



Important steps
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Retirement
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Pension Perspective

FROM BROTHERS PENSION PLAN

JULY 2009

Dear Pension Participant —

Over the past several months, we have heard a lot of bad news — the worst markets since the Great Depression, national average unemployment rate approaching 10 percent, the prospect of a long economic recovery, and expectations of a comfortable retirement fading further into an unknown future. In challenging times such as these, we need to do all we can to prepare and secure our financial futures, and Brethren Benefit Trust is a partner you can count on in this process.

Important steps have been taken to strengthen and protect the solvency and integrity of the Retirement Benefits Fund (the pool from which monthly annuity benefits are paid). As of July 1, all new annuities are calculated at a 5 percent assumption rate. Starting September 1, all existing annuities will be recalculated and paid out at the same 5 percent assumption rate. Originally, August 1 was set as the date for lowering all previous annuities; however, this date was moved forward to give members receiving a benefit adequate time to respond to the reduction in their payments.

We anticipate announcing Internet access to Pension accounts shortly. You will be able to view and manage your investments, update contact information and beneficiary designation, as well as download account activity and performance data. Further, we are currently researching how we might expand the number of funds in which you can invest. We also are exploring providing asset allocation advice for all active and inactive Plan members. One change that is going to occur within the next few months is a move to twice-monthly valuations, which will allow you to see your updated account balance as of the middle of each month in addition to month end.

Whether the markets are up or down, it is important to continue making contributions to your retirement account. This can be a difficult discipline to practice, especially for those who have seen the value of their retirement savings evaporate so quickly and substantially. However, it may help to remember that your Plan account has both “units” as well as “dollar values.” Units are like shares. Each time you make a contribution, the number of units in your account increases. When the markets are down, unit values decrease, which means that your contributions buy more units relative to times when the markets are up. So, in a down market it is like purchasing Plan units at a discount! Account values will fluctuate up and down relative to the markets, but the number of units in your account will continue to grow — so long as you continue to make regular contributions.

Though the equity markets continue to languish — and according to our investment managers will likely do so for the near future — the Plan funds have performed well relative to their benchmarks. This is a tribute to the quality of the investment managers selected by BBT to manage its funds, and to BBT’s investment system of diversification of managers, of investment sectors, and of individual companies. And as a Pension Plan member, you can also be confident that your money is being invested in a manner consistent with the values of the Church of the Brethren.

Scott Douglas

Director of Pension Plan and Employee Financial Services



MAKING FINANCIAL DECISIONS IS ALL IN THE TIMING — OR NOT

Unfortunately, the process of investing is not as simple as buying and selling stocks and bonds at your fancy. Though market timing — the idea that one can predict future market actions and base buy or sell decisions on these predictions — seems favorable for positive returns, it is actually a very risky course of action.

According to an Edward Jones study of market timing, it showed that missing just 30 of the best days in the market over the past 30 years could cut your returns in half!

Unless you are an experienced trader who understands the nuances of the markets, market timing probably is not a viable strategy for investment. Even if you are an expert, timing the market always involves a certain amount of risk. You may miss out on beneficial market movements due to timing errors. This could harm your portfolio because you may purchase too high or sell too low. There are some who think that it is impossible to “time the market,” while others believe that “time *in* the market” is the key to above-average overall returns.

In an economic climate like the one we are currently navigating, the good market days occur when we least expect them. It is certainly very difficult to be continually successful at market timing over the long term, because there is no real way to control or predict the markets. There are good reasons to avoid this risky behavior and to instead focus on investing for the long term.

One thing you do have control over is where your money is invested, and how. Within Church of the Brethren Pension Plan you have five fund options, and you may shift your allocations as you see fit. The performance of your account will vary depending on contribution allocations, the number and timing of transfers, and the performance of the markets in which your funds are invested.

The best way to have successful investments is to create an investment plan and stick to it. Talk to your financial adviser about the best options for your financial future.

SLOW AND STEADY MAY BE BETTER IN THE LONG RUN

What is “Dollar Cost Averaging” and why is this concept important to understand? Dollar Cost Averaging — sometimes referred to as the Constant Dollar Plan — is a long-term investment strategy in which a fixed dollar amount is added to an investment on a regular schedule, regardless of fluctuations in the market. DCA provides several benefits, but one of the greatest benefits is the discipline of regular, periodic investing. Without such a discipline, many of us would be less likely to invest for retirement — especially during bear markets like the current one. However, DCA is also an effective strategy for dealing with down markets. How does that work?

Even though the markets have their ups and downs, over the long term the U.S. equities markets have increased in value at an average annualized rate of approximately 10 to 11 percent (depending on time period measured). If you are investing a set amount of money each month in the Pension Plan, when the markets are down, your monthly investment will buy more fund units (relative to when the markets are up). The discipline of DCA, during down markets, has the effect of lowering your average cost per unit over the lifetime of your retirement account. Lowering the cost of your average fund unit helps you increase your investment gains over the long term.

For those who are not sophisticated investors, DCA takes the guess work out of deciding the best time to buy or sell fund units. Even the most competent and expert investors are unable to “call the bottom” (or the “top”) of the markets. If these so-called experts can’t, what are the chances that the average investor will do better? DCA smoothes out the bumps of the markets, and because historically over the long term the markets have made positive returns, DCA is a prudent way to purchase more fund units at a lower cost. All who participate in the Brethren Benefit Trust Pension Plan do so through a salary reduction agreement, which means all are taking advantage of Dollar Cost Averaging.

MARKETS AND ECONOMY

The general trend in June was flat to slightly downward for the S&P 500 equity index. Our investment managers fared better as they combined for positive monthly returns. As companies report earnings, the stock market is looking for direction as to whether the economy is taking a turn for the better. Unemployment continues to rise, as expected. The bond markets show modest gains as bond holders show a returning appetite for some risk. The narrowing gap between U.S. Treasuries and corporate bonds and asset backed securities is allowing our bond funds to outperform their index again this month.

Recent market performance prompts a few questions. Why did our bond portfolios underperform their benchmarks last year and now that the credit market has shown positive returns since late last year, will they continue to outperform? There are two investment terms that are used to describe how a portfolio moves differently than a benchmark or index. They are Greek letters alpha and beta. Alpha describes how a particular security selection by the manager impacts the portfolio. Beta describes how sector weighting accounts for performance returns that vary from the benchmark. For example, last year U.S. Treasuries benefited from a flight to safety and quality as the credit crunch became more pronounced, and uncertainty and panic hit the bond market. As more and more bond holders sold lower quality issues and bought only U.S. Treasuries, the difference between U.S. Treasuries and every other type of bond widened. Currently, the opposite is true. Investors are taking more risk, resulting in a higher rate of return than U.S. Treasuries, and this appetite for risk benefits all other bond categories and our bond funds.

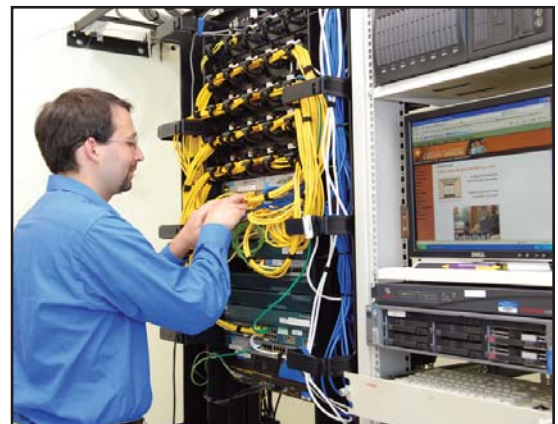
2009 DEPARTMENT OF DEFENSE LISTS RELEASED

As part of its socially responsible investment ministry, each year Church of the Brethren Benefit Trust requests that Boston Common Asset Management, one of BBT's investment managers, compile a list of the U.S. military's top 25 publicly traded defense contractors, based on the size of contracts awarded by the Department of Defense. These firms are then screened from BBT's investment portfolios by all of our investment managers, as directed by BBT's investment guidelines, as are firms that receive more than 10 percent of their revenue from alcohol, defense, gaming, tobacco, or pornography.

New to this year's list are the following companies — SAIC, Humana, Health Net, and Hewlett-Packard. Absent from this year's list is Royal Dutch Shell, Electronic Data Systems (bought by Hewlett-Packard), Amerisource Bergen, and FedEx.

BBT screens 76 additional companies from our investments because they receive more than 10 percent of their revenue from defense contracts. A copy of this list is available upon request or online at www.brethrenbenefittrust.org/news/newsindex.html, under the listing of "General BBT News."

Because BBT has decided to exclude Hewlett-Packard from its investments, BBT has curtailed its use of Hewlett-Packard products. This will be challenging because BBT relies heavily on HP technology. BBT will only purchase HP products that are necessary to support the equipment presently in its inventory.



Because BBT relies heavily on technology from HP, a company now on our screened list, we now only purchase HP products that are necessary to support equipment currently in use at BBT.

Do you have questions about your Church of the Brethren Pension Plan account? Contact Lori Domich, Member Services Representative, at 800-746-1505 or at ldomich_bbt@brethren.org.

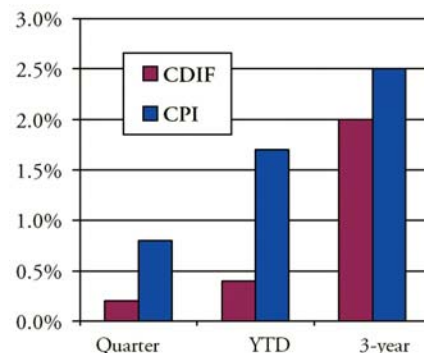
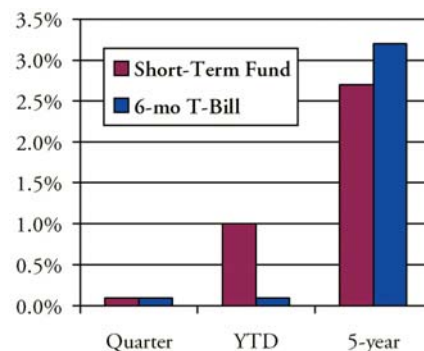
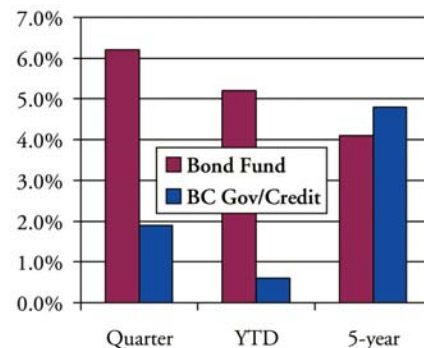
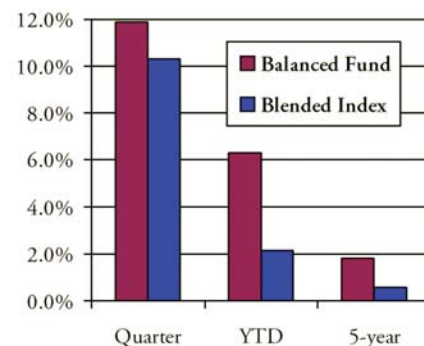
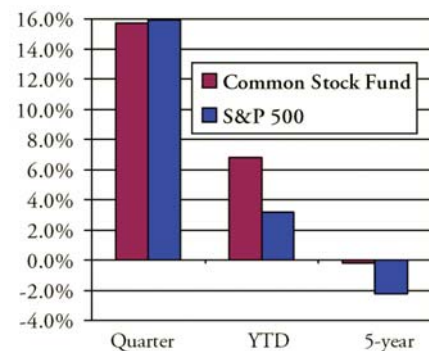
Quarterly Fund Performance Report

for the period ending June 30, 2009

All Pension investment funds must meet socially responsible investment guidelines.

Performance Report

FUNDS (Net of Investment Fees)	BENCHMARKS (Gross)
<p>Common Stock Fund:</p> <p>Rate of Return</p> <p>Current quarter 15.7%</p> <p>Year to date 6.8%</p> <p>Five years (0.2)%</p>	<p>S&P 500:</p> <p>Rate of Return</p> <p>Current quarter 15.9%</p> <p>Year to date 3.2%</p> <p>Five years (2.2)%</p>
<p>Balanced Fund:</p> <p>Rate of Return</p> <p>Current quarter 11.9%</p> <p>Year to date 6.3%</p> <p>Five years 1.8%</p>	<p>Blended Balanced Index:</p> <p>Rate of Return</p> <p>Current quarter 10.3%</p> <p>Year to date 2.2%</p> <p>Five years 0.6%</p>
<p>Bond Fund:</p> <p>Rate of Return</p> <p>Current quarter 6.2%</p> <p>Year to date 5.2%</p> <p>Five years 4.1%</p>	<p>Barclays Capital Gov/Credit:</p> <p>Rate of Return</p> <p>Current quarter 1.9%</p> <p>Year to date 0.6%</p> <p>Five years 4.8%</p>
<p>Short-Term Fund:</p> <p>Rate of Return</p> <p>Current quarter 0.1%</p> <p>Year to date 1.0%</p> <p>Five years 2.7%</p>	<p>6-Month T-Bill:</p> <p>Rate of Return</p> <p>Current quarter 0.1%</p> <p>Year to date 0.1%</p> <p>Five years 3.2%</p>
<p>Community Development Investment Fund:</p> <p>Rate of Return</p> <p>Current quarter 0.2%*</p> <p>Year to date 0.4%*</p> <p>Five years 2.0%*</p> <p>*Interest accrues on a quarterly basis.</p> <p>This ministry-focused fund does not have a benchmark.</p>	<p>Consumer Price Index:</p> <p>The CPI is an indicator of inflation. It is not a benchmark for the CDIF.</p> <p>Current quarter 0.0%</p> <p>Year to date 1.7%</p> <p>Five years 2.5%</p>



Five-year returns are annualized.