

2018

Statement of
Management
Responsibility
and Independent
Auditors' Report

COMBINED FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES

as of and for the years ended December 31, 2016, 2017 and 2018



THE BOARD OF PENSIONS
OF THE PRESBYTERIAN CHURCH (U.S.A.)



Statement of Management Responsibility

The management of The Board of Pensions of the Presbyterian Church (U.S.A.) is responsible for the preparation and integrity of the accompanying combined financial statements. The statements are prepared in conformity with accounting principles generally accepted in the United States of America and include amounts based on our best judgments and estimates.

Management has established and maintains internal accounting controls and procedures to provide reasonable assurance that assets are safeguarded and that transactions are authorized, recorded and reported properly. In our opinion, these internal accounting controls provide this assurance and the financial records are reliable.

The Board of Pensions is governed by an independent Board of Directors elected by the General Assembly of the Presbyterian Church (U.S.A.). The independent auditors, Deloitte & Touche LLP, are recommended by the Audit and Compliance Committee of the Board of Directors and approved by the Board of Directors.

The Audit and Compliance Committee meets with the independent auditors, management and the internal auditors periodically to discuss internal accounting controls, auditing and financial reporting matters. The independent auditors review with the Audit and Compliance Committee the scope and results of the audit. To help ensure auditor independence and objectivity, the Audit and Compliance Committee meets with both the independent and internal auditors without management present.

The report of the independent auditors, based upon their audits of the combined financial statements, is contained in this financial report.

A handwritten signature in blue ink, appearing to read 'Frank Spencer'.

The Reverend Frank Clark Spencer
President

A handwritten signature in blue ink, appearing to read 'Michael F. Fallon'.

Michael F. Fallon Jr.
Executive Vice President and
Chief Financial Officer

March 19, 2019

INDEPENDENT AUDITORS' REPORT

The Board of Pensions of the Presbyterian Church (U.S.A.)
Philadelphia, Pennsylvania

We have audited the accompanying combined statements of net assets available for benefits and statements of accumulated plan benefit obligations of The Board of Pensions of the Presbyterian Church (U.S.A.) (the "Board of Pensions") as of December 31, 2016, 2017 and 2018, and the related combined statements of changes in net assets available for benefits and changes in accumulated plan benefit obligations for the years then ended, and the related notes to the financial statements.

Management's Responsibility For The Financial Statements

The Board of Pensions' management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board of Pensions' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board of Pensions' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined net assets available for benefits and accumulated plan benefit obligations of The Board of Pensions of the Presbyterian Church (U.S.A.) at December 31, 2016, 2017 and 2018, and the combined changes in its net assets available for benefits and accumulated plan benefit obligations for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report On Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules of benefits provided for the years ended December 31, 2016, 2017 and 2018; administrative expenses for the years ended December 31, 2016, 2017 and 2018; and changes in net assets available for benefits by program and activity for the years ended December 31, 2016, 2017 and 2018 are presented for the purpose of additional analysis and are not a required part of the financial statements. These schedules are the responsibility of the Board of Pensions' management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such schedules have been subjected to the auditing procedures applied in our audits of the financial statements and certain additional procedures, including comparing and reconciling such schedules directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such schedules are fairly stated in all material respects in relation to the financial statements as a whole.

Deloitte & Touche LLP

March 19, 2019

The Board of Pensions of the Presbyterian Church (U.S.A.)

December 31, 2016, 2017 and 2018

(000's Omitted)

Combined Statement of Net Assets Available for Benefits	2016	2017	2018
Assets			
Investments - at fair value (Notes 2, 4)	\$ 9,421,856	\$ 10,598,099	\$ 9,799,463
Operating cash	2,073	2,304	1,776
Dues receivable, net (Note 2)	3,374	2,718	2,851
Christmas Joy Offering receivable	325	303	407
Other assets (Note 2)	31,033	33,103	29,898
Total Assets	9,458,661	10,636,527	9,834,395
Liabilities			
Bank drafts payable	548	1,085	617
Accrued expenses and other liabilities	27,024	30,175	32,384
Current medical benefit obligations (Notes 2, 5)	15,099	16,406	14,624
Future medical benefit obligations (Notes 2, 6)	9,634	7,220	7,220
Total Liabilities	52,305	54,886	54,845
Net Assets Available For Benefits	\$ 9,406,356	\$ 10,581,641	\$ 9,779,550
Net Assets Available For Benefits By Program	2016	2017	2018
Retirement Programs			
Pension Plans	\$ 7,734,336	\$ 8,658,320	\$ 7,959,463
Retirement Savings Plans	596,091	708,488	672,654
Chaplains Deposit Fund	3,830	4,381	3,637
Total Retirement Programs	8,334,257	9,371,189	8,635,754
Death and Disability Programs			
Death and Disability Plan	754,300	856,886	759,514
Supplemental Death and Disability Plans	37,786	43,985	42,630
Total Death and Disability Programs	792,086	900,871	802,144
Healthcare Programs			
Medical Plan	149,044	159,239	198,672
Medicare Supplement Plan	13,392	18,487	18,895
Dental Plan	2,019	2,385	2,633
Total Healthcare Programs	164,455	180,111	220,200
Assistance Program	115,558	129,470	121,452
Total Net Assets Available For Benefits By Program	\$ 9,406,356	\$ 10,581,641	\$ 9,779,550

The accompanying notes are an integral part of the combined financial statements.

The Board of Pensions of the Presbyterian Church (U.S.A.)

Years Ended December 31, 2016, 2017 and 2018

(000's Omitted)

Combined Statements of Changes in Net Assets Available for Benefits	2016	2017	2018
Additions To (Deductions From) Net Assets			
Investment Income (Loss) (Notes 2, 4)			
Investment income	\$ 122,960	\$ 121,850	\$ 139,609
Net gains (losses)	661,111	1,396,483	(577,000)
Net Investment Income (Loss)	784,071	1,518,333	(437,391)
Contributions (Note 3)			
Benefits Plan Dues	291,328	281,752	294,353
Retirement Savings Plans	37,846	41,914	48,711
Medicare Part D Subsidy	10,240	10,736	9,139
Christmas Joy Offering	1,163	1,147	1,262
Other	1,875	2,974	1,574
Total Contributions	342,452	338,523	355,039
Other			
Decrease in future medical benefit obligations (Note 6)	2,203	2,414	-
Total Additions	1,128,726	1,859,270	(82,352)
Deductions From Net Assets			
Benefits provided	625,711	629,381	661,445
Administrative expenses	57,197	54,604	58,294
Total Deductions	682,908	683,985	719,739
Increase (Decrease) in Net Assets Available for Benefits	445,818	1,175,285	(802,091)
Net Assets Available for Benefits			
Beginning of Year	8,960,538	9,406,356	10,581,641
End of Year	\$ 9,406,356	\$ 10,581,641	\$ 9,779,550

The accompanying notes are an integral part of the combined financial statements.

The Board of Pensions of the Presbyterian Church (U.S.A.)

December 31, 2016, 2017 and 2018

(000's Omitted)

Statements of Accumulated Plan Benefits	2016	2017	2018
Pension Plan			
Actuarial Present Value of Accumulated Plan Benefits (Notes 2, 7, 13)			
Participants currently receiving benefits	\$ 3,829,571	\$ 4,044,803	\$ 4,039,040
Other participants	2,393,453	2,549,704	2,292,343
Total Vested Benefits	6,223,024	6,594,507	6,331,383
Non-Vested Benefits	5,626	6,242	5,925
Total Accumulated Pension Plan Benefits	\$ 6,228,650	\$ 6,600,749	\$ 6,337,308
Death and Disability Plan			
Actuarial Present Value of Accumulated Plan Benefits (Notes 2, 7, 13)			
Vested Benefits	\$ 169,183	\$ 167,931	\$ 159,646
Non-Vested Benefits	92,679	95,335	86,302
Total Accumulated Death and Disability Plan Benefits	\$ 261,862	\$ 263,266	\$ 245,948

The accompanying notes are an integral part of the combined financial statements.

The Board of Pensions of the Presbyterian Church (U.S.A.)

Years Ended December 31, 2016, 2017 and 2018

(000's Omitted)

Statements of Changes in Accumulated Plan Benefits	2016	2017	2018
Pension Plan			
Increase (decrease) during the year attributable to:			
Interest, as a result of the decrease in the discount period	\$ 224,069	\$ 223,101	\$ 203,866
Plan changes (Note 8)	115,957	121,100	250,500
Benefits accumulated	144,428	62,548	108,192
Change in interest rate assumption (Note 7)	127,072	384,396	(428,147)
Change in other assumptions (Note 7)	8,272	(50,615)	(15,104)
Benefits paid	(358,671)	(368,431)	(382,748)
Net Increase (Decrease)	261,127	372,099	(263,441)
Accumulated Plan Benefit Obligations			
Beginning of Year	5,967,523	6,228,650	6,600,749
End of Year	\$ 6,228,650	\$ 6,600,749	\$ 6,337,308
Death and Disability Plan			
Increase (decrease) during the year attributable to:			
Interest, as a result of the decrease in the discount period	\$ 9,690	\$ 9,212	\$ 8,038
Plan changes (Note 8)	736	384	396
Benefits accumulated	7,604	4,511	8,501
Change in interest rate assumption (Note 7)	4,069	11,914	(12,875)
Change in other assumptions (Note 7)	2,675	59	(229)
Benefits paid	(26,365)	(24,676)	(21,149)
Net Increase (Decrease)	(1,591)	1,404	(17,318)
Accumulated Plan Benefit Obligations			
Beginning of Year	263,453	261,862	263,266
End of Year	\$ 261,862	\$ 263,266	\$ 245,948

The accompanying notes are an integral part of the combined financial statements.

The Board of Pensions of the Presbyterian Church (U.S.A.)

Notes To Combined Financial Statements Years Ended December 31, 2016, 2017 and 2018

1. DESCRIPTION OF THE ORGANIZATION AND THE BENEFITS PLAN

The Board of Pensions of the Presbyterian Church (U.S.A.) (the "Board of Pensions") administers a comprehensive benefits program for the members of The Benefits Plan of the Presbyterian Church (U.S.A.) (the "Benefits Plan") as well as programs that provide financial assistance to eligible members (the "Assistance Program").

Eligibility for membership in the Benefits Plan is open to employees of the Presbyterian Church (U.S.A.) (the "Church") or any board, agency or local church under the jurisdiction of the Church; any employment approved by the General Assembly, Presbytery, or Synod of the Church; and any employees whose employment was approved by the Board of Pensions and who commenced eligible service. The complete provisions and summary description of the Benefits Plan have been published and made available to Benefits Plan members.

The Benefits Plan is a Church Plan as defined in Section 414(e) of the Internal Revenue Code and in Title 1 of the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended. The Benefits Plan has not elected to be subject to ERISA. The Board of Pensions files Form 990-T, Exempt Organization Business Income Tax Return, with the Internal Revenue Service. Form 990-T is available for public inspection at the Board of Pensions' offices during normal business hours.

The Board of Pensions groups its Benefits Plan and other programs for reporting and management purposes into categories that are briefly described below. The Board of Pensions partners with a number of third-party organizations to provide claims administration and management services. Members should refer to the Benefits Plan documents for a complete description of the coverage and other programs.

The Board of Pensions adopted changes to the Benefits Plan that affected benefits provided in 2017 and in future years. See Note 3 for a description of how these changes affect the funding of the Benefits Plan.

RETIREMENT PROGRAMS – The retirement programs are part of the Benefits Plan and consist of:

- **The Pension Plan** is a defined benefit plan and provides lifetime income benefits (based on accrued service and salary), as defined by the plan's formula, to members and eligible survivors during retirement. The assets of the Pension Plan are held under a trust agreement.
- **The Supplemental Retirement Plan** is an unfunded, nonqualified deferred compensation plan for employees of the Board of Pensions whose pension accruals, under the Pension Plan, are restricted by compensation and benefit limits imposed by the Internal Revenue Code.
- **The Retirement Savings Plans** include a 403(b)(9) defined contribution plan and a 401(k) plan. The 403(b)(9) plan is available to church workers to supplement their retirement income and serves as a primary retirement plan to employees not enrolled in the Pension Plan. The 401(k) plan is available to employees of the New Covenant Trust Company, a subsidiary of the Presbyterian Church (U.S.A.) Foundation.
- **The Chaplains Deposit Fund** (the "Fund") provides benefits for military personnel to achieve comparable benefits to those members covered under the Benefits Plan. The Board of Pensions administers the Fund on behalf of the Presbyterian Council for Chaplains and Military Personnel.

DEATH AND DISABILITY PROGRAMS – The death and disability programs are part of the Benefits Plan and consist of:

- **The Death and Disability Plan** death benefits, payable upon a member's death to the member's eligible survivors and provides members with long-term disability benefits should they become disabled. Members who are receiving disability benefits continue to receive Medical Plan benefits and continue to accrue pension credits if they were participating in the Pension Plan immediately before becoming disabled. The Death and Disability Plan is a self-funded plan.
- **The Supplemental Death and Disability Benefit Plans** are available to members of the Death and Disability Plan to provide additional protection to beneficiaries. This coverage is available subject to eligibility criteria. For members who become disabled while in active service,

any supplemental death benefits coverage in effect for the member, the member's spouse and family, is continued at no charge to the member while he/she is receiving disability benefits under the Death and Disability Plan.

HEALTHCARE PROGRAMS – The healthcare programs are part of the Benefits Plan and consist of:

- **The Medical Plan** provides comprehensive medical benefits, including preventative care, hospitalization and medical/surgical coverage, prescription drug coverage, behavioral health benefits, and resources to improve health and well-being. Members who retire or terminate and are not eligible for Medicare may continue their coverage under the Medical Continuation provisions. The Medical Plan is self-funded.
- **The Medicare Supplement Plan** is available to eligible retired members on a self-paid basis, and supplements the coverage provided by the Original Medicare (Parts A and B). It also provides Part D and supplemental prescription drug coverage. The Medicare Supplement Plan covers a range of medical services, supplies and outpatient prescription drugs. The Medicare Supplement Plan is self-funded.
- **The Dental Plan** is an optional group Dental Plan that provides coverage for preventive and many basic and major services, subject to eligibility requirements. The Dental Plan is self-funded by the Board of Pensions.

ASSISTANCE PROGRAM – The Assistance Program of the Board of Pensions provides financial assistance to eligible workers in the Presbyterian Church (U.S.A.) and their families, and to qualified retired church workers and their families for needs that lie beyond the scope of the Benefits Plan. The program provides a way for caring Presbyterians to support those who serve the Church during their times of need. The program offers nine distinct programs in one of three categories: retired church workers with financial and housing needs, church workers with urgent financial needs, and pastors with vocational leadership needs. The program is not part of the Benefits Plan and consists of:

- **The General Assistance Fund** consists of unrestricted gifts and provides special grants to eligible active and retired church workers and member education.
- **The Retirement Housing Fund** provides assistance in the form of income supplements for housing for eligible retired members.
- **The Benefit Supplement Fund** provides supplemental retirement income, based on need, to eligible retired church workers and to their surviving spouse and grants to active and retired church workers for special needs.

- **The Restricted Funds** are used for specific donor-designated purposes consistent with the mission of the Board of Pensions.
- **The Endowment Fund** invests gifts that are restricted as to use of principal and distributes income to donor-specified programs of the Board of Pensions.

2. SUMMARY OF ACCOUNTING POLICIES

BASIS OF PRESENTATION – The accompanying financial statements are prepared on a combined basis. The Board of Pensions presents its financial statements in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification ("ASC") Topic No. 960, *Plan Accounting – Defined Benefit Pension Plans* (ASC 960).

BASIS OF ACCOUNTING – The statements are prepared on the accrual basis of accounting.

INVESTMENTS – Investments and other financial instruments are reported at fair value in accordance with ASC Topic No. 820, *Fair Value Measurements* (ASC 820), as of the reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for additional information on fair value measurements.

Realized and unrealized changes in fair values are recognized as net gains or losses during the period in which the changes occur. Investments in securities traded on domestic and foreign security exchanges are valued at the last reported sales price on the primary exchange of the respective security on the last business day of the period. Securities traded on the over-the-counter market and securities for which no sale was reported on the last business day of the period are valued at the latest available sales price or bid quotation. Securities transactions are accounted for on a trade-date basis. Investment income is recorded on the accrual basis and dividends are recorded on the ex-dividend date.

Debt securities are reported using recent sales price when those issues trade frequently. Debt securities that do not trade frequently are reported at estimated fair values calculated by use of pricing matrices and models.

Marketable Diversifying Strategies includes investments in real, absolute return and inflation protection strategies. These investments include shares or units in commingled investment funds whose underlying holdings include both domestic and foreign, as well as equity, fixed income and real estate securities. These investments provide periodic liquidity and are reported at their estimated fair value.

The Board of Pensions uses the term "Private Partnerships" to include limited partnerships, investing in distressed debt, private equity, venture capital and real estate.

In the absence of readily determinable market values, management of the Board of Pensions values private partnerships at fair value, which ordinarily is the value determined by the respective general partners, in accordance with procedures established by the Board of Pensions. These investments are not traded, have restrictions on resale, and are subject to the terms of the partnerships' offering documents. Due to the inherent uncertainty in valuation, the estimated values may differ from the values that would have been used had a ready market for these investments existed, and the differences could be material.

Investments denominated in non-dollar currencies are translated at the exchange rates in effect at each financial statement date. Gains and losses from the sale of such investments are translated at the exchange rates in effect at the transaction date. The fair values of derivatives (forward foreign exchange contracts and interest rate futures) are based on quoted market prices or dealer quotes. See Note 4 for additional information on investments.

DUES RECEIVABLE – Receivables represent dues that have been billed to employers and members. Receivables are reported net of an allowance for doubtful accounts of \$348,000, \$356,000 and \$532,000, as of December 31, 2016, 2017 and 2018, respectively.

OTHER ASSETS – Other assets include notes receivables, subsidy amounts receivable from the federal government under Medicare Part D, prepaid expenses, property, capitalized software, and equipment.

PROPERTY AND AMORTIZATION – Capitalized internal-use software, leasehold improvements, and property and equipment with a net book value of \$4,299,000, \$4,266,000 and \$5,901,000 at December 31, 2016, 2017 and 2018, respectively, are recorded at cost and included in other assets. Depreciation and amortization on such property is recorded on the straight-line basis over the estimated service lives of the assets or, in the case of leasehold improvements, over the remaining portion of the lease term, if shorter. Depreciation and amortization expense of \$1,009,000, \$1,764,000 and \$2,259,000 for the years ended December 31, 2016, 2017 and 2018, respectively, is included in administrative expenses in the combined financial statements.

The Board holds an \$11.2 million, five-year, 5%, interest-only collateralized note from the 2015 sale of condominium units occupied by retired Benefits Plan members and their survivors. Under the terms of the sale, the residents may continue to live in their homes as long as they are physically able to do so. A

\$4.8 million liability was recorded for the present value of future supplemental rent owed to the purchaser. The present value of the remaining liability was \$4.0 million as of December 31, 2016 and 2017 respectively, and \$3.8 million as of December 31, 2018.

PLAN LIABILITIES – Independent actuarial firms assist the Board of Pensions in determining certain liabilities of the Benefits Plan.

For the Medical Plan, these liabilities include the Current Medical Benefit Obligations for claims incurred but not reported at the end of the year and the Future Medical Benefit Obligations, an actuarially determined estimate of medical expenses expected to be paid in subsequent years for current plan participants.

For the Pension Plan and the Death and Disability Plan, liabilities include Accumulated Plan Benefits that reflect the actuarially determined future benefit payments. Accumulated Plan Benefits are attributable to services rendered by members through the reporting date. Such benefits are payable at a member's future retirement, death, disability, or termination of employment under the Pension Plan and the Death and Disability Plan.

LEASES – The Board of Pensions leases office space under an operating lease that contains rent escalation clauses, tenant incentives and requires the Board of Pensions to pay certain costs such as real estate taxes and common area maintenance. Rent expense for the non-cancellable portion of the operating lease, including scheduled rent increases, is recognized on a straight-line basis over the lease term.

INCOME TAXES – The Board of Pensions is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from taxes on related income. The Board files U.S. federal tax and various state and local tax returns. U.S. federal tax returns remain open for the years ended December 31, 2015 through 2018.

The Board of Pensions evaluates its tax positions pursuant to the principles of FASB ASC Topic No. 740, *Income Taxes*, and has determined that there is no material impact on the Board of Pensions' financial statements. Accordingly, the Board of Pensions has not recognized federal or state deferred tax benefits related to cumulative unrelated business taxable losses.

Recent federal income tax reform, enacted into law under the Tax Cuts and Jobs Act of 2017, includes certain provisions that affect tax-exempt organizations. These provisions include revisions to taxes on unrelated business activities and various other tax law changes. The regulations necessary to apply the law are expected to be released through 2019. The outcome of these regulations and the impact on the Board of Pensions cannot be presently determined.

NEW AUTHORITATIVE PRONOUNCEMENTS - In 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic No. 606) and *Other Assets and Deferred Costs - Contracts with Customers* (Subtopic No. 340-40). This ASU implements a single framework for revenue recognition ensuring that revenue is recognized in a manner that reflects the consideration to which the entity expects to be entitled to in exchange for goods and services. ASU 2015-14, *Revenue from Contracts with Customers, Deferral of Effective Date* extends the effective date of this ASU to reporting periods beginning after December 15, 2018. The Board of Pensions is evaluating the impact of the new standard on the combined financial statements, and believes that any impact to the combined financial statements will be immaterial.

In 2016, the FASB issued ASU 2016-01, *Financial Instruments - Overall; Recognition and Measurement of Financial Assets and Financial Liabilities* (Subtopic No. 825-10). This guidance addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. This ASU is effective for reporting periods beginning after December 15, 2018. The Board of Pensions is evaluating the impact of the new standard on the combined financial statements, and believes that any impact to the combined financial statements will be immaterial.

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic No. 842). The new ASU establishes a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. This ASU, and related subsequent amendments, are effective for reporting periods beginning after December 15, 2019, with early application permissible. The Board of Pensions is evaluating the impact of the new standard on the combined financial statements.

In 2017, the FASB issued ASU 2017-06, *Plan Accounting - Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), Health and Welfare Benefit Plans (Topic 965): Employee Benefit Plan Master Trust Reporting*. The amendments in this ASU clarify presentation requirements for a plan's interest in a master trust and require more detailed disclosures of the plan's interest in the master trust. This ASU is effective for reporting periods beginning after December 15, 2018. The Board of Pensions is evaluating the impact of the new standard on the combined financial statements, and believes that any impact to the combined financial statements will be immaterial.

In 2018, the FASB issued ASU 2018-08, *Non-for-Profit Entities; Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). This update clarifies and improves current guidance about whether a transfer of assets (or reduction, settlement, or cancellation of liabilities)

is a contribution (a nonreciprocal transaction) or an exchange (reciprocal transaction). In addition, this update requires that an entity determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and determine if either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets exists. This ASU is effective for reporting periods beginning after December 15, 2018. The Board of Pensions is evaluating the impact of the new standard on the combined financial statements, and believes that any impact to the combined financial statements will be immaterial.

In 2018, the FASB issued ASU 2018-13, *Fair Value Measurement; Disclosure Framework - Changes to the Disclosure Requirement for Fair Value Measurement* (Topic 820). This update modifies the disclosure requirements on fair value measurements. This ASU is effective for reporting periods after December 15, 2020. The Board of Pensions is evaluating the impact of the disclosure within the combined financial statements.

USE OF ESTIMATES - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, benefit obligations, and changes therein. Fair value of investments, benefits plan liabilities, and accumulated plan benefits represent the most significant estimates.

Actual results may differ materially from estimates. The estimates and assumptions used are based on the presumption that the Benefits Plan will continue indefinitely. Different accounting estimates and actuarial assumptions would be applicable if the Benefits Plan were terminated.

REPORT AND VALUATION DATES - Report dates are December 31, 2016, 2017 and 2018 unless otherwise indicated. The independent actuarial firms valued the obligations of the Benefits Plan as of the same dates.

3. FUNDING POLICIES

BENEFITS PLAN DUES - The Benefits Plan provides coverage to members under the Pension Plan, the Death and Disability Plan, the Medical Plan, and the Supplemental Benefits Plans. All pastors serving in called and installed positions, as defined by the Presbyterian Church (U.S.A.), are mandated to be enrolled in full participation.

With certain restrictions, employers may elect to enroll other eligible employees in the Benefits Plan, subject to the Benefits Plan provisions. Participation under the Benefits Plan is funded with dues paid by churches and other employing organizations.

Annual Pension, Death and Disability Plan dues for 2016 were 12.0% of a member's effective salary, as defined. Annual medical dues for 2016 were 23.0% of a member's effective salary for single members and 24.5% of a member's effective salary for members who elect family coverage. During 2016, affiliated participation under the Benefits Plan allowed employers to set employee contribution levels and choose the family member coverage level that best fit their needs.

Effective January 1, 2017, the Board of Pensions adopted changes to the Benefits Plan that affect benefits provided. Benefits for installed pastors ("Pastor's Participation") continued to include on a non-contributory basis participation in the Pension Plan, the Death and Disability Plan and the Medical Plan, providing preferred provider (PPO) medical benefits. Annual Pension, Death and Disability Plan dues were 12% of effective salary in 2017 and 2018. Medical Plan dues were 24.5% of effective salary in 2017 and 25% of effective salary in 2018.

Effective January 1, 2017, employers have the option to offer benefits from various menu options on a stand-alone basis to eligible employees. Pension, Death and Disability Plan dues were 12% of a member's effective salary. Annual Death and Disability Plan dues for members not participating in the Pension Plan were 3.5% of member's effective salary in 2017 and 2.5% of effective salary in 2018. For medical coverage, the cost is expressed in dollar-denominated coverage-level rates and may involve cost sharing by employees. Employing organizations may provide other ministers of the church with either Pastor's Participation or Menu-based options.

Supplemental Death Benefits, Supplemental Disability Benefits and the Dental Plan are available to all members subject to certain restrictions. Eligible retired members and their spouses can subscribe to the Medicare Supplement Plan. The Board of Pensions sets individual contribution rates and eligibility.

In 2018, the Board of Pensions transferred \$45,000,000 from the Death and Disability Plan to the Medical Plan to create a high cost claims reserve. The high cost claims reserve was established to stabilize the impact of the Medical Plan's high cost claims.

RETIREMENT SAVINGS PLANS - The Retirement Savings Plans contributions for individuals are at the discretion of the employing organization and the participant.

MEDICARE PART D SUBSIDY - Subsidies from the federal government of \$10,240,000, \$10,736,000 and \$9,139,000 were recorded in 2016, 2017 and 2018, respectively, under the Medicare Part D Employer Group Waiver Plan (EGWP).

ASSISTANCE AND OTHER - Benefits provided under the Assistance Program are funded entirely by investment income, charitable gifts to the program, legacies, grants, endowments, and one-half of the net proceeds of the Christmas Joy Offering. The Assistance Program receives no funding from dues.

4. INVESTMENTS

The majority of the investment assets of the Benefits Plan and programs are commingled for investment purposes and are principally held in the Balanced Investment Portfolio and the Fixed Income Portfolio. Other investments include assets of the Retirement Savings Plan and short-term investments. Independent investment advisors manage the investments according to guidelines approved by the Board of Pensions.

LIQUIDITY - The Balanced Investment Portfolio provides funding for pension, death and disability benefit payments, assistance and retirement housing programs, and expenses in excess of dues. The Fixed Income Portfolio provides funding for programs with generally shorter investment horizons. Other investments provide funding for the healthcare benefit payments and short-term cash requirements. Disruptions in the global markets and economic conditions may affect the demand for benefits, the ability of churches and employing organizations to pay dues, as well as the Board of Pensions' investment performance. Sufficient liquidity is maintained to meet the current needs of the Benefit Programs.

PRIVATE PARTNERSHIPS - Investments in short-term, fixed income and equity securities include investments through various limited partnerships that are exempt from registration under applicable state and federal law. The partnerships were formed to invest in distressed debt, private equity, venture capital and real estate.

Distributions of proceeds from sales of the underlying private partnership investments can occur throughout the term of the partnership. Partnership agreements contain substantial restrictions on the transfer of partnership interests.

There are certain risks normally associated with these investments, such as lack of liquidity, absence of readily determinable market values, exposure to non-traditional asset classes, and, upon termination of investments made through limited partnerships, the risk of reimbursement of some or all of previous distributions and commitment amounts. Where such exposure exists, the reimbursement period is limited by the terms of the partnership agreement or, if silent, by state law.

FOREIGN SECURITIES – Investments in short-term, fixed income and equity securities include investments in foreign financial instruments.

Such investments are subject to the risks normally associated with foreign investing, such as changes in foreign currency exchange rates, decreased liquidity, increased market volatility, and government instability.

DERIVATIVE FINANCIAL INSTRUMENTS – Investment managers retained by the Board of Pensions, subject to guideline approval, maintain active trading positions in derivative financial instruments. The Balanced Investment Portfolio held investments in futures and foreign currency forward contracts on December 31, 2018.

Interest rate futures contracts are commitments to either purchase or sell a financial instrument at a future date for a specified price. These instruments are used to add incremental value and to hedge or reduce investment risk. Although the contract or notional amounts of these instruments are not recorded on the financial statements, these instruments are recognized as either an asset or a liability, depending on the rights or obligations of the contract measured at fair value.

The contract may be settled in cash or through delivery of the underlying financial instrument. The market value of interest rate futures contracts was \$9,767,000, \$44,360,000 and \$15,688,000 at December 31, 2016, 2017 and 2018, respectively.

Interest rate risk is limited due to daily cash settlement of the net change in value of open contracts, which represents the margin call that is recorded as an unrealized gain or loss. The margin balance of open interest rate futures contracts was a receivable of \$112,000 at December 31, 2016, a payable of \$1,704,000 at December 31, 2017, and was a receivable of \$159,000 at December 31, 2018, and is included in investments. The average margin balance of open interest rate futures contracts was a receivable \$158,000 during 2016, and was a payable of \$659,000 and \$481,000 during 2017 and 2018, respectively.

Foreign currency forward contracts are agreements to exchange fixed amounts of two different currencies at a specified future date and at a specified future rate. These instruments are used to facilitate transactions in foreign securities, and as a hedge against specific transactions. The contracts are valued based upon the applicable foreign exchange rates and any resulting unrealized gains or losses are recorded in the financial statements. Realized gains or losses are recorded at the time the forward contract is closed or the currency is delivered.

Foreign currency forward contracts receivable had a fair value of \$192,566,000, \$173,716,000 and \$141,145,000 at December 31, 2016, 2017 and 2018, respectively. The average fair value of foreign currency forward contracts receivable was \$209,426,000, \$205,417,000 and \$207,028,000 during 2016, 2017 and 2018, respectively. Foreign currency forward contracts payable had a fair value of \$185,252,000, \$179,545,000 and \$137,207,000 at December 31, 2016, 2017 and 2018, respectively. The average fair value of foreign currency forward contracts payable was \$206,721,000, \$206,894,000 and \$206,685,000 during 2016, 2017 and 2018, respectively.

The following schedules reflect the fair value, the income earned, and the net gains and losses of all of the investments of the Board of Pensions.

Fair Value of Investments (\$ in millions)

Investments by Source	2016	2017	2018
Balanced Investment Portfolio			
Cash Equivalents and Short-term Investments	\$ 238	\$ 280	\$ 476
Fixed Income			
Fixed Income Securities	1,394	1,423	1,473
Private Debt	217	195	153
Commingled Funds	1,020	1,151	1,151
Total Fixed Income	2,631	2,769	2,777
Equities			
Equity Securities	3,172	3,766	3,176
Private Equity	567	632	686
Commingled Funds	2,053	2,184	1,824
Total Equities	5,792	6,582	5,686
Real Estate			
Private Real Estate	–	–	63
Commingled Funds	52	53	53
Total Real Estate	52	53	116
Due for Securities Purchased	(259)	(223)	(168)
Receivable for Securities Sold	137	155	57
Interest and Dividends Receivable	19	19	16
Forward Foreign Exchange Contracts			
Receivable	193	174	141
Payable	(185)	(180)	(137)
Net Forward Foreign Exchange Contracts	8	(6)	4
Total Balanced Investment Portfolio	\$ 8,618	\$ 9,629	\$ 8,964
Fixed Income Portfolio			
Cash Equivalents	\$ 3	\$ 2	\$ 13
Fixed Income Securities	57	59	35
Total Fixed Income Portfolio	\$ 60	\$ 61	\$ 48
Other Investments			
Cash Equivalents	\$ 95	\$ 135	\$ 44
Fixed Income Securities	53	65	70
Mutual Funds	596	708	673
Total Other Investments	\$ 744	\$ 908	\$ 787
Total Investments	\$ 9,422	\$ 10,598	\$ 9,799
Investments by Program	2016	2017	2018
Retirement Programs	\$ 8,345	\$ 9,385	\$ 8,652
Death and Disability Programs	793	902	803
Healthcare Programs	176	188	229
Assistance Programs	108	123	115
Total Investments	\$ 9,422	\$ 10,598	\$ 9,799

Investment Income (\$ in millions)

Investment Income by Source	2016	2017	2018
Balanced Investment Portfolio			
Interest	\$ 35	\$ 35	\$ 39
Dividends	70	63	73
Subtotal	105	98	112
Fixed Income Portfolio			
Interest	2	2	2
Subtotal	2	2	2
Other Investments			
Interest	1	2	4
Mutual Fund Dividends	15	20	22
Subtotal	16	22	26
Total Investment Income	\$ 123	\$ 122	\$ 140

Net Gain (Loss) From Investments (\$ in millions)

Net Gain (Loss) by Source	2016	2017	2018
Balanced Investment Portfolio			
Cash Equivalents	\$ (1)	\$ –	\$ 1
Fixed Income Securities	168	147	(48)
Equity Securities	452	1,174	(487)
Real Estate	2	(1)	11
Forward Foreign Exchange Contracts	10	(11)	7
Subtotal	631	1,309	(516)
Fixed Income Portfolio			
Fixed Income Securities	–	1	(2)
Subtotal	–	1	(2)
Other Investments			
Mutual Funds	30	86	(59)
Subtotal	30	86	(59)
Total Net Gain (Loss) by Source	\$ 661	\$ 1,396	\$ (577)

FAIR VALUE MEASUREMENTS

ASC 820 requires disclosure regarding the relative objectivity of the data used to determine fair value. Investments must be categorized and reported according to the data inputs and valuation techniques used to measure fair value. The three classification levels of fair value are described as follows:

LEVEL 1: Assets or liabilities whose values are based on unadjusted quoted prices in active markets for identical assets or liabilities.

LEVEL 2: Assets and liabilities whose values are determined using models or other valuation methodologies that utilize inputs that are observable either directly or indirectly, including; (i) quoted prices for similar assets or liabilities in active markets; (ii) quoted prices for identical or similar assets or liabilities in markets that are not active; (iii) pricing models whose inputs are observable for substantially the full term of the assets or liability and; (iv) pricing models whose inputs are derived principally from or corroborated by observable market data through correlation of other means for substantially the full term of the assets or liabilities.

LEVEL 3: Assets and liabilities whose values are determined using pricing models that utilize significant inputs that are primarily unobservable, discounted cash flow methodologies, or similar techniques, as well as assets and liabilities for which the determination of fair value requires significant management judgment or estimation.

The fair value of investments is ideally determined using observable market prices (Level 1); for a significant portion of the Board of Pensions' financial instruments no quoted market prices are readily available.

In instances where quoted market prices are not readily available, fair value is determined using present value (Level 2) or other valuation techniques (Level 3) appropriate for the particular investment. These techniques involve some degree of judgment and as a result are not necessarily indicative of the amounts the Board of Pensions would realize in a current market exchange. Different assumptions or estimation techniques may have a material effect on the estimated fair values.

The following table presents, by fair value classification, the investment securities of the Board of Pensions at fair value as of December 31, 2016, 2017 and 2018.

Investments at Fair Value by Classification

December 31, 2016 (\$ in millions)

Investment Assets	Level 1	Level 2	Level 3	Total
Cash Equivalents and Short-term Investments	\$ 333	\$ 3	\$ -	\$ 336
Fixed Income Securities	462	1,042	-	1,504
Equities				
Equity Securities	3,167	5	-	3,172
Commingled Funds	2	-	-	2
Total Equities	3,169	5	-	3,174
Mutual Funds	596	-	-	596
Receivable for Securities Sold	137	-	-	137
Interest and Dividends Receivable	19	-	-	19
Forward Foreign Exchange Contracts Receivable	-	193	-	193
Investment Assets	\$ 4,716	\$ 1,243	\$ -	\$ 5,959
Investment Liabilities				
Due for Securities Purchased	\$ (259)	\$ -	\$ -	\$ (259)
Forward Foreign Exchange Contracts Payable	-	(185)	-	(185)
Investment Liabilities	\$ (259)	\$ (185)	\$ -	\$ (444)
Subtotal				\$ 5,515
Other Investments				
Investments measured using NAV or its equivalent				\$ 3,907
Total Investments - at fair value				\$ 9,422

Investments at Fair Value by Classification

December 31, 2017 (\$ in millions)

Investment Assets	Level 1	Level 2	Level 3	Total
Cash Equivalents and Short-term Investments	\$ 414	\$ 3	\$ -	\$ 417
Fixed Income Securities	477	1,070	-	1,547
Equities				
Equity Securities	3,766	-	-	3,766
Commingled Funds	2	-	-	2
Total Equities	3,768	-	-	3,768
Mutual Funds	708	-	-	708
Receivable for Securities Sold	155	-	-	155
Interest and Dividends Receivable	19	-	-	19
Forward Foreign Exchange Contracts Receivable	-	174	-	174
Investment Assets	\$ 5,541	\$ 1,247	\$ -	\$ 6,788
Investment Liabilities				
Due for Securities Purchased	\$ (223)	\$ -	\$ -	\$ (223)
Forward Foreign Exchange Contracts Payable	-	(180)	-	(180)
Investment Liabilities	\$ (223)	\$ (180)	\$ -	\$ (403)
Subtotal				\$ 6,385
Other Investments				
Investments measured using NAV or its equivalent				\$ 4,213
Total Investments - at fair value				\$ 10,598

Investments at Fair Value by Classification

December 31, 2018 (\$ in millions)

Investment Assets	Level 1	Level 2	Level 3	Total
Cash Equivalents and Short-term Investments	\$ 533	\$ –	\$ –	\$ 533
Fixed Income Securities	498	1,080	–	1,578
Equities				
Equity Securities	3,176	–	–	3,176
Commingled Funds	2	–	–	2
Total Equities	3,178	–	–	3,178
Mutual Funds	673	–	–	673
Receivable for Securities Sold	57	–	–	57
Interest and Dividends Receivable	16	–	–	16
Forward Foreign Exchange Contracts Receivable	–	141	–	141
Investment Assets	\$ 4,955	\$ 1,221	\$ –	\$ 6,176
Investment Liabilities				
Due for Securities Purchased	\$ (168)	\$ –	\$ –	\$ (168)
Forward Foreign Exchange Contracts Payable	–	(137)	–	(137)
Investment Liabilities	\$ (168)	\$ (137)	\$ –	\$ (305)
Subtotal				\$ 5,871
Other Investments				
Investments measured using NAV or its equivalent				\$ 3,928
Total Investments - at fair value				\$ 9,799

The following table presents the fair value, redemption frequency, and unfunded commitment for those investments whose fair value is not readily determinable and is estimated using net asset value per share or its equivalent.

Commingled Funds (\$ In Millions)

	2016	2017	2018	Redemption Frequency and Notice Period
Fixed Income	\$ 1,020	\$ 1,151	\$ 1,151	Monthly/ 5-90 days
Equity	2,051	2,182	1,824	Monthly/ 5-90 days
Real Estate	52	53	53	Monthly/ 5-90 days
Total	\$ 3,123	\$ 3,386	\$ 3,028	

table continues on next page

Non-Marketable Investment Partnerships (\$ In Millions)

	2016	2017	2018	Unfunded Commitment
Private Debt	\$ 217	\$ 195	\$ 153	\$ 86
Private Equity	567	632	686	378
Private Real Estate	–	–	63	57
Total	\$ 784	\$ 827	\$ 902	\$ 521
Grand Total	\$ 3,907	\$ 4,213	\$ 3,930	

5. CURRENT MEDICAL BENEFIT OBLIGATIONS

The Benefits Plan allows medical claims to be submitted for payment up to twelve months from the date of service. The Board of Pensions utilizes an independent medical actuary to determine the estimated medical claims incurred but not reported, based on Benefits Plan experience.

6. FUTURE MEDICAL BENEFIT OBLIGATIONS

The Medical Plan provides eligible members and their families access to post-retirement and post-employment medical benefits following disability, termination, or retirement. The Board of Pensions utilizes an independent medical actuary to determine these estimated liabilities.

7. ACCUMULATED PLAN BENEFITS

Accumulated plan benefits are attributable to services rendered by members through the reporting date. Such benefits are payable at a member's future retirement, death, disability, or termination of employment under the Pension Plan and the Death and Disability Plan.

The Board of Pensions utilizes an independent pension actuary to calculate and determine the actuarial present value of accumulated plan benefits. The actuary adjusts the accumulated plan benefits to reflect the time value of money, the duration of payments, and the probability of payment between the valuation date and the expected date of payment.

The actuarial assumptions used in the valuations as of December 31, 2016, 2017 and 2018 were:

- A. Investment returns and discount rate: 3.69% in 2016, 3.18% in 2017 and 3.75% in 2018, per annum, for both the Pension Plan and the Death and Disability Plan. The discount rate changes annually and reflects assumptions, at the benefit information date, to obtain a contract with an insurance entity to provide participants with their accumulated plan benefits.

- B. Rates of mortality, disability, withdrawal and retirement, and family composition for non-retired members:

- 2016, 2017 and 2018 – as developed from the 2016 Mortality Assumption Study.

- C. Rates of mortality for pensioners and disabled members:

- 2016 – Rates of mortality in accordance with the Society of Actuaries Annuity RP-2014 table, adjusted to reflect actual experience for the Benefits Plan, regressed to 2006 using MP-2014 and projected forward with generational improvement using Scale MP-2016.
- 2017 – Rates of mortality in accordance with the Society of Actuaries Annuity RP-2014 table, adjusted to reflect actual experience for the Benefits Plan, regressed to 2006 using MP-2014 and projected forward with generational improvement using Scale MP-2017.
- 2018 – Rates of mortality in accordance with the Society of Actuaries Annuity RP-2014 table, adjusted to reflect actual experience for the Benefits Plan, regressed to 2006 using MP-2014 and projected forward with generational improvement using Scale MP-2018.

8. PLAN CHANGES

The Board of Pensions may voluntarily improve benefits and make other plan changes. During the period 2016 through 2018, the Board of Pensions made the following plan changes:

- An experience apportionment is an increase to the benefits of current pensioners and survivors and the pension credits of future pensioners. The Board of Pensions granted experience apportionments in the Pension Plan of 2.0%, 2.0% and 3.9%, effective July 1, 2016, 2017 and 2018, respectively. The effect of these experience apportionments increased the Pension Plan Accumulated Plan Benefit Obligations by \$115,957,000, \$121,100,000 and \$250,500,000 as of December 31, 2016, 2017 and 2018, respectively.

9. SUPPLEMENTAL RETIREMENT PLAN

The Board of Pensions established a Trust for accumulating assets to assist in fulfilling its future obligations to participants in the Supplemental Retirement Plan. The Board of Pensions serves as trustee and, from time to time, contributes assets to the Trust. The assets of the Trust are commingled with other funds in the Balanced Investment Fund. The Board of Pensions contributed \$224,000, \$291,000 and \$333,000 to the Trust in 2016, 2017 and 2018, respectively. As of December 31, 2016, 2017 and 2018, the fair values of the trust assets were \$2,951,000, \$3,664,000 and \$3,742,000, respectively. The projected benefit obligation at December 31, 2016, 2017 and 2018 was \$4,631,000, \$5,620,000 and \$5,680,000, respectively.

10. LINE OF CREDIT

The Board of Pensions maintains an unsecured committed \$3 million line of credit with a financial institution. Borrowings are payable on demand. The line of credit had no outstanding balance as of December 31, 2016, 2017 or 2018, is subject to annual renewal, and expires on September 15, 2019.

11. LEASE COMMITMENTS

The Board of Pensions has operating leases for office space. The term of the home office lease is through September 2028 with a contraction option in 2023. The Board of Pensions also leases office space for church consultants for periods generally less than three years.

Rental expense was \$2,061,000, \$1,841,000 and \$1,684,000 for the years ended December 31, 2016, 2017 and 2018, respectively. The following is a schedule of future minimum rental payments.

Future Minimum Lease Payments	
Year ending December 31:	Amount
2019	\$ 1,872,000
2020	1,908,000
2021	1,935,000
2022	1,973,000
2023	2,012,000
Thereafter	10,077,000
Total	\$ 19,777,000

12. ASSETS HELD IN TRUST BY OTHER ORGANIZATIONS

The Board of Pensions is the beneficiary of certain assets held in trust by several external organizations. Generally, these organizations have variance power that, among other things, means the organizations control the amount and timing of distributions of these assets. Consequently, these assets are not reflected in the combined financial statements. The net present value of the Board of Pensions' proportionate share of these assets totals \$10,208,000, \$11,100,000 and \$10,852,000 as of December 31, 2016, 2017 and 2018, respectively.

Distributions received from these organizations are reported as other contributions in the amounts of \$450,000, \$429,000 and \$403,000 for the years ended December 31, 2016, 2017 and 2018, respectively, and are primarily designated to support the Assistance Program.

13. SUBSEQUENT EVENTS

In accordance with FASB ASC Topic No. 855, *Subsequent Events* (ASC 855), the Board of Pensions has evaluated through March 19, 2019 subsequent events which occurred after the balance sheet date but before financial statements are issued.

At its March 2019 meeting, the Board of Pensions granted certain benefit increases.

The Board of Pensions granted a disability benefit increase of 2.0% for those receiving such benefits on December 31, 2018. This benefit increase will become effective as of July 1, 2019, and has the effect of increasing the actuarial present value of accumulated Death and Disability Plan benefits by approximately \$395,000.

The Board of Pensions granted an experience apportionment, in the form of a 3.6% increase in retirement and survivor pension benefits for members and survivors receiving benefits on July 1, 2019 and a 3.6% increase in the pension credits accrued as of December 31, 2018. This benefit increase has the effect of increasing the actuarial present value of accumulated Pension Plan benefits by approximately \$228,142,000.

Amendments to the Death and Disability Plan to fixed benefit limits were approved by the Board of Directors on March 16, 2019 and will be effective as of January 1, 2020. The changes increase the minimum salary continuation death benefit, increase the maximum death benefit basis, and change the maximum disability benefits basis. These benefit changes have the effect of increasing the accumulated Death and Disability Plan Benefit Obligations by \$11,000,000.

The Board of Pensions has concluded that no other events or transactions have occurred that would require adjustments to, or disclosures in, the financial statements.

The Board of Pensions of the Presbyterian Church (U.S.A.)

Schedule 1

Years Ended December 31, 2016, 2017 and 2018

(000's Omitted)

Supplemental Schedule of Benefits Provided	2016	2017	2018
Retirement Programs			
Pension Plan			
Members' Pension	\$ 289,817	\$ 297,675	\$ 308,736
Survivors' Pension	67,017	68,751	72,021
Pension Dues for Disabled Members	1,303	1,137	1,125
Member Education	534	868	866
Retirement Savings Plan	34,924	35,966	47,827
Total Retirement Programs	393,595	404,397	430,575
Death and Disability Programs			
Death and Disability Plan			
Disability Benefits	5,233	4,985	4,782
Salary Continuation	6,790	7,527	7,162
Death Benefits	2,136	2,014	1,014
Medical Dues for Disabled Members	11,364	9,736	7,822
Children's Education Benefit	368	256	215
Member Education	430	122	118
Supplemental Death Benefits Plan	837	1,387	909
Supplemental Disability Plan	44	36	36
Total Death and Disability Programs	27,202	26,063	22,058
Healthcare Programs			
Medical Plan			
Medical Claims	125,812	125,853	128,224
Prescription Drug Claims	30,809	26,436	31,157
Medicare Part B Premiums Paid	251	247	234
Member Education	430	435	448
Medicare Supplement Benefits			
Medical Claims	13,376	12,959	13,657
Prescription Drug Claims	24,254	22,935	24,338
Dental Plan	4,918	4,968	5,288
Total Healthcare Programs	199,850	193,833	203,346
Assistance Program			
Benefits Supplement Programs			
Income Supplements	2,562	2,652	2,824
Shared and Emergency Grants	266	491	445
Retirement Housing Programs	1,415	1,535	1,486
General Assistance Programs			
Member Education	430	-	-
Other	302	331	620
Restricted Funds	89	79	91
Total Assistance Program	5,064	5,088	5,466
Total Benefits Provided	\$ 625,711	\$ 629,381	\$ 661,445

The Board of Pensions of the Presbyterian Church (U.S.A.)

Schedule 2

Years Ended December 31, 2016, 2017 and 2018

(000's Omitted)

Supplemental Schedule of Administrative Expenses	2016	2017	2018
Personnel and Benefits			
Compensation	\$ 20,047	\$ 20,600	\$ 21,639
Benefits	7,301	6,601	7,624
Employer Taxes	1,113	1,120	1,246
Other	932	652	713
Total Personnel and Benefits	29,393	28,973	31,222
Contract Services			
Outsourced Plan Administration	9,580	8,874	8,513
Health Promotion	939	1,336	1,759
Outsourced Support	2,242	2,634	3,070
Other Contract Services	1,133	1,137	1,319
Total Contract Services	13,894	13,981	14,661
Occupancy			
Rent, Maintenance and Utilities	2,289	2,328	1,973
Depreciation and Amortization	1,009	1,764	2,259
Insurance	485	567	422
Total Occupancy	3,783	4,659	4,654
Professional Services			
Actuarial	1,031	1,062	1,052
Consultant	3,253	1,012	1,780
Legal	685	709	736
Independent Audit	300	309	316
Total Professional Services	5,269	3,092	3,884
Travel and Meetings			
Staff and Consultant	1,359	846	1,019
Board of Directors	457	470	493
Benefits Consultations	413	354	195
Total Travel and Meetings	2,229	1,670	1,707
General Office	2,629	2,229	2,166
Total Administrative Expenses	\$ 57,197	\$ 54,604	\$ 58,294

The Board of Pensions of the Presbyterian Church (U.S.A.)

Years Ended December 31, 2016, 2017 and 2018

(000's Omitted)

Supplemental Schedule of Changes in Net Assets Available for Benefits by Program and Activity						
	Retirement Programs			Death and Disability Programs		
	2016	2017	2018	2016	2017	2018
Operating Activity						
Contributions						
Benefits Plan Dues	\$ 63,485	\$ 60,942	\$ 60,213	\$ 8,308	\$ 8,375	\$ 8,077
Retirement Savings Plans	37,846	41,914	48,711	-	-	-
Medicare Part D Subsidy	-	-	-	-	-	-
Christmas Joy Offering	-	-	-	-	-	-
Other	170	176	183	-	-	-
Total Contributions	101,501	103,032	109,107	8,308	8,375	8,077
Expenses and Obligations						
Benefits Provided	393,595	404,397	430,575	27,202	26,063	22,058
Administrative Expenses	23,259	22,251	24,189	4,236	4,073	4,011
Total Expenses and Obligations	416,854	426,648	454,764	31,438	30,136	26,069
(Decrease) Increase in Net Assets from Operating Activities	(315,353)	(323,616)	(345,657)	(23,130)	(21,761)	(17,992)
Investing Activity						
Investment Income	109,365	108,559	123,922	9,650	9,064	10,111
Net Gains (Losses)	592,654	1,251,989	(513,700)	57,653	121,482	(45,846)
(Decrease) Increase in Net Assets from Investing Activities	702,019	1,360,548	(389,778)	67,303	130,546	(35,735)
Other Activity						
Change in Future Medical Benefit Obligations	-	-	-	-	-	-
Transfers to (from)	-	-	-	-	-	(45,000)
(Decrease) Increase in Net Assets from Other Activities	-	-	-	-	-	(45,000)
(Decrease) Increase in Net Assets	386,666	1,036,932	(735,435)	44,173	108,785	(98,727)
Net Assets Available For Benefits						
Beginning of Year	7,947,591	8,334,257	9,371,189	747,913	792,086	900,871
End of Year	\$ 8,334,257	\$ 9,371,189	\$ 8,635,754	\$ 792,086	\$ 900,871	\$ 802,144

Schedule 3

Healthcare Programs			Assistance Programs			Combined Programs		
2016	2017	2018	2016	2017	2018	2016	2017	2018
\$ 219,535	\$ 212,435	\$ 226,063	\$ -	\$ -	\$ -	\$ 291,328	\$ 281,752	\$ 294,353
-	-	-	-	-	-	37,846	41,914	48,711
10,240	10,736	9,139	-	-	-	10,240	10,736	9,139
-	-	-	1,163	1,147	1,262	1,163	1,147	1,262
-	-	-	1,705	2,798	1,391	1,875	2,974	1,574
229,775	223,171	235,202	2,868	3,945	2,653	342,452	338,523	355,039
199,850	193,833	203,346	5,064	5,088	5,466	625,711	629,381	661,445
28,379	27,477	29,327	1,323	803	767	57,197	54,604	58,294
228,229	221,310	232,673	6,387	5,891	6,233	682,908	683,985	719,739
1,546	1,861	2,529	(3,519)	(1,946)	(3,580)	(340,456)	(345,462)	(364,700)
2,360	2,686	3,892	1,585	1,541	1,684	122,960	121,850	139,609
3,981	8,661	(11,366)	6,823	14,351	(6,088)	661,111	1,396,483	(577,000)
6,341	11,347	(7,474)	8,408	15,892	(4,404)	784,071	1,518,333	(437,391)
2,203	2,414	-	-	-	-	2,203	2,414	-
37	34	45,034	(37)	(34)	(34)	-	-	-
2,240	2,448	45,034	(37)	(34)	(34)	2,203	2,414	-
10,127	15,656	40,084	4,852	13,912	(8,018)	445,818	1,175,285	(802,091)
154,328	164,455	180,111	110,706	115,558	129,470	8,960,538	9,406,356	10,581,641
\$ 164,455	\$ 180,111	\$ 220,200	\$ 115,558	\$ 129,470	\$ 121,452	\$ 9,406,356	\$ 10,581,641	\$ 9,779,550



THE BOARD OF PENSIONS
OF THE PRESBYTERIAN CHURCH (U.S.A.)

2000 Market Street
Philadelphia, PA 19103-3298
Tel: 800-773-7752 (800-PRESPLAN)
Fax: 215-587-6215

pensions.org

Pub-111 4/19

©2019 The Board of Pensions of the Presbyterian Church (U.S.A.)