



Greetings from Brethren Benefit Trust to the moderator, delegates, and members of Pacific Southwest District. It is our pleasure, as an agency of the denomination, to serve you.

As part of our strategy for future goals and plans, emphasis is placed on impacting the churches and districts of our members. The plans are always focused on benefitting and guiding — we help pastors and church workers prepare for a meaningful retirement; we manage funds for organizations so they can go about their work and use earnings to promote their ministries; we educate and inform so that our clients have the latest information. And this past year, our benevolent program helped two people who were in financial straits and were going to be evicted from their homes.

In the office, BBT staff is connected to each other and to our many members and clients through the usual electronic world of phones, computers, internet, etc. But at our core is the belief that although we must use this electronic platform as a means to do business, the most important element in our line of work is building and maintaining that personal relationship with all of those who rely on us for some very personal issues - insurance coverage, retirement planning and security, asset management, and deferred gift administration. So although the cyber world plays a big part in how we get our work done, we also make it a priority to get away from our screens and out of the office so that we may visit with our members and clients, wherever they are.

In addition to the client and member visits, several staff attend Annual Conference each year; BBT is represented at every one of the 24 district conferences from July through November. We also visit many Brethren retirement communities, colleges, and camps throughout the year. This is in addition to attending special events and gatherings such as NOAC, NYC, the Fellowship of Brethren Homes Forum, and the Worship and Prayer Summit. And we make on-site visits to plan sponsors for educational presentations and individual consultations. We make every effort to keep that personal relationship strong so that we get to know our people. And we are happy to say that we are also planning strategically in the next few years to seek and retain new members and clients, so that for them, and those who have been with us all along, we will remain a strong Brethren entity, ready to serve you for many years to come.

Brethren Pension Plan

Church of the Brethren Pension Plan serves more than 4,500 current and former employees of congregations and denominational organizations. In 2017, average monthly benefits averaged \$732, for a total monthly distribution of approximately \$1.3 million! Retirement distributions vary among members according to how long one has paid into the plan, how much was contributed from each paycheck, and the impact of the markets on the invested assets. By saving according to the Annual Conference-recommended contribution formula, in which churches, districts, and camps contribute 11 percent of the employee's wages to the Pension Plan, while the employees themselves contribute 4 percent of their wages, participants have a high probability of securing retirement income that comfortably replaces the income they received while working.

Investments

In 2017, the U.S. stock market experienced one of the least volatile years on record and hit numerous highs throughout the year. With the backdrop of the passage of a sweeping tax reform bill, strong corporate earnings reports, continued solid job growth, an accelerating global economy, and central banks still willing to provide accommodative monetary policies, the S&P 500 Index closed in positive territory every single month, and ended at 21.8 percent up for the year. However, market volatility keeps BBT closely monitoring developments within the world markets and how our managers navigate gyrations that may occur. Incorporating an extended time horizon, BBT's investment managers attempt to analyze economic and financial factors, and within that framework, adhere to the core objectives of our investment guidelines — stability, preservation of capital, liquidity, and rate of return — and we remain true to these fundamental tenets as we conduct oversight of the managers responsible for the assets under our supervision.

Brethren Foundation Funds – BFFI

BFFI manages assets for congregations and denominationally related organizations with account from \$10,000 to more than \$10,000,000. Staff work diligently to ensure that clients have numerous investment options, can check the status of their funds and handle administrative tasks via a secure online Web portal, and are able to access their funds very quickly, much like one would with a bank, through electronic fund transfers. Assets under management at the end of 2017 for nearly 200 organizational asset management clients were \$181,503,175, an increase of \$25,686,556 (16.5 percent) over the total under management on Dec. 31, 2016, of \$155,816,620. *(continued)*

BFFI clients contributed \$15,160,259 to BFFI assets under management in 2017, and withdrew \$13,408,462.

Brethren Foundation – BFI

This ministry manages deferred gifts for any Church of the Brethren members who are working on stewardship of their resources. It offers a number of charitable gift instruments for various types of needs and results, and can write a gift for multiple Church of the Brethren congregations and organizations. Assets under management at the end of 2017 were \$5,029,714, a decrease of \$223,148 (4.2 percent) from the \$5,252,862 in total assets under management on Dec. 31, 2016. At the end of 2017, BFI was managing assets for nearly 150 deferred gift donors.

Brethren Values Investing – BVI

In 2017, the Board and staff of BBT continued their work in a manner consistent with Brethren Values Investing guidelines. This means that whenever possible, assets managed for members, clients, and donors are invested according to guidelines that are consistent with Church of the Brethren Annual Conference statements. Screened from our portfolios are the 25 publicly traded companies that receive the top U.S. Department of Defense contracts, as well as companies that generate 10 percent or more of their gross earnings from U.S. Department of Defense contracts, firearms and military weapons systems, weapons of mass destruction, abortion, alcohol, gambling, pornography, or tobacco. Companies that are egregious violators of environmental or human rights regulations are also screened. Through BVI, advocacy is also practiced with companies in which BBT own stocks, and with other initiatives that affect how companies interact with shareholders and with others in the global community. Lastly, positive investing is also a component of BVI, which means investing funds in higher-than-normal risk areas that help stimulate economic growth in inner-city redevelopment communities.

Workshops

While overseeing retirement funds and retirement planning for other people, we recognize the importance of equipping them with the tools they need to be successful, and BBT has taken several steps to bolster this feature within the organization. Several staff members have received certifications that give them the knowledge and credentials to increase their level of service to our members. It was necessary in 2018 to add a staff person who is responsible for offering resources and direction to Brethren Pension Plan members that will help guide their journey toward retirement readiness. And as in past years, we will continue to provide free educational presentations on topics such as retirement readiness, long-term care, financial wellness, stewardship, and more.

Serving our Members

In 2017, we planned many initiatives meant to enhance the experience of our customers and draw new members and clients so that we can continue to grow as an organization created to serve you. One of our decisions in 2017 was to transition from a fully insured medical plan to a self-insured plan. We remain committed to trying to bring back a healthcare plan for pastors, and it is our hope that through the new self-insured approach, this goal will be reached in the not-too-distant future. We also made changes to our Pension Plan to give members more options and freedom of choice in withdrawing their Pension Plan funds. We also worked on broadening eligibility rules for Church Workers' Assistance Plan grant applications. We planned for additional staff at Brethren Benefit Trust in order to expand our Foundation work, and make retirement planning assistance available as part of our overall package. All of these things have slowly been implemented in 2018 from ideas and suggestions that were planted the previous year. We are committed to enhancing our product offerings and other initiatives as we continue to work faithfully to uphold your trust.

Harry

Harry Rhodes
Chairman

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President