

Greetings and God's peace to the moderator, delegates, and members of Pacific Southwest District!

Church of the Brethren Benefit Trust exists to provide retirement benefits, insurance products, asset management, and financial advocacy to the servants and members of our denomination. We thank you for allowing our ministries — Brethren Pension Plan, Brethren Foundation, and Brethren Insurance Services — to serve essential roles in the lives of your pastors, employees, and congregational members.

2010 was an industrious year for Church of the Brethren Benefit Trust — it was a time for listening and then acting based on our members' and clients' needs and concerns. When we were asked for more investment options for Brethren Pension Plan and Brethren Foundation, we rolled out a diverse lineup of new funds. When members requested robust online access to their accounts, we released the Brethren Pension Plan Web portal and started building Brethren Foundation's Web portal. When we were asked for better program interpretation and educational opportunities, we released new publications and workshops that are available to your district and congregation. We are thankful to be able to look back and see how feedback from the denomination helped us strengthen this important Brethren institution.

INVESTMENT OVERSIGHT

Despite the market's roller coaster ride during the first eight months of 2010, the year ended on positive notes for many of BBT's and BFI's funds thanks in part to the growth spurt during the last four months of the year. In the end, the S&P 500 Index finished the year up nearly 15.1 percent from Dec. 31, 2009.

This growth led to double-digit returns for the four equity funds in BFI's portfolio that are at least one year old; two of those four funds exceeded their respective benchmarks. Performance for two of the BFI bond funds was at 8.2 and 8.5 percent, with the benchmark closing the year at 6.6 percent. Even the Short-Term fund ended the year 1 percent above its benchmark.

We experienced growth in members and assets in Brethren Pension Plan, Brethren Foundation, and Brethren Insurance Services. New deposits from existing clients were brought into our investment system, which suggests that the work we're doing and the changes we're making are well received.

CHURCH OF THE BRETHREN PENSION PLAN AND EMPLOYEE FINANCIAL SERVICES

Brethren Pension Plan serves more than 4,700 current and former employees of Brethren congregations and organizations. Every month, 1,514 annuitants receive a monthly benefit in the form of a check or direct deposit.

On Oct. 1, 2010, 11 new investment funds were made available to active Pension participants, including the Treasury-Free Bond, Treasury Inflation-Protected Securities, High Yield Bond, Domestic Stock Value, Domestic Stock Core, Domestic Stock Growth, Small Cap, International Core, Emerging Markets Stock, Public Real Estate, and Commodities-Based funds.

With a second year of positive market performance following the terrible market decline of 2008 and early 2009, the Retirement Benefits Fund has hopefully begun a slow but steady return to fully funded status. At the end of 2008, the RBF — from which monthly annuity payments are made — was only 68.5 percent funded. Actuarial data received in March 2011 indicates that the RBF is now 82 percent funded. BBT continues to work to safeguard the fund to serve the denomination for years to come.

One way we work to undergird the Plan is through reinforcing its structure. A comprehensive study of the Plan began in May 2010; since then, three reports have been produced by our consulting firm, a BBT Board-created task force made up of Board and staff members has met to shape the future of the Plan.

EMPLOYEE FINANCIAL SERVICES

This ministry area includes the administration of the Church Workers' Assistance Plan and the Supplemental Income Fund for Equitable Annuitants. In 2010, a total of \$189,005 was granted to eligible participants of these programs. In addition, this ministry is responsible for providing educational sessions led by BBT staff; last year, the director led 33 educational sessions covering a variety of topics including retirement savings and personal finance.



BRETHREN FOUNDATION INC.

The Brethren Foundation ministry celebrated its 20th anniversary in 2010. BFI manages the funds of about 200 Church of the Brethren congregations and organizations that desire professional asset management assistance. BFI also writes and manages deferred gifts for about 200 individuals or families that are made to one or more Church of the Brethren congregations or not-for-profit organizations.

Late last summer, BFI added seven new funds to its lineup of investment options, including equity, bond, and other investment opportunities. BFI also shifted from monthly to daily valuation of invested assets and began offering secure email service for the transmittal or receipt of sensitive information in 2010.

CHURCH OF THE BRETHREN INSURANCE SERVICES

After shoring up product offerings, streamlining operations, and connecting with current and prospective employer groups across the country, the Brethren Medical Plan has begun to grow! As of May 1, 2011, the Brethren Medical Plan had welcomed five new employer groups into the Plan, with more anticipated to join throughout 2011. That's a 50 percent increase since May 1, 2010!

Significant enrollment increases have also occurred for both medical and ancillary insurance products, which include life and long-term disability insurance, a short-term disability plan, multiple dental and vision plans, Medicare supplemental insurance, and long-term care insurance.

To help foster a proactive partnership between employer groups and employees regarding health care, the Brethren Medical Plan offers a wellness component to its member organizations, which helps improve the overall health of a company's employees.

CHURCH OF THE BRETHREN CREDIT UNION

On April 1, 2004, BBT began serving as the administrator of Church of the Brethren Credit Union, which helped it expand from a small savings and loan institution to one that offered online banking, checking, and other products and services. Unfortunately, the economic downturn of 2008 adversely impacted the overall credit union industry, including CoBCU. While assets grew to an all-time high, loan volume greatly diminished. This meant that CoBCU was not earning enough to pay for its expenses, which required BBT to subsidize the Credit Union through its reserves.

In light of these facts, the CoBCU Board announced in March 2011 a proposal to merge with Corporate America Family Credit Union. This nationwide credit union offers 20 branches and 6,500 shared branching locations; educational opportunities and counseling; and new credit, savings, checking, and loan opportunities. CoBCU members voted in favor of this merger at the end of April, and the partnership is anticipated to be complete by June 1.

WE EXIST TO SERVE YOU

Thank you for your continued support and trust in the Board and staff of Brethren Benefit Trust. Our challenge, as issued by Church of the Brethren Annual Conference, is to serve all employees and members of, and affiliated with, the Church of the Brethren. It is an honor and a privilege for all of us to serve you; thank you for that opportunity.

A handwritten signature in black ink that reads "Nevin Dulabaum".

Nevin Dulabaum
President