

THE CHURCH PENSION FUND

Board of Trustees	Diocese, Province	End of Term
Canon Kathryn McCormick, Chair	Mississippi, IV	2024
Canon Rosalie Simmonds Ballentine, Esq., DHL, Vice Chair	The Virgin Islands, II	2024
The Rt. Rev. Brian N. Prior, Vice Chair	Alabama, IV	2027
The Rt. Rev. David A. Alvarez, PsyD	Puerto Rico, II	2027
The Rev. Dr. Brendan Barnicle, DMin	Oregon, VIII	2027
The Rt. Rev. Diane M. Jardine Bruce, DMin, DD	West Missouri, VII & VIII	2024
The Very Rev. Samuel G. Candler	Atlanta, IV	2024
The Rt. Rev. Clifton Daniel III	New Jersey, II	2024
The Rt. Rev. Ian T. Douglas, PhD	Connecticut, I	2027
Delbert C. Glover, PhD	Washington, III	2024
The Rev. Amy Haynie	Northwest Texas, VII	2027
The Rt. Rev. Julio Holguín	Dominican Republic, IX	2024
The Very Rev. Cynthia Briggs Kittredge, ThD	Texas, VII	2027
Ryan K. Kusumoto	Hawaii, VIII	2024
The Rev. Dr. Gawain F. de Leeuw, DMin	New York, II	2027
John McCray-Goldsmith	El Camino Real, VIII	2027
Sandra Ferguson McPhee, Esq.	Maine, I	2027
Yvonne O'Neal	New York, II	2024
Solomon S. Owayda	Massachusetts, I	2024
The Rt. Rev. Gregory H. Rickel	Southeast Florida, IV	2027
The Rev. Austin K. Rios (Bishop-Elect)	Convocation of Episcopal Churches in Europe, II	2024
Canon Anne M. Vickers	Southwest Florida, IV	2027
The Hon. Linda E. Watt	North Carolina, IV	2024
The Very Rev. Sandye A. Wilson	Newark, II	2027
Mary Katherine Wold, Esq.	New York, II	

Mandate

Title I, Canon 8: Of The Church Pension Fund

Clergy and lay pension and health plans. **Sec. 1.** The Church Pension Fund, a corporation created by Chapter 97 of the Laws of 1914 of the State of New York as subsequently amended, is hereby authorized to establish and administer the clergy pension system, including life, accident and health benefits, of this Church, substantially in accordance with the principles adopted by the General Convention of 1913 and approved thereafter by the several Dioceses, with the view to providing pensions and related benefits for the Clergy who reach normal age of retirement, for the Clergy disabled by age or infirmity, and for the surviving spouses and minor children of deceased Clergy. The Church Pension Fund is also authorized to establish and administer the lay employee pension system and denominational health plan of the Church, substantially in accordance with the principles adopted by the General Convention of 2009 in Resolution 2009-A177, with the view to providing pensions, health care and related benefits for the eligible Clergy and eligible lay employees of this Church, as well as their eligible beneficiaries and dependents.

Overview

The Church Pension Fund (CPF)¹ was established as a not-for-profit corporation in the State of New York in 1914. In 1916, The General Convention enacted the predecessor to Title I, Canon 8, which gave CPF the authority to administer pensions and other benefits for eligible Episcopal clergy and to collect assessments to fund such benefits. CPF's charter, the official founding document, gave the original trustees the authority to adopt a constitution that, among other things, provides that there will be 25 trustees of CPF, 24 of whom are elected by the General Convention and one of whom is the president of CPF. Copies of CPF's founding documents are available on CPF's website.²

Three Lines of Business

Today, CPF and its affiliates, collectively the Church Pension Group (CPG), operate three lines of business³ for the benefit of The Episcopal Church (the Church):

1. Employee benefits, which include pension, health, life insurance, disability, and other products and services available to eligible clergy and lay employees
2. Property and casualty insurance to protect Episcopal buildings and cover other liabilities incurred by Episcopal institutions

3. Publishing, which provides core liturgical materials such as The Book of Common Prayer, academic publications by religious scholars, and books on financial wellness and retirement readiness, as well as other books of interest to persons of faith

CPG also provides a full range of research, education, and benefits administration support to ensure that it is meeting the needs of the institutions and people it serves.

Investments

CPF collects assessments from Episcopal institutions and invests those funds in the financial markets to make sure it has sufficient assets to cover the cost of the pension and related benefits that have been promised to the clergy and lay employees of the Church. CPF's investment performance is critical, as assessments paid to CPF do not cover the full cost of benefits, other support, and administration.

Ensuring that CPF has sufficient assets to cover its commitments to the clergy and lay employees of the Church and their beneficiaries, which it has done without interruption for more than 100 years, is the primary focus of CPF's investment strategy. CPF also engages in socially responsible investing⁴ to the extent possible, remaining consistent with its fiduciary duties. CPF's socially responsible investing strategy includes these practices:

- **Investing for Positive Impact:** proactively seeking out and investing with managers who deliver both strong returns and positive social impact
- **Shareholder Engagement:** using CPF's position as an institutional investor to address corporate social responsibility of companies in the investment portfolio
- **ESG Incorporation:** considering material environmental, social, and governance (ESG) issues as part of CPF's investment analysis and review
- **Thought Leadership:** sharing CPF's experience and industry relationships to catalyze growth and advance best practices in socially responsible investing

Core Values: Professional. Compassionate. Trustworthy.

The Church Pension Group is based in New York City and also has offices in Vermont and Hong Kong. Its employees are committed to the organization's purpose, which is to support the clergy and lay employees of the Church in their calling to spread the gospel. CPG's core values of professionalism, compassion, and trustworthiness keep everyone focused on the needs and values of the people they serve. Leadership at CPG extends these core values by making diversity, equity, and inclusion (DEI) a component in employee performance evaluations in order to foster different perspectives and improve decision-making around CPG's products, programs, and services.

Summary of Work

This Blue Book submission summarizes CPG's work since the 80th General Convention. For additional details about the benefits, property and casualty coverage, and publishing products and services CPG provides its clients, please view the 2023 CPG Annual Report.⁵

Benefits Policy and Design

To provide its clients with the highest possible level of financial security in retirement consistent with exemplary financial stewardship on its part and with the evolving needs of the Church, CPG offers a variety of pensions, retirement savings programs, and health, life, and disability products for eligible clergy and lay employees, as described below. CPG continues to engage in discussions with clergy and lay employees regarding options that are available to the Church to achieve pension parity, as reported in CPF's responses to Resolution 2018-A237⁶ and Resolution 2018-Do45⁷.

- **The Church Pension Fund Clergy Pension Plan (Clergy Pension Plan)**⁸ is a defined benefit pension plan. All ordained clergy in the US, US Virgin Islands, the Convocation of Episcopal Churches in Europe, and Micronesia are eligible to participate in the Clergy Pension Plan if they meet certain minimum criteria and pension assessments are paid on their behalf. The current assessment rate is 18% of each clergyperson's Total Assessable Compensation.
- In addition to being provided lifetime income following retirement, eligible participants in the Clergy Pension Plan may be eligible to receive other benefits, including a post-retirement health subsidy, life insurance, disability benefits, a resettlement benefit, a Christmas benefit, and death benefits, including a benefit paid to eligible children of deceased clergy. Clergy can supplement their Clergy Pension Plan benefits with personal retirement savings through **The Episcopal Church Retirement Savings Plan (RSVP)**,⁹ which is a voluntary defined contribution plan.
- Eligible Episcopal clergy who serve in a non-domestic diocese of the Church and clergy who are canonically resident in a diocese of the Anglican Communion that is part of the Iglesia Anglicana de la Región Central de América (IARCA) participate in a different defined benefit pension plan called the **International Clergy Pension Plan (ICPP)**.¹⁰ The ICPP has many of the same generous features as the Clergy Pension Plan, and eligible participants may receive a monthly subsidy to help with the cost of healthcare in retirement. Minor differences between the two plans address the unique needs of clergy in non-domestic dioceses.¹¹ CPF continues to provide benefits to eligible vested clergy in former participating dioceses in Brazil and the Philippines, subject to the rules that were in effect when a clergyperson last earned credited service under the applicable plan.

- CPF also administers companion clergy pension plans that are sponsored and controlled by The Anglican Church of Mexico¹² and The Episcopal Church in Liberia, as well as a pension plan for lay employees in the Diocese of Puerto Rico¹³ that is sponsored and controlled by that diocese.
- In accordance with General Convention Resolution 2009-A138 and its associated Canon, eligible lay employees must participate in either **The Episcopal Church Lay Employees' Retirement Plan** (Lay DB Plan),¹⁴ which is a defined benefit plan, or **The Episcopal Church Lay Employees' Defined Contribution Retirement Plan** (Lay DC Plan),¹⁵ which is a defined contribution plan. The overwhelming majority of eligible lay employees participate in the Lay DC Plan. Under General Convention Resolution 2009-A138, employers who opt to participate in the Lay DC Plan are required to contribute at least 5% of the employee's compensation and match at least 4% of the employee's contributions. Employers are required to pay 9% of compensation for each lay employee participating in the Lay DB Plan.
- The Church Pension Group offers a variety of educational resources in person and online¹⁶ to ensure that eligible clergy and lay employees understand their pension and related benefits.
- The Church Pension Group has continued to broaden access to its resources, products, and services for international clients. It has increased the number and variety of administrator and member education materials, as well as publications, available in Spanish, French, and/or Mandarin.¹⁷ CPG has hosted international administrators at churchwide educational events and continues to look for ways to provide professional, compassionate, and trustworthy care to the people and institutions that make up the Church, regardless of region.

Enhancements to Pension, Welfare, and Retirement Savings Plans

Since the last General Convention, CPF has worked to find solutions that address the needs of current and future retirees.

- **Purchasing Power Adjustment Under the ICPP**—Because US inflation may not fully account for the impact of local inflation and exchange rates on ICPP retirees and beneficiaries, we conduct an analysis every three years to determine whether ICPP retirees and beneficiaries living in a particular country have experienced a loss in purchasing power. CPF makes necessary benefit adjustments when there has been a loss in purchasing power, with any such adjustment being capped at 5%.

- CPF performed a purchasing power analysis in 2023 (covering the period from October 1, 2020, until September 30, 2023), and the CPF Board granted a purchasing power adjustment, effective January 1, 2024, to eligible retirees and beneficiaries living in nine countries. This purchasing power adjustment is in addition to the annual, discretionary cost-of-living adjustments (COLA)¹⁸ that the CPF Board granted effective January 1, 2023, and January 1, 2024. The next purchasing power adjustment analysis will be conducted in 2026.
- **Reduced Defined Contribution Recordkeeping, Administrative, and Investment Fees**—The defined contribution plans offered by CPF are a key component in planning for financial security in retirement. CPF has worked to decrease the annual recordkeeping fee for the plans by approximately 25% and, effective April 1, 2022, changed its annual administrative fee from a basis point fee to a flat fee per participant. CPF has also been able to leverage the size of the defined contribution plans to move to lower fee share classes when available, which has resulted in reduced investment management fees paid by plan participants.
- **Post-Retirement Health Subsidy**—CPF recently increased the monthly post-retirement health subsidy provided to eligible retired clergy with at least 10 years of Credited Service under the Clergy Pension Plan—and their eligible spouses. The size of the subsidy is commensurate with years of earned Credited Service. The full subsidy will increase from \$286 per person in 2023 to \$317 per person in 2024¹⁹.
- **Increase in Early Retirement Bridge Benefit**—Beginning January 1, 2024, the monthly bridge benefit to help eligible participants in the Clergy Pension Plan defray the cost of healthcare will increase from \$17.50 to \$31.00, multiplied by years of Credited Service. To qualify for this benefit, eligible clergy must retire at or after the early retirement age of 55 with 30 or more years of Credited Service.
- **Increase in Clergy Short-Term Disability Benefit Weekly Maximum**—The short-term disability benefit for active clergy participating in the Clergy Pension Plan and ICPP continues to be 70% of an eligible participant’s weekly compensation on which assessments were paid up to a maximum weekly benefit. If short-term disability is approved for a disability starting on or after January 1, 2024, the weekly maximum will increase from \$1,000 to \$1,500.

Emergency Funding

The Fund for Special Assistance provides grants to a retired cleric or a surviving spouse or dependent of a deceased cleric who is experiencing a specific financial challenge and is also receiving benefits from the Clergy Pension Plan, The Church Pension Fund Clergy Child Benefit Plan, The Church Pension Fund Clergy Long-Term Disability Plan, or any pension plan sponsored and administered by CPF for the

benefit of Episcopal clergy in Episcopal dioceses outside the US. (IARCA clergy and their families are not eligible.) CPF made individual grants totaling \$25,000 in 2022 and \$28,000 through September 2023 under this program. CPG continues efforts to increase awareness of this benefit because utilization remains low.²⁰

The Fund for Medical Assistance provides financial assistance with medically necessary healthcare expenses to eligible active or retired clergy, lay employees, and their dependents in non-domestic dioceses who are facing healthcare expenses that are not otherwise covered by public or private insurance programs in their countries. CPF made individual grants totaling \$83,200 in 2022 and \$52,019 through September 2023 under this program. For more details, read about the Fund for Medical Assistance.²¹

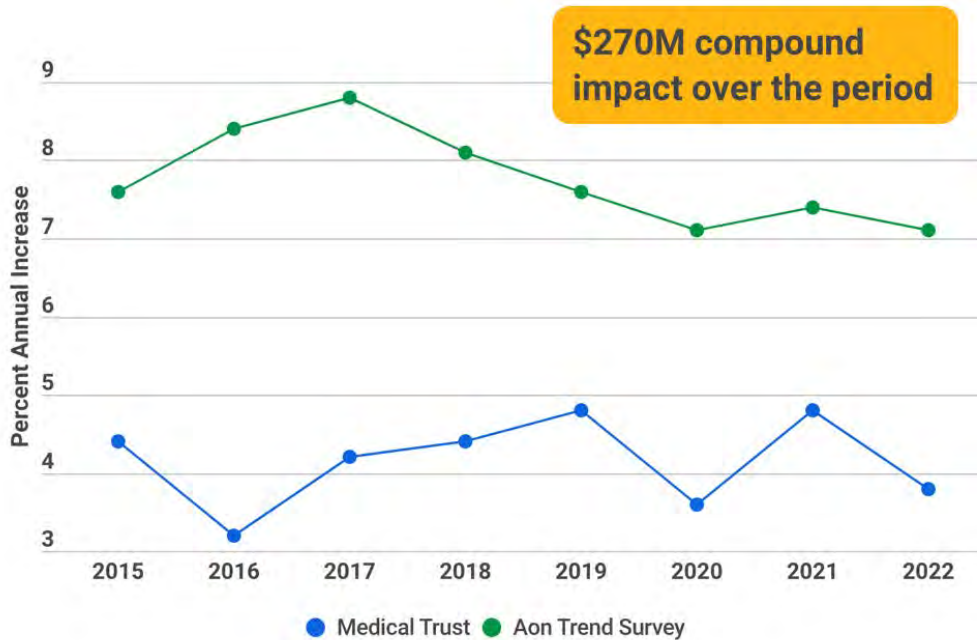
Providing Broad Access to High-Quality Healthcare

Since its inception in 2009, the Denominational Health Plan (DHP) has made valuable healthcare coverage available to eligible clergy and lay employees and their eligible dependents, while delivering on its commitments to manage overall healthcare costs for the Church, reduce disparity between clergy and lay employees in funding of healthcare benefits, and reduce cost disparity among dioceses. As the administrator of the DHP for the entire Church, The Episcopal Church Medical Trust (Medical Trust) continues to look for ways to improve the quality of care its members receive while also exploring ways to control the rising cost of care. Please read the DHP Annual Report for details.²²

Controlling Healthcare Costs

The DHP leverages the collective purchasing power of its participants to offer comprehensive coverage at a lower cost in aggregate than if dioceses purchased coverage separately.

The DHP's annual average cost increases in recent years have ranged from 4% to 6%, versus 7% to 9% for other large employers during the same period. The chart below shows this comparison since 2015, which results in a \$270 million compounded impact.



In 2023, cost increases continued to be on the lower end of national trends. The Medical Trust delivered an average annual increase of 4.4% as compared to an estimated national trend of 5.6% to 8%.²³

New Offerings and Initiatives

GROUP MEDICARE ADVANTAGE—ENHANCED RETIREE HEALTHCARE BENEFITS

CPG introduced a Group Medicare Advantage²⁴ plan to retirees in 2022 offering improved value, lower cost, and easier benefits management than the prior retiree health plan. Overall, the program is delivering as expected.

PRESCRIPTION DRUG CHANGES

The Medical Trust increased the cost share for prescription drugs to be more in line with the broader market, including the introduction of a specialty drug tier. In addition, a coinsurance design (versus copay-based) was introduced to maintain cost-sharing levels going forward.

CHANGES TO HOW SPECIALTY DRUGS ARE COVERED

With typical benefit plans, some specialty drugs are covered by the medical channel of the plan, while others are covered by the pharmacy channel. This leads to confusion about how to access the specialty medication and poses cost-containment challenges. With the Medical Trust's Anthem and Cigna medical plans, certain specialty drugs are now excluded from the medical benefit and are instead covered exclusively within the Express Scripts pharmacy benefit. This "medical channel management" results in more consistent clinical coverage criteria, better management of healthcare services, and cost savings.

NEW SERVICES FOR MUSCULOSKELETAL HEALTH

Treatment of musculoskeletal conditions is one of the Medical Trust's top claim costs. CPG added Hinge Health services for Anthem and Cigna plans to help reduce member expenses and increase quality through digital solutions for musculoskeletal pain and injuries. The Expert Second Opinion feature provides medical expert reviews for back, knee, or hip surgeries that can help control costs and lead to better patient outcomes.

ADDITIONAL PLAN ENHANCEMENTS

Other health benefits that have been enhanced by the Medical Trust are the lifetime maximum for fertility benefits, the benefit for hearing aid devices, the annual allowance for eyeglass frames and contact lenses, and coverage for vaccines for personal travel.

DENOMINATIONAL HEALTH PLAN TASK FORCE

The 80th General Convention approved Resolution 2022-D034, creating a task force to review the structure and offerings of the DHP, in consultation with CPG, and report back to the 81st General Convention with a list of options to reduce healthcare costs across the Church, with a full explanation of the reasoning, costs, and benefits of each option.

CPG supported these task force efforts through the participation of CPF Board Chair Kathryn McCormick and CPG Executive Vice President and Chief Operating Officer Frank Armstrong.

Additional details on the work of the task force can be found in its report to the General Convention.

The Church Insurance Companies: Property and Casualty Insurance

PROTECTING THE PEOPLE AND PROPERTY OF THE CHURCH

For nearly 100 years, The Church Insurance Companies (CIC)²⁵ has focused on providing the Church broad, cost-effective property insurance and, more recently, casualty insurance coverage, along with robust risk management strategies and tools in a financially sustainable way. CIC continues to be proactive in addressing the needs of Church properties and people through its insight, education, collaboration, and coverage.

- **Risk management education**²⁶—CIC has increased its focus on education, to help every client and potential client understand the cost and importance of appropriate coverage. Lower premiums are not always the answer, particularly when they come with higher deductibles that may be impossible to fund when unexpected disasters strike. CIC also offers several programs and initiatives to help clients proactively manage risk.
- **Adapting to climate change**²⁷—CIC works with its clients to help them take action to reduce the potential financial impact of a storm or other occurrence. One example is providing checklists for clients' use in advance of major weather events to help them take the necessary precautions.
- **Premium increases**²⁸—Several factors affected insurance costs in 2023. More frequent and severe weather events resulting from climate change, increased construction costs, and higher property valuations continued to affect property and casualty insurance markets. CIC is not immune to these and other market forces, which are driving increases in insurance premiums:

CIC, like other property and casualty insurers, purchases its own insurance (reinsurance) to cover portions of the largest claims. Reinsurance subsidizes the cost of large claims and protects CIC's financial sustainability. For a variety of reasons, the cost of reinsurance and the premiums CIC pays to its reinsurers have risen substantially.

With the increase in the number and intensity of weather-related events, CIC continues to experience increasing claims activity related to weather.

Dramatic increases in building materials, labor, and overall construction costs make it more expensive to restore damaged properties.

To offset these increased costs, most CIC clients will see unavoidable premium increases in 2024. However, they also will experience an increase in risk management service and support to assist in reducing losses and better preparing for weather events.

Church Publishing Incorporated: Spreading the Word

Church Publishing Incorporated (CPI),²⁹ founded in 1918, is a multi-faceted publisher and supplier to The Episcopal Church and the broader ecumenical marketplace. CPI produces some 50 new books each year, under three distinct imprints, and manages a portfolio of more than 1,042 active publications, many of which are sold worldwide. CPI also publishes electronic resources (including RiteSong, RitePlanning and RiteFormation), lectionary inserts, and other church supplies.

Three Publishing Imprints

Church Publishing produces official worship materials and resources for The Episcopal Church, such as hymnals, prayer books, and books for clergy. Recent publications of the new Spanish and French translations of The Book of Common Prayer, and a globally available bilingual selections edition, reflect CPI's commitment to increasing access to worship materials and ensuring the widest possible readership. In addition, Church Publishing released *A Women's Lectionary for the Whole Church: Year B*—the newest installment of the definitive gender-expansive biblical translation.

Supporting the work of scholars and championing important research, **Seabury Books** specializes in academic books on religion and theology.

Morehouse Publishing offers trade books designed to inform and inspire on select topics including leadership, inspiration, self-improvement, social justice, and thought leadership relevant to the Church.

The Church Pension Fund and Affiliated Companies

The Church Pension Fund	Participants/Beneficiaries	
Clergy Pension Plan	17,910	
Lay Defined Benefit Plan	7,268	
Lay Defined Contribution Plan	19,883	
RSVP Plan	4,814	
The Episcopal Church Medical Trust		
Clergy		
Active	3,880	}
Retired and surviving spouses	5,262	
Lay employees		
Active	11,527	
Retired and surviving spouses	2,690	39,575
Family members of		
Active (clergy & lay employees)	11,361	
Retired (clergy & lay employees)	4,855	
Church Life Insurance Corporation		
Group life insurance	22,877	
Individual life insurance	809	
Annuities	1,080	

The Church Insurance Companies

The number/percentage of domestic Episcopal churches and dioceses that purchase their property and casualty insurance from The Church Insurance Company of Vermont or The Church Insurance Agency Corporation

Churches	6,016 / 91%
Dioceses	96 / 96%

Church Publishing Incorporated

Books in print	999
eBooks	865
eProducts	7
Church supplies	24

As of September 30, 2023

Practicing Exemplary Financial Stewardship

NEW CHIEF INVESTMENT OFFICER

Michael Hood was named Executive Vice President, Chief Investment Officer, and Managing Director in July 2023, following the retirement of Roger Saylor, who served in the role for nine years. Michael is a highly accomplished investment professional with extensive expertise in economics, asset allocation, and portfolio strategy. He formerly served as a managing director in JPMorgan Asset Management's Multi-Asset Solutions division, where he helped oversee diverse portfolios totaling \$350 billion. View a video to learn more about Michael.³⁰

ASSETS UNDER MANAGEMENT

As of September 30, 2023, the value of CPF's portfolio was \$16.8 billion, compared to \$16.6 billion as of September 30, 2022. Assets available for benefits in the Clergy Pension Plan were \$16.1 billion and assets available for benefits in the Lay DB Plan were \$259 million. Financial markets have been challenging since the beginning of 2022, but CPF's financial condition continues to be strong. Over the past 10 years, CPF generated an annualized return of 7.8%, exceeding its investment goal of 7.2% and the market benchmark of 5.5%.

STRESS TESTING AND EXPENSE MANAGEMENT

CPF uses a variety of tools to assess and manage its financial strength. For example, it stress tests its pension assets and liabilities annually to determine its level of confidence that it will have enough assets in future years to meet obligations to pension plan participants. Recent stress tests of the Clergy Pension Plan and Lay DB Plan show that CPF has an appropriate level of assets to honor future commitments, assuming current policies. However, these stress tests also show that the Lay DB Plan is in a weaker financial position than the Clergy Pension Plan, and the CPF Board continues to take a more conservative approach to plan benefits. For example, the CPF Board did not grant a discretionary COLA for the Lay DB Plan because doing so would have compromised the financial strength of the plan. CPF also continues to apply robust financial discipline in managing expenses. CPF applies a cost-value lens to every major decision, to make sure the money it spends is yielding expected and necessary benefits for the people and institutions CPF serves.

Understanding the Evolving Church

DEMOGRAPHIC TRENDS

In its role of Recorder of Ordinations, CPG continues to collect and report on clergy demographic data. Since the last General Convention, CPG's Research and Recorder of Ordinations team joined forces with leaders at The Domestic and Foreign Missionary Society to offer insights on clergy demographic trends to audiences across the Church, including presentations on trends in clergy ministry.³¹

In addition, for the first time, CPG produced a Lay Employment and Compensation Report,³² highlighting lay employment and compensation trends across the Church. The report offers a look at demographic, geographic, and compensation differences among domestic lay employees enrolled in CPF retirement plans.

Church Pension Fund Governance

CPF is governed by a 25-member board of trustees. Twenty-four are elected by General Convention to serve for six-year terms. The 25th trustee, CPF's Chief Executive Officer and President, is elected by the CPF Board and serves at its will.

THE WORK OF THE CPF BOARD

With input from CPG's Executive Leadership Team, the CPF Board makes critical policy decisions affecting investment strategy, pensions, and other benefits and services. It oversees the strategic direction of the broad and varied consortium of businesses that make up CPG, while ensuring that the financial strength of the organization remains intact.

The participation on the CPF Board of lay and ordained Church leaders, as well as experienced investment managers, attorneys, and business and financial professionals, all enrich the work of the CPF Board. It is essential to bring to the board's deliberations the most expert and thoughtful advice available to the Church. The complexity of CPG's businesses and the legal responsibilities associated with the work of the CPF Board require that each trustee be informed and fully engaged.

CPF BOARD ELECTIONS

As set out in the Canons of The Episcopal Church, each General Convention elects 12 trustees of CPF (plus the number of trustees needed to fill any vacancies), selecting from the slate of nominees presented by the Joint Standing Committee on Nominations.

Six current trustees—the Very Rev. Samuel G. Candler, the Rt. Rev. Clifton Daniel III, the Rt. Rev. Julio Holguín, Yvonne O’Neal, the Rev. Austin K. Rios (Bishop-Elect), and the Honorable Linda E. Watt—were elected to their first six-year terms at the 2018 General Convention and are eligible for re-election at the upcoming General Convention. However, both the Rt. Rev. Clifton Daniel III and the Rt. Rev. Julio Holguín have indicated that they will not stand for re-election.

The following six trustees are retiring from the CPF Board in 2024, having faithfully served the two consecutive six-year terms allowed by the Canons: Canon Rosalie Simmonds Ballentine, Esq., DHL, the Rt. Rev. Diane M. Jardine Bruce, DMin, DD, Delbert C. Glover, PhD, Ryan K. Kusumoto, Canon Kathryn McCormick, and Solomon S. Owayda.

Report to the 81st General Convention

The Church Pension Fund Board of Trustees	
<p>Terms Ending in 2024:</p> <p>Canon Rosalie Simmonds Ballentine, Esq., DHL Vice Chair, The Church Pension Fund Board of Trustees Attorney, Law Office of Rosalie Simmonds Ballentine, PC St. Thomas, US Virgin Islands</p> <p>The Rt. Rev. Diane M. Jardine Bruce, DMin, DD Bishop Provisional, Episcopal Diocese of West Missouri Kansas City, Missouri</p> <p>The Very Rev. Samuel G. Candler* Dean, The Cathedral of Saint Philip Atlanta, Georgia</p> <p>The Rt. Rev. Clifton Daniel III* Dean, The Cathedral Church of Saint John the Divine (retired) Fort Lee, New Jersey</p> <p>Delbert C. Glover, PhD Vice President, DuPont (retired) Washington, DC</p> <p>The Rt. Rev. Julio Holguín* Bishop, Episcopal Diocese of the Dominican Republic (retired) Santo Domingo, Dominican Republic</p> <p>Ryan K. Kusumoto President and CEO Parents And Children Together Honolulu, Hawaii</p> <p>Canon Kathryn McCormick Chair, The Church Pension Fund Board of Trustees Canon for Administration & Finance, Episcopal Diocese of Mississippi (retired) Jackson, Mississippi</p> <p>Yvonne O’Neal* Social Justice Advocate Financial Consultant (retired) New York, New York</p> <p>Solomon S. Owayda Founding Partner, Mozaic Capital Advisors Boston, Massachusetts</p> <p>The Rev. Austin K. Rios (Bishop-Elect)* Rector, Saint Paul’s Within the Walls Convocation of Episcopal Churches in Europe Rome, Italy</p> <p>The Hon. Linda E. Watt* US Ambassador (retired) Former Chief Operating Officer. DFMS Raleigh, North Carolina</p>	<p>Terms Ending in 2027:</p> <p>The Rt. Rev. David A. Alvarez, PsyD Bishop, Episcopal Diocese of Puerto Rico (retired) Carolina, Puerto Rico</p> <p>The Rev. Brendan Barnicle, DMin Rector, St. Francis of Assisi Episcopal Church Wilsonville, Oregon</p> <p>The Rt. Rev. Ian T. Douglas, PhD Bishop, The Episcopal Church in Connecticut (retired) Vineyard Haven, Massachusetts</p> <p>The Rev. Amy Haynie Rector, Saint Nicholas’ Episcopal Church Midland, Texas</p> <p>The Very Rev. Cynthia Briggs Kittredge, ThD Dean and President/CEO, Seminary of the Southwest Austin, Texas</p> <p>The Rev. Dr. Gawain F. de Leeuw, DMin Vicar and Priest-in-Charge, Holy Trinity Church Inwood New York, New York</p> <p>John McCray-Goldsmith Managing Director, Wells Fargo Investment Portfolio San Francisco, California</p> <p>Sandra Ferguson McPhee, Esq. Attorney, Law Offices of Sandra Ferguson McPhee Kennebunk, Maine</p> <p>The Rt. Rev. Brian N. Prior, Vice Chair Vice Chair, The Church Pension Fund Board of Trustees Assisting Bishop, Episcopal Diocese of Alabama Assisting Bishop, Episcopal Diocese of Olympia Spokane Valley, Washington</p> <p>The Rt. Rev. Gregory H. Rickel Assisting Bishop, Episcopal Diocese of Southeast Florida Bishop of Olympia (resigned) Ft. Lauderdale, Florida</p> <p>Canon Anne M. Vickers Canon for Finance and Administration, Episcopal Diocese of Southwest Florida (retired) Tampa, Florida</p> <p>The Very Rev. Sandye A. Wilson Dean, The Cathedral Church of All Saints Episcopal Diocese of the Virgin Islands St. Thomas, US Virgin Islands</p> <p>Mary Katherine Wold, Esq. CEO and President The Church Pension Fund New York, New York</p>
<p><i>*Board members who are eligible for re-election in 2024</i></p>	

Responses to the General Convention

[Urge Adoption of a Uniform Paid Family Leave Policy \(2022-A003\)](#)³³

Resolved, That the 80th General Convention recognizes the difficulties that currently exist with the implementation of a paid family leave policy, given that there is currently no commercial insurance offering available, and therefore, urges all dioceses of the Church to adopt the proposed policy as soon as practicable, in order to be prepared to implement the policy as soon as a commercial insurance offering becomes available, whether through the Church Pension Group or other avenues; *and be it further...*

CPG appreciated the opportunity to support the work of the task force that proposed this resolution and will continue to monitor the market for paid family leave coverage. CPG also supports the Church's efforts to encourage employers to provide paid family leave to the clergy and lay employees who serve the Church.

[Establish Interim Body to Oversee the Continuing Development of Anti-Harassment Best Practices, Model Policy Examples, and Varied Training Materials \(2022-A066\)](#)³⁴

Resolved, That the Church Pension Group be asked to collaborate with this effort and to appoint a member to serve on the Task Force; *and be it further...*

CPG was glad to serve on the Task Force that was formed in response to this resolution and collaborate in this important work.

[Encourage Adoption of Ethical and Responsible Investment Programs \(2022-A073\)](#)³⁵

Resolved, that the 80th General Convention affirm to all institutional investors across the Church the value and importance of faithful and ethical investing (defined as investing institutional assets consistently with the Church's faith and teachings and the Church's mission) and responsible investing (defined as addressing, ethical concerns for social, environmental and governance matters, including climate change and human rights); *and be it further*

Resolved, that all institutional investors across The Episcopal Church be encouraged to adopt faithful and ethically responsible investing for their investment programs and portfolios and to manage their investment assets using the following elements of ethically responsible investing: ethical and theological guidelines for investment selection and management; shareholder engagement, including

voting proxies; and investing for responsible social and environmental outcomes as well as for financial return.

CPF takes pride in its investment practices as a fiduciary that has been called upon to care for the Church by providing comprehensive, cost-effective retirement, health, and life insurance benefits to its clergy and lay employees. Our socially responsible investing practices are further described at cpg.org/SRI.³⁶

[Divest from Fossil Fuel Companies and Invest in Renewable Energy \(2022-A089\)](#)³⁷

Resolved, That the 80th General Convention urge The Church Pension Fund (CPF) to be mindful of the Church's desire to become increasingly invested in renewable and clean energy; and be it further

Resolved, That the 80th General Convention request that The Church Pension Fund provide a report that includes a sustainability plan to the 81st General Convention; *and be it further...*

CPF continues to be mindful of the Church's desire to become increasingly invested in renewable and clean energy, and actively researches investment opportunities linked to sustainability and renewable/clean energy. Several recent investments of this type and other related work are described in the Sustainability Report that CPF is submitting in response to Resolution 2022-A089, which can be found at the end of this Blue Book Report.

[Conduct Historical Research on DFMS Assets Tied to Racial Injustice \(2022-A129\)](#)³⁸

Resolved, That this 80th General Convention urges the Church Pension Group to conduct historical research on the origins and sources of its financial and all other assets, and to report the results to its constituents; *and be it further...*

CPF is currently completing this important research and will offer a report on the results to its constituents and the Church in 2024.

[Establish a Shareholder Strategy to Address Carbon-Intensive Lending \(2022-Co16\)](#)³⁹

Resolved, That the 80th General Convention of The Episcopal Church direct the Executive Council (Domestic & Foreign Missionary Society aka DFMS) and its Committee on Corporate Social Responsibility (CCSR), in conjunction with The Church Pension Fund (CPF), to establish and coordinate shareholder strategy addressing Carbon-Intensive Lending by U.S. banks and other financial lending institutions; *and be it further*

Resolved, That the CCSR and CPF identify banks and financial lending institutions within the DFMS and CPF portfolios that are carbon-intensive lenders and initiate the appropriate shareholder strategy with these institutions to slow global warming; *and be it further...*

Information on CPF's work, alongside the CCSR, and how we use our collective voices as shareholders to encourage financial institutions to align their financing activities to achieve greenhouse gas emissions reduction targets, can be found in our Sustainability Report response to Resolution 2022-Ao8g at the end of this Blue Book Report.

[Urge Uniform Maternity Disability Coverage \(2022-Co65\)](#)⁴⁰

Resolved, That the 80th General Convention strongly recommends the Church Pension Group make available adequate 12-week coverage for lay and clergy employees through available marketplace policies.

In response to this resolution, CPG introduced a new short-term disability option that extended the benefit period for maternity disability coverage to 12 weeks, effective January 1, 2023. As of December 2023, approximately 18% of the employers offer short-term disability coverage have purchased the 12-week option.

[Create a Task Force on the Denominational Health Plan \(2022-Do34\)](#)⁴¹

Resolved, That there shall be a Task Force to Advise the Church on the Denominational Health Plan. The Task Force shall receive from the Episcopal Church Medical Trust annual reports for 2021, 2022, and 2023 about the status of the Denominational Health Plan, and a complete copy of all data sets held by the Medical Trust used to create said report; such data shall be appropriately anonymized to withhold personally identifying information and be suitable for review by a third-party actuary. The Task Force shall review the structure and offerings of the Denominational Health Plan, in consultation with the Church Pension Group staff, with special attention to the cost of premiums, and report back to the 81st General Convention a list of options to reduce health insurance costs across the church, including an examination of the impact of individual faith communities opting out of the

Denominational Health Plan, with a full explanation of the reasoning for and costs and benefits of each option. The 81st General Convention shall consider the options in deciding whether to modify the mandate given to the Denominational Health Plan in Resolution 2009-A177. The members of the Task Force shall be appointed by the Presiding Officers, and shall consist of: one member of the Church Pension Group Board of Trustees; one member of the Church Pension Group Client Council; one Church Pension Group staff member who is an expert in the health care issues addressed by the Denominational Health Plan; two members of Executive Council; two Bishops who serve as at-large members of the Task Force; four Clergy or Lay People who serve as at-large members of the Task Force; and two members who are experts in health care and insurance finance issues; *and be it further...*

CPG was pleased to participate in the work of this Task Force. The Chair of CPF's Board of Trustees and our Chief Operating Officer were actively engaged as members of this Task Force, supporting its work in preparation for the 81st General Convention. We look forward to the Blue Book Report of the Task Force and continuing our work to provide high-quality, cost-effective health benefits for the Church.

The Church Pension Fund Sustainability Report

Response to General Convention Resolution 2022-A089

At the 80th General Convention, Resolution A089, entitled “Resolution on Divestment & Just Transition,”⁴² urged The Church Pension Fund (CPF) to be mindful of the Church’s desire to become increasingly invested in renewable and clean energy and also requested that CPF provide a report that includes a sustainability plan to the 81st General Convention.

CPF has been investing directly in climate solutions since at least 2015 and continues to be mindful of the Church’s desire to become increasingly invested in renewable and clean energy. CPF has actively researched investment opportunities linked to sustainability and renewable/clean energy, which are described in the sustainability plan below.

CPF and its affiliated companies (CPG) are committed to corporate social responsibility, and that commitment serves as the foundation for its focus on sustainability. The faith and values of The Episcopal Church guide and inform all of CPG’s work. We recognize that CPF has been called upon to care for the Church by providing comprehensive, cost-effective retirement, health, and life insurance benefits to its clergy and lay employees. CPG gives expression to the priorities of the Church by supporting its social, ethical, and environmental values, while also remaining true to its fiduciary, regulatory, and other legal responsibilities.

This report will review CPG’s environmental sustainability efforts in response to General Convention Resolution 2022-A089. However, CPF also considers a broader definition of sustainability in the context of our work—specifically, what helps make CPF’s vision to provide the highest possible level of financial security in retirement to the people we serve, in a manner that is consistent with exemplary financial stewardship on our part and with the evolving needs of the Church, sustainable for the long term. This vision requires that CPF focus on a broad range of sustainability issues beyond the environment, such as diversity and inclusion, human rights, community engagement, corporate governance, and employee relations.

1. Corporate Values and Environmental Sustainability

As a business, we make meaningful efforts to support environmental sustainability, including:

- **LEED Gold Certification**—The corporate headquarters in New York has received LEED Gold certification for our implementation of environmentally sustainable practices in the construction and operation of our office.

- **Field Agent Transportation**—The agents for Church Insurance Agency Corporation receive higher transportation reimbursements when they use hybrid automobiles for business travel.
- **Sustainability in Responding to Insurance Claims**—In cases where buildings or appliances need to be replaced, we work with clients to encourage the application of LEED and Energy Star standards.
- **Electronic Statements and Communications**—We encourage the use of electronic publishing for benefit statements and communications. We work with our benefits partners to provide their benefits statements electronically and offer all communications, from the annual report to our pension plan guides, electronically.
- **Electronic Processing**—If possible, enrollments and account updates are processed electronically.
- **Green Publishing**—Church Publishing continues to work with its vendors to publish its print titles using green processes and sustainable paper sources. The growth of our electronic offerings has reduced the demand for print titles.
- **Facilities Management**—Through the efforts of employees and facilities management, we follow sustainable practices in running our office. Our efforts include using low-VOC paints and carpets, videoconferencing to replace travel, sustainable construction methods and furniture selection, energy-saving and recycled supplies, and recycling.

2. Investments and Environmental Sustainability

CPF's investment portfolio is managed to generate the returns needed to make benefit payments and meet financial obligations, which is typical for a mature pension fund. We believe we can be true to this primary responsibility while also supporting environmental sustainability objectives through a four-part socially responsible investing strategy:

- **Investing for Positive Impact:** proactively seeking out and investing with managers who deliver both strong returns and positive social impact.
- **Shareholder Engagement:** using CPF's position as an institutional investor to address corporate social responsibility of companies in the investment portfolio.
- **ESG Incorporation:** considering material environmental, social, and governance (ESG) issues as part of CPG's investment analysis and review.
- **Thought Leadership:** sharing CPF's experience and industry relationships to catalyze growth and advance best practices in socially responsible investing.

We discuss each of these topics below.

INVESTING FOR POSITIVE IMPACT

Consistent with Resolution 2022-A089, CPF is aware of the Church’s desire to actively invest in renewable energy. Its impact investment strategy directly responds to this desire. Since the last General Convention, CPF has made the following investments, which add to the number of clean energy investments already in its portfolio:

- \$30 million investment in Environmental Commodities Partners Capital. This investment fund invests in environmental commodities, which are designed to create a market and set a price for carbon emissions, such as carbon allowances, carbon offsets, and regional emission reduction credits. These commodities create costs for carbon emissions and incentives for using cleaner fuels, while supporting a regulatory framework to reduce emissions.
- \$25 million investment in New Energy Capital VI, which provides funding for mid-stage renewable energy projects. This investment fund meets the need for renewable energy project developers to obtain flexible financing and catalyzes growth in renewable energy.
- \$10 million investment in ArcTern Ventures Fund III, which invests in companies that provide carbon reduction solutions for high-emitting industries, such as electricity and energy, manufacturing, mobility, and food systems.

In addition to identifying, researching, and making these investments, CPF continues to research additional opportunities on an ongoing basis.

SHAREHOLDER ENGAGEMENT

CPF uses our voice as a shareholder to advance issues of environmental sustainability within the companies we own. The shareholder engagement process includes letters, dialogues, and, if necessary, the filing of shareholder resolutions to raise issues we believe to be important to CPF and the Church.

Historically, CPF has advocated for increased environmental disclosure from companies with high carbon emissions, believing that “what gets measured gets managed” and that more efficient management of resources leads to better investment results. While advocating for disclosure is still a component of the CPF strategy, recent efforts have been guided by General Convention Resolution 2022-Co16 (Climate Change—Carbon-Intensive Lending),⁴³ which requested

“That the 80th General Convention of The Episcopal Church direct the Executive Council (Domestic & Foreign Missionary Society, aka DFMS) and its Committee on Corporate Social Responsibility (CCSR), in conjunction with the Church Pension Fund (CPF), to establish and coordinate shareholder strategy addressing Carbon-Intensive Lending by U.S. Banks and other financial lending institutions.”

CPF works with CCSR and other investors to encourage financial institutions to issue reports disclosing a transition plan that describes how they intend to align financing activities with sectoral greenhouse gas emissions reduction targets, including the specific measures and policies to be implemented, reductions to be achieved by such measures and policies, and timelines for implementation and associated emission reductions. We believe that by requiring these companies to be explicit about their transition plans, investors can hold them accountable, and the targets are more likely to be achieved.

THOUGHT LEADERSHIP

CPF seeks to convene and connect investors, to advance best practices in socially responsible investing, and to increase the flow of capital into renewable and clean energy and other socially responsible investments. CPF has hosted in-person events and virtual *Insights & Ideas* webinars outlining best practices in responsible investment. These events have brought together industry leaders and stakeholders across the Church to advance our shared knowledge of the space.

Specific to environmental sustainability, since the last General Convention, CPG has hosted the following events:

- **Global Faith-Based Investors and the Climate Crisis:** Held during the United Nations Climate Week in 2023, this event focused on the role global faith-based investors can play in promoting solutions to address the climate crisis.
- **Sustainable Investing Landscape and Strategies:** This event highlighted key issues being raised in 2023, including how climate represents both a risk and an opportunity that investors need to consider carefully.
- **The ABCs of ESG:** This webinar sought to demystify the confusing terminology used by investors and explain how all investors can work with their financial partners to ensure environmental issues are properly considered in their investment portfolios.

Replays of some of these events can be found on CPG’s website at *Insights & Ideas*.⁴⁴

OTHER MATERIAL ENVIRONMENTAL SUSTAINABILITY INVESTMENT CONSIDERATIONS

The CPF investment team believes many environmental, social, and governance (ESG) issues present material opportunities and risks. As part of their normal investment analysis and review, CPF investment professionals work with current and prospective managers to more fully understand how the managers incorporate environmental issues into their investment decision-making.

Among the most material ESG issues, climate change presents significant opportunities and risks to investors. Significant capital will be flowing into climate change solutions, which could generate attractive returns. On the other hand, climate change may negatively impact some industries and investments, and companies need to manage the transition to a lower carbon economy. The CPF investment team has introduced climate change as a macroeconomic lens that will be considered in constructing a long-term investment portfolio. This lens can be applied to understanding what investment themes to pursue and how to evaluate the investment firms responsible for managing CPF's assets.

3. Collaboration Across the Church

In pursuing a socially responsible investment strategy, CPF works closely with CCSR to coordinate on shared priorities. We believe we can focus on meeting our fiduciary obligations while also supporting environmental sustainability. CPF has invested in renewable energy, advocated on issues of environmental sustainability and corporate social responsibility, collaborated and invested with other sustainable investors, and incorporated environmental considerations into its investment portfolio, taking into account our fiduciary responsibilities.

In doing so, we support the call for Stewardship of Creation, and the faith and values of The Episcopal Church are reflected in our work.

This material is provided for informational purposes only and should not be viewed as investment, tax, or other advice. It does not constitute a contract or an offer for any products or services. In the event of a conflict between this material and the official plan documents or insurance policies, any official plan documents or insurance policies will govern. The Church Pension Fund ("CPF") and its affiliates (collectively, "CPG") retain the right to amend, terminate, or modify the terms of any benefit plan and/or insurance policy described in this material at any time, for any reason, and, unless otherwise required by applicable law, without notice.

Endnotes

- ¹ The Church Pension Fund and Its Affiliates (CPG), cpg.org/global/about-us/overview
- ² The Church Pension Fund: Founding Documents, cpg.org/cpf-founding
- ³ The Church Pension Group: Three Lines of Business, <http://cpg.org/linesofbusiness>
- ⁴ The Church Pension Fund: Socially Responsible Investing, cpg.org/sri
- ⁵ 2023 CPG Annual Report, cpg.org/annualreport
- ⁶ Study Parity Between Lay and Clergy Pensions (Resolution 2018-A237), cpg.org/a237
- ⁷ Study Equity in Clergy and Lay Pension Plans (Resolution 2018-D045), cpg.org/2018d045
- ⁸ The Church Pension Fund Clergy Pension Plan (Clergy Pension Plan), cpg.org/cpp
- ⁹ The Episcopal Church Retirement Savings Plan (RSVP), cpg.org/rsvp
- ¹⁰ The International Clergy Pension Plan (ICPP), cpg.org/icpp
- ¹¹ The non-domestic dioceses of The Episcopal Church are Colombia, Cuba, Dominican Republic, Ecuador Central, Ecuador Litoral, Haiti, Honduras, Puerto Rico, Taiwan, Venezuela, and Virgin Islands (British only). The dioceses of the Iglesia Anglicana de la Región Central de América (IARCA) are Costa Rica, El Salvador, Guatemala, Nicaragua, and Panama.
- ¹² The Anglican Church of Mexico At-A-Glance, cpg.org/mexico-at-a-glance
- ¹³ The Diocese of Puerto Rico At-A-Glance, cpg.org/puertorico-at-a-glance
- ¹⁴ The Episcopal Church Lay Employees' Retirement Plan (Lay DB Plan), cpg.org/laydbplan
- ¹⁵ The Episcopal Church Lay Employees' Defined Contribution Plan (Lay DC Plan), cpg.org/laydcplan
- ¹⁶ CPG Online Learning Center, cpg.org/lay-elearning
- ¹⁷ International Support: See the link at the top of the cpg.org landing page, cpg.org
- ¹⁸ Cost-of-Living Adjustment (COLA), cpg.org/COLA
- ¹⁹ CPF currently offers a post-retirement health subsidy to eligible clergy and spouses. However, CPF is required to maintain sufficient liquidity and assets to pay its pension and other benefit plan obligations. Given uncertain financial markets and their impact on assets, CPF has reserved the right, at its discretion, to modify or discontinue the post-retirement health subsidy at any time.
- ²⁰ The Fund for Special Assistance: See *A Guide to Clergy Benefits*, cpg.org/cppguide, and *A Guide to International Clergy Benefits*, cpg.org/icppguide
- ²¹ The Fund for Medical Assistance, cpg.org/fma
- ²² The Denominational Health Plan, cpg.org/dhp
- ²³ The Episcopal Church Medical Trust average annual increases: Custom comparison includes companies from charities and nonprofit, higher education sectors.

- ²⁴ CPG Group Medicare Advantage (PPO) Plan, cpg.org/group-medicare-advantage
- ²⁵ The Church Insurance Companies, cpg.org/cic
- ²⁶ The Church Insurance Companies: [Risk Management Programs and Resources](#)
- ²⁷ The Church Insurance Companies: [Disaster Preparedness](#)
- ²⁸ The Church Insurance Companies: [Why Insurance Premiums Are Increasing](#)
- ²⁹ Church Publishing Incorporated, cpg.org/cpi
- ³⁰ Video: [Michael Hood](#), Chief Investment Officer of The Church Pension Fund
- ³¹ Trends in Ministry: Insights into Episcopal Clergy, cpg.org/research
- ³² Lay Employment and Compensation Report: A Demographic Analysis of Lay Employees in The Church Pension Fund’s Retirement Plans, cpg.org/layjobreport
- ³³ Response to the General Convention: [Urge Adoption of a Uniform Paid Family Leave Policy \(2022-A003\)](#)
- ³⁴ Response to the General Convention: [Establish Interim Body to Oversee the Continuing Development of Anti-Harassment Best Practices, Model Policy Examples, and Varied Training Materials \(2022-A066\)](#)
- ³⁵ Response to the General Convention: [Encourage Adoption of Ethical and Responsible Investment Programs \(2022-A073\)](#)
- ³⁶ The Church Pension Fund: Socially Responsible Investing, cpg.org/sri
- ³⁷ Response to the General Convention: [Divest from Fossil Fuel Companies and Invest in Renewable Energy \(2022-A089\)](#)
- ³⁸ Response to the General Convention: [Conduct Historical Research on DFMS Assets Tied to Racial Injustice \(2022-A129\)](#)
- ³⁹ Response to the General Convention: [Establish a Shareholder Strategy to Address Carbon-Intensive Lending \(2022-C016\)](#)
- ⁴⁰ Response to the General Convention: [Urge Uniform Maternity Disability Coverage \(2022-C065\)](#)
- ⁴¹ Response to the General Convention: [Create a Task Force on the Denominational Health Plan \(2022-D034\)](#)
- ⁴² Resolution 2022-A089, “Resolution on Divestment & Just Transition,” 2022.vbinder.net/resolutions/89?house=HD&lang=en
- ⁴³ Resolution 2022-C016, “Climate Change - Carbon-Intensive Lending,” <https://2022.vbinder.net/resolutions/129?house=HD&lang=en>
- ⁴⁴ The Church Pension Group: [Insights & Ideas](#)