

December 12, 2025

Dear Friend:

Each December, The Church Pension Fund Board of Trustees (CPF Board) determines whether a cost-of-living adjustment (COLA) should be granted under the defined benefit retirement plans (collectively, the Plans)¹ administered by The Church Pension Fund (CPF). A COLA is a discretionary adjustment that is intended to assist retirees and beneficiaries by offsetting (or helping to offset) the annual rate of inflation. COLAs are not mandated by law or by Plan rules; in fact, among pension plans, granting a COLA is quite rare.

In the past, the CPF Board has granted a COLA when inflation has justified one and the financial condition of the relevant Plan has allowed for it. For guidance on inflation, it has been our practice to look to the [US Bureau of Labor Statistics' Consumer Price Index](#), which is also the basis for the [US Social Security Administration's annual COLA determination](#) used for Social Security benefits.

To evaluate the financial strength of its Plans, CPF regularly performs stress tests using sophisticated financial models to determine whether each Plan can support the granting of a COLA without compromising its financial strength over the long term. In its final decision-making, the CPF Board weighs the results of these analyses carefully because granting a COLA results in increased payments to all retirees and beneficiaries in perpetuity, thus creating a permanent increase in the liability for the applicable Plan. These tests are designed to protect the long-term viability of the Plans and to help ensure the continuity of pension payments received by participants and beneficiaries.

2026 COLA for the Clergy Pension Plan and Certain Related Clergy Plans

After carefully considering the financial position of The Church Pension Fund Clergy Pension Plan (Clergy Pension Plan), the current economic environment, and future economic predictions, the CPF Board has decided to grant a 2.8% COLA for retirees and beneficiaries of the Clergy Pension Plan and certain related clergy plans, which is consistent with that granted by Social Security. The COLA will be effective January 1, 2026, and we will send letters to the affected retirees and beneficiaries about the CPF Board's decision.

Future COLA determinations for our Plans may deviate from the Social Security Administration's annual COLA determination. If we find ourselves in a sustained period of inflation and/or experience muted market returns, the Clergy Pension Plan and certain related plans may provide a benefit adjustment that is less than that provided by Social Security to help manage the long-term financial strength of the Plans. As always, the granting of any COLA is entirely discretionary and subject to the CPF Board's determination that the financial condition of the relevant Plan can support it.

¹ The Plans are the Clergy Pension Plan (and certain related clergy plans), The Episcopal Church Lay Employees' Retirement Plan, and the International Clergy Pension Plan (ICPP).

We continue to monitor the economic environment and the financial position of the Clergy Pension Plan, and we will continue to communicate future COLA announcements clearly and quickly.

No COLA for The Episcopal Church Lay Employees' Retirement Plan (Lay DB Plan)

Our analysis of the financial position of the Lay DB Plan does not give us sufficient confidence to grant a COLA for 2026 for this Plan. Compared to the Clergy Pension Plan, which was created in 1917, maintains an assessment rate of 18%, and has approximately 14,000 participants* (5,594 active and 8,250 retired), the Lay DB Plan was created in 1980, maintains a lower assessment rate of 9%, and has approximately 2,800 participants* (804 active and 1,971 retired). The Lay DB Plan has had much less time to accumulate investment income and reinvest that income. In addition, the Lay DB Plan is separate from the Clergy Pension Plan, and we are not able to utilize the assets of one Plan to pay benefits for the other. Accordingly, the CPF Board has decided that it would be imprudent to grant a COLA for 2026 under the Lay DB Plan.

We know this is disappointing news to retirees and beneficiaries of the Lay DB Plan. However, we hope you trust that this is the best decision we can make to protect the long-term viability of the Lay DB Plan and the continuation of pension payments to retirees and beneficiaries.

As a reminder, in response to feedback we have received, we no longer distribute a separate communication to retirees and beneficiaries in the Lay DB Plan informing them of the CPF Board's decision not to grant a COLA. Instead, we continue to post all COLA decisions on our website and alert retirees and beneficiaries in writing only if a COLA has been granted.

Please visit our website, cpg.org/COLA, which has been updated with details related to the CPF Board's COLA decision, along with answers to frequently asked questions and a video.

We are fortunate to serve those who serve the Church and are grateful to be able to enhance your benefits. We wish you a blessed Advent season.

Please stay well and in touch.

Faithfully,



Canon Anne Vickers (retired)
Chair
The Church Pension Fund Board of Trustees



Mary Kate Wold
CEO and President
The Church Pension Fund

*As of December 31, 2024