After each regular meeting of the Board of Directors of The Board of Pensions of the Presbyterian Church (U.S.A.), Philadelphia, the Board of Pensions publishes The Board Bulletin, providing a record of actions taken at the meeting. This Board Bulletin reports actions taken at the spring 2014 meeting, February 27 – March 1, that affect plans and programs administered by the Board.

Enthusiasm Greets Selection of Frank Spencer as Next President of the Board of Pensions

The selection of Frank Clark Spencer of Charlotte, North Carolina, as the next President of the Board of Pensions was enthusiastically received at the Board of Directors meeting in Philadelphia on February 28, 2014. Mr. Spencer, President and CEO of Habitat for Humanity of Charlotte, is a career businessman with strong, lifelong ties to the Presbyterian Church (U.S.A.), including service on the Board of Directors of the Board of Pensions. He expects to complete work toward his Master of Divinity at Union Presbyterian Seminary, Charlotte, this year.

“Following a national search, interviews, dialogue, and prayer, the Search Committee presented Frank as their candidate,” said Thomas C. Paisley Jr., Chair of the Board of Directors. “The full Board of Directors is grateful for their dedicated service — and proud to elect Frank as the next President.”

“What a rare honor and privilege it is to be joining such an incredible team and to be entrusted with serving those who serve our Church in proclaiming God’s word,” Mr. Spencer said. “I look forward to working with each of you as we continue this critical work of the Board of Pensions,” he told the Directors.

Mr. Spencer, who resigned from the Board of Directors to succeed Robert W. Maggs Jr., will be presented to the 221st General Assembly (2014) for confirmation. Once confirmed by the Assembly, he will assume the presidency.

Mr. Maggs, who has dedicated 15 years to the Board of Pensions, announced in October 2012 that he would retire in 2014. The Board of Directors then formed the Search Committee, which hired Fraser Keating Associates LLC to lead the search. Mr. Spencer, who possesses distinguished credentials, rose to the top as an ideal choice to lead the Board of Pensions through what undoubtedly will be transformative years for both Board and Church.
Mr. Spencer called himself an optimist. “I encourage each of us to be optimists, keeping our eye not only on those who have served the Church and those who are serving the Church now but on those who will serve the Church in the future.” Recognizing the Board’s rich, nearly 300-year history, he said: “Our role is to enhance what is already here, strive to be better. And that is what we will do. It’s about the next 300 years.”

Mr. Spencer, who has spent nearly three decades in finance and commercial real estate development with for-profit and nonprofit organizations, graduated with high distinction from Harvard Business School as a Baker Scholar. He earned a B.A. with honors in German literature from the University of North Carolina, Chapel Hill, where he was a Morehead Scholar.

After more than 20 years as a Habitat volunteer, Mr. Spencer was named President and CEO of the Charlotte chapter in 2012. As one of Habitat’s largest and most dynamic U.S. affiliates, Habitat Charlotte provides affordable housing and support for more than 1,250 families in Charlotte and El Salvador. Supported by 85 employees and thousands of volunteers, the ministry builds and rehabilitates houses, runs a $4 million retail outlet, recycles 1,200 tons of steel annually, and services approximately 1,000 noninterest-bearing mortgages. In 2013, the Charlotte Business Journal named Habitat Charlotte one of the city’s Best Places to Work — the only nonprofit charitable organization so honored.

In 2011, Mr. Spencer founded Parhelion Investments, an equity investment firm specializing in real estate. Previously, he spent 15 years with Cogdell Spencer Inc., an investor in office buildings for the medical profession. He joined Cogdell Spencer in 1996 as Chief Operating Officer, becoming President in 1998 and CEO in 2005, when the company launched its initial public offering on the New York Stock Exchange.

As leader of Cogdell Spencer, Mr. Spencer grew its value from $10 million to $900 million, its revenue from $4 million to $330 million, and its portfolio from 1.4 million square feet to 6 million square feet. The number of employees increased from 45 to 450 under his leadership, and funds from operations went from $9 million to $31 million. Cogdell Spencer was named among Charlotte’s Best Places to Work in 2009 and 2010, and Ernst and Young honored Mr. Spencer as Entrepreneur of the Year in the Carolinas region in 2009.

Dedicated to the mission and ministry of the PC(USA), Mr. Spencer has served the Church in various capacities since his youth. He was elected to the Board of Directors of the Board of Pensions by the 220th General Assembly (2012) and served on the Audit and Compliance and Investment Committees before resigning. Mr. Spencer has also served as Chairman of the Board of Directors for the Montreat Conference Center and on the national NEXT Church Strategy Team.

Born in Staunton, Virginia, Mr. Spencer grew up the son of the 14th President of Davidson College, Dr. Samuel Reid Spencer Jr. Dr. Spencer also served as Chair of the Board of Trustees of Union Theological Seminary, in Richmond, Virginia. Mr. Spencer is a ruling elder at Selwyn Avenue Presbyterian Church, in Charlotte. He and his wife, Dr. Melanie Spencer, have two grown children.
Directors Grant Experience Apportionment

The Directors approved a **4.6 percent experience apportionment** for the Pension Plan, effective July 1, 2014. The apportionment, the second in two years, is consistent with the Board’s experience apportionment policy guidelines, which require a funded status of 110 percent or more before consideration of an apportionment. Analysis provided by Towers Watson, the Pension Plan actuary, confirmed that plan reserves are sufficient to grant the apportionment.

An experience apportionment is a lifelong increase in pension benefits or credits, depending on employment status:

- **For retirees and eligible survivors**, an experience apportionment is an increase in the individual’s current pension benefit for as long as the person lives, expressed as a percentage of benefits received. Pensioners will be notified of the amount of the increase to their pension checks in late June; their July pension checks will reflect the new amount.
- **For active and terminated vested members**, an experience apportionment is an increase in the individual’s pension credits accrued as of December 31, 2013, expressed as a percentage of the accumulated credits. Active members will be able to see the pension credits attributable to the apportionment in a separate line item on their online Statement of Benefits through Benefits Connect in early July. Terminated vested members will be notified of the increase in their pension credits in mid-July.

Experience apportionments are not guaranteed to be granted each year. The chart below shows the plan’s experience apportionment history since 2000.

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<th>Experience Apportionment</th>
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**Balanced Investment Portfolio Returns 17.1 Percent for 2013**

Jacqueline D. Jenkins, Chair of the Investment Committee, provided an overview of the work of the Committee on behalf of members of the Benefits Plan and their beneficiaries.

The Committee affirmed the December 31, 2013 asset allocation of 37.3 percent in U.S. stocks, 21.3 percent in international stocks, 29.5 percent in fixed income, and 11.9 percent in other assets. It heard a presentation on investing in companies in emerging markets and had a panel discussion on investing in U.S. stocks, including the outlook for U.S. stocks for 2014 and beyond. The Committee affirmed current long-term strategic asset allocation ranges and the 7.0 percent actuarial interest return assumption for the Balanced Investment Portfolio.

Ms. Jenkins reviewed 2013 performance within the context of a year of volatile investment performance for many asset classes. The Balanced Portfolio exceeded the return of the asset mix policy benchmark for the one, three, five, 10, 15, and 20 years ended December 31, 2013. The asset mix policy benchmark assumes passive management of the Balanced Portfolio using index funds; however, as noted by Ms. Jenkins, since 1990, the use of active management strategies in the Balanced Portfolio has provided an additional $920 million in assets, most of which is attributable to the last 10 years.

The Balanced Portfolio is the investment fund for the Pension Plan, Death and Disability Plan, Endowment Fund, and Assistance Program as well as for restricted gifts made to the Board of Pensions. On December 31, 2013, it had a market value of $8.5 billion. For a full report of the performance of the Balanced Portfolio, read the 2013 Investment Review: Who Is in Charge? Shakespeare, Bonhoeffer and Noble on pensions.org.

**Disability Benefits To Increase**

The Directors granted a disability benefit increase of 2 percent for members receiving disability benefits on December 31, 2013. This increase, which takes effect July 1, 2014, is the 14th increase in 16 years, each intended to help offset increases in the cost of living.

The assets and liabilities of the Death and Disability Plan are evaluated independently of the other plans administered by the Board of Pensions. In considering the decision, the Directors reviewed investment and actuarial experience, reserves, and cost-of-living and average salary changes. They determined that, owing to the plan’s strong reserve levels and the limited number of members on disability as of December 31, 2013, the Death and Disability Plan could afford this benefit increase.
New Leadership of Board of Directors Elected

The following Directors were elected to serve, or continue to serve, in Board leadership roles for one year:

John W. Hamm, Chair

Rev. Dr. Lindley G. DeGarmo, First Vice Chair

Judith A. Harris, Second Vice Chair

According to the bylaws, officers are elected annually. Directors may serve up to two consecutive four-year terms on the Board of Directors. Mr. Hamm and Dr. DeGarmo will complete their first terms as Directors this year; Ms. Harris will complete her second term in 2016.

The Board of Directors governs the Board of Pensions, which provides pension, healthcare, death and disability benefits, and financial assistance to qualifying members who serve or have served the Presbyterian Church (U.S.A.).

Board Lauds Outgoing Directors

Fellow Directors and members of Board of Pensions management recognized the contributions of the following Directors, whose terms expire at the conclusion of the 221st General Assembly (2014):

Rev. Brian D. Ellison
Rev. Dr. Samuel D. Kim
Christopher M. Mason
Thomas C. Paisley Jr.

Stephen E. Proctor
Frank Spencer*
Paul B. Volker, M.D.
Lawrence A. Wright, M.D.

Carol Sheffey Parham, Ed.D.

“These individuals, who served from 2006 to 2014, made significant contributions in the areas of healthcare, assistance, pension policy, and more,” said Mr. Paisley, outgoing Chair of the Board of Directors. “We are grateful for the gifts of leadership, acumen, fellowship, and faith that they brought to our work together.”
Nominations for incoming Directors will be submitted by the General Assembly Nominating Committee to the 221st General Assembly (2014) for election.

*Mr. Spencer resigned from the Board of Directors upon being chosen President-Elect.*

Questions or Comments?

- Write communications@pensions.org or
  The Board of Pensions of the Presbyterian Church (U.S.A.)
  2000 Market Street
  Philadelphia, PA 19103-3298
- Call 800-773-7752 (800-PRESPLAN)

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