

## Dear Friends:

**As we look forward to the 78th General Convention in June, we recognize that this triennial has presented many opportunities to observe economic and demographic shifts in the Church, collect client feedback, and share fellowship with those we serve. All of these inputs have informed our current programs and will influence future work. This newsletter summarizes some of our activities in that regard. It also introduces you to our new Chief Investment Officer and new Chief Ecclesiastical Officer. I hope you find it informative.**

## In This Letter

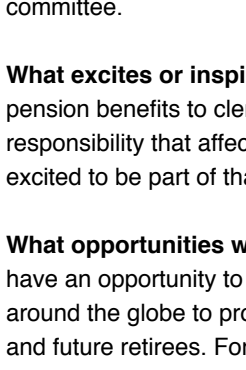
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### Financial Strength of The Church Pension Fund (CPF)

Given our ongoing commitment to strong fiscal stewardship, we strive to maintain not only sufficient assets to cover our current commitments to our participants, but also a healthy cushion of assets to provide ongoing stability amid uncertain economic times and to prepare for future participants in our defined benefit pension programs.

With these goals in mind, I am pleased to report that the CPF investment portfolio has continued to benefit from favorable financial market trends in 2014. Although uncertainties continue regarding the strength of economies around the world, inflation remains low worldwide and corporate profits are reasonably strong, especially in the United States. CPF is in a strong financial condition, which should allow us to take advantage of investment opportunities if markets become unsettled.

### CPG's New Chief Investment Officer



On June 19, Roger A. Saylor succeeded William L. Cobb, Jr., who retired in July, as Executive Vice President and Chief Investment Officer. I look forward to introducing Roger to those of you attending General Convention or other meetings where he will be present. In the meantime, I would like to share this brief interview with Roger.

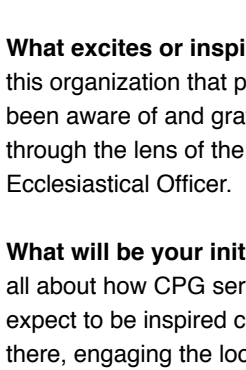
#### Would you tell us a bit about your professional background? I

spent 20 years at J.P. Morgan Investment Management Inc. as a Managing Director. While there, I headed such areas as Structured Equity Portfolio Management and Mutual Funds and served as global head of derivatives. Prior to joining CPG, I served as Chief Operating Officer at Columbia Management Group. I am a graduate of Dartmouth College, and I received my M.B.A. from the University of Chicago Booth School of Business. My not-for-profit experience includes serving as trustee and chair of the Investment Committee of Portico Benefit Services (previously, the Evangelical Lutheran Church in America Board of Pensions), serving on the Investment Committee of Ministers and Missionaries Benefit Board of the American Baptist Church, and serving as a member of the board of the Gettysburg Seminary Endowment Foundation and that foundation's investment committee.

**What excites or inspires you about your new role at CPG?** We play a critical role in providing pension benefits to clergy and lay retirees of The Episcopal Church. This is a very significant responsibility that affects people's lives in meaningful ways during their retirement years. I am excited to be part of that important effort.

**What opportunities would you like to see CPG pursue?** From an investment perspective, we have an opportunity to seek out and take advantage of investment strategies and managers around the globe to provide the investment returns needed to fulfill our responsibilities to current and future retirees. Fortunately, we also have the advantage of a very long-term investment horizon, which expands the types of investments we can pursue for the benefit of our beneficiaries to such areas as private equity and private real estate.

### CPG's New Chief Ecclesiastical Officer



On September 29, the Rev. Canon Anne Mallonee joined CPG as Executive Vice President and Chief Ecclesiastical Officer after the Rev. Canon Patricia Collier retired from the role. The chief ecclesiastical officer provides dedicated, executive-level focus on church relations and serves as a key advisor to CPG on developments around the Church and how they might impact our work. Since joining us last month, Anne has made trips around the Church as part of our Listening Events (see below) and has met with the leadership of the Domestic and Foreign Missionary Society (DFMS) as part of an ongoing exchange of updates and ideas. I trust many of you will get to meet Anne over the next year and at General Convention. In the meantime, please read about her professional background and her thoughts about her new ministry at CPG.

**Would you tell us a bit about your professional background?** For the past ten years, I served as Vicar of Trinity Wall Street. In that role, I was a member of the Senior Executive Team and was responsible for Mission & Ministry (the programs) of the parish. Coming to Trinity meant a return to New York City where I had gone through the discernment process while working for Henson Associates, the producers of the Muppets. (I'm pretty sure that I am the only Episcopal priest to have received a seminary scholarship from Kermit the Frog.) After graduating from Berkeley Divinity School at Yale, my first call was to the Diocese of Kansas, my home state, where I served as Chaplain at Canterbury House at the University of Kansas and as Diocesan Communications Officer. After several years on the staff of a growing suburban parish in Kansas, I went to St. Mark's Cathedral, Minneapolis, where I served as Canon Pastor, Sub Dean, and then Acting Dean. From there I went to Christ Church Cathedral, Hartford, for two years as Interim Dean, and then on to Trinity Wall Street.

**What excites or inspires you about your new role at CPG?** I am excited to be involved with this organization that provides important benefits, programs, and services to the Church. I have been aware of and grateful for CPG throughout my ordained ministry. Now I'll see these offerings through the lens of the new ways that I will be serving the Body of Christ as CPG's Chief Ecclesiastical Officer.

**What will be your initial priority as Chief Ecclesiastical Officer?** Relationships. This position is all about how CPG serves those who serve the Church so this means getting out to meet people. I expect to be inspired constantly by what I see and hear. There are some amazing ministries out there, engaging the local community in fascinating ways. There are undeniably some real challenges in the Church right now as well, but I see the Holy Spirit leading both clergy and laity into new ways of being church, forming community, and proclaiming the Gospel. I hope I can be a kind of conduit or connector, holding up examples of creative leadership and effective programs that I discover along the way.

### Listening Events Around the Church

At CPG, we are committed to ongoing dialogue with the individuals and institutions we serve. To this end, we conduct ongoing surveys, focus groups, and other meetings to collect feedback. Over a year ago, we commenced a series of listening events to explore the specific issues facing the Church that intersect with the mission of CPG.

Currently, the CPG executive team and CPF trustees are hosting a series of targeted focus groups, regional forums, and smaller conferences that will take us to all of the domestic Provinces of the Church over the next nine months (we visited Province IX earlier in the year). These face-to-face discussions with clergy, lay employees, treasurers, and wardens will inform our deliberations as we contemplate the evolving needs of those we serve and potential, mission-appropriate ways to address them.

We are especially interested in the Church's input around specific initiatives we are considering in light of the changing demographics of those we serve. Areas of focus include educational needs of seminarians that intersect with CPG's offerings, the education and benefit needs of part-time and bi-vocational clergy, and the impact of late ordination on retirement planning and benefits. See below for more information on demographic trends.

We will share insights from these events via our website and other communication channels. We welcome your input and your feedback.

### Continuing Outreach to Bishops

Over the past several months, we also held a series of one-on-one phone conversations with 70 diocesan, provisional, and suffragan bishops in order to talk about issues of specific interest to them and to learn what they see as the most pressing needs of the Church that lie within CPG's mission. Topics raised most often in these conversations included congregational development, congregational finances, clergy leadership skills, and current cultural and societal changes in which religion has a less certain place. Some of these topics are not directly within CPG's mission, but the conversations have given us a sense of the challenges and opportunities facing Church leadership. We will be following up on these conversations over the course of the next year by meeting with bishops, both individually and in groups, in order to delve more deeply into areas where their needs and our mission overlap.

### Client Council Formed

We recently convened a Client Council, made up of diverse stakeholders from around the Church. The council is holding orientation conference calls this fall and will gather in our home office in January 2015 for its first face-to-face meeting. The council fulfills the responsibilities of the Denominational Health Plan Advisory Group. In addition, members will be invited to offer insight on current and contemplated programs and to share relevant hopes and concerns for the future.

### 2014 EBAC Conference

We recently hosted a productive series of meetings for more than 120 diocesan administrators in New York City. Participants in the Episcopal Business Administration Conference took part in a variety of workshops and plenaries hosted by CPG senior management and leadership from DFMS. They also enjoyed the networking and fellowship opportunities that add so much to these annual gatherings. Diocesan administrators who missed the event can see photos and review presentations in the diocesan administrator section of [cpg.org](http://cpg.org).

### The Church's Changing Demographics and Their Impact on What We Provide

**The combination of two trends is changing the landscape of work and retirement for clergy. First, the proportion of part-time and bi-vocational clergy has been steadily increasing. Our data indicates that the number of part-time clergy has increased by 10% in the last five years, while the number of full-time positions has fallen by 20%. Second, the increase in late ordinands is even more marked. In 1980, 63% of those ordained to the priesthood were under 35, and fewer than 5% were over 55. By 2013, only 23% of those ordained were under 35, and nearly 40% were 55 or older.**

This means that, for many clergy, work in the Church will not be their sole employment experience, and the benefits provided by The Church Pension Fund Clergy Pension Plan (Clergy Pension Plan) will be just part of a mosaic of benefits that they may have. Because they will have far fewer years of credited service, late ordinands will have a greater need to supplement their Clergy Pension Plan retirement benefit with personal savings.

Part-time and bi-vocational clergy are in the same situation, but for a slightly different reason: they are accumulating credited service at a lower compensation level. For all of these groups, the Clergy Pension Plan will not provide them with the level of pension benefits it provides for a long-term, full-time, career cleric – of which there were many more 30 years ago. Therefore, we need to increase our educational outreach to help these groups understand the importance of saving their own dollars for their retirement.

**We are also seeing that an increasing proportion of clergy are going directly from seminary into positions where they are running a parish.** This is due both to a decreasing number of assistant and associate positions and a rise in the number of retirements (which has increased from approximately 350 per year in the mid-2000s to over 400 per year over the past five years).

Because new clergy today are more likely to find themselves in sole charge of a parish, we are exploring expanding our educational offerings to seminarians. CPG may be able to help them understand such business areas as property and casualty insurance, risk management, and individual financial planning – areas in which CPG has many years of knowledge and experience. These topics and others are the subject of ongoing strategic discussion by the CPF Board and Management.

### CPG's Corporate Citizenship Initiatives

In serving The Episcopal Church, CPG expresses the faith of the Church by supporting its social, ethical, and environmental values while also satisfying our fiduciary, regulatory, and other legal responsibilities. As you know from our previous communications to you, our commitment to social responsibility is widespread and of long standing. Our programs encompass sustainable, environmentally-friendly operations, diversity in employment and purchasing, community outreach, and investing that is consistent with our values and our fiduciary responsibilities.

CPG's commitment to sustainable, environmentally-friendly operations is long-standing. We continue to train employees on the benefits of sustainable operations and are reaping the benefits in our relatively new home office in New York City. Centralized trash collection, centralized printing, movement-sensitive lighting, and the use of electronic publishing of internal and external documents are among the changes we have put in place to create an environmentally-sustainable culture at CPG. In addition, The Church Insurance Agency (an affiliate of CPF) provides Green Building Property Coverage. Soon, we expect our home office to be LEED Certified, an official acknowledgement of our success in these efforts.

Our team's commitment to community outreach continues with ongoing fundraising and grassroots ministries here in New York. I am particularly proud of our employees' efforts to support Episcopal organizations in New York City and elsewhere through collection drives that support the elderly, the homeless, the hungry, victims of natural disasters, and other underserved groups. Recently we have raised funds to assist The Episcopal Church in Liberia in its Ebola relief efforts.

We have a fiduciary responsibility as a pension fund, charged with the fiscal stewardship of CPF's assets to ensure that the benefits we promise our members are there for them. To that end, we have a broadly diversified portfolio of securities investments across the globe in a variety of investment strategies. We also recognize that our investments can play an important role in addressing social needs, so our investment team is active in seeking out a variety of investments that offer fully competitive investment returns while also providing important social benefits. CPF's current portfolio includes economically targeted investments, environmentally responsible investments, and investments with women- and minority-owned firms and investment management partners.

We are also committed to using our power as a shareholder to influence corporate behavior in a manner that addresses the faith and important social, ethical, and environmental concerns of The Episcopal Church, to the extent consistent with our fiduciary, regulatory, and other legal responsibilities. To this end, we vote proxies consistent with these values, and we will continue to work with the Executive Council's Committee on Corporate Social Responsibility to encourage companies in our investment portfolios to reduce greenhouse gas emissions, increase board diversity, and prevent human trafficking.

Diversity is woven into the fabric of our culture at CPG, in terms of both employment and purchasing practices. We have an active Diversity Council and a Development and Diversity Officer who develops, aligns, and delivers programs that advance a culture of inclusiveness, our recruiting efforts include partnerships with diversity organizations, and our Minority Supplier Program identifies opportunities to expand our business interactions with companies owned by women and other under-represented groups.

### Continuing Implementation of Web Self-Service

We continue to explore ways to use digital media to deliver high-quality information, education, and service to individuals and administrators. As you know, earlier this year we launched MyCPG Accounts, a password-protected site that allows individual clients to view all the benefits and products they have with CPG, in one place. This past July, we launched the Employee Roster (ER), a web-based system that provides Church administrators with a more efficient and streamlined process for managing employee benefits. The ER provides administrators with real-time employee data management, allowing them to enroll employees in pension benefits and input employee demographics and plan changes from any computer, 24/7. While the web cannot fully replace face-to-face communications or print, we are pleased to see growing numbers of active and retired visitors on our site. Over the past 12 months, we have had 266,000 unique visits to [www.cpg.org](http://www.cpg.org), including 50,000 visits to pages targeted to retirees. More and more, we are using [www.cpg.org](http://www.cpg.org) to deliver up-to-date information, education, and other resources to those we serve. I encourage you to visit the site if you have not already done so.

### Expansion of Education and Wellness Conferences

For many years, CPG has been hosting Planning For Tomorrow (PFT) conferences for clergy and lay employees in dioceses around the country. Earlier this year, as part of an overall reassessment of the financial and wellness education we provide to those we serve, we updated the PFT conference experience to feel more relevant and timely. The revised conference materials, which include videos, worksheets, and exercises, contain additional financial education content on budgeting, risk management, and longevity and savings, and retirement readiness, which we heard were needed. Also, they have been divided into smaller, more digestible sections. Each conference agenda is being created in collaboration with diocesan leadership and focuses on topics of concern to the individuals in that diocese. In order to extend the advantages of the PFT conference experience, participants will be enrolled in the post-conference "Planning for Financial Wellness Six-week Program." This program is designed to provide on-going, actionable, financial information-enriching continuous engagement with financial wellness.

We have updated our educational outreach to retired clergy, spouses and surviving spouses with a new engaging format of the Enriching Your Retirement program. These events are coordinated through the Diocesan Chaplains to the Retired and the Bishops office. This year we have presented in 18 locations with more than 500 beneficiaries.

The Steps to Wellness (STW) conference is a health and wellness experience that grew out of our diocese-based one-day Wellness Summits, launched in August 2011. The STW conferences include enhanced content on healthy eating, incorporating exercise into daily life, and stress reduction techniques, as well as optional post-conference programs to extend the wellness experience beyond the conference itself.

### In Conclusion

I want to reaffirm CPG's commitment to listening carefully to what you have to tell us and to continuing to seek out appropriate ways to enrich our mission of service to the Church. As always, we welcome your feedback and are honored to serve you.

Faithfully,  
Mary Kate Wold  
CEO and President

### In Memoriam

We note with great sadness the passing of Robert A. Robinson, President of The Church Pension Fund from 1967 to 1991, on August 23, 2014.

Bob's 25-year tenure was the longest in CPF history. He was recruited to the position at a relatively young age. From a medium-sized bank in a medium-sized Connecticut town, he took on the leadership of an organization whose board was then dominated by captains of New York industry and finance and senior bishops of the Church, and he left his mark on it with grace and fairness.

He was a man of great vision, wisdom, and enthusiasm. He modernized the management of CPF in many ways and set the stage for its subsequent extraordinary financial success. Under his leadership, clergy pension plan assets rose from \$100 million to \$2 billion, and the CPF Board's Committee on Social & Fiduciary Responsibility in Investments was established.

Bob oversaw numerous changes reflecting the country's and the Church's move from the relative calm of the Eisenhower years to today's more volatile and occasionally fractious environment. In 1970, Bob and the CPF Board proposed to General Convention a dramatic change to the term limits of CPF Trustees, which ultimately resulted in a shift from an all-male board to a highly diverse group of male and female trustees.

Bob was committed to serving the clergy of our Church, a lover of opera, devoted to his wife, Ann, and rarely without a smile. He will be deeply missed.



Mary Kate Wold and Bob Robinson  
January 2013