

## **Resolution 10.02**

### **Regarding the ELCA Board of Pensions Participating Annuity and Bridge Fund**

WHEREAS, the theology of the Evangelical Lutheran Church in America (ELCA) is that we are one church in the body of Christ (I Corinthians 12:14-26); and

WHEREAS, the Lutheran church bodies which are the predecessor church bodies of the ELCA have a 250-year history of being concerned that its retired clergy and rostered lay workers have adequate pensions; and

WHEREAS, the ELCA social statement on economic life, *Sufficient, Sustainable Livelihood for All*, adopted by the sixth Churchwide Assembly on August 20, 1999, in Denver, Colorado, states in part, “*We commit ourselves* as a church to...provide adequate pension and health benefits...,” and

WHEREAS, the ELCA Board of Pensions has a fiduciary responsibility to manage the pension funds; and

WHEREAS, the plan of the ELCA Board of Pensions to correct the underfunding puts the burden of that correction on the faithful pensioners that participated in the Participating Annuity and Bridge Fund; therefore be it

RESOLVED, that Southwestern Minnesota Synod at its 2010 Assembly request the Church Council to explore and implement, in partnership with the ELCA Board of Pensions, strategies to restore the reduction and cancel any future reductions to the recipients of the ELCA Board of Pensions Participating Annuity and Bridge Fund.

*Submitted by the Crow River Conference and the Minnesota Valley Conference*

## **Background information for Resolution 10.02**

In Fall 2009, the ELCA Board of Pensions took several actions that have adversely affected the income of annuitants in the regular pension plan and the ELCA Participating Annuity and Bridge Fund (the Fund) as well as potentially the future of those in the plan nearing retirement.

Current annuitants were notified that their income from the Fund would be reduced by 9% each year in 2010, 2011 and 2012 in order to help the Fund recover from the impact of the stock market downturn and global economic recession. The Fund was closed to any further entrants on April 3, 2009, and the ability of future retirees to annuitize has been terminated for the time being.

This resolution is intended to address those actions and offer possible correctives that would soften the economic impact on current annuitants particularly but also share the load of their loss of income with active members of the plan in the spirit of St. Paul's admonition that we "Share one another's burdens..." (Galatians 6:2)

Members of the plan who have not annuitized or did not enter the Fund are not affected by the 9% reduction.

Some strategies for the Church Council to consider are:

1. Adding a temporary surcharge, such as \$25 per congregation per month, toward the administration of the funds, which would demonstrate a shared responsibility across the whole church; and
2. Instituting a temporary surcharge, such as \$25 per month to be deducted from the monthly pension contributions for active members of the plan and dedicate those proceeds to the recovery of annuity obligations, which would further demonstrate a shared responsibility across the whole church, and
3. Adding a temporary surcharge to the performance of the Fund that would be used to add to the recovery of annuity obligations; and
4. Asking the ELCA Board of Pensions' executive staff to take the same salary cut they are imposing on the pensioners (9% in 2010) and adding this amount to the recovery of annuity funds; and
5. Asking the Church Council of the ELCA to reinstate the pension recovery fund until the obligation to all pensioners is fulfilled; and
6. Recalculating and reducing the percentage being subtracted from annuitants' monthly checks in light of the added income streams from the above proposals; and
7. Recalculating the particular burden on those pensioners who have low pension incomes.