



Pension Perspective

FROM BRETHREN PENSION PLAN

APRIL 2013

Dear Pension Plan Participant,

Change is in the air. Broadly speaking, we see it in financial news as indexes like the Dow Jones Industrial Average and S&P 500 are hitting record highs, while jobless claims are declining and the housing market continues to post steadily increasing new home sales figures.

But positive change isn't only happening in the broad sense — it's happening in a way that's going to change your own personal retirement readiness experience. Brethren Pension Plan is about to transform into something new — something that reflects its 70 years of experience while incorporating new trends in technology and account management.

Starting in June, you will be able to access your Brethren Pension Plan account in a brand new way, thanks to our relationship with a company that handles those duties for more than 4.7 million participant accounts. While Brethren Pension Plan will continue to be managed and serviced by the same staff (and the Board of Directors of Church of the Brethren Benefit Trust), several key responsibilities will be turned over to Great-West Retirement Services®, the business unit of Great-West Life & Annuity Insurance Company. This will allow the Pension Plan team to reach out to members more often, as well as offer you brand-new ways to access your retirement account online and over the phone. Read more on Page 2 about the improvements in service and account access you will soon experience.

This exciting time of growth and change is punctuated by another piece of good news. In April, our actuarial study determined that the Retirement Benefits Fund, which pays out each retiree's annuity benefit for life, is on the right path. After the economic events of 2008 left the RBF only 68.5 percent funded as of Dec. 31, 2008, the BBT Board and staff have made some decisions to protect this key resource and safeguard its ability to effectively fulfill its liabilities. Each year since the Great Recession, the RBF has posted end-of-year results that have exceeded that 2008 figure, and 2012 was no different — the RBF is now 82.8 percent funded. In other words, based on a number of factors, including investment performance, the number of new annuitants, the mortality experience of Pension Plan members, and the interest rate used to determine how much money each annuitant will receive as a lifetime benefit, we now have 82.8 cents for every dollar the RBF owes Plan members like you and me for their retirement.

While we are pleased to report a positive trend, returning the RBF to fully funded status is a long-term task — a recovery that is likely to take many years. Board and staff continue to monitor and develop the strategy for managing this key benefit. As always, your prayers for wisdom and clear vision in this work are most appreciated.

If spring is a time for hope and renewal, then Brethren Pension Plan is exemplifying the season right now. Thank you for committing to this plan and entrusting us with your financial future.



Scott Douglas
Director of Employee Benefits

Brethren Pension
Plan is about
to transform
into something
new ...



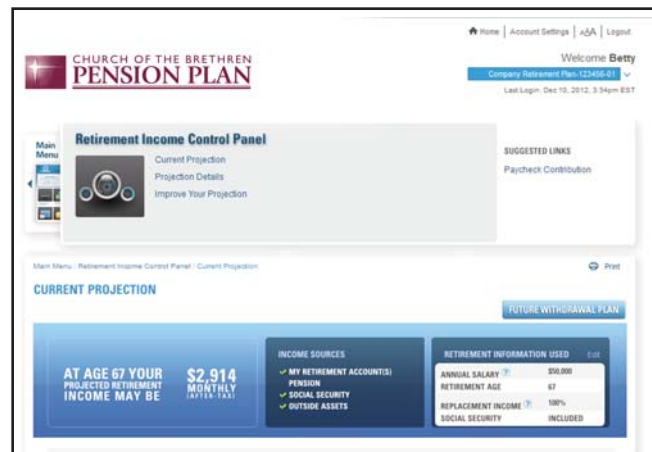
YOUR NEW WEB PORTAL: KEY UPDATES TO YOUR ONLINE ACCOUNT MANAGEMENT EXPERIENCE

Brethren Pension Plan's current Web portal offers you the tools you need to review and make changes to your retirement account. But starting on July 1, your account management options will greatly expand. Read about five new functions you will be able to access on your new Web portal —

1. **Online File Cabinet®.** This organizational tool will allow you to store your Brethren Pension Plan statements securely and access them at any time.
2. **Information panels.** When you log in to your new Web portal, you will see your current balance, your most recent rate of return, and the last contribution amount made to your account. You will also see an estimate of post-tax, monthly retirement income based on your current account balance — with further explanation and information presented in your Retirement Income Control Panel.
3. **Beneficiary information and forms.** Update your Brethren Pension Plan beneficiary and other account information quickly and easily online.
4. **Investment trends mapping.** You can generate a customized graph of past fund performance for up to 10 investment options, which charts the change in value for each fund selected.
5. **Easy-to-navigate layout.** Your Web portal features can be easily found and used in this sleek new layout. Large-format buttons help you find the services you seek.

Telephone access is expanded, too — get help 24/7

Starting on June 23, you will be able to access your account



These sample pages are similar to what Plan members will see when the new Web portal becomes available on July 1.

information over the phone at any time. KeyTalk® is an automated system that will provide you with account balance, fund values, contribution information, and more. You will need your Social Security number and account access code (which will be mailed to you in late June) to access KeyTalk for the first time.

ABOUT BRETHREN PENSION PLAN'S NEW RECORD KEEPER

After careful deliberation, Brethren Pension Plan chose Great-West Retirement Services®, the business unit of Great-West Life & Annuity Insurance Company, to serve as its record keeper. This company is the fourth-largest record keeping company in the U.S. and serves more than 4.7 million participant accounts (as of Dec. 31, 2012). Although Great-West Retirement Services will be providing key administrative services, Brethren Pension Plan continues to be overseen by Church of the Brethren Benefit Trust and its Board of Directors.



MARKETS AND THE ECONOMY

In March, Congress approved a funding bill with wide bipartisan support that keeps the government running through September 2013 and locks in across-the-board spending cuts the president signed into effect earlier in the month. The Federal Reserve reiterated support for its easy-money policy due in part to the impact of tax increases and federal government spending cuts. Existing home sales increased 0.8 percent in February and are up 10.2 percent over February 2012 sales, marking the 20th consecutive month of year-over-year gains. The S&P 500 Index gained 3.8 percent in March and is up 10.6 percent for the first three months of 2013. The bond market, as measured by the Barclays U.S. Capital Government/Credit Bond Index, increased 0.1 percent in March but has declined 0.2 percent since the beginning of the year.

Cyprus secured a bailout in March, avoiding the threat of departure from the eurozone. Fourth quarter GDP in Japan rose 0.2 percent on an annualized basis — a reversal from the 0.4 percent contraction reported last month. International equities, as measured by the MSCI EAFE Index, increased 0.9 percent during March and are up 5.2 percent March year-to-date.

Q. WHEN SHOULD YOU BEGIN TO TAKE SOCIAL SECURITY BENEFITS?

A. You can initiate your Social Security retirement benefits as early as 62, and you must start your monthly payments by the time you reach 70 years old. But when should you begin your benefits? It depends. When you begin your Social Security payments between 62 and your full retirement age (which is between ages 66

and 67, depending on when you were born), your benefits will be reduced by up to 30 percent. According to a study by the Urban Institute, 27 percent of eligible adults began receiving their benefits before their full retirement age in 2011 (read the study at goo.gl/8hVTQ). Can your current level of savings and income support you until your full retirement age, or do you need to draw on your Social Security benefits early and experience a reduction? Meet with a financial adviser to see what's best for your situation.

CONSIDER THE COST OF CARE IN YOUR RETIREMENT YEARS

Mapping out your finances for your retirement years might require more than just saving through Brethren Pension Plan. What will you do if you develop a health problem that requires long-term care?

When illness, disability, or cognitive impairment prevents you from being able to complete two or more activities of daily living as determined by a medical professional, you might require professional assistance from an in-home aide or at an assisted living facility. But this care can be expensive: Genworth's *2013 Cost of Care Survey* reports that a private room in a nursing home currently costs \$230 per day based on national averages, and the majority of your long-term care costs

will not be covered by your medical insurance. Will you be able to afford that kind of care out-of-pocket when you need it?

If the answer is, "I'm not sure," you might want to consider investing in long-term care insurance. This solution can cover the growing cost of professional care when you need it most. Church of the Brethren Insurance Services offers Long-Term Care Insurance through five companies holding "A" or better ratings through A.M. Best.

Contact LTCI Agent Randy Yoder at ryoder@cobbt.org or 847-849-0205 for more information or to request a free, no-obligation proposal.

Fund Performance Report

for the period ending March 31, 2013

All periods longer than one year are annualized.



Performance Report

Funds (Net of Investment Fees)	Current Month	Last Three Months	Year-to-Date	Five Years
Benchmarks (Gross)				
SHORT-TERM				
Short-Term Fund	(0.1)%	(0.7)%	(0.7)%	0.3%
<i>Merrill Lynch 6-Month Treasury Bill Index</i> ¹	0.0%	0.0%	0.0%	0.4%
COMMUNITY DEVELOPMENT				
Community Development Investment Fund ²	(0.5)%	(0.3)%	(0.3)%	1.3%
<i>No Benchmark</i>	N/A	N/A	N/A	N/A
FIXED INCOME				
Treasury-Free Bond Fund	(0.1)%	(1.4)%	(1.4)%	N/A
<i>Barclays Capital U.S. Government/Credit Bond Index</i>	0.1%	(0.2)%	(0.2)%	N/A
Bond Fund	0.1%	(1.3)%	(1.3)%	5.4%
<i>Barclays Capital U.S. Government/Credit Bond Index</i>	0.1%	(0.2)%	(0.2)%	5.5%
Treasury Inflation-Protected Securities Fund ³	0.1%	(1.3)%	(1.3)%	N/A
<i>Barclays Capital U.S. TIPS Index</i>	0.3%	(0.4)%	(0.4)%	N/A
High Yield Bond Fund ³	0.8%	2.4%	2.4%	N/A
<i>Barclays Capital U.S. Corporate High Yield Bond Index</i>	1.0%	2.9%	2.9%	N/A
EQUITY AND FIXED INCOME				
Balanced Fund	2.1%	5.2%	5.2%	6.3%
<i>Blended Balanced Index</i> ⁴	2.3%	6.2%	6.2%	6.2%
EQUITIES				
Domestic Stock Value Fund	4.3%	10.6%	10.6%	N/A
<i>Russell 1000 Value Index</i>	4.0%	12.3%	12.3%	N/A
Domestic Stock Core Fund	2.4%	7.9%	7.9%	N/A
<i>S&P 500 Index</i>	3.8%	10.6%	10.6%	N/A
Domestic Stock Growth Fund	3.8%	11.0%	11.0%	N/A
<i>Russell 1000 Growth Index</i>	3.8%	9.5%	9.5%	N/A
Common Stock Fund	3.4%	9.6%	9.6%	5.8%
<i>S&P 500 Index</i>	3.8%	10.6%	10.6%	5.8%
Small Cap Fund	2.6%	10.0%	10.0%	N/A
<i>Russell 2000 Index</i>	4.6%	12.4%	12.4%	N/A
INTERNATIONAL EQUITIES				
International Stock Core Fund	2.2%	5.7%	5.7%	N/A
<i>MSCI EAFE Index</i>	0.9%	5.2%	5.2%	N/A
Emerging Markets Stock Fund ³	(0.7)%	(0.5)%	(0.5)%	N/A
<i>MSCI Emerging Markets Index</i>	(1.7)%	(1.6)%	(1.6)%	N/A
REAL ESTATE				
Public Real Estate Fund ^{3,5}	2.3%	5.2%	5.2%	N/A
<i>S&P Developed Property Index</i>	2.8%	7.0%	7.0%	N/A
ALTERNATIVES				
Commodities-Based Fund ³	2.3%	0.2%	0.2%	N/A
<i>Dow Jones UBS Commodity Index</i>	0.7%	(1.1)%	(1.1)%	N/A
U.S. INFLATION				
Consumer Price Index (February 2013) ⁶	0.8%	0.8%	1.1%	1.9%

¹ Changed May 1, 2009. 5-year blended with 90-day Treasury Bill. ² CDIF interest accrues on a quarterly basis. ³ These investment funds may not meet socially responsible investing guidelines because they are invested in mutual funds. All other investment funds must meet socially responsible investing guidelines. ⁴ Weighted average of the S&P 500 Index (60 percent) and the Barclays U.S. Capital Government/Credit Bond Index (40 percent). ⁵ Net of mutual fund expenses only. ⁶ Most recent data available.