



## A Message from the Chair

Winter 2021

Dear Friends:

During the first week of December, The Church Pension Fund Board of Trustees (CPF Board) gathered via Zoom for our regular quarterly meeting to discuss and review the products, programs, and services that are faithfully managed and administered by the executive leadership team and employees of the Church Pension Group (CPG). Like all of us, CPG continues to adapt and change as a result of the global pandemic. Yet, we remain steadfast in our commitment to ensuring that CPF is here for future generations.

Soon, we will join Christians throughout the world to not only acknowledge the degree of change and the depth of loss COVID-19 has wrought, but also to give praise to God for all things earthly and heavenly, and for blessing us with the sweetness of inward calm and peace given to the world because in Jesus Christ, God has become one of us.

On behalf of the CPF Board, I wish you and your loved ones a blessed Christmas.

Faithfully,



The Rt. Rev. Thomas James Brown  
Chair  
The Church Pension Fund  
Board of Trustees

### Ensuring Financial Strength

One of the CPF Board's primary responsibilities is to ensure that CPF maintains an appropriate level of assets to meet its pension and other benefits obligations for decades to come. At our recent meeting, we spent time with CPG's actuarial consultants, Buck Consulting, to review the work they do to stress test CPF's pension plans. Using thousands of scenarios and sophisticated financial modeling, Buck helps us determine how comfortable we can be with CPF's current level of assets—whether they can be expected to be sufficient to navigate periods of market volatility and still meet CPF's future pension and other benefit obligations.

I am pleased to report that the Clergy Pension Plan has benefited from the strong financial markets and remains in solid but cautionary condition. This may be hard to understand given the size of CPF's investment portfolio, but the portfolio is large because CPF's obligations are great and extend for decades into the future. The benefits many of us receive as clergy depends on CPF maintaining an investment portfolio that will generate sufficient investment returns to absorb new participants, endure market downturns, and cover expense gaps associated with a very comprehensive benefits program. CPF has the funds it needs to fulfill its long-term commitments, but those funds must be managed with discipline.

The Lay Defined Benefit (DB) Plan has also benefited from the strong financial markets of the last year. However, given that it is a much newer plan than the century-old Clergy Pension Plan and has not had the same amount of time for its assets to compound, it is not as well-funded as the clergy plan. This limits the enhanced benefits we can offer.

### Cost-of-Living Adjustment for Pension Plans

In keeping with past practice and policy, we approved a cost-of-living adjustment (COLA) of 5.9% for beneficiaries of the Clergy Pension Plan and the International Clergy Pension Plan. Unfortunately, applying the same policy, we were unable to approve a COLA for the Lay DB Plan because it does not yet have sufficient assets to bear the additional financial burden of a COLA. This is always a very hard decision, but we hope you understand the good intention and thoughtful consideration behind it. Further details on our COLA decisions can be found at [cpg.org/COLA](http://cpg.org/COLA).

### Pension Parity Review

We reviewed and provided input to CPG's management team on their work to respond to General Convention [Resolution 2018-A237](#), which urged CPF to provide a report on pension parity across the Church and potential supplemental models for the pension system to benefit lay and clergy employees while the Church works toward parity in compensation. This is important work for the Church. CPG's report will confirm the impact of compensation disparities on retirement benefits, so we hope the Church will review this report carefully as it works to address disparities in both compensation and retirement benefits among our clergy and lay employees.

## **Corporate Social Responsibility**

We reviewed CPG's Principles of Corporate Responsibility that include an organization-wide commitment to conducting business consistent with the social, ethical, and environmental values of our Church. We were proud to hear about CPG's efforts to adopt "green" business practices, to support local communities through employee-based fundraisers, to offer programs that promote the mental and physical well-being of its employees, and to highlight the importance of diversity, equity, and inclusion to all of its work.

CPG's commitment to social responsibility includes an enduring commitment to socially responsible investing (SRI). We received updates on recent activities and impacts of CPG's approach to [SRI](#). The investment team has used positive impact investing and shareholder engagement to express Church values while also earning positive returns. They've also given the Church access to thought leaders in SRI, and they have incorporated environmental, social, and governance (ESG) principles into its due diligence processes across its external managers. CPG is doing a lot of exciting work in SRI, and their Insights & Ideas series of conversations are worth viewing and are available on their [website](#).

## **Diversity, Equity, and Inclusion**

We continued our conversation around diversity, equity, and inclusion, which remains a priority for both the CPF Board and CPG. Our goal is to ensure that we have an inclusive culture at our meetings so every perspective can be heard.

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*The next meeting of the CPF Board will be from March 8–11, 2022.*