

## 2004 a good year for BBT investments

Investment funds managed by Brethren Benefit Trust yielded strong returns in 2004, with most of the socially screened funds equaling or exceeding comparable industry benchmarks.

Among the equity funds, the Brethren Pension Plan's Common Stock Fund gained an impressive 15 percent in 2004 compared with 10.9 percent for the Standard & Poor's 500 Index. Brethren Foundation's Domestic Stock Fund also exceeded the S&P benchmark, posting a 13.5 percent gain.

The Foundation's International Stock Index Fund gained 20.5 percent for the year, just ahead of the Morgan Stanley Europe/Australia/Far East Index, which added 20.3 percent. The Foundation's relatively new Small Cap Fund added 20.8 percent, compared with the Russell 2000 Index, which picked up 18.3 percent.

Balanced Funds in the Pension Plan and Foundation gained 10.5 and 10 percent, respectively, outperforming a blended index benchmark that gained 8.2 percent.

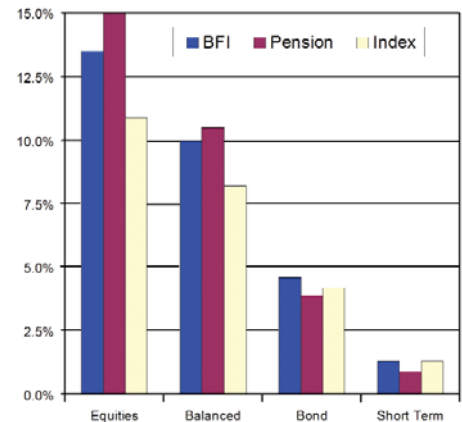
"Investing in a manner consistent with Brethren values is, quite simply, the right thing to do," said Wil Nolen, BBT president. "The fact

that our investment performance year after year has matched or exceeded the return of industry benchmarks proves that there are financial, as well as moral, grounds for following a socially responsible investment program."

BBT manages more than \$121 million for 200 Brethren Foundation

clients and more than \$266 million for 4,000 Pension Plan members and annuitants. Each investment fund in the Foundation and the Pension Plan excludes investment in companies that generate significant revenues from alcohol, tobacco, gambling, or defense contracts.

Visit BBT's website [www.brethrenbenefittrust.org](http://www.brethrenbenefittrust.org) for more complete information on each fund's investment performance. — W.T.



## Tax Law Changes

### Phase-ins and accelerations mean tax savings for you

With tax season upon us, here are some tips about tax changes that could save you money. When the U.S. Congress passed the *Working Families Tax Relief Act of 2004* (WFTRA), it continued the recent practice of using phase-ins, phase-outs, and accelerations to tinker with existing income tax rules, especially those adopted in 2001 and 2003. WFTRA extended several accelerated benefits to be effective for tax years 2005 through 2010. For example —

**\$1,000 per child tax credit.** WFTRA extended this credit through 2010. Without the extension, the amount would have reverted to \$750 for 2005 and gradually increased back to \$1,000 in 2010. In addition, WFTRA enacted a consistent definition of "child" for several major tax-related uses of the term.

**Marriage penalty relief in the 15 percent tax bracket.** For many years, two-income married couples filing jointly paid higher taxes at certain income levels than did married or unmarried couples with similar incomes but filing separately. WFTRA extends through 2010 a provision that makes the upper limit of the 15 percent tax bracket for married couples equal to twice the upper limit on the bracket for single taxpayers. This limits the "penalty" faced by two-income couples filing jointly.

**Expanded 10 percent tax bracket.** The 10 percent bracket covers taxable income up to \$14,000 for married couples and \$7,000 for single taxpayers, through 2010. These limits are also now indexed for inflation.

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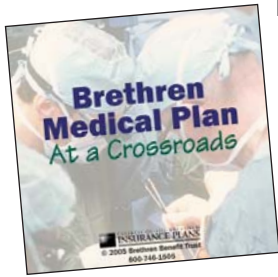
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## Brethren Medical Plan at a crossroads



Is it important for the Church of the Brethren to follow the concept of mutuality with regard to guaranteed group health insurance?

This is one of the many questions asked in a new video now available for free from the Brethren Medical Plan.

After years of steady decline, the Brethren Medical Plan needs to rebuild membership.

It has not helped that medical costs have skyrocketed nationwide over the past decade. During that time, the Brethren Medical Plan has experienced a decrease in membership, which means it has taken on greater risk, which in turn means its premiums have jumped. This has led to even more members leaving, even greater risk, and even higher premiums. This cyclical phenomenon is called an insurance “death spiral.”

In August 2004, BBT decided it must return the Plan to an industry standard — a 75 percent participation rule — to ensure its long-term viability. By Aug. 31, 2006, each district must have 75 percent of its eligible congregations committed to participating in the Brethren Medical Plan beginning Jan. 1, 2007. Districts and their congregations that don't meet that requirement will no longer be eligible for Plan coverage.

The new video explains the benefits of receiving guaranteed group insurance coverage and the short- and long-term ramifications for pastors, church staff, and congregations that will not be in the Brethren Medical Plan after Dec. 31, 2006.

The video premiered on Feb. 2 during a joint meeting of BBT staff and the Council of District Executives. It will be used by district Insurance

advocates to interpret why group health insurance is a topic that should be discussed denominationally. The video, complete with a bonus presentation on Brethren Medical Plan history and future initiatives, is available on DVD and VHS by calling **800-746-1505, ext. 374**. — N.D.

## No change to prescription cards

In January, Church of the Brethren Insurance Plans received word that AdvancePCS, the prescription drug company BBT uses to receive reduced rates, was bought out by Caremark Inc. Caremark, however, does not plan to issue new prescription cards. Therefore, your current AdvancePCS card will still be valid when purchasing prescription drugs. New cards will only be issued when you have a change in status (adding or dropping a dependent, changing your name, etc.). At that time, your card will have the new Caremark logo. Should you have questions related to this change, or should pharmacies question the validity of the card, please call us at **800-746-1505** and speak with Lori, Jeff, or Donna. — Donna March



## FlexCare receipts deadline approaching

FlexCare members who had flexible spending accounts for medical or dependent care expenses in 2004 must submit all receipts by March 31. Submissions postmarked after March 31 will not be eligible for payment. Withdrawal forms are available at [www.brethrenbenefit-trust.org](http://www.brethrenbenefit-trust.org). Click on “Forms” and then “Insurance.” Or call **800-746-1505** and ask for Lori.

## New resources available from BBT



In late February, Brethren Benefit Trust mailed out a resource packet to all Church of the Brethren congregations and agencies. This packet included flyers for this year's BBT events at Annual Conference, as well as resources and information from the Church of the Brethren Credit Union. Two new resources included in the packet were —

**Achieving our goals together:** This poster highlights the services offered by the Church of the Brethren Credit Union and includes a reply card church members and employees can fill out and return to the Credit Union to receive additional information. It is a great item to hang in your fellowship hall, break room, or employee lounge. Extra copies of the poster can be requested through the Credit Union office at **888-832-1383** or [cobcu@brethren.org](mailto:cobcu@brethren.org).

**Credit Check:** The new quarterly newsletter from the Church of the Brethren Credit Union provides members with news, updated rates, and industry trend information. Additional copies may be requested from the Credit Union by calling **888-832-1383** or by downloading it from the Credit Union website at [www.cobcu.org](http://www.cobcu.org). — L.P.

## Your personal financial portfolio and debt consolidation

An easy way to simplify your personal finances is by consolidating your debts into one loan. Instead of having to remember to make three or four different loan payments and risk missing one and getting charged late fees, consolidate them into one loan. Besides only having to keep track of one monthly payment, you may also be able to get a reduced interest rate, which will save you money.

Set up your loan payment through an Electronic Fund Transfer (EFT) to make it even more convenient. Save the time of writing checks and the cost of stamps. EFT payments help improve your credit score since your monthly payment is guaranteed to be on time.

### The Credit Card Debt Trap

Carrying debt on credit cards is almost always a bad idea, yet the average American family has thousands of dollars in credit card debt.

Credit cards usually charge interest rates in the high teens or twenties and charge exorbitant late fees. One person had a \$10 balance on their credit card and was charged a \$35 fee for being a few days late with their payment.

It's not surprising that so many of us have large amounts of credit card debt. First of all, credit cards are probably the easiest form of debt to get — offers litter our mailbox daily beginning as soon as we turn 18 years old. They are accepted everywhere and only require a small monthly minimum payment to keep the account "current." These conveniences, coupled with our consumer culture, can be a formula for disaster.

To add to the temptation, new cards often come with incredibly low introductory interest rates. Low introductory rates are attractive and make sense if you are planning to pay off the card's balance before the introductory rate ends. Make sure to read all of the fine print to understand how long the lower rate lasts. Also, be aware that many credit cards increase their interest rates if you are ever late with a payment.

### The Place for Credit Cards

Credit Cards offer a great convenience for making purchases, plus many offer the ability to "earn points" for free airfare or other purchases. The key to using credit cards is in paying off the total balance at the end of each month. Credit card companies love it when people only pay their minimum payment. Interest charges on unpaid balances generate millions of dollars of revenue for credit card companies each year.

Paying off your credit card balances with a debt consolidation loan is an opportunity to escape high interest charges; it allows you to use your interest savings to pay off the principal. Once the cards are paid off, cut them up. Keep only one for emergencies. The worst thing to do after consolidating debt is to start using the cards to make new purchases.

### Tips on Avoiding Credit Card Debt

It is always prudent to keep an "emergency savings fund" to help you through unexpected expenses. Financial counselors normally recommend individuals keep a minimum of 10 percent of their annual income in a savings account. Having this reserve fund will reduce the likelihood you will need to put those unexpected expenses on your high-interest credit cards. Putting money into savings takes discipline. Make it easier by requesting payroll direct deposit from your employer, or by setting up a monthly EFT savings deposit.

Think about the big picture. When borrowing money, consider what the total financing costs will be rather than just how much your monthly payment is. Make the highest monthly payment you can afford so that you pay down the principal faster. You will pay less in interest over the life of the loan.

Be willing to delay the gratification of purchasing new things. If debt is becoming a problem, consider your lifestyle choices — eat out less, cancel your cable and cell phone subscriptions, etc. The Brethren value of simplicity is a powerful financial tool. — Dennis Kingery

## Tax Law Changes

Continued from Page 1

**Teachers' classroom expense deductions.** Teachers can continue to deduct up to \$250 they spend on classroom expenses for tax years 2004 and 2005.

In response to the perception of widespread abuse in vehicle donations to charities, Congress now limits a donor's charitable deduction to the gross proceeds of the sale when the charity sells the vehicle. If the charity keeps the vehicle, it must give the donor a written acknowledgement of the vehicle's value.

This information is not intended as tax advice. As always, individuals should consult a tax professional for specific advice. — W.T.

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## Fecher resigns from Pension Plan/EFS

Don Fecher has resigned as director of the Church of the Brethren Pension Plan and Employee Financial Services, effective Feb. 18. These Brethren Benefit Trust ministries have been guided by Don since January 1998.

Don's resignation was prompted by the desire to pursue his dream of developing an independent financial consulting business. However, he will continue to serve BBT as a consultant as long as needed to ensure there is a smooth transition with his successor.

As director of Employee Financial Services, Don has supervised the restructuring of the Retired Church Workers Fund into the Church Workers Assistance Plan, which included increasing the options of financial counseling and support for current and retired churchworkers. Don also has provided financial counseling to members of BBT's benefit plans. He has frequently presented seminars at Annual Conference, district conferences, and at other denominational settings on financial and retirement planning, personal asset management, and pastors' taxation rules and related compensation issues.

Pension Plan members who have questions pertaining specifically to their accounts or to the Plan in general should contact Marilyn Ziegler, Brethren Pension Plan member services representative, at **800-746-1505** or at [mziegler\\_bbt@brethren.org](mailto:mziegler_bbt@brethren.org).



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Simplify your personal finances by consolidating debts into one loan.

**Reprinting of articles is encouraged** with this credit — "Reprinted from the First Quarter 2005 *Benefit News*." **To access article text electronically, go to [www.brethrenbenefittrust.org/newsletters](http://www.brethrenbenefittrust.org/newsletters).**

**Inside: New resources available from BBT**

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