged from doing so because of the income tax penalty. The provision is only effective for tax years 2006 and 2007, so you must act by Dec. 31 to take full advantage of this unique opportunity. Contact Steve Mason for more information.

## Pension Plan celebrates 20-year anniversary

### Pension Plan



An anniversary was quietly celebrated in 2006, the 20th anniversary of the Common Stock Fund and the Balanced Fund. With approval from Annual Conference, the Church of the Brethren Pension Plan moved from book value to market value accounting in 1986, and these two funds were started.

Since inception, the Common Stock Fund has grown 748 percent, while the Balanced Fund has grown 560 percent, greatly increasing the accounts of those invested in them. Some Plan members have even been able to retire with annuities that exceed the salaries they earned as full-time employees. BBT believes this performance reflects positively on a sound investment strategy of diversification with multiple managers. The Pension Plan now has 4,150 members with assets that total \$290 million.

While satisfied with the funds' overall performances, returns from the past seven years have been off their historical averages. The funds were greatly impacted by the steep decline in equity markets that occurred from 2000 through 2002. Since 2000, the Common Stock Fund has only returned 1.8 percent and the Balanced Fund, 3.5 percent. The markets have improved over the past three years, however, and the funds have yielded 11.3 percent and 8.0, respectively. — JW

## Wellness Matters at Long Green Valley CoB

Look to others. That is exactly what deacon Teresa Albright did when seeing the need for her congregation to be more proactive in caring for the health and well-being of its members.

After attending two Association of Brethren Caregivers (ABC) events — a conference on caring ministries for deacons and a “Lighten



Ethan Steiner

*Teresa M. Albright,  
Wellness Matters  
coordinator.*

Up, Brethren” program at National Older Adult Conference — Teresa concluded that someone should be doing something more to bring a focus on wellness to Long Green Valley

Church of the Brethren, Glen Arm, Md.

So Teresa set about to recruit that perfect individual with just the right gifts and training to start a wellness ministry. She looked to the chairs of committees. She looked to individuals with medical backgrounds. Then it dawned on her: Having a deep interest in wellness herself, and a background in Family and Consumer Education, she should get involved. Besides, being newly retired, “Retirement is not the time to sit back,” she thought. “It’s the time to look for things that are meaningful.”

To get a wellness ministry started, Teresa went to the deacon board, recalling that the Deacon Manual reads, “Deacons will give general oversight to the health and healing ministries of the congregation. They will give special attention to promoting healthy lifestyle choices, healthy relationships, and healthy attitudes, and will reach out with the compassion of Christ to persons experiencing pain and suffering.”

The board was very receptive and created a task force called Wellness Matters to oversee the initiative, with Teresa serving as chair. Wellness Matters was designed to be very

broad, comprised of 15 individuals, who could volunteer time and use their expertise for various activities without being overwhelmed by having to do it all themselves. The task force looked to ABC for specific ideas to engage the congregation and get a wellness ministry started. “ABC has been an excellent resource for us,” Teresa said.

Meeting in December, the task force adopted a Year-of-Good-Health calendar to highlight a specific health issue for each month of the year, including such topics as children’s health, immunizations, sun safety, accident prevention, and screenings for young mothers.

Teresa regards her position as a coordinator. She provides a framework to help volunteers design activities around the monthly focus and to recruit others to help engage the congregation. She has even prepared a template as a guide. The template ensures that there is a consistency in the ministry.

### **Wellness Matters’ Vision Statement:**

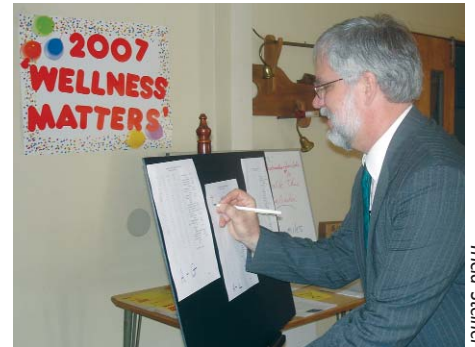
*To create a healthy congregation by promoting awareness of healthy living and behaviors for wellness in heart, body, mind, and spirit.*

### **Wellness Matters’ Mission Statement:**

- ◆ Sponsor health promotion activities.
- ◆ Encourage informal support groups.
- ◆ Follow the health promotion focus areas of Association of Brethren Caregivers.

For February, National Cardiac Month, Gail Hanna, a cardiac nurse, volunteered to coordinate activities to promote heart awareness. She organized a “Wear Red” Sunday, set up an information table, gave “Wellness Moment” announcements before the worship service, and wrote an article on cardiac health for the monthly newsletter.

Gail even made low-cost pedometers available to challenge members of the congrega-



Tricia Steiner

*Pastor Peter Haynes of Long Green Valley CoB writes in the number of miles he walked during one week in February. The congregation used pedometers for National Cardiac Month to track miles and to “Walk across Maryland.”*

tion to “Walk across Maryland” by tallying the steps they made for the month. Participants wore the pedometers throughout the week and recorded their numbers on posters. “It keeps our members talking and thinking,” Teresa said. “There is some healthy competition going on.”

The Wellness Matters task force has also distributed ABC’s *10 Commandments to be Well*, will observe Health Promotion Sunday on May 20, will sponsor a women’s retreat, and will organize a regular women’s tea with a focus on women’s health issues. It also intends to encourage informal support groups on specific health issues such as cancer survivors’ group.

ABC’s “Lighten Up, Brethren” initiative has been instrumental in helping many churches like Long Green Valley with their wellness ministry. Whether a congregation is looking for a series of DVDs to use for an adult education class or simply trying to get some fresh ideas to incorporate wellness activities into a youth group, ABC is the denominational resource that can get you started.

For more information regarding “Lighten Up, Brethren,” contact ABC directly at [www.brethren-caregivers.org](http://www.brethren-caregivers.org) or by e-mailing Mary Lou Garrison, director of Wellness, at [mgarrison\\_abc@brethren.org](mailto:mgarrison_abc@brethren.org). — JW

## Members pleased with Credit Union's rates



*Jan and Roma Jo Thompson of Mesa, Ariz., have been Credit Union members since 1979.*

Many turn to the Church of the Brethren Credit Union to finance an automobile, but few realize that the Credit Union also finances motorcycles, boats, and recreational vehicles. It can even refinance an existing loan, as Jan and Roma Jo Thompson found out.

The Thompsons, members of the Credit Union since 1979, bought a recreation vehicle to live in while doing disaster relief service. They were able

to refinance their loan through the Credit Union at a lower interest rate and were able to save \$5,000 over the length of the loan. They used their RV (shown below) on numerous service missions, including on trips to the Gulf Coast in the aftermath of Katrina.

"We have been very pleased with the service that we have received from the Credit Union," Jan said. They are especially happy to see that the Credit Union is encouraging members to buy hybrid cars by offering loans for these at a lower interest rate. "Good for the stewardship of our earth!" he said.



CoBCU is able to offer rates on loans for RVs, boats, and motorcycles that are competitive with the commercial market. These loans do come with a higher interest

rate than auto loans, however, because of the greater risk inherently associated with such items.

Members interested in purchasing an auto, motorcycle, boat, or RV are encouraged to take the time to get preapproval for a loan from CoBCU. Current loan rates are posted at [www.cobcu.org](http://www.cobcu.org). — JW

## CoBCU's Annual Conference activities

**Annual Members' Meeting** — An open house and members' meeting is scheduled for Saturday, June 30, at 2 p.m.

in Room 205-A of the Cleveland Convention Center.

Come learn about online banking and other new services the Credit Union is exploring. Everyone is welcome to attend the open house, which will be followed by a brief members' meeting. Please contact us at **888-832-1383** or see the Annual Conference packet for more details, which is available online at [www.brethren.org/ac](http://www.brethren.org/ac).



**Insight Sessions** — The Credit Union will be presenting three insight sessions this year. Additional information can be found in the Annual Conference packet.

- ♦ "What's new with the CoBCU and how it can affect you" — Sunday, July 1, 9 p.m.
- ♦ "Digging yourself out of debt by planting sound financial practices" — Monday, July 2, 9 p.m.
- ♦ "You are what you buy" — Tuesday, July 3, 9 p.m.

## Brethren Medical Plan

### "Medical Plan..." Continued from Page 1

Cross/Blue Shield became the service provider. Many participants continue in the Plan out of a sense of mutuality and need, the study said.

In contrast to its recommendation regarding ministers and retirees, the committee does recommend that BBT continue to explore the viability of BMP for the church-related agencies. In addition, it recommends that BBT be directed to attempt to find alternative medical coverage for those current participants who would not otherwise be able to obtain or afford medical insurance. The committee also recommends that the stand-alone plans of long-term disability, life, vision, and dental insurance continue.

BBT is diligently working to be prepared for whatever action the 2007 Annual Conference takes regarding the Study Committee's three recommendations, whether delegates approve, modify, reject, or delay action on the recommendations, in whole or in part. If changes are made to the Plan, adequate time is expected to be provided for members to change their medical coverage. All eligible employees are to participate in BMP through the conclusion of the study, as directed by Annual Conference 2005. BBT is committed to providing as much information as possible regarding BMP. For more information visit [www.brethrenbenefittrust.com/Insurance](http://www.brethrenbenefittrust.com/Insurance) or contact the Insurance Department at **800-746-1505**.

Three events are planned to discuss BMP at Annual Conference 2007: A hearing by the BMP Study Committee is scheduled for Saturday, June 30, at 9 p.m. to provide a clearer understanding of the report; as a business item, the Study Committee's report is tentatively scheduled to be considered by delegates on Monday, July 2, at 10:50 a.m.; as a follow-up, a BBT insight session is scheduled that evening at 9 p.m. to discuss BBT's next steps. We request that all be prayerful and discerning in determining what God would have for the Church of the Brethren regarding this issue. — JW



**“Aflac...” Continued from Page 1**

bad corporate governance. “We believe that there are real and significant concerns about excessive executive compensation practices that call for investors to become actively involved,” stated ICCR’s letter to the 150 S&P 500 firms.

“In some cases, escalating executive compensation appears to bear little relationship to company financial performance. Additionally, consultant-driven compensation recommendations that advocate for top-tier pay packages create a spiraling-up effect. These concerns are amplified against a backdrop of stagnant wage growth for the average employee.”

In 1962, chief executive officers earned, on average, 24 times that of the average hourly worker, according to an Economic Policy Institute study. In 2005, the ratio of CEOs’ pay within the U.S. to that of the average worker had skyrocketed to 262 to 1.

The shareholder resolution certainly attracted Aflac’s attention, said Dawn Wolfe of Boston Common, a social researcher and investment advocate, and led to about a dozen phone calls and a number of e-mails between the two firms in late 2006 and early 2007. The conversations at first bordered on being contentious, Wolfe said, as Aflac believed it was being unfairly targeted as a company that did not have sound metrics in place for determining executive compensation.

As conversations between Boston Common and Aflac proceeded, the two firms began finding common ground, Wolfe said. Aflac learned that it had been targeted not because it was being accused of having “a severe divergence between pay and performance,” but because Boston Common believes all shareholders should have the right to express their views on executive pay. Boston Common learned that Aflac has metrics in place to ensure that its executives receive compensation packages that are comparable to the wages and salaries offered to executives of other similar-size insurance companies.

Believing that its executive compensation packages are responsible and will stand up to scrutiny, Wolfe said the Aflac board early this year decided to give its shareholders an advisory voice on executive compensation. The annual nonbinding vote will begin in 2009 when new executive compensation disclosure rules, set by the Securities and Exchange Commission, will be fully implemented. Socially responsible investing activists hope that Aflac’s historic decision will prompt additional companies to agree to give their shareholders “say for pay” advisory votes. — ND

**Insurance Reminders**

**2006 claims due March 31**

March 31, 2007, is the deadline to submit withdrawal forms for 2006 claims on your Flexible Spending Accounts. All purchases and visits to health providers that were made in 2006 on Medical Reimbursement Accounts and Dependent Care Accounts must be submitted to Mennonite Mutual Aid for reimbursement by this date.



Out-of-pocket medical expenses for you, your spouse, and your eligible dependents are eligible for reimbursement. These expenses include, but are not limited to, office visit co-pays, deductibles and coinsurance, reasonable and customary overcharges, prescription drug co-pays, medical equipment, and dental and vision expenses not covered by insurance.

Withdrawal forms were included in your enrollment packet. If you need additional forms, you can either call Tammy Chudy at **800-746-1505, ext. 372**, or download the form from BBT’s Web site at [www.brethrenbenefittrust.org](http://www.brethrenbenefittrust.org). Simply click on “Forms” and then “Insurance.” If you have any questions, you can also contact Donna March at [dmarch\\_bbt@brethren.org](mailto:dmarch_bbt@brethren.org) or at **800-746-1505, ext 371**.

**SRI Advocacy**

**’Tis the season for shareholder advocacy**

In March, April, and May many companies hold their annual general meetings for shareholders, which means shareholder activists remain busy leading up to and during these months.

In February, BBT staff began tracking all of the meetings of the 400 hundred or so firms in which BBT owns stock, ensuring that BBT’s votes are cast for each of the meetings. Nevin Dulabaum, BBT’s interim Socially Responsible Investing director, is also preparing to join Steven Heim of Boston Common Asset Management at the



Nevin Dulabaum

*Steven Heim meets with Lily la Torre, an attorney for Peruvian indigenous groups, in February in New York City.*

ConocoPhillips shareholder meeting in May to address the resolution BBT and Boston Common have on the agenda regarding indigenous rights in Ecuador and Peru.

BBT and Boston Common will also be working together on about 10 additional advocacy initiatives this year in the areas

of the environment, human rights, predatory lending, and the use of safer alternatives to toxic chemicals in cosmetics. — ND

## Who you gonna call?



**Tammy Chudy** is your primary contact for all your insurance inquiries. Whether you need to update your records, need information about your plan coverage, have questions about your claims, or simply need to obtain some forms, contact Tammy at **800-746-1505, ext. 372**, or [tchudy\\_bbt@brethren.org](mailto:tchudy_bbt@brethren.org).



**Lori Domich** is your primary contact for all your Pension Plan issues. Whether you need to change your fund allocations or update your records, have questions about annuitization options, or would like information regarding your account, contact Lori at **800-746-1505, ext. 365**, or [ldomich\\_bbt@brethren.org](mailto:ldomich_bbt@brethren.org).

## CoB Webcasts are now available

Webcasts of Church of the Brethren news, a joint project of the five national church agencies, were officially launched Feb. 28. The Webcasts can be found at [www.cobwebcast.bethanyseminary.edu](http://www.cobwebcast.bethanyseminary.edu); new stories will be available every two weeks.

The first Webcasts feature an interview with Nevin Dulabaum on BBT's socially responsible investing and Aflac's vote on executive compensation.



## In This Issue

- **Brethren Medical Plan**  
AC Committee completes its Medical Plan study.
- **SRI Update**  
The right company at the right time.
- **Your Money**  
Your personal financial portfolio and charitable gift annuities.
- **Heart, Soul, and Mind**  
Wellness Matters at Long Green Valley.
- **Brethren Insurance Plans**  
Submit 2006 claims by March 31.

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**Inside: AC Committee completes its Medical Plan study**

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