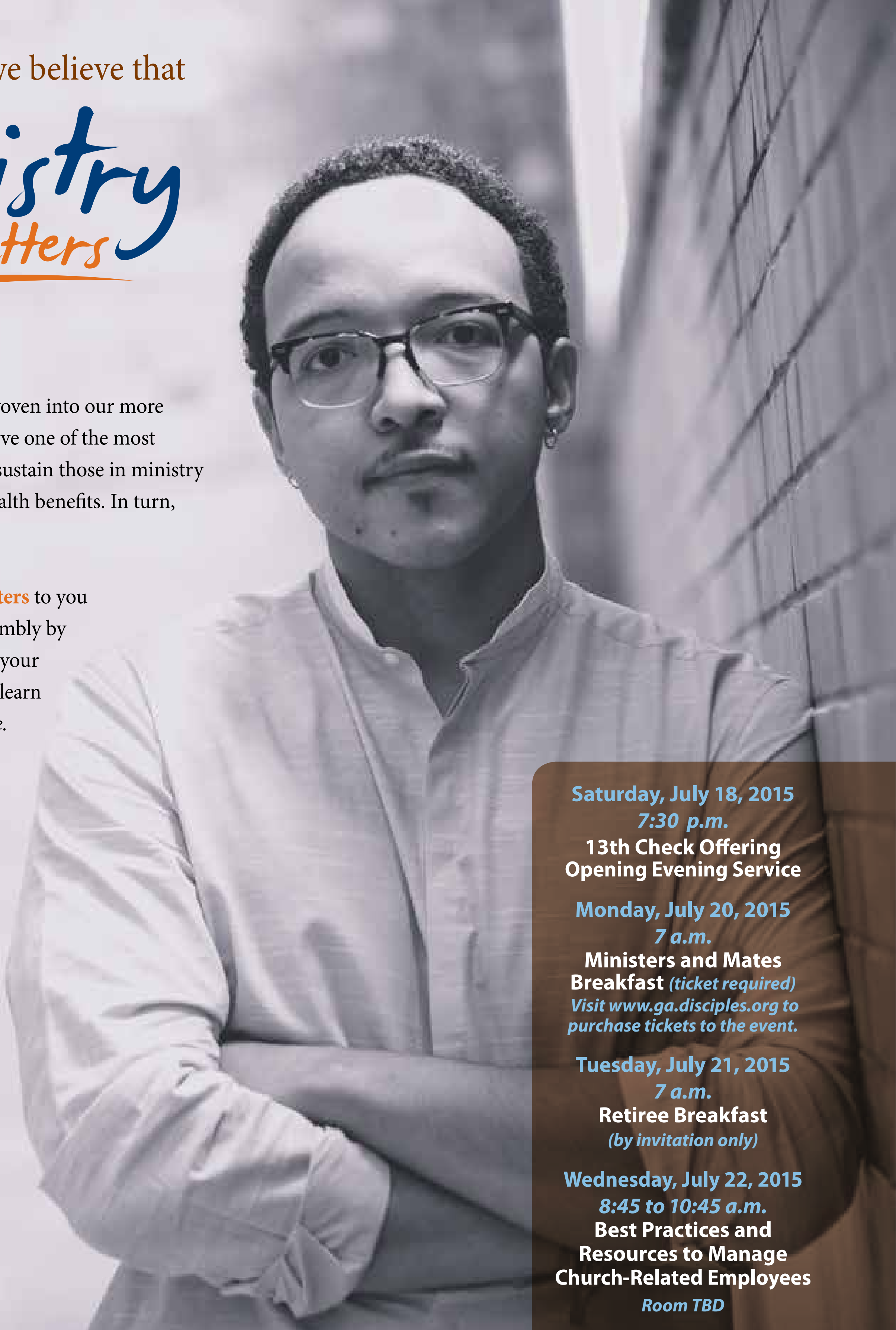
BRIDGE

PENSION FUND

SPRING 2015

NEW WAYS TO SAVE

David Stone, Pension Fund's Chief Investment Officer (CIO)



CONTENT

BRIDGE

PENSION FUND
SPRING 2015

HOW TO REACH US

P.O. Box 6251
Indianapolis, IN 46206
866.495.7322 toll free
317.634.4504 phone
317.634.4071 fax
pfcc1@pensionfund.org
www.pensionfund.org

Article Submissions: email your idea to communications@pensionfund.org

Magazine is published quarterly: Spring, Summer, Fall, Winter

EDITORIAL/DESIGN STAFF

Meagan Miller
Marketing Director
mmiller@pensionfund.org

Sandy Dunwoody
Communications Coordinator
sdunwoody@pensionfund.org

On the Cover

14

David Stone, Pension Fund's Chief Investment Officer (CIO), gives Bridge readers a behind-the-scenes peek at Pension Fund investments in our Q&A session.

> **"…Success is best measured in times of market turmoil, staying the course and protecting risk for participants."**

JAMES P. HAMLETT

FROM THE PRESIDENT

What Pension Funds' Investment Strategy Means For You

Whenever Pension Fund announces Special Apportionments and Good Experience Credits, I generally receive two kinds of responses: The first is often appreciation for the work Pension Fund does on behalf of its members. The second is more frequently the question, "How are you able to manage investments so favorably for participants?"

We're honored to receive the first response, because it recognizes the incredible efforts of my staff colleagues and their clear focus on serving you in beneficial ways. We thank you for that affirmation. Responding to questions about investment performance and strategy is far more challenging. One must break down questions into their relevant categories:

How are you able to manage investments so favorably for participants?

- Strategy
- Who is executing strategy
- Key functions
- Tools
- Benchmarks
- Beneficiaries

Investment Strategy and Execution

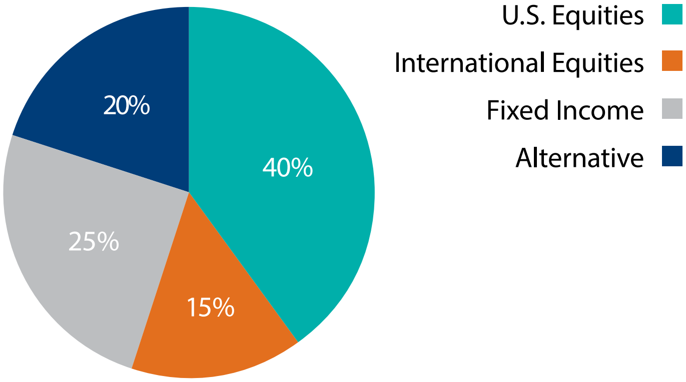
History has shown us that a well thought-out, disciplined investment strategy, consistently applied in both tranquil and turbulent economic environments, will out-perform other, more reactive strategies over time. Pension Fund's investment strategy is based on investment policy established by its Board of Directors. It sets out general guidelines regarding asset allocation, liquidity requirements, sector restrictions and risk tolerance. Staff then uses this outline in the selection of investment managers and allocation of funds among managers.

As noted above, staff is responsible for implementing the strategy established by the Board. Rather than managing investments directly, Pension Fund engages a number of investment managers, each with particular expertise and focus. These managers make the day-to-day investment decisions based upon their analysis of the markets and available investment opportunities. They implement our long term philosophy that our CIO, David Stone, terms "long term opportunistic." (Be sure to read his Q&A on page 14 of this edition of *The Bridge*).

We recognize that we have a fiduciary responsibility to achieve the best possible investment performance consistent with investment strategy and the long-term promises of the Pension Plan. We also acknowledge that we're part of a faith community that holds faith positions on social and justice issues. Pension Fund's investment policies restrict or prohibit investments in stocks of

- The asset allocation of invested funds (generally):
  - 55% equities
  - 25% fixed income securities
  - 20% alternative investments (mainly natural resources and real estate)
- The basic allocation is broken down into a diverse pool of investments:
  - Domestic and international
  - Large, midsize and small companies
  - Publicly traded or private equity
- We don't invest in hedge funds.

Strategic Asset Allocation



companies that derive significant income from tobacco, spirits, gaming or adult entertainment.

A number of other social concerns could be used to further filter the universe of available investments. Pension Fund doesn't use these issues as the basis of investment decisions; however, equity investment does enable us to engage with management of corporations about our social concerns by voting proxies or by face-to-face conversation. We believe that being able to use voice to witness to our concerns along with other faith based investors is the better strategy for affecting corporate change.

Benchmarks and Performance

In measuring investment performance, we track the investment performance of each manager. Changes in manager are made where performance over time doesn't meet objectives relative to peer alternatives. Collectively, investment performance is measured against prescribed benchmarks, which take into account the diverse nature of investment holdings.

Assuming we're successful in maintaining an effective strategy, applying it consistently, selecting good managers and measuring their performance against appropriate market indices, we feel confident that Pension Fund will provide real value for participants and beneficiaries. It seems fairly simple in favorable market conditions. But success is best measured in times of market turmoil, staying the course and protecting risk for participants.

Pension Fund has analyzed each of the pension and retirement programs, and created reserves for each program to provide a buffer against the next market downturn and a measure of security for the funds. The reserving process served you well in the last great market downturn, allowing us to maintain focus on the long term for eventual recovery. But reserves serve another purpose in more favorable economic times. Investment returns on reserves enhance funds available for Special Apportionment and Good Experience Credits, thereby enhancing your return.

We are happy to announce the recent addition of our Traditional Individual Retirement Account (IRA) program, allowing current and prospective participants new opportunities to save. You can trust that we'll manage this program as prudently as we have our other programs. Thank you for supporting our efforts.

James P. Hamlett
President
jhamlett@pensionfund.org

TREASURER'S CORNER

Benchmarking Pension Fund against Other Faith-Based Plans

The Pension Fund has been part of a group of faith-based pension plans for over 80 years. This group meets at least once a year, and uses time together to discuss best practices in investments, customer service, operations, legislation that may impact our plans, and other key issues. This group includes many different denominations, including Methodist, Presbyterian, United Church of Christ and others.

By collaborating, we've found we all face similar issues. Through this process, we're able to consider a variety of solutions based on others' experiences. We believe our members benefit from these relationships.

Comparing Notes

At the most recent meeting in December, some survey information was shared that we found interesting, particularly as it benchmarks Pension Fund's information against other plans. Several items in particular were of interest: Based on the survey, Pension Fund remains cost effective in comparison to the other plans (both defined benefit and defined contribution plans). Our investment costs are likewise better than most of the other plans. Neither of these comparisons is surprising, as we find our relative expense performance consistently ranks in the top half of peer performance.

Another significant benchmark is Pension Fund's actuarial discount rate in comparison to the other plans. Pension Fund's discount rate of 5% was lower than 80% of other Plans who responded to the survey. This is significant, because the lower the discount rate, the more conservative the investment objective is to achieve funding improvements in the plan. Stated differently, the lower rate allows Pension Fund to maintain and often enhance our funding position with less investment return in comparison to plans with higher discount rates.

Communication Gaps

However, there was one bit of news where Pension Fund would like to see improvement. Only 30% of our members provide email addresses to Pension Fund.

Financial update as of Dec. 31, 2014

Pension Fund net assets available for benefits as of Dec. 31, 2014 were $3 billion. Net Assets were essentially the same at year-end 2013 with investment gains offsetting costs associated with retirement benefits and operating expenses. **The Pension Plan remains fully funded and within the guidelines as set forth by policy.**

Interest rates for Pension Fund programs for 1Q, 2015

Interest rates for our Tax-Deferred Retirement Account (TDRA), Benefit Accumulation and Roth IRA programs will remain at the same base rate as in 2014. These decisions are influenced by market rates reported by banks and other financial institutions that offer fixed rate programs, which have experienced very little change over the past year. We believe Pension Fund rates continue to be very competitive to similar products, specifically those that protect members from downside risk (when investment markets are in decline, your account balance is not adversely impacted as it might be if it were a mutual fund, as an example).

Meanwhile, 76% of other denominations have had more success in obtaining this important information.

We would appreciate your support in improving this number. If you have not already shared your email address with Pension Fund, please locate the appropriate form on our website at www.pensionfund.org. Once your email is submitted to Pension Fund, you will be able to sign up for our new MyPensionFund member portal service, which allows you access to all your account information.

As always, if you have questions or comments, feel free to contact me at dgdraper@pensionfund.org.

Duncan Draper
Vice President and
Chief Financial Officer
dgdraper@pensionfund.org

NEW WAYS TO SAVE: TRADITIONAL IRA

You asked, and we delivered: Pension Fund recently added a Traditional IRA to its suite of retirement programs.

As of February 2015, Pension Fund began accepting contributions for Traditional IRAs, as well as any transfers or rollovers of Traditional IRAs from other financial institutions.

To be eligible for a Pension Fund Traditional IRA, individuals must have earned income from employment with an eligible employer (i.e., congregation or organization related to the Christian Church (Disciples of Christ), Christian Churches/ Churches of Christ, or Churches of Christ in the U.S.). Those who have an established Pension Plan, TDRA or Roth IRA account, but are no longer employed by an eligible employer, may rollover or transfer Traditional IRA funds to a Pension Fund Traditional IRA.

Key Takeaways:

- Pension Fund now offers a Traditional IRA retirement program as an individual savings option.
- Contributions made by April 15, 2015, may be applied to 2014.
- The Traditional IRA will earn 3.5% interest in Q1 2015.
- Transfers and rollovers to Pension Fund's Traditional IRA qualify for an addition .5% bonus for one year after the account has been established.*

Here's what you need to know:

- The maximum contribution for 2014 is $5,500 (if under age 50) and $6,500 (if age 50 or over). The same contribution limits apply for 2015.
- Contributions made to the Traditional IRA by April 15, 2015, may be applied to 2014. In addition, depending on Modified Adjusted Gross Income (MAGI), the contribution may be fully or partially deducted on the 1040 Income Tax Return for 2014.
- There is no income limit for contributing to a Traditional IRA, so individuals can always contribute to a Traditional IRA (even if the MAGI is too high to deduct contributions).

Pension Fund's Traditional IRA will earn 3.5% annual interest in the first quarter of 2015. Transfers and rollovers to a Pension Fund Traditional IRA will earn an additional .5% for one year after the account has been established.*

Did you know that Pension Fund also offers a Roth IRA? Individuals whose incomes are within IRS income limits and don't wish to deduct their IRA contributions may want to open a Roth IRA. Though contributions can't be deducted, contributions received by April 15, 2015, may be applied to 2014.

Not sure whether you should open a Traditional IRA or Roth IRA? See our Tradition vs. Roth IRA article on page 8.

**Rollovers and transfers must be from an account outside of Pension Fund. Rollovers and transfers from a current Pension Fund account do not qualify.*

Pension Fund Announces Additional Pension Credits and Interest Earnings for Members

The Board of Directors approved a **3.5% Special Apportionment** for all U.S. and Puerto Rico Pension Plan participants (active, inactive and retired), effective July 1, 2015, as well as Good Experience Credits, effective March 31, 2015:

- **Tax-Deferred Retirement Account (TDRA): 3.5%**
- **Benefit Accumulation Account: 4%**
- **Roth IRA Account: 2%**
- **Legacy IRA Account: 2.5%**

The Board also approved a **Special Apportionment for Additional Benefit Annuities of 3.5%**, to be applied July 1, 2015.

Special Apportionments, unique to Pension Fund and the Pension Plan, are additional pension credits awarded to members based on review of reserves required for any future market adjustments. When reserves exist above what is required by policy, Pension Fund's Board of Directors may declare a Special Apportionment, awarded as a percentage of the accumulated pension credits in a Pension Plan member's account. The Board reviewed credits and pensions available at Dec. 31, 2014, and approved this year's Special Apportionment.

Good Experience Credits provide extra interest earnings for Pension Fund's Tax-Deferred Retirement Accounts, Benefit Accumulation and Roth IRA accounts. This year's Good Experience Credits were awarded based on review of the average daily principal balance of these accounts in 2014.

Assets under management at Pension Fund grew to $3.02 billion in 2014.

WHAT ARE THE DIFFERENCES BETWEEN A TRADITIONAL AND ROTH IRA?

You've heard the terms "Traditional IRA" and "Roth IRA"—and Pension Fund now offers both—but what are their real pros and cons? In many ways, traditional IRAs and Roth IRAs are similar: Both are individual retirement savings plans that are based on after-tax contributions. With both, you can designate beneficiaries. And, both of Pension Fund's IRA programs receive a base rate of 3-6% and qualify for Good Experience Credits.

Unfortunately, there's no simple answer as to what will be right for you. The benefits of each IRA option vary based on your age, income and unique financial situation. In this Bridge issue, we'll break down the differences between a Traditional IRA and a Roth IRA to provide you with useful information as you decide what is best for you (with the help of your financial advisor).

	TRADITIONAL IRA	ROTH IRA
Maximum Annual Contribution	For 2015, $5,500 ($6,500 if you reach age 50 or older during the year).	
What Funds Can I Rollover Into My IRA?	Pre-tax 403(b) account Pre-tax 401(k) account Pre-tax 457(b) account	
By When Must I Make Contributions?	Contributions are due by the tax filing deadline for the year, without extensions (usually April 15).	
Is the Contribution Limit Reduced Based on My Income?	No.	Yes. The ability to contribute to a Roth IRA phases out (is reduced) for higher income earners. For 2015, you aren't eligible to contribute to a Roth IRA if your modified adjusted gross income equals or exceeds: •$131,000 (filing single) • 193,000 (married filing jointly)
Are My Contributions Tax Deductible?	Yes. However, if you (or your spouse) is covered by an employer retirement plan (such as the Pension Plan or TDRA), the amount you may deduct is reduced based on your MAGI and tax filing status. For 2015, if you're covered by an employer retirement plan, you may not deduct your Traditional IRA contributions if your MAGI equals or exceeds: • $71,000 (filing single) • $118,000 (married filing jointly) Note: Even if you can't deduct your contribution, you may still contribute to a Traditional IRA.	No.
How Are My IRA Distributions Taxed?	Deductible contributions and earnings are included in your taxable income upon distribution. Nondeductible contributions are not taxed at distribution. A 10% early distribution tax may apply if you take a distribution before age 59½ unless an exception applies.	Contributions are not taxed upon distribution. Earnings on your contributions are not taxed upon distribution if certain holding requirements have been met. A 10% early distribution tax may apply to earnings if you take a distribution before age 59½ unless an exception applies.
Is There an Age Limitation for Making Contributions?	Yes. Contributions are not permitted beginning with the year in which you reach age 70½.	No. Contributions may be made at any age so long as you have taxable compensation.
When Do I Have to Begin Taking Distributions?	By April 1 of the calendar year following the year in which you reach age 70½.	You do not have to begin taking distributions during your lifetime if you are the original owner or surviving spouse of the Roth IRA.

The information contained in this chart is for general guidance only. Please consult your tax, financial, or legal advisor with individual questions or concerns.

Minister's Tax Guide

Complete your 2014 income taxes with confidence.

Are you a minister? Pension Fund offers a free Minister's Guide for 2014 Income Tax booklet for ministers (and their tax preparers) that covers:

- Filing your income tax return
- Parsonage and housing allowances
- How to calculate and report self-employment tax
- How to calculate deductions
- Retirement planning

...and more! To access this handy, easy-to-use tax guide, just visit:

www.pensionfund.org/ministers-tax-guide

TRADITIONAL IRA: DREAMING OF VACATION

Whether you have a Pension Plan or a TDRA, or if you're not participating in either one, the Traditional IRA may be an excellent addition to your retirement planning. Many people realize they need to save more for retirement, and look for a way each year to put away a little more. Take this scenario as an example:

Quentin (45) is married and employed by a Disciples congregation. He receives a retirement benefit from his congregation as part of his compensation package, and is delighted to see pension credits begin to add up. He and his wife have a modified adjusted gross income (MAGI) of $75,000. This means they're eligible to make a contribution of $5,500 this year to a traditional IRA and deduct that full amount, meaning they won't pay income taxes on that amount at this time.

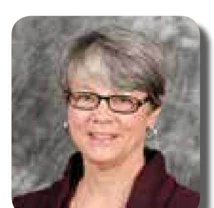
Quentin and his wife, Tania (43), plan to make the maximum contribution to a traditional IRA each year for the next 10 years, and then stop making contributions. With this plan, total contributions might add up to $63,000. If they leave that money in their traditional IRA, don't take withdrawals until Quentin is age 69 and Tania is age 67, and don't make any other contributions after the first 10 years, they could have somewhere between $150,000 and $200,000 in their traditional IRA by the time they retire (depending on how investments do).

They have three small children now. By making these contributions only for the next 10 years while their children are still at home, Quentin and Tania will be able to use all available income dollars for college expenses when their children are headed off to college.

In addition to having Social Security income and monthly pension income, they will have this traditional IRA to draw upon in retirement. Perhaps this will be their emergency account, or perhaps it will be the family vacation fund when the children are working adults (and have children of their own). One never knows how life will play out, but there is a possibility that in each year in their retirement, they will be able to withdraw $10,000 and host the family, children, in-laws, and grandchildren for a lovely family vacation without dipping into their regular monthly income.

The discipline to put away about $500 per month for 10 years and the commitment to let it grow until you retire is key to the success of this strategy. However, if you can do your part and save, the investments will grow your account balance over the years and make your dreams of a family vacation come true.

Deborrah Wray
Director of Employer Services
dwray@pensionfund.org



MEMBER SPOTLIGHT

DR. JOHN HUMBERT

A servant to the Stone-Campbell movement, from his early roots to becoming General Minister and President (and beyond), Dr. John Humbert hasn't let retirement stop him from continuing his ministry.

Dr. John Humbert served as Deputy General Minister and President of the Christian Church from 1977-1985, and as General Minister and President from 1985-1991.

At age 87, Humbert is a seventh-generation Christian Church (Disciples of Christ) pastor, and the fourteenth pastor in his family. His Stone-Campbell roots trail back to his great-great grandfather, James Foster, who with his family immigrated to the U.S. with Thomas and Alexander Campbell. So, although he briefly entertained the notion of becoming a basketball coach, it was clearly ministry that was in his blood.

Humbert joined Pension Fund as a participant as a college student minister in 1947 at age 19, after hearing about Pension Fund's benefits from many family members and pastors who were already participants. He quickly became involved in student churches, but a bout with tuberculosis during his second year of seminary at Lexington Theological Seminary put work and school on hold.

Pension Fund was able to place Humbert on disability during that time period and pay his pension dues, allowing him to remain a member without disruption. "I will always be grateful to Pension Fund for that early help," said Humbert.

His first ministerial position out of school was in Kettering, Ohio. As part of a new church start, Humbert was able to quickly grow members from 100 to 280. "In those early years, it was so exciting to be part of the adventure of a new church start during the 1950s," said Humbert.

Humbert also fondly remembers ministering at a Chevy Chase, Md. church in the 1960s near Washington, D.C., that had many congregants with "very interesting jobs," including an elder who was the head of secret service and a church member who was with John F. Kennedy during his assassination. "My secretary's husband was one of three men who carried a black box with the President wherever he went!" said Humbert.

Humbert served as Deputy General Minister and President for the Christian Church from 1977-1985, and then as General Minister and President from 1985 until his retirement in 1991. In many ways, Humbert's retirement presented new and exciting ministry opportunities.

"When I retired, Pension Fund presented me a copy of my first check when I enrolled," said Humbert. "That started me on the way to a wonderful retirement through Pension Fund!"

"We all need to find our niche… to positively move into retirement."

For 10 more years after retirement, Humbert taught a course about the polity and life and spirit of the Church at Christian Theological Seminary.

"It was very enjoyable because there were eager seminarians, excited about ministry work," said Humbert. "As a student and professor, the fellowship of friendships developed at seminary have lasted my entire ministry… All my years in pastoral ministry, I never thought I'd be anything but a local pastor. But this way, I didn't have to choose between ministry and administration!"

Today, Humbert splits his time between Cleveland, Ohio, and Sarasota, Fla. He volunteers often at the Cleveland Clinic, visiting patients in the urology department. He can speak to patients from experience, having battled prostate cancer himself. "I was a patient on that floor nine years ago, and I can share that there is life after prostate cancer," said Humbert.

Things haven't been easy for Humbert and his family. In addition to his cancer scare, his wife of 62 years, Joanne, has battled cancer in her jaw since 2002 and breast cancer. Humbert's son, John, passed away from acquired immune deficiency syndrome at age 35, their son-in-law passed away from an unfortunate heart clot, and they lost their young granddaughter at age 17 to a car accident. Regardless, Humbert continues to find ways to continue positive ministry to others during his retirement years.

"I think one of my strengths has always been to bring people together," said Humbert. "We all need to find our niche, according to everyone's unique strengths, to positively move into retirement."

Humbert's early involvement with Pension Fund has helped him enjoy his retirement years, and he says he's "amazed" at how Pension Fund has protected and grown his retirement income. Humbert says that by the end of the 1990s, his pension was actually larger than his final salary as General Minister and President. Today, his pension is three times the amount of his pension at retirement.*

"I never dreamed of having this income in retirement," said Humbert. "I would urge every young minister to get in the Pension Plan as soon as they can."

His advice to ministers and Church employees preparing for retirement is to "plan ahead, and understand your call to ministry." Humbert also urges ministers to share in the life of the Church after retirement, and keep active with local churches.

**Specific retirement returns are not guaranteed by Pension Fund. Individual results may vary depending on contributions, market returns and longevity.*

BEHIND THE SCENES: PENSION FUND INVESTMENTS

Meet David Stone, Pension Fund's Chief Investment Officer (CIO)

For more than 115 years, Pension Fund has prudently managed assets for the benefit of our members. We measure our success by both protecting and adding value for our members. However, you may be wondering: How does Pension Fund manage and grow investments?

We sat down with Pension Fund Chief Investment Officer (CIO) David Stone, a member of Pension Fund's investment team, to ask more about Pension Fund's investment management:

What is Pension Fund's investment philosophy?

DAVID: Pension Fund has had a similar investment philosophy for decades, and certainly a consistent application of that philosophy for most of the more than 20 years I have worked on the investment team. I would describe it as "long-term opportunistic."

We believe the best way to achieve attractive and consistent long-term returns for our participants is to have an equally long investment "horizon." This means that although different asset classes and markets can be volatile and more risky in the short-term—let's say, one or two years—we generally believe they also move in cycles of varying length over a more extended period of time. These latter cycles are more predictable and easier for a patient investor to take advantage of. The trick is to carry out our investment plan at an appropriate level of risk, while still providing ample liquidity to occasionally take advantage of a major market dislocation (should it arise) and providing sufficient funds for our members benefit payments and account withdrawals. This investment philosophy and process is shared by not only the investment staff, but also by our Board of Directors and the professional portfolio managers we hire to invest funds on our behalf.

You mentioned managing at an appropriate risk level. How does Pension Fund manage risk?

DAVID: Investment risk is probably one of the most important, yet least appreciated aspects of investment management. Our investment plan must assume a certain level of risk to achieve our return objectives. The challenge is to create portfolios that achieve this return objective without taking excessive risk. We work hard to not only avoid the risks we're not willing to assume, but minimize unavoidable risks inherent in any successful investment program.

We do this in several ways. On a plan level, we follow a comprehensive set of investment guidelines approved by our Board. This document specifies the asset allocation, diversification requirements, prohibited investments, and acceptable risk tolerances for both the individual investments purchased and the plan as a whole. Additionally, each manager we hire has a comprehensive investment policy within their contract specific to their management of our portfolio. This details more specific risk parameters and return expectations given their particular asset class specialization and style of management. These managers are always monitored closely, as are the risk and return metrics of the whole plan.

How are we diversified?

DAVID: The investment pools, which provide the backing for our different products, are invested in a wide variety of different asset classes. This diversification is one of the most important risk mitigating techniques we use, as it helps decrease the overall return volatility and increase the return predictably of our overall plan.

Virtually all of our assets are located within portfolios managed by teams of professional money managers who have passed our rigorous screening process and demonstrated a proven track record of success in their particular area of expertise. The asset classes to which we have exposure include US, international, emerging markets equities and fixed income investments. Additionally, our tax-advantaged products have exposure to alternative assets such as real estate, commodities and private equity. When we look at a total listing of our individual underlying holdings within each manager's portfolio, you really get a good idea of how truly diversified we are. We own an impressive list of corporate and government securities from every continent and industry you could imagine (with the exception of those expressly prohibited by our investment guidelines).

PENSION FUND WELCOMES NEW EMPLOYEES

Pension Fund recently welcomed two new additions to its information technology and operations staffs:

Andrew Howard, Director of Technology Solutions

Andrew joined Pension Fund staff on Dec. 30, 2014. Andrew is an expert in systems building, information technology (IT) problem solving and project management. He holds a B.S. degree in Computer Information Systems Management from Colorado Christian University and a M.B.A. in Global Leadership and Management from Taylor University. Andrew will be leading many Pension Fund projects, from system requirements to enhancing existing business applications. He will also actively participate in the business planning process to ensure plans and expectations are understood and clearly communicated to technology partners.

Laura Taylor, Compliance Director

Laura joined staff on Jan. 12, 2015. Laura brings broad professional experience as an attorney, practicing litigation, appellate and business law at one of Indiana's largest law firms, and as general counsel for two separate business entities. She holds a B.A. in Political Science from Vanderbilt University, a J.D. from Indiana University School of Law, Bloomington, and is admitted to the bar in all Indiana state and federal courts. Laura will lead Pension Fund's compliance program to ensure effective controls for safeguarding accounts for external members, clients, and vendor accounts, and compliance with all applicable federal and state laws and regulations. She will also test and validate defined benefit and defined contribution accounts.

"We welcome these two new employees, and the gifts and skills they bring to Pension Fund," said Dawn Fleming, Director of Human Resources.

Pension Fund awarded Lilly Grant to research clergy financial literacy, economic stress

The Lilly Endowment awarded a $50,000 planning grant to Pension Fund for studying financial knowledge and economic stresses of pastors. The results of the planning process could lead to an implementation grant request of up to $1 million to support programs that enhance financial skills for effective leadership, and establish a grant program for student and consumer debt of pastors. Although separate from a Lilly Endowment grant sought by the Christian Church in Indiana, Pension Fund expects to collaborate extensively in the development of programs and implementation with a joint strategy.

The Rev. Dr. Robert Lee Hill, Senior Minister of Community Christian Church in Kansas City, Mo., was chosen to direct the planning process. Pension Fund staff members will provide significant support in the planning process.

"We're honored to be invited by Lilly Endowment to submit a grant proposal, and we look forward to collaborating with the Christian Church in Indiana in our mutual efforts to support ministry in new and exciting ways," said Pension Fund President James P. Hamlett.

The planning process is expected to be completed over the next six months. If requested and received, an implementation grant will have a three-year focus beginning in 2016.

DEATH HAS LOST ITS STING

Spring is my favorite time of year. Warmer weather is finally here, the trees start budding, the flowers start blooming, birds are chirping outside and all in all life seems to start fresh. And with spring comes one of the holiest times of the year: Easter.

On that first Easter morning, over 2,000 years ago, the disciples saw Jesus' clothes lying on the cold slab. The body was gone. "He is risen as He said," an angel told the disciples. Later that day he appeared to the disciples, and then, over the course of the next few weeks, to many others.

> *"Where, O death, is your sting?"*
>
> – 1 COR. 15:55

Throughout this last year, many of us have lost friends and family members who were dear to us. Where they had been so full of life, now their bodies lay still. As we looked at them, we might have thought about our own mortality. One day we too, like them, will pass on.

What do we, as followers of Christ, say in the face of death? There are many mysteries. But one thing we know for sure is that Jesus' resurrection from the grave is God's proof to us that death is not the end. The empty tomb and Jesus' Spirit within us testify that Easter morning is God's triumph over death.

Take this story as an example: A little boy and his father were driving down a country road on a beautiful spring afternoon. Suddenly, out of nowhere, a bumblebee flew in the car window. Since the little boy was deathly allergic to bee stings, be became petrified. But the father quickly reached out, grabbed the bee, squeezed it in his hand, and then released it. But as soon as he let it go, the young son became frantic once again as it buzzed by the little boy. His father saw his pain-stricken face. Once again, the father reached out his hand, but this time he pointed to his hand. There, still stuck in his skin, was the stinger of the bee. "Do you see this?" he said. "You don't need to be afraid anymore. I've taken the sting for you." (Author unknown)

This is the message of Easter. We don't need to be afraid of death anymore. Christ faced death for us. The Bible says, "Where, oh death is your sting?" Christ has taken the stinger for us. He has risen! Fear is gone. New life is ours! May your Easter be blessed, and may we always share the Good News in word and deed.

Shalom,

Rev. Ruth Chavez Wallace
Vice President of Development
ruthw@pensionfund.org

NEW TAX RULES FOR HEALTH CARE REIMBURSEMENT

Since 1961, IRS Revenue Ruling 61-146 has authorized employers to reimburse employees on a pre-tax basis some or all of the cost of purchasing individual health insurance coverage. Many congregations have relied on this revenue ruling to reimburse pastors and lay employees for the cost of individual health insurance coverage or to pay the premiums for such coverage directly to the insurance company on behalf of employees. These arrangements are commonly referred to as employer payment plans.

The IRS recently began to issue guidance as to application of the Affordable Care Act (ACA) coverage mandates to employer payment plans and stand-alone Health Reimbursement Accounts (HRAs.) In Notice 2013-54, issued on Sept. 13, 2013, the IRS held that pre-tax reimbursement of individual health insurance premiums, or direct payment of individual health insurance premiums through a stand-alone HRA, creates a group health plan that fails to satisfy the ACA's coverage mandates. In additional guidance issued on Nov. 6, 2014, the IRS provided that even if an employer reimburses premiums under an employer payment plan or directly pays individual health insurance premiums on an after-tax basis, the arrangement is a group health plan that fails to satisfy the Affordable Care Act's coverage mandates.

The Nov. 6, 2014 guidance further prohibits an employer from offering cash to an employee who has high claims in exchange for the employee agreeing to waive coverage under the employer's health plan. The guidance states that this type of arrangement violates the HIPAA nondiscrimination rules and creates an illegal election between cash and a nontaxable benefit.

Accordingly, this IRS guidance means that **a congregation can no longer reimburse an employee for the cost of his or her health insurance policy or pay the cost of such policy directly to the insurer, <u>on either a tax-free or an after-tax basis</u>**, regardless of whether the coverage was purchased through the health marketplace or through the private market, without incurring significant penalties. Failure to satisfy the Affordable Care Act coverage mandates results in a $100 a day penalty for each violation per employee, and employers are required to self-report violations to the IRS.**

Churches that currently offer employer payment plans —on either a pre-tax or after-tax basis—should replace those plans immediately with another option to avoid substantial penalties. Alternatives to consider include:

- Provide additional taxable compensation to its employees, in an amount that is not tied to the cost of individual health insurance coverage and without any requirement that the employee actually purchase individual health insurance. Essentially, the additional compensation would simply be an increase to salary in recognition that the church is no longer providing health insurance coverage.

- Implement a payroll practice under which the church agrees to forward after-tax contributions on behalf of employees directly to insurers to pay for individual health insurance coverage, so long as each of the following are satisfied:

    1. The contributions forwarded are deducted on an after-tax basis from the employee's salary;
    2. Employee participation is completely voluntary;
    3. The church does not pay any amount toward the cost of coverage;
    4. The church does not endorse the arrangement in any way;
    5. The church does not receive any cash or other consideration in exchange for collecting and forwarding the premiums; and
    6. The payroll deduction satisfies state wage payment laws.

- Adopting a small group market plan through the SHOP Marketplace for small employers.

We will continue to do our best to keep you updated on any further guidance issued under the ACA.

Key Takeaways:

- Employee reimbursement for health insurance expenses is in violation of ACA regulations.
- Employers and congregations can no longer pay a health care policy directly to an insurer without facing severe penalties.
- Participation in Churchwide Healthcare is tax-free.*

**If your church pays for (or you are reimbursed for) Churchwide Healthcare it's tax - free; If you are reimbursed for insurance purchased on exchange, privately or through spouse, it's taxable.*

***Just before this Bridge issue went to press, the IRS opted to postpone enforcement of this employer plan penalty for employers with less than 50 full-time equivalent employees to July 1, 2015.*

In MEMORIAM

Following are member deaths that were reported to Pension Fund between October 1, 2014 and December 31, 2014.

Deaths in Active Service

Rev. Christopher Francois
Miami, FL
November 7, 2014

Mrs. Patricia Sanborn
Indianapolis, IN
October 10, 2014

Deaths in Retirement

Mr. Gary Adams
Jacksonville, IL
October 12, 2014

Mrs. Rosemary Alland
Fort Worth, TX
November 24, 2014

Mr. Donald Anderson
Mars Hill, NC
November 6, 2014

Rev. David Andrews
Leesburg, GA
November 26, 2014

Rev. Clarence Bangs
Kankakee, IL
October 14, 2014

Mr. Ronald Bargas
Capitola, CA
December 11, 2014

Rev. Edward Barnes
Indianapolis, IN
December 27, 2014

Mrs. Elizabeth Beasley
Lewisville, TX
October 3, 2014

Dr. Robert Bell
Fort Worth, TX
December 28, 2014

Mrs. Gladys Bever
Norman, OK
November 6, 2014

Mr. Thomas Blackiston
Conroe, TX
October 7, 2014

Rev. Effie Blair
Maywood, IL
November 24, 2014

Mrs. Zoe Boulton
Indianapolis, IN
December 22, 2014

Mr. Wesley Bourdette
Cheektowaga, NY
October 26, 2014

Dr. William Boyle
Wichita, KS
November 21, 2014

Mrs. D. Emily Brown
Berkeley, CA
October 6, 2014

Dr. Delno Brown
Johnson City, TN
December 9, 2014

Dr. Marcus Bryant
Fort Worth, TX
December 6, 2014

Rev. Cheryl Campbell
Fairborn, OH
October 1, 2014

Mr. John Canedy
Indianapolis, IN
December 30, 2014

Mrs. Hazel Coatsworth
Tucson, AZ
November 28, 2014

Dr. Austin Coe
Ventura, CA
October 12, 2014

Mrs. Betsy Collins
Lagro, IN
November 30, 2014

Mrs. Carol Cook
Raleigh, NC
December 30, 2014

Dr. R. Dale Copsey
Mesa, AZ
October 8, 2014

Mrs. Clarissa Crissman
Avon, IN
December 23, 2014

Mr. Harlie Dunham
Ellwood City, PA
October 15, 2014

Mrs. Nova Evans
Prattville, AL
December 15, 2014

Mrs. Hu-Ellen Farrar
Fort Worth, TX
November 29, 2014

Rev. Clarice Friedline
Duarte, CA
October 5, 2014

Mr. R. Vernon Fuller
Haines City, FL
October 17, 2014

Mr. Norman Gerhart
Saint Charles, MO
November 5, 2014

Dr. William Gerrard
Stone Mountain, GA
December 5, 2014

Dr. Adele Gorjanc
Saratoga, CA
November 15, 2014

Mrs. Gwen Graham
Surrey Hills Victoria, Australia
November 17, 2014

Dr. Joseph Hafele
Laramie, WY
November 15, 2014

Dr. Don Hazell
Durant, OK
October 26, 2014

Dr. Henry Hill
Darlington, MD
October 8, 2014

Dr. Ben Hobgood
Penney Farms, FL
December 13, 2014

Mrs. Ann Howland
Austin, TX
December 22, 2014

Rev. David Howlett
St. Thomas, ON
October 18, 2014

Mr. Val Johnson
Norwalk, IA
November 10, 2014

Mr. Jerry Jones
Abilene, TX
November 14, 2014

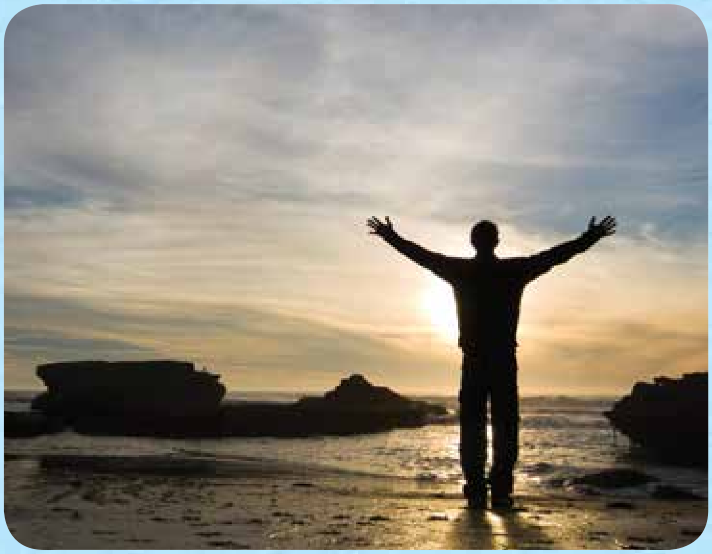
Dr. Paul Kitley
Lafayette, IN
October 29, 2014

Mrs. Lorraine Kraeger
Chesterfield, MO
December 10, 2014

Rev. Sadie Lowrey
Phoenix, AZ
December 11, 2014

Mrs. Ruth Mann
Brandon, FL
October 28, 2014

Mrs. Charlene Martin
Independence, MO
October 26, 2014



Mrs. Mary McCaffery
Westlake, OH
October 16, 2014

Mrs. Marguerite McClain
Fulton, MO
December 14, 2014

Mrs. Cleo McDonald
Grimes, IA
October 12, 2014

Mrs. Billie Joann Miller
Norman, OK
October 23, 2014

Mrs. Colleen Moore
Valdosta, GA
December 31, 2014

Mrs. Elizabeth Mooty
Lynchburg, VA
December 28, 2014

Mr. Sidney Morgan
Burleson, TX
November 13, 2014

Mr. Robert Moseley
Madison, TN
October 23, 2014

Mr. Allen Moulton
Fairmount, IN
November 29, 2014

Rev. Charles Mull
Silver Spring, MD
December 24, 2014

Mr. Frank Mullican
Eugene, OR
October 11, 2014

Ms. Jahala Myers
Salem, OR
November 6, 2014

Mrs. Ruth Newton
Arlington, TX
November 22, 2014

Mrs. Grace Nichols
Ashland, MO
November 17, 2014

Mrs. Jessie Ogan
Glendale, AZ
November 13, 2014

Mr. Kenneth Owens
Silvania, WA
December 20, 2014

Rev. Terry Peck
Bradenton, FL
November 15, 2014

Mrs. Nedde Pegg
Springfield, MO
October 23, 2014

Mr. David Phillips
Florham Park, NJ
October 6, 2014

Mrs. Dorothy Pike
Dallas, TX
December 8, 2014

Mr. Donald Reese
Mercersburg, PA
October 16, 2014

Rev. Jay Reese
Branson, MO
December 26, 2014

Ms. Karin Reynolds
Jacksonville, FL
December 12, 2014

Rev. Donald Rice
Valley, AL
November 1, 2014

Rev. George Sanders
Rochester, NY
October 1, 2014

Ms. Lillian Standifer
Arlington, TX
December 6, 2014

Dr. Roy Stuckey
Sabina, OH
November 16, 2014

Mrs. Ruby Syverson
York, ME
October 22, 2014

Mr. Archie Taylor
Norman, OK
December 30, 2014

Mr. John Frederick Thomas
Georgetown, TX
October 16, 2014

Mrs. Mary Unoura
Spring Valley, CA
October 31, 2014

Mrs. Sylvia Van Heyningen
Beulah, MI
November 13, 2014

Dr. Owen West
Eureka, IL
December 15, 2014

Rev. Joseph Wilcox
Waukegan, IL
October 18, 2014

Ms. O. Charlene Wiles
Overland Park, KS
October 6, 2014

Mrs. Mary Wittenmyer
Ft Worth, TX
October 19, 2014

Mr. Robbins Wolke
Jacksonville, IL
October 30, 2014

Rev. Earl Wright
Russellville, KY
October 15, 2014

Mr. Khalid Ya-Ghani
Chattanooga, TN
November 9, 2014

Other Deaths

Mr. Victor Barnes
Wilson, NC
November 23, 2014

Mrs. Nancy Bradds
Kissimmee, FL
November 2, 2014

Ms. Beth Howard
Jacksonville, FL
November 15, 2014

Rev. William Land
Austin, TX
October 14, 2014

Rev. J. Rodney McClung
Moore Haven, FL
October 10, 2014

Mr. Russell Prior
Peoria, AZ
October 3, 2014

Pastor Taulau Tupua
Modesto, CA
December 1, 2014

Mrs. Cheryl Woodard
St Augustine, FL
December 30, 2014

Mrs. Mary Woods
Jacksonville, FL
December 5, 2014

Pension Fund

of the Christian Church

strong. smart. secure.

P.O. Box 6251

Indianapolis, IN 46206

Non Profit Org.

U.S. Postage

PAID

Indianapolis, IN

Permit No. 2986

IN THIS ISSUE:

- HEAR about new ways to save with Pension Fund's TRADITIONAL IRA.
- Learn more about Pension Fund's INVESTMENT STRATEGY.
- Go BEHIND THE SCENES with Pension Fund's CIO, DAVID STONE.
- Discover how to use RETIREMENT for MINISTRY in our Member Spotlight.

www.facebook.com/
pensionfundchristianchurch

866.495.7322

PO Box 6251
Indianapolis, IN 46206-6251

Visit us on the web:
www.pensionfund.org

Send us an email:
pfcc1@pensionfund.org