THE SYNOD PENSION BOARD REPORT, 2017

AND NOW, FOR 2018:
Clergy and Church employees will continue to pay 9% of qualifying income, and congregations shall pay 5% of their dollar base, (equivalent to 15.7% of pensionable income). This level of funding (in 2016 and 2017, plus a $12.4M return on our investments) has increased the worth of our Pension Plan to $254,108,666 (December 31, 2016), and increased the overall value of our plan over last year by $15.5M. Of course, this is very good news for us all as our Plan becomes 83.5% solvent (big improvement over a few years ago after the market crash of 2008). Our national Church continues its annual contribution to the Plan in 2017 ($600,000); we don't know yet if this shall continue in 2018). Revenue income from ministers, congregations, closing congregations and undesignated bequests all put substantially more money into the Pension Fund. In simple arithmetic, the cost of the Church Pension to ministers at the high end of the scale for the coming year will be **9% of $71940, or $6475,** an increase of $91 over 2017, coming (likely) out of the mandated increase in basic stipend for 2018 of $665.

Looking at our most current **'GOING CONCERN EVALUATION',** the Pension Plan enjoyed a surplus of $ 28 million (December, 2016). In a separate way of examining the realities of Pension reckoning (called **solvency deficiency**), if we had had to wind up the Pension Fund in 2017, we would have been short of paying the total cost of present and future pensions by about $37.5M. Contribution rates paid by ministers and congregations will remain stable (yes, they are still much higher than before all this market instability began): the Pension Board paid out $16M in benefits in 2016.

Ongoing efforts to increase income to the Pension Plan (to reduce our solvency deficiency) may aim for a change in the nature of our Plan, from being a defined benefit plan **(DB),** to be reconstituted as a defined contribution plan **(DC**). The former guarantees benefits on retirement, whereas the latter determines retirement benefits depending on the amount of investment funds available. In the DB plan, the risk is carried by the Church, and in the DC plan, the risk is borne by the ministers, and Church employees. This reconstitution of Pension Plans is how many companies today are resolving the challenge of solvency deficiencies; in the future, there may be no more DB plans being created, a consequence of the low investment returns of present times.

Respectfully submitted (October 3, 2017)
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