



**The Pension Boards**  
United Church of Christ, Inc.

WHERE FAITH AND FINANCE INTERSECT



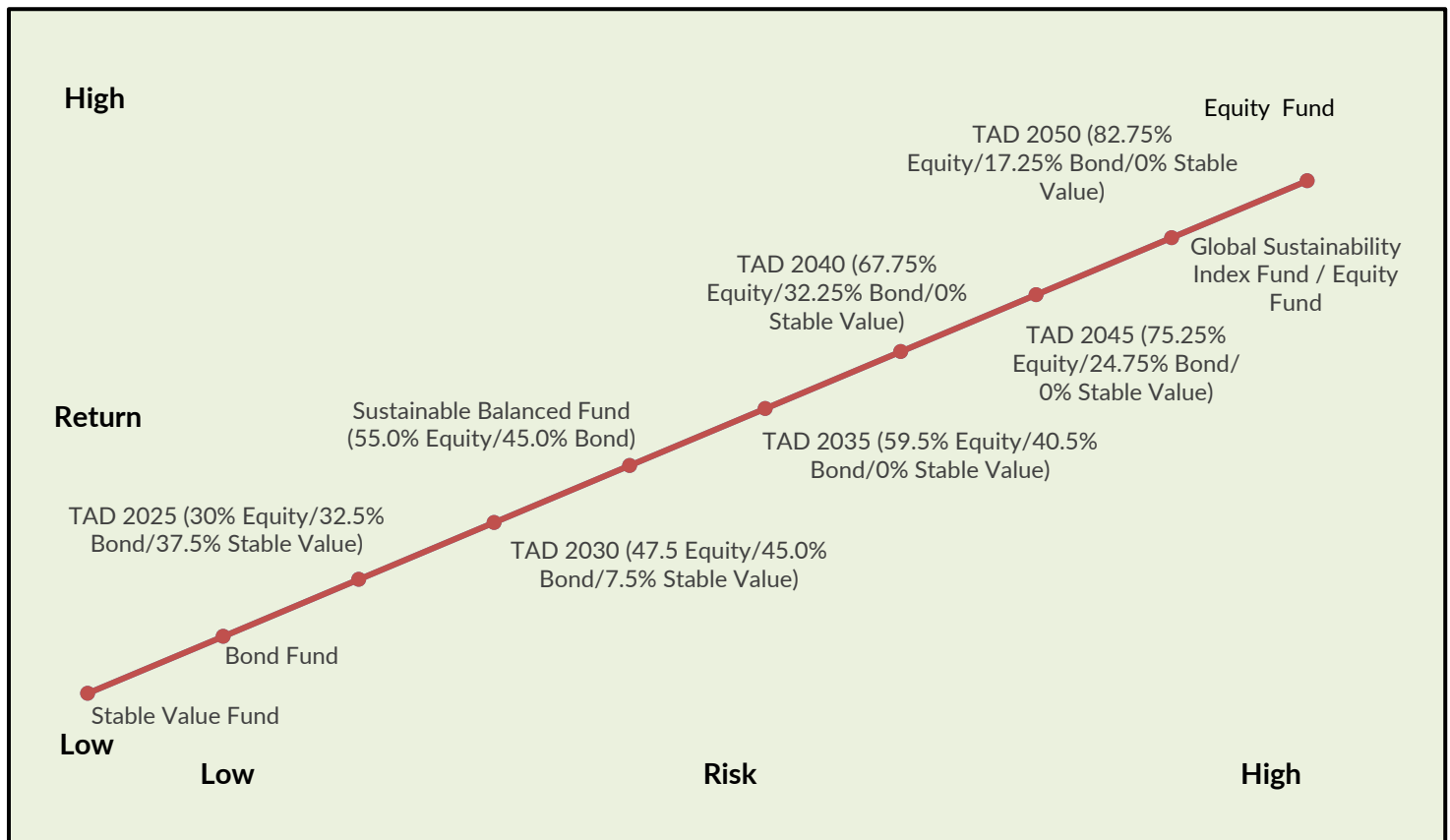
# **The Annuity Plan for the United Church of Christ**

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## **Your Investment Options**

# Your Investment Options

To provide you with greater flexibility and choice, the Pension Boards offers 11 options for investing your pension accumulation accounts: the **Stable Value Fund**, **Bond Fund**, **Sustainable Balanced Fund**, **Equity Fund**, **Northern Trust Global Sustainability Index Fund (GSIF)**, and **six Target Annuitization Date (TAD) Funds** with varying risk/return characteristics to help you develop an investment strategy that corresponds to your desired risk level (see chart below).



You may reallocate your account balances among these 11 Funds once a month in 1% increments. Reallocation forms received no later than 4:00 p.m. (Eastern) on the last business day of a month will be effective the first day of the following month.

# Stable Value Fund

## Investment Objective

To provide stability of principal and a stable credited rate of interest while generating a competitive rate of return over time compared to other conservative investments such as money market funds.

## Investor Profile

The Stable Value Fund is suitable for investors who are risk-averse and who want to safeguard the principal value of their accumulated savings while earning an attractive rate of interest, perhaps in anticipation of annuitizing their accumulation account balances, or to balance a portfolio with more aggressive investments.

Over long periods of time, the return to investors in this Fund will most likely be less than the return to investors in any of the other Funds. Over short periods of time, however, the return to investors in the Stable Value Fund could exceed the return to investors in the other Funds.

## Fund Investments

The Stable Value Fund is invested in a diversified portfolio of high-quality fixed-income investments that may include guaranteed investment contracts issued by insurance companies, bank investment contracts, U.S. Treasuries and fixed-income instruments issued by U.S. government agencies, asset-backed and mortgage-backed securities, corporate bonds, and cash and cash equivalents such as U.S. Treasury Bills and commercial paper. Investment maturities are short- to intermediate- term (10 years or less).

# Bond Fund

## Investment Objective

To provide maximum total return consistent with investment in longer-term, predominantly domestic, high-quality, bonds. Principal and income in this Fund will fluctuate with changing market conditions.

## Investor Profile

This Fund is suitable for investors willing to sacrifice stability of principal and income in pursuit of higher longer-term growth of principal and income.

Over long periods of time, the return to investors in the Bond Fund should exceed the return to investors in the Stable Value Fund but is likely to fall short of the return to investors in the Balanced Fund, the Equity Fund, Northern Trust Global Sustainability Index Fund (GSIF) or the longer-dated Target Annuitization Date (TAD) Funds. Over shorter periods of time, however, the reverse could be true. At times, the total return to investors in this Fund may be negative.

## Fund Investments

The Bond Fund is invested in a broadly-diversified portfolio of fixed-income investments that may include securities issued by the U.S. government and its agencies, corporate bonds, green and other sustainable bonds, asset-backed and mortgage-backed securities, U.S. dollar-denominated bonds, or foreign issuers, emerging markets issues denominated in local currency and cash equivalents. An average maturity (interest-rate sensitivity) of 5 to 10 years is normally maintained in this Fund.

Predominantly fixed-income-based alternative assets are permitted up to limits established by the Pension Boards' Investment Committee on a case-by-case basis. Alternative investments may result in a portion of assets up to 3% of assets in the Fund that have non-fixed-income characteristics.

# Sustainable Balanced Fund

## Investment Objective

The Sustainable Balanced Fund seeks to combine the full scope of approaches to ESG (Environmental, Social, and Governance) investing in the public markets, including passive strategies that systematically tilt towards high-performing companies on ESG metrics, while avoiding poor performers; active strategies investing thematically in companies providing solutions to environmental and social challenges; and strategies that apply active ownership and stewardship techniques to improve the ESG practices of portfolio companies.



## Investor Profile

The Sustainable Balanced Fund is suitable for investors who are willing to accept a greater degree of short-term principal and income volatility for a portion of their assets in pursuit of long-term growth of principal and income. Under normal conditions, between 40% and 70% of the Fund's assets will be invested in global stocks, 30% to 60% will be invested in bonds, and 0% to 10% will be invested in alternative assets and cash.

## Investment Profile, continued

The Sustainable Balanced Fund will typically be less volatile than the Equity Fund or the Northern Trust Global Sustainability Index Fund (GSIF). This Fund is also suitable for investors seeking a Fund in which the Pension Boards will determine the allocation of assets between stocks and bonds.

Over long periods of time, the return to investors in this Fund should exceed the return to investors in the Stable Value Fund, the Bond Fund, and the two shorter-dated Target Annuitization Date (TAD) Funds, but it should fall short of the return to investors in the Equity Fund and the two longer-dated TAD Fund such as TAD 2045 and TAD 2050. Over shorter periods of time, however, returns to investors in the Sustainable Balanced Fund could be less than the returns to investors in the other Funds, and at times they may be negative.

## Fund Investments

The Sustainable Balanced Fund achieves broad diversification by investing in global equities and fixed-income securities. Alternative assets are permitted up to limits established by the Pension Boards' Investment Committee and subject to Investment Committee approval on a case-by-case basis, and may include private equity, real assets, and absolute return strategies employed by hedge funds.



# Target Annuitization Date (TAD) Funds

- *Target Annuitization Date 2025 Fund*
- *Target Annuitization Date 2030 Fund*
- *Target Annuitization Date 2035 Fund*
- *Target Annuitization Date 2040 Fund*
- *Target Annuitization Date 2045 Fund*
- *Target Annuitization Date 2050 Fund*

## Investment Objective

To provide levels of principal growth, preservation of principal, and income consistent with a predetermined asset allocation at a particular time. A TAD Fund with a relatively long-time horizon (defined as the time before a Fund's target date) will have more emphasis on seeking capital appreciation, whereas a TAD Fund with a relatively short time horizon will have more emphasis on income and principal preservation.



## Investor Profile

The TAD Funds are suitable for investors who plan to annuitize in or around the year of a specific Fund, who want a portfolio that automatically becomes more conservative as time passes, and who do not have the time, interest, or inclination to rebalance their portfolios as their annuitization date approaches. Rates of return on these Funds will fluctuate according to the Funds' allocations in a particular year.

## Fund Investments

The TAD Funds are “funds of funds” that invest in the Pension Boards' Equity, Bond, and Stable Value Funds and thus invest in the securities permitted in those funds.

Below is the glidepath for our funds. As you will note, the younger you are, the more investment risk you can take by investing in the Equity Fund. As you grow older, the percentage of these riskier investments drops while assets are allocated to the more conservative Stable Value Fund. Placing your investments in a TAD Fund makes your investing simpler since you won't have to reallocate your portfolio during the different stages of your life.

Assumption	TAD 2050	TAD 2045	TAD 2040	TAD 2035	TAD 2030	TAD 2025
Current	Age 40	Age 45	Age 50	Age 55	Age 60	Age 65
Equity Fund	82.75%	75.25%	67.75%	59.50%	47.50%	30.00%
Bond Fund	17.25%	24.75%	32.25%	40.50%	45.00%	32.50%
Stable Value Fund	0.00%	0.00%	0.00%	0.00%	7.50%	37.50%



# Equity Fund

## Investment Objective

To provide long-term growth of principal and income consistent with a broadly-diversified portfolio of domestic and international equity securities.

## Investor Profile

The Equity Fund is suitable for investors who, in the pursuit of long-term growth, are willing to accept a greater degree of principal and income volatility, for all or some portion of their assets, than will be typical of the Stable Value Fund, the Bond Fund, the Sustainable Balanced Fund or the Target Annuitization Date (TAD) Funds.

Over long periods of time, the return to investors in the Equity Fund should exceed the return to investors in the other Funds. Over shorter periods of time, however, returns to investors in this Fund could be less than the returns to investors in the other Funds, and at times the returns from the Equity Fund may be negative.

## Fund Investments

The Equity Fund is invested in a broadly diversified portfolio of domestic and international equity securities, further diversified by market capitalization, sector, and style. Alternative assets are permitted up to limits established by the Pension Boards' Investment Committee, subject to approval by the Investment Committee on a case-by-case basis. Alternatives may include private equity, real assets, and absolute return strategies normally employed by hedge funds.

# Northern Trust Global Sustainability Index Fund

## Investment Objective

To provide an investment option with enhanced environmental, social, and governance (ESG) criteria, based on the MSCI World ESG Index, which measures not only the traditional investment performance of publicly-traded companies but also the quality of their performance in ESG factors and sustainability.

## Investor Profile

The Northern Trust Global Sustainability Index Fund (GSIF) is designed to help socially conscious investors meet their retirement goals while investing in the well-being of the planet.

## Fund Investments

PBUCC is offering this fund option with three goals in mind:

- To provide a retirement investment that is reasonably expected, considering all pertinent financial factors, to provide the same or better investment performance as other fund options in the equity market.
- To further PBUCC's investment policy that calls upon fund managers to offer investments that are sensitive to ESG factors and have long-term sustainability.
- To respond covenantally and faithfully to the prophetic voice of the United Church of Christ, within the bounds of the duty of loyalty to plan members.

Are these your goals? If so, this option may be right for you.



## **The Pension Boards**

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