



A Message from the Chair

Winter 2023

Dear Friends:

The Church Pension Fund Board of Trustees (CPF Board) gathered in New York City for its quarterly meeting earlier this month. We had the pleasure of hosting Julia Ayala Harris, President of the House of Deputies, who shared her strategic priorities and her commitment to collaborating with the Church Pension Group (CPG) on important issues of accessibility and inclusiveness. We missed The Most Rev. Michael B. Curry, who was also scheduled to be with us, and we join the entire Church in wishing him well as he recovers from surgery.

In addition to continuing the CPF Board's ongoing work toward diversity, equity, and inclusion, Mary Kate Wold, CEO and President of CPG, and other CPG leadership team members provided us with updates on their annual planning, new business initiatives, and the organization's commitment to corporate social responsibility, including socially responsible investing. We also discussed plans for the 81st General Convention, where four wonderful colleagues will stand for re-election, and other talented individuals will be elected to serve on the CPF Board. We look forward to engaging with all nominees and wish them all well.

One of our most important responsibilities as a board is to safeguard the financial strength of the pension plans and other benefits that CPF administers. Every September, we review the results of sophisticated financial modeling that CPG undertakes to help us predict the future financial strength of The Church Pension Fund Clergy Pension Plan (Clergy Pension Plan) and The Episcopal Church Lay Employees' Retirement Plan (Lay DB Plan). In December, we consider this analysis and ask ourselves how confident we feel about adding the financial strain of a discretionary cost-of-living adjustment (COLA) to each plan. It's a fulsome discussion every year, and this year was no exception.

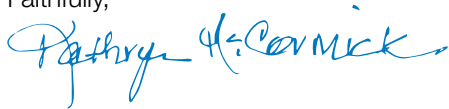
The CPF Board concluded that the Clergy Pension Plan and its related plans have sufficient assets to issue a 3.2% COLA, which is consistent with that granted by Social Security, without compromising the future financial strength of those plans, but the Lay DB Plan does not. (The Lay DB Plan is a much smaller plan than the Clergy Pension Plan, has a lower assessment rate, and has been in existence for many fewer decades than the Clergy Pension Plan, with the result that it has not yet been able to build its asset base to a level that safely supports a COLA.) Consequently, the CPF Board approved a discretionary COLA for the Clergy Pension Plan and certain other related plans but did not approve a COLA for the Lay DB Plan. We realize how disappointing this decision is for lay employees who participate in the Lay DB Plan, but we also realize how important it is to make prudent decisions that protect the financial sustainability of the Lay DB Plan and CPF's ability to pay lay pensions over the long term.

The CPF Board also approved a purchasing power adjustment (PPA) for International Clergy Pension Plan (ICPP) retirees and beneficiaries in certain countries. CPG performs a benefit adjustment analysis every three years to determine whether ICPP retirees and beneficiaries living in a particular country have experienced a loss in purchasing power because US inflation may not fully account for the impact of local inflation and exchange rates on these individuals. You can find more information about our COLA and PPA decisions at cpg.org/COLA.

Overall, we had an extremely productive meeting.

On behalf of the entire CPF Board, I wish you and your loved ones a blessed Advent and Christmas season and the very best in the coming new year.

Faithfully,



Canon Kathryn McCormick
Chair, The Church Pension Fund Board of Trustees

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The next meeting of the CPF Board will be from March 13 to March 15, 2024.