Fund Performance Report

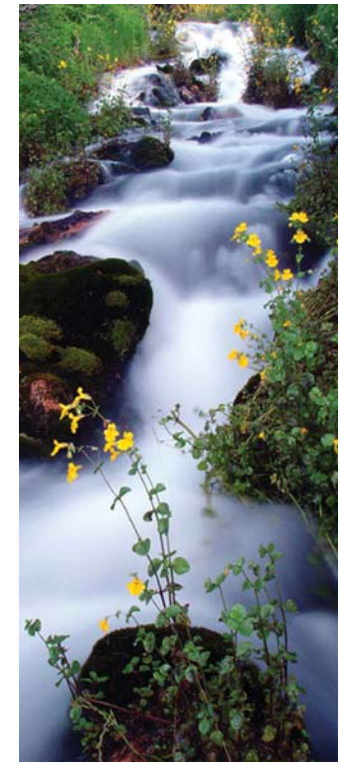
for the period ending Sept. 30, 2012

All periods longer than one year are annualized.

Funds (Net of Investment Fees) / ***Benchmarks*** *(Gross)*	Current Month	Last Three Months	Year-to-Date	Five Years
SHORT-TERM				
Short-Term Fund	(0.1)%	0.1%	0.5%	0.7%
Merrill Lynch 6-Month Treasury Bill Index [1]	*0.0%*	*0.1%*	*0.1%*	*0.7%*
COMMUNITY DEVELOPMENT				
Community Development Investment Fund [2]	0.1%	0.5%	1.4%	1.5%
No Benchmark	*N/A*	*N/A*	*N/A*	*N/A*
FIXED INCOME				
Treasury-Free Bond Fund	0.3%	2.6%	5.5%	N/A
Barclays Capital U.S. Government/Credit Bond Index	*0.1%*	*1.7%*	*4.4%*	*N/A*
Bond Fund	0.5%	2.8%	6.0%	6.5%
Barclays Capital U.S. Government/Credit Bond Index	*0.1%*	*1.7%*	*4.4%*	*6.6%*
Treasury Inflation-Protected Securities Fund [3]	0.5%	1.5%	4.7%	N/A
Barclays Capital U.S. TIPS Index	*0.5%*	*2.1%*	*6.3%*	*N/A*
High Yield Bond Fund [3]	1.5%	4.6%	11.2%	N/A
Barclays Capital U.S. Corporate High Yield Bond Index	*1.4%*	*4.5%*	*12.1%*	*N/A*
EQUITY AND FIXED INCOME				
Balanced Fund	1.8%	5.4%	11.6%	4.1%
Blended Balanced Index [4]	*1.6%*	*4.5%*	*11.7%*	*3.7%*
EQUITIES				
Domestic Stock Value Fund	2.3%	10.0%	20.2%	N/A
Russell 1000 Value Index	*3.2%*	*6.5%*	*15.8%*	*N/A*
Domestic Stock Core Fund	1.8%	7.0%	14.1%	N/A
S&P 500 Index	*2.6%*	*6.4%*	*16.4%*	*N/A*
Domestic Stock Growth Fund	2.1%	5.9%	12.7%	N/A
Russell 1000 Growth Index	*2.0%*	*6.1%*	*16.8%*	*N/A*
Common Stock Fund	2.6%	7.0%	15.4%	1.5%
S&P 500 Index	*2.6%*	*6.4%*	*16.4%*	*1.1%*
Small Cap Fund	2.8%	1.3%	9.1%	N/A
Russell 2000 Index	*3.3%*	*5.3%*	*14.2%*	*N/A*
INTERNATIONAL EQUITIES				
International Stock Core Fund	3.1%	6.5%	9.9%	N/A
MSCI EAFE Index	*3.0%*	*7.0%*	*10.6%*	*N/A*
Emerging Markets Stock Fund [3]	7.4%	11.5%	11.7%	N/A
MSCI Emerging Markets Index	*6.1%*	*7.9%*	*12.3%*	*N/A*
REAL ESTATE				
Public Real Estate Fund [3,5]	2.4%	7.7%	17.9%	N/A
S&P Developed Property Index	*1.8%*	*5.7%*	*21.6%*	*N/A*
ALTERNATIVES				
Commodities-Based Fund [3]	2.1%	14.5%	10.3%	N/A
Dow Jones UBS Commodity Index	*1.7%*	*9.7%*	*5.6%*	*N/A*
U.S. INFLATION				
Consumer Price Index (August 2012) [6]	0.6%	0.3%	2.1%	2.1%

[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.

Performance Report



Pension Perspective

FROM BRETHREN PENSION PLAN OCTOBER 2012

Dear Pension Plan Participant,

Are all retirement plans built the same? As it turns out, they are not — and Brethren Pension Plan is the sort of solution that investment experts and economists have been writing about with increased frequency as an alternative to a traditional 401(k) path.

As a reminder, a 401(k) is the for-profit world's standard-issue retirement plan. Contributions to this retirement savings account are taken out of paychecks before being taxed; the taxation comes when distributions are made. 401(k)s are defined contribution plans, meaning that predetermined contributions are paid into the 401(k) account by the employer and the employee, which are then invested in one or more investment funds.

Brethren Pension Plan's 403(b)(9) plan is quite similar, but with one important distinction: At the time of retirement, the Plan transforms from a defined contribution plan into something resembling a defined benefit plan. This means that all or a portion of the retirement savings the employee has accrued over his or her lifetime is converted into a monthly benefit.

This in-plan annuity is a monthly benefit paid out to each member over his or her lifetime. This monthly distribution of retirement benefits is one alternative that financial research house Morningstar has reported on repeatedly. Even President Obama's Middle Class Task Force suggested in a January 2010 report that annuities reduce "the risks that retirees will outlive their savings or that the retirees' living standards will be eroded by investment losses or inflation." (Read the full report here: goo.gl/o76ct)

> Although the Brethren Pension Plan annuity interest rate can fluctuate up or down, the benefit is paid for the lifetime of each recipient.

Some members may worry about giving up control of their hard-earned retirement savings. Some employees may think that they can invest that money more effectively on their own. But in reality, how does this plan stack up against what you might be able to do as an individual investor?

According to a study by benefits consulting firm Aon Hewitt, Brethren Pension Plan's annuity program would provide a higher monthly payment amount than other distribution methods — including a 4 percent installment spend-down plan, which could run out too soon.

Beginning at age 65 with an initial balance of $100,000, the Aon Hewitt study compares the income streams generated by BBT's Retirement Benefits Fund and a simple installment benefit distribution scheme. As indicated earlier, the BBT annuity benefit is paid over the lifetime of the participant — whether the participant lives to be 66, 88, 100, or older. The installment distribution approach either pays out less of a benefit over the same period of time or runs out of money before the recipient runs out of retirement! Go to goo.gl/ixBeU to view the Aon Hewitt comparison.

Although the Brethren Pension Plan annuity interest rate can fluctuate up or down, the benefit is paid for the lifetime of each recipient. That allows our members to focus on the finer parts of retirement while enjoying income security.

Scott W. Douglas

Scott Douglas
Director of Employee Benefits

1505 Dundee Ave., Elgin, IL 60120 800-746-1505 Fax 847-622-3399 www.brethrenbenefittrust.org

Revised contribution limits for 2013

The Internal Revenue Service creates annual limitations on contributions made to qualified retirement plans like Brethren Pension Plan. These limits are subject to cost-of-living adjustments each year. Here are the four main types of contributions and their limits for 2013 —

Elective-deferral contributions: $17,500 ($500 increase from 2012)
These are pre-tax contributions an employee makes to an employer-sponsored retirement plan such as a 401(k) or 403(b).
Catch-up contributions: $5,500 (unchanged from 2012)
If you are 50 years old or older by the end of 2012, you may be able to contribute additional funds to your Pension account beyond the elective-deferral contribution limit.
Defined contribution plan contributions: $51,000 ($1,000 increase from 2012)
The total annual contribution, including tax-deferred and tax-paid deposits, from both an employer and an employee.
Annual compensation limit: $255,000 ($5,000 increase from 2012)
The maximum dollar amount that can be taken into consideration when calculating retirement benefit contributions.

Changes to Traditional and Roth IRA contribution limits and deductions for 2013 have also been released by the IRS. To read more, please visit Brethren Pension Plan's contribution limit overview page at brethrenbenefittrust.org/contribution-limits.

A mortality assumption change celebrates mutuality

At its August meeting, the Brethren Benefit Trust Board of Directors approved the use of a new mortality assumption for Brethren Pension Plan, which will fine-tune an important step in the annuity payment calculation process.

Calculating a plan member's annuity benefit involves a number of variables, including a mortality assumption, which is the average life expectancy for our Plan members. Brethren Pension Plan uses this information when a retiree decides to begin his or her annuity payments, so that the retiree receives an appropriate amount of money each month (based on the amount of money that the participant annuitizes) for what the mortality assumption determines is an average life span.

With help from benefits consultant Aon Hewitt, BBT will switch from a fixed mortality assumption to a "generational" mortality assumption, which periodically updates average life expectancy data to better reflect the mortality experience of the general population. Although Aon Hewitt affirmed the fixed mortality assumption that BBT currently uses, its research indicates that a generational mortality assumption provides a more accurate benefit, which reduces the risk that a retiree receives too much or too little money over his or her lifetime.

"It's the principle of mutuality in action," said Scott Douglas, director of Employee Benefits at BBT. "This mortality assumption update will refine our process of determining average life span so that each retiree receives a fair share of the Retirement Benefits Fund."

For more information about this change to the mortality assumption, contact Scott at **sdouglas@cobbt.org** or **800-746-1505**.

Markets and the economy

During September, the S&P 500 rose 2.6 percent, up 16.4 percent for September year-to-date.

In an attempt to boost the economic recovery and improve the U.S. job market, the Federal Reserve announced a new round of quantitative easing, extended Operation Twist through the end of the year, and expressed its commitment to keeping interest rates low through 2015. Gross domestic product increased at an annual rate of 1.3 percent in the second quarter — down from the previous estimate of 1.7 percent and slower than the first quarter rate of 2 percent. Orders for durable goods declined 13 percent in August from July, the unemployment rate edged down to 8.1 from 8.3 percent, and home prices rose for the sixth straight month. The bond market, as measured by the Barclays Capital Government/Credit Index, was up 0.1 percent in September and 4.4 percent since the beginning of 2012.

Central Banks in Europe, Japan, Brazil, and Turkey took steps to bolster their economies by easing monetary policy. Europe's recession, weak U.S. growth, and a slowing Chinese economy are curbing exports worldwide. International equities, as measured by the MSCI EAFE, increased 3 percent in September and are up 10.6 percent September year-to-date.

Grow community projects while investing in your retirement

Retirement savings can be a win-win situation — it can help you secure your financial future and the future of a startup organization or enterprise. Through Brethren Pension Plan's Community Development Investment Fund, you can invest to protect your financial future while growing a small business, providing affordable housing options, and establishing cooperatives in the U.S.

If you invest in the CDIF, your money is used to purchase notes through Calvert Foundation, which then facilitates microlending agreements with organizations and business owners in historically disadvantaged areas. In 2011 alone, $446,758 was invested in the CDIF and used to build nine affordable housing units, nine new enterprises, and 19 new jobs in the U.S.

The benefit isn't exclusively for the borrower — historic data shows that the CDIF has delivered small but steady returns for Brethren Pension Plan investors. In fact, in the five-year period from August 2007 to August 2012, this fund has only experienced negative returns in three months. Does your current reduced-risk investment strategy have that same track record?

Courtesy of Calvert Foundation

One Calvert borrower is Habitat for Humanity International, which helps families around the world obtain safe, affordable housing.