



Estimated 2018 Pension Plan Contributions

Conference Forum 2016



General Board

Pension and Health Benefits

Caring For Those Who Serve

Agenda

- Factors Impacting Valuation Results
- Assets
- Discount Rates-Market
- Corridor Funding (CRSP-DB* and MPP*)
- Pre-82 Funding

* CRSP-DB: Clergy Retirement Security Program Defined Benefit
MPP: Ministerial Pension Plan

Factors Impacting Valuation Results

- Census data
- Assets: Returns and methodology
- Liabilities (key assumptions)
 - Discount rate: Funding basis and market basis
 - Mortality

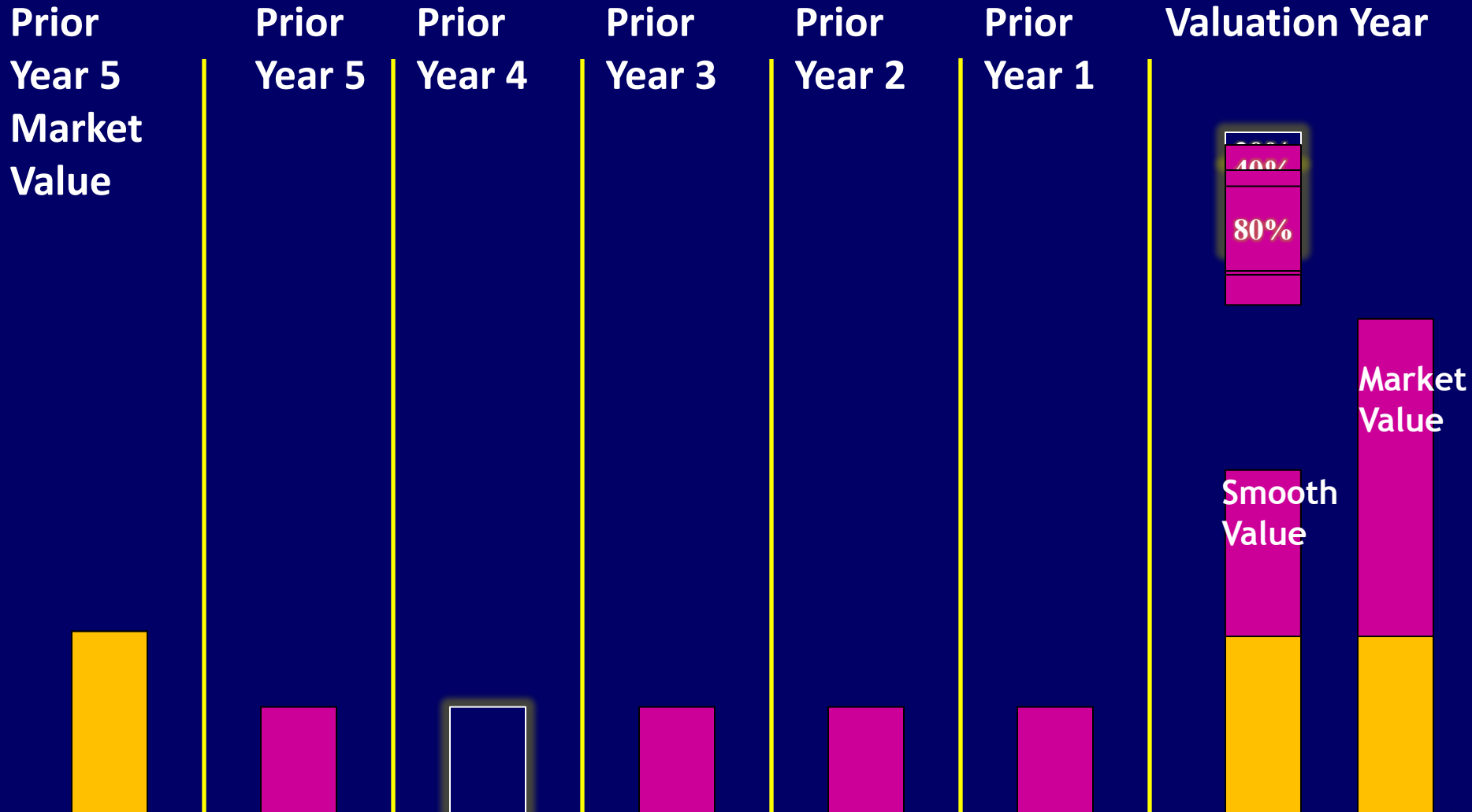
Asset Returns

	2014 Returns	2015 Returns
CRSP-DB	4.10%	-2.56%
MPP Annuities	4.64%	-0.80%
Pre-82	4.10%	-2.50%

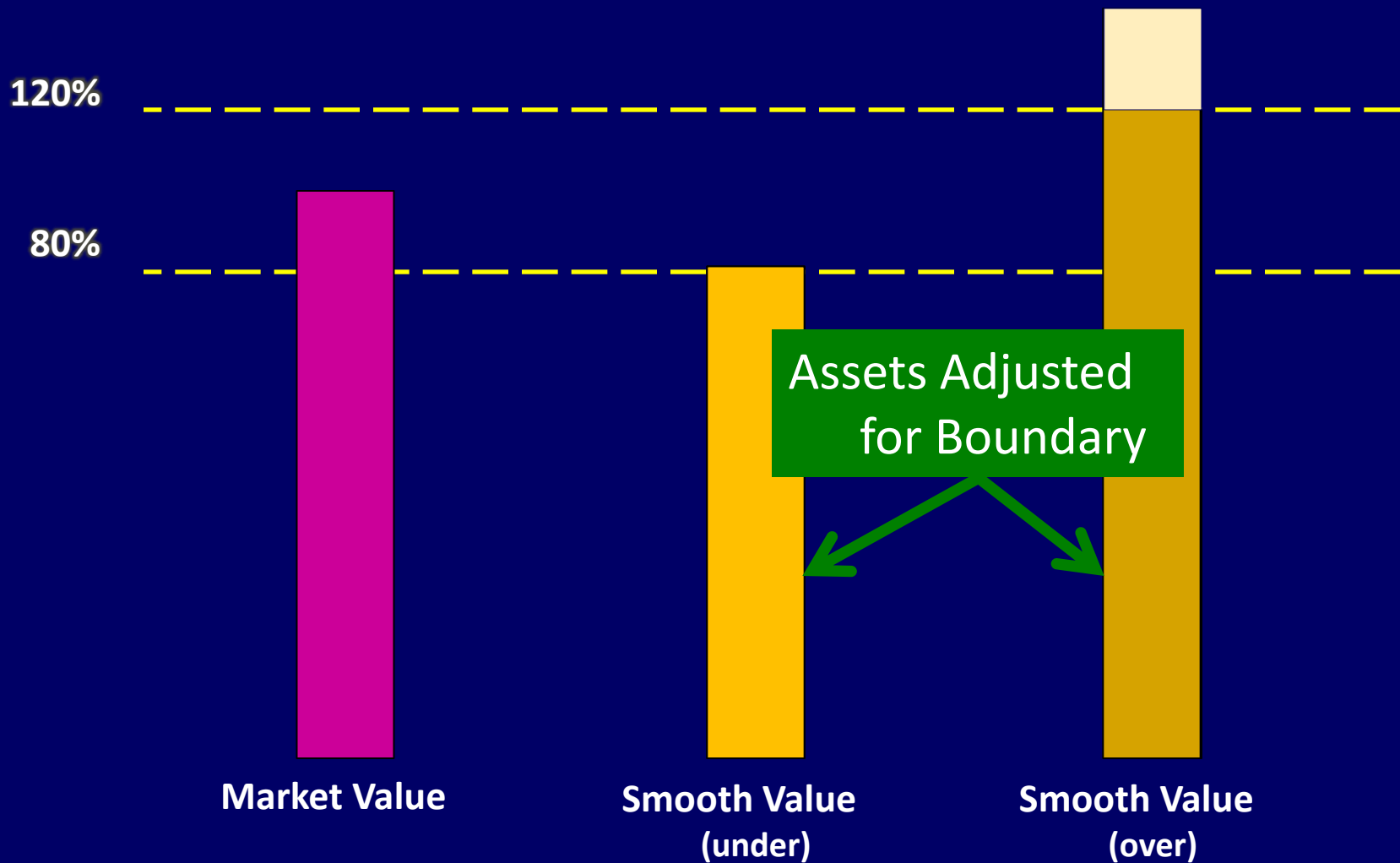
Asset Smoothing

- Smoothing of assets for contribution purposes
 - **MPP**: Began with January 1, 2014 valuation
 - **CRSP and Pre-82**: Begins with January 1, 2016 valuation
- Actuarial gains and losses on assets—now recognized incrementally in smoothed assets over five years
 - Actuarial gain or loss on assets is the return **above or below the expected return**
 - 20% of actuarial gain or loss will be recognized in each of the five years following the gain or loss
- Smoothed asset value—not allowed to go **below 80% or above 120%** of the market value of assets

Asset Smoothing Illustration



Asset Smoothing Boundary

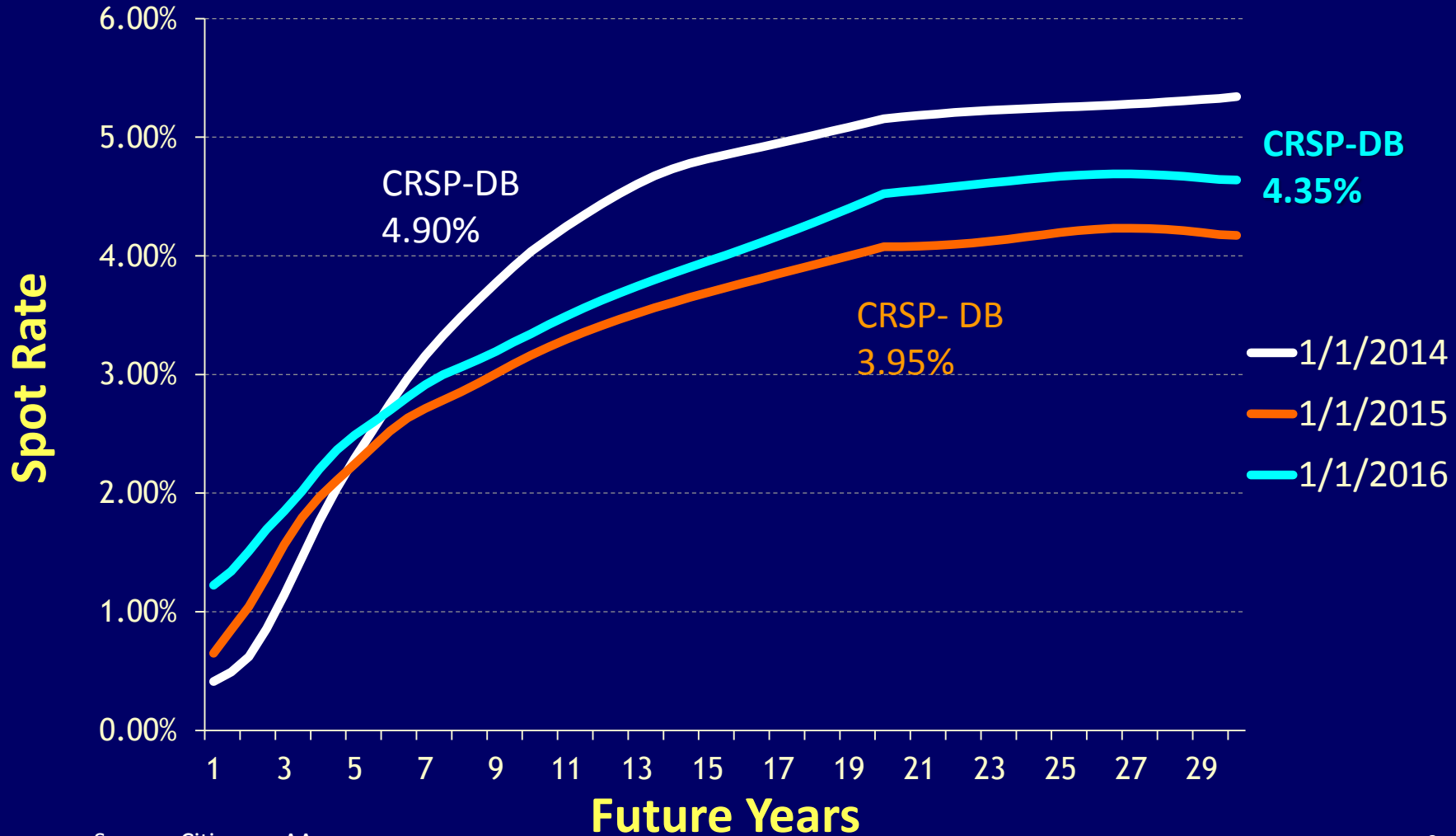


Asset Smoothing Impact on January 1, 2016

In millions \$	Market Assets	Smoothed Assets	Impact
CRSP-DB	1,446	1,526	80
MPP Annuities	3,387	3,613	226
Pre 82	2,163	2,236	73

At January 1, 2016, asset smoothing resulted in higher assets for all plans. However, there is potential for smoothing to result in lower or higher assets in future years.

Discount Rates—Market



Source: Citigroup AA

Corridor Funding



Valuation Assumptions

January 1, 2016

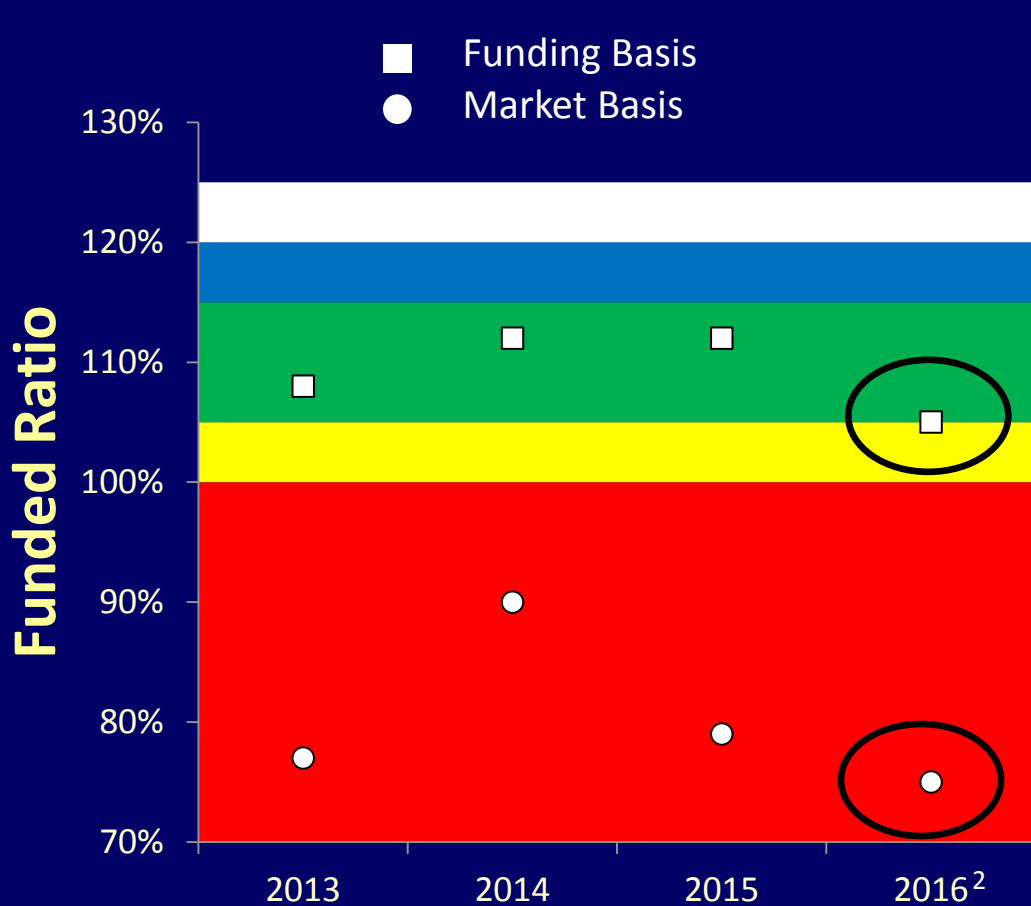
	Funding		Market	
Discount Rate	CRSP-DB	7.00%	CRSP-DB	4.35%
	MPP Annuities	6.25%	MPP Annuities	3.86%
Mortality	RP2014 gen.	MP2014	RP2014 gen.	MP2014

Corridor Funding Guidelines

Market Basis Funded Ratio	Funding Basis Contribution Method	MPP Annuities Equities
120% +	None	10%
115-119.9%	Reduced	20%
105 - 114.9%	Normal Cost¹	30%-40%
100 – 104.9%	Normal Cost¹	40%
Under 100%	Normal Cost¹ Plus Payment on Unfunded Liability	40%

¹ Normal cost reflects the cost of current benefit accruals and applies only to CRSP-DB.

Corridor Funding Results



Market Basis Funded Ratio	Funding Basis Contribution Method	MPP Annuities Equities
120% +	None	10%
115-119.9%	Reduced	20%
105 - 114.9%	Normal Cost ¹	30%-40%
100 – 104.9%	Normal Cost ¹	40%
Under 100%	Normal Cost ¹ Plus Payment on Unfunded Liability	40%

Valuation Date (January 1)

- 1 Normal cost reflects the cost of current benefit accruals and applies only to CRSP DB.
- 2 2016 Funded Ratio is an estimation

CRSP-DB and MPP Annuities

Estimated Funded Ratio—Funding Basis

	January 1, 2015	January 1, 2016
CRSP-DB	111%	109%/103%*
MPP Annuities	112%	103%/97%*
Combined	112%	105%/99%*

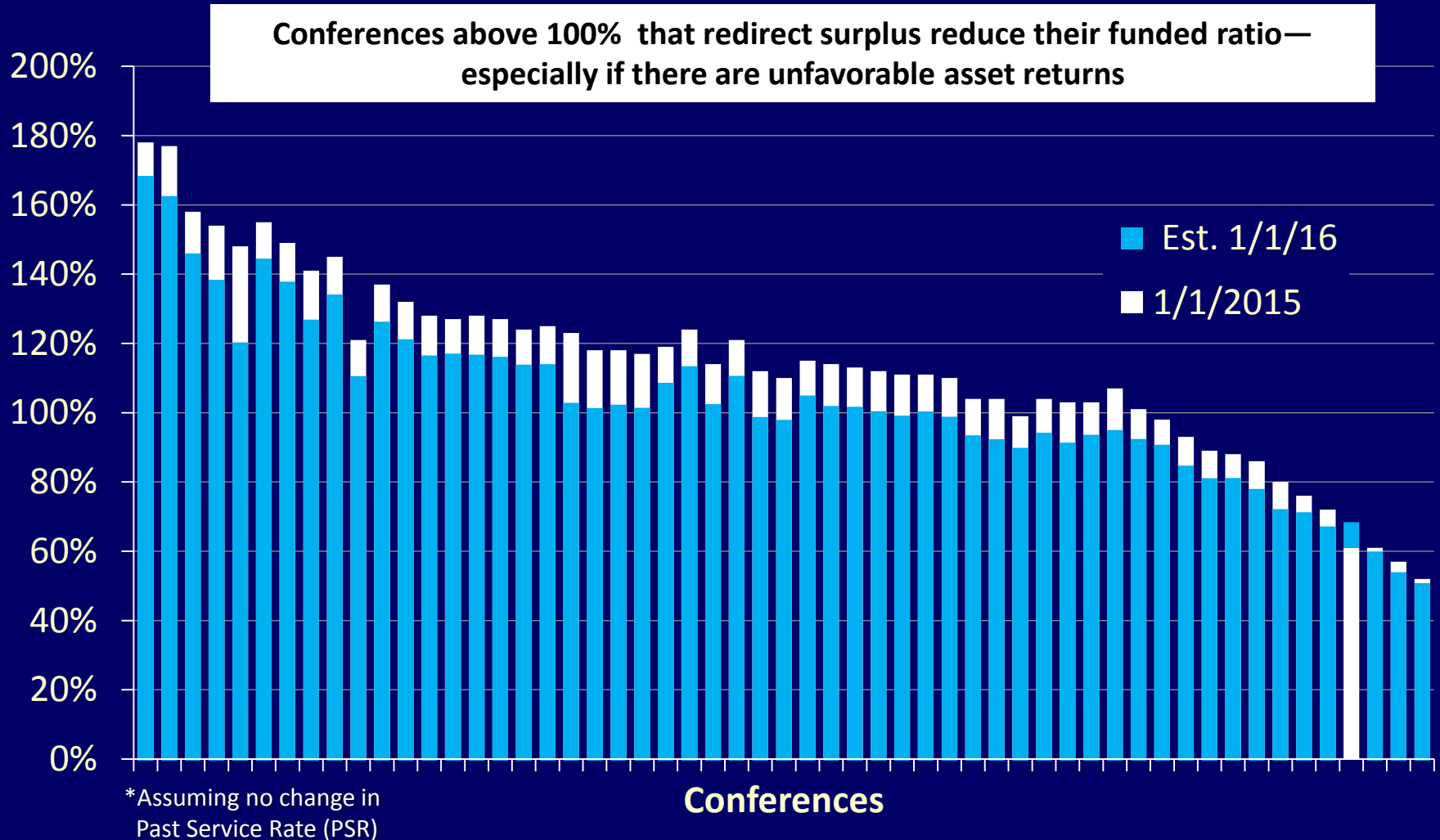
Note: 2016 estimates reflect new mortality assumptions and asset smoothing

**Using smoothed assets / Using market assets*

Pre-82 Funding



Estimated Change in Pre-82 Plan Funded Ratio* – Funding Basis



Pre-82 Funded Ratio History— Funding Basis

Valuation Year	Contribution Year	Funded Ratio Using All Assets	Funded Ratio Excluding “Funding Surplus”
2010	2012	108%	92%
2011	2013	113%	93%
2012	2014	106%	93%
2013	2015	105%	93%
2014	2016	112%	95%
2015	2017	114%*	96%*
2016	2018	103%*	94%*

*Assumes no change in Past Service Rate (PSR)

Glide Path to Sustainability

Move toward determining liabilities, and accordingly, funded status, on a market basis:

- Gradually reduce equity exposure in Pre-82 Plan
- Gradually reduce funding discount rate accordingly—perhaps 0.125% each year

Glide Path Strategy

Fiduciary Committee—annually review economic environment; determine change in discount rate and equity exposure for the coming year by considering:

- Estimated funded ratio at new lower discount rate
- Estimated change in contribution requirements
- Expected reduction in volatility

Actions in 2016

Equity allocation—**no change; stay at 61%**

Discount rate for January 1, 2016 liabilities—
no change; stay at 6.625%

Summary

- Corridor funding—Estimated to continue at above 100% as of 1/1/2016 on a funding basis
 - Therefore: 12/31/2018 contribution due will be the Normal Cost
- For the denomination, Pre-82 estimated to continue at above 100% as of January 1, 2016 on a funding basis
- Listing of Pre-82 funded ratios by conference—**preliminary**
 - Will change

Continue to Strive for Full Funding and Sustainability

Many General Board resources to help you

- Comprehensive Benefits Funding Plan
- Wespath Investment Team
- Conference Liaisons
- Plan Sponsor Managers
- Actuarial Services Team



Reserves!

Monitoring

Benefit Levels

Risk Tolerance

**Restricted
Use**

**Competing
Demands**

**Policies and
Philosophies**

**Legal
Protection**

**Asset
Allocation**





General Board

Pension and Health Benefits

Wespath 
Investment Management