

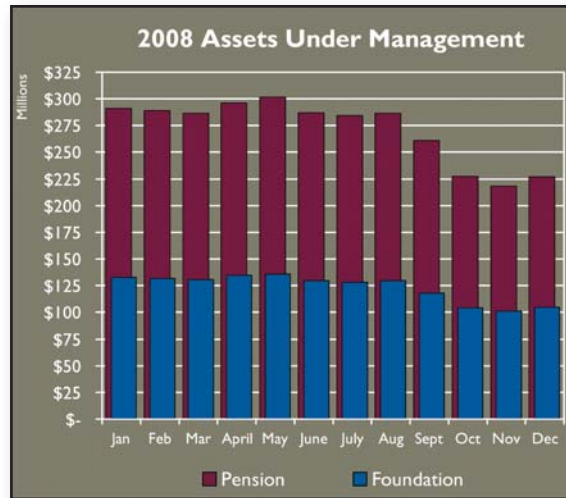
President's Message

Unfortunately, 2008 will be hard to forget

A 50 percent decline in one year — that was the dubious milestone reached by the S&P 500 in November during the time that the Church of the Brethren Benefit Trust Board was convened for its fall meetings. This decline was the sharpest by the equity markets since the 1930s. What is worse, there were few safe investment havens in 2008 — all market sectors experienced declines, which means all investors in the equity markets experienced negative returns, including BBT.

Through November, BBT's assets under management, which include funds of Brethren Pension Plan and Brethren Foundation, had declined \$119 million for the year to \$320 million. However, they rebounded slightly in December as the markets showed a sign of recovery — the S&P 500 increased by about 10 percent for the month.

Nevertheless, what does the aggregate decline in investments mean for BBT's members and client organizations?



It depends. For people who have more than one investment cycle left (generally 10 years) before they retire or for organizations making long-term investments, the downturn should have little impact, if history is any guide. The markets typically rebound over time, as equities began to do in December. In the meantime, investments made while the markets are lower will increase greatly as the markets climb upward, which will benefit portfolios invested in equities long term.

For people approaching retirement or for organizations wanting to access their funds in the near future, conservative asset allocation is the key — a less risky fund choice

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BBT Board

Church Workers' grants are increased for 2009

The Church Workers' Assistance Plan has not kept up with the times. With the economy struggling, and with consumer prices having risen sharply over the past few years, a major concern for the Church of the Brethren Benefit Trust Board at its November meeting was the grant values for the three components of the Church Workers' Assistance Plan.

For 17 years, the maximum income level to qualify for a Church Workers' Assistance Plan grant has steadily increased, but the grant awards have not been changed. To try to bring the purchase power of today's recipients closer to that received by recipients in the early 1990s, the Board approved a recommendation that provides a 25 percent increase in all levels of the Retired Church Workers' Assistance Grants from the maximum of \$6,000 per year to \$7,500.

The out-of-pocket medical insurance grants for retirees will increase \$25 per month,

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Carol Davis, chief executive officer of Pinecrest Retirement Community, confers with Steve Mason, Brethren Foundation director, during a break of the BBT Board's November meeting.

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Family finances in 2009 may require creative planning

It is more important than ever to manage money wisely in 2009, especially considering the financial pitfalls of 2008. Most of us have questions about how to spend and save our resources in the best ways possible for ourselves and our families. You may wonder, should I buy a house in 2009 or should I wait? How can I make sure my children learn healthy saving habits? How can I save money through family budgeting? The following are some ideas to consider as you plan for 2009.

Buy a house

It may seem counterintuitive, but several news reports have indicated that if you are a qualified buyer or a first-time buyer, 2009 may be a great year to buy a house. Fixed-rate mortgages have hit a historic low. At the end of last year, the average 30-year, fixed-rate mortgage was 5.17 percent — an entire percentage point lower than rates at the end of 2007, which averaged around 6.07 percent. If you have a good credit score, or are able to make a large down payment, you may be able to find an even lower rate. First-time buyers have an additional benefit, because they don't have to sell a home before they buy.



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If you need a car — buy it now

Automobile manufacturers across the country are struggling to make sales, and as a result, prices are more negotiable than ever, and interest rates are very attractive.

It is possible that auto prices may not stay as low through the year as they are now. You may also want to consider taking out a home equity loan to purchase a new vehicle, which allows the interest to be deducted from your taxes. Although 2009 is not the year for careless spending, if you are in the market for a vehicle, you may be able to find surprisingly low prices and lending rates for your purchase.



Save, save, save — and teach your children to save

Give a man a fish and you feed him for a day, but teach a man to fish and you feed him for a lifetime, the popular adage goes. It's more important now than ever to pass along money management skills to children and family members.



Consider giving your child an allowance each week to help emphasize the importance of saving and managing money. If your child

receives \$10, suggest reserving one or two dollars in a "savings account" — a piggy bank or other visual reminder — to teach healthy spending and saving habits at an early age. This way, the money will not be seen as "gone," but simply as resting in a separate location to be used at another time. Perhaps you could match your child's saving efforts by also contributing one or two dollars to the savings account. Or take the lesson further — apply for a regular savings account or a Kids or Youth Club account through Church of the Brethren Credit Union. Any Church of the Brethren member or family member can join the Credit Union, as well as employees of the Church of the Brethren, students at Brethren colleges, and residents of Brethren-affiliated retirement communities. Money can even be directly deposited into Kids or Youth Club accounts from the parents' paychecks. Check www.cobcu.org for more information, or call toll-free at 888-832-1383.

Cut back spending — be creative

One cup of gourmet coffee costs about \$3.50. If you purchase three cups in a week, your monthly coffee bill totals nearly \$45, which adds up to over \$500 a year. Buy a coffee maker and ground coffee to enjoy the same quality at home for a much lower price.

How about reducing food costs? Many families turn to restaurants or ordering out for meals, but this option, while convenient, can more than double the amount of money spent on food. Try preparing simple meals at home. Or buy pre-made dishes, like frozen lasagna, if you don't have time to prepare meals from scratch. Then take leftovers to work for lunch the next day. Clipping grocery coupons from your local newspaper or using Web sites such as www.coupons.com or www.couponcabin.com can cut costs even more.



Methodically pay off credit card debt. Start with the card that carries the highest interest rate, and be sure to pay more than the minimum payment each month. When that card is paid off, move on to the card with the next highest interest rate, paying at least the same amount you did on the previous one. This way, you will pay off debt more quickly, while still remaining within your budget.

Finally, as you shop for clothing or other items, remember to shop for only what you need. Sales often entice us to buy items that we later realize we don't need, or want. Choose your purchases wisely, and consider whether you are buying something because it is useful, or if you are only buying it because it's on sale. It may be a good price, but if the item is not useful to you, it isn't a good deal. Surviving these economic times may not require large sacrifices in day-to-day living, but it does require being careful about how and when you spend money. — CF

The ups and downs of staffing at BBT

The past year has been a roller coaster ride for staffing at Brethren Benefit Trust. Some people left, one returned, some retired, a number changed positions or responsibilities, and some new faces appeared. Amid all the changes, however, the staff stepped up, pitched in, and made sure that all of our members were taken care of, and we maintained our fiduciary oversight.

Many of these changes occurred toward or at the end of the year, including the following.



Steve Bob began serving as director of Church of the Brethren Credit Union on Nov. 3. He oversees the Credit Union's daily operations and development of new

services, including online banking and bill pay.

He previously served as executive director of the Fox Valley Micro Loan Fund and has extensive financial experience in the not-for-profit sector.

"Steve's knowledge of daily financial operations, coupled with a variety of professional experiences in not-for-profit settings, makes him an ideal leader for this position," said BBT President Nevin Dulabaum



Tammy Chudy was promoted to manager of Insurance operations, effective Oct. 13. She had been the member services representative for insurance since

August 2006. She had worked in the BBT finance department from November 1990 to May 1995 before taking an extended leave.

Scott Douglas

assumed the position of director of Church of the Brethren Pension Plan and BBT's Employee Financial Services on Jan. 2. He



succeeds Jay Wittmeyer who resigned to assume the position of director of Global Mission Partnerships for Church of the Brethren Inc.

Scott has extensive experience in marketing and sales of pension and insurance plans and has served 13 years with national Church of the Brethren-related organizations.

"Scott will bring a unique blend of employee benefits knowledge that includes developing a pension plan as well as experience in health and property and casualty insurance, marketing, sales, administration, and ministry," said Nevin. "His skills give him the tools to serve as a capable program administrator within BBT and program interpreter to Plan members."



Cyndi Fecher

began as publications coordinator for BBT on Jan. 2. She will be providing oversight for all BBT publications, the BBT Web site, and other special projects. In the past, Cyndi has worked with the Gather 'Round curriculum, and most recently, taught English as a second language in South Korea.

Mandy Garcia



recently began as administrative office assistant for BBT. She will offer administrative support to the president, director of Information Technology, and the director of Office Operations. Before joining BBT, she worked as a supervisor at Starbucks.

Patrice Nightingale



has been named director of Communications at BBT after having served as interim director. She began in May as the manager of

publications. Patrice has worked in various capacities in the publications field for over 35 years.



Jill Olson has joined Church of the Brethren Credit Union in the newly created position of loan officer/office specialist. She previously worked

on the senior management team as senior account manager for Wesleyan Investment Foundation in Indiana. Jill comes with a great deal of experience in managing and processing accounts and will offer assistance with customer service needs as well as working with product development, marketing, promotion, interpretation, and field-visit initiatives.

"Jill's experience of working with savings and IRAs for a faith-based organization that has served a national clientele will bring much-needed support and leadership to Church of the Brethren Credit Union," said Nevin.



Jerry Rodeffer

accepted the call to serve as BBT's chief financial officer, effective Nov. 19. You may recognize Jerry's name as having served as Brethren Benefit Trust's CFO and treasurer from November 1990 until July 1994. Jerry joins BBT from Washington Mutual in Seattle, Wash.

"Jerry helped establish BBT's current multiple investment manager system and served as the first director of Brethren Foundation," Nevin said. "Moreover, he understands the mission and vision of the organization and will be a strong contributor in helping BBT fulfill both."

And finally our roller coaster ride comes to a halt. For now.

BBT reinforces commitment to serve through ethos statement

In order to more effectively fulfill its vision statement, in November, the Church of the Brethren Benefit Trust Board adopted a statement of ethos.

With the understanding that “ethos” is defined as “the distinguishing character, beliefs or moral nature of a person, group, or institution,” the definition by J. Shannon Clarkson in *Conflict and Community in the Corinthian Church*, the Board embraced the following statement —

As Board and staff members, we seek to awaken and fulfill the mission and vision of the organization by:

1. Embracing the spirit of God.
2. Showing unconditional positive regard* for each other and for those we exist to serve.
3. Equipping ourselves to fulfill our individual and collective responsibilities.
4. Empowering one another.
5. Exhibiting a commitment to serve.
6. Being accountable, individually and corporately, with each other and with those we exist to serve.
7. Operating in a transparent and collaborative manner.

* *Unconditional positive regard, a concept developed by Carl Rogers, is when one person is completely accepting of another, modeling an attitude that is demonstrated through behavior.*

The implementation of this ethos statement is expected to strengthen BBT as it strives to live into its core values, which include accountability, trustworthiness, fiduciary and social responsibility, and high business and ethical standards. The Church of the Brethren Benefit Trust Board and staff are committed to conducting business as guided by these core values while maintaining competitive financial services. By following the ethos statement and by striving to reach its core values, the Board and staff hope that BBT will then fulfill its vision statement — of being seen as the financial service partner of choice by those we exist to serve. — CF



Board Chair Harry Rhodes looks on as President Nevin Dulabaum presents his report to the BBT Board and staff.

Patrice Nijhngale

President's Message

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should be selected to ensure that there is no erosion of principle.

For people who have retired through Brethren Pension Plan, BBT has given them an annuity that will pay them for life. BBT's mandate is to ensure that the Retirement Benefits Fund, from which the annuities are paid, remains able to fulfill its obligations for decades to come. Each year in January, BBT engages Hewitt Associates to perform an actuarial assessment that gives us a snapshot of the fund's long-term viability. This year's study will be more comprehensive than normal, given the severity of the markets' sharp declines in 2008. The results of the study are expected to be ready for review by the Board and staff in February.

In the meantime, the Board did take action in November to help BBT have one investment option that is expected to show a positive return over any rolling three-month period — its Short-Term Fund. The Board hired a new fund manager, Sterling Capital Management of Charlotte, N.C., that specializes in investing in shorter duration notes,

allowing the firm to be more agile in its investment selection and thus reduce the likelihood of negative returns.

At its Nov. 20 meeting in Elgin, Ill., the Board's Investment Committee reviewed the performances of its eight national investment managers, seeking to ensure that all managers were producing results that exceed their respective benchmarks and were positioned in the top quartile of their peers. By frequently reviewing the investment managers and ensuring that they are diversified among many investment sectors, BBT Board members and staff seek to ensure that investments under management can weather most financial downturns with little adverse impact relative to their respective benchmarks.

Whatever your investment situation, the best way to deal with your financial investments is to meet with a financial planner, develop a plan, and stick with it. That course of action will minimize the impact of a financial storm as was experienced in 2008. — ND

Put a S.T.O.P. to holiday stress — plan now for next year

Now that the last pine needle has fallen off the tree, the ornaments have been packed away, and the kids have returned to school, it is time



to reflect on the holiday season. How did you emerge? Did you rush trying to find that one last gift? Do you dread the arrival of your credit card statements? Rather than sing the holiday blues, try the S.T.O.P. method to get a head start on next year. S.T.O.P. stands for Save, Track, Organize, and Plan.

- **Save now.** If you found yourself short on cash for shopping in 2008, begin saving now for 2009. You might consider opening a



Christmas Club account. By setting aside a specified amount each month, you'll have funds designated for the holidays and won't have to worry about overextending your budget next Christmas. Church of the Brethren Credit Union offers a variety of club accounts, including a

Christmas Club, and they usually pay a higher rate of interest than regular savings accounts.

- **Track your spending and gift giving.**

When you know exactly what you have spent, you are in control. If you are using a debit or credit card, check your monthly statement and reconcile it against receipts.



- **Organize yourself.** This can be done by utilizing lists, a preset budget, and a calendar. Organization goes a long way in helping to bring calm to a busy season. When your gift recipients drop hints, write down ideas and keep a gift list available. As you travel, or shop during off-season times, pick up stocking stuffers or unique presents. Keep your ears open for comments your family members make throughout the year, and surprise them when the next gift-giving season rolls around. Some people use a holiday planner created just for the season,



with pockets to store memos and receipts, pages to write down notes and reminders, and an address section to use for holiday cards and invitations.

- **Plan ahead.** Waiting until the last minute usually ends up costing more time and money. Begin to pick up gifts to store away during the year. Some can be used for birthdays, but a gift reserve will allow you to get a head start. Buying throughout the year also spreads out the spending over time. If you need holiday decorations, buy them on sale, at the end of the season, for next year.



Keep in mind that your budget should also include food and drink for entertaining and special meals. Setting a budget and staying within your means will greatly aid in relieving stress. Overspending may be fun at the time, but reality will hit when the bills start rolling in. Some families never recover before the next season comes around, causing additional stress every year.

When you plan for the season and delegate some of the tasks, you will be able to enjoy the holidays with family and friends. Singing carols, baking seasonal items, and opening your gifts can be done with joy rather than exhaustion. Enjoy your family. Create time to do things together such as decorating the tree, setting up a Nativity scene, or creating holiday traditions. When you allow the S.T.O.P. concept to guide you, soon you'll learn to anticipate the next holiday season with joy, not dread. — Cindy Bravos

BBT Board

"Church Workers' grants" ... Continued from page 1

raising the minimum from \$100 to \$125, and the maximum benefit from \$375 to \$400, or \$4,800 per year. Active Church Workers' matching grants will go up from \$7,500 per year to \$8,000. It was decided to keep qualifying income guidelines the same as they were set for 2008.

Of course, the financial stability of BBT was an important topic for the Board. Please refer to the President's Message on page 1.

In other news, the Board learned that Brethren Insurance Services held a successful open enrollment in October for its ancillary insurance products. According to Randy Yoder, director, there are approximately 410 new certificates of insurance for 2009. The total number of policies held by all members (not including spouses and dependents) is nearly 2,550. The actual number of completely new members for 2009, not previously using our insurance services before this enrollment, is 29. — PN

IRA deadline coming soon

If you have a traditional individual retirement account, or if you are going to set one up, you have until April 15, 2009, to make contributions that may qualify for deductions on your 2008 income tax return. Current tax laws allow deductions for contributions made during the calendar year, as well as those made after the end of the year, but



before the due date for your tax return — which is April 15, 2009. If you wish to make a contribution to your IRA that will qualify for a deduction in 2008, you must make your request in writing to your IRA trustee.

Deductibility of contributions to traditional IRAs can be determined using the instructions for Internal Revenue Service Form 1040, or IRS Publication 590. The Church of the Brethren Credit Union Web site has more information about deductibility at www.cobcu.org. Click on “IRAs and ESAs” for more information about your IRA contributions.

If you contribute to an IRA between Jan. 1 and April 15, 2009, you have the option to deduct the amount for 2008 or 2009. If you choose to claim the deduction for 2008, remember that your request must be in writing. If no written request is made, the amount will be deducted for 2009. This flexibility in the law allows you to select the year in which the tax benefit will be greater. Another possibility is to make a contribution before April 15, claim it for 2008, and make another contribution later in the year as your 2009 investment. Ask your financial adviser to help you make the best decision regarding your IRAs.

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Inside: BBT Board increases grant values, hires new fund manager

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