

Churches assess impact of financial crisis: Pension funds said to be secure

by [John Dart](#) in the [November 18, 2008](#) issue

During what some call the start of a recession, mainline church officials are assuring pastors and retirees that their pension funds are secure. But the officials are concerned about how the economic woes will affect their operating budgets and ministries.

To United Methodists making inquiries about their pension benefits, Barbara A. Boigegrain, general secretary of the UMC's General Board of Pension and Health Benefits, wrote a mid-October letter of assurance.

Though some investors may "abandon time-tested investment strategies" as the stock market plunges, Boigegrain wrote, "we continue to be confident that our investment practices are sound and your retirement plans are being well managed."

The UMC pension fund ranks among the top 100 pension funds in the U.S., according to Crain's *Pensions & Investments*.

Similar reassurances came from offices of the Evangelical Lutheran Church in America, the Christian Church (Disciples of Christ) and the Episcopal Church (whose fund for pensions, life insurance and health insurance has nearly \$8.9 billion in assets).

Church leaders emphasized the dual tasks of acting prudently with mission funds and urging lawmakers to adopt measures that aid all segments of the public.

"In times like these, people on the economic margins suffer the worst," said Sharon E. Watkins, president and general minister of the Disciples. "The pain is real, and in this global economy it stretches from our doorsteps to the ends of the earth," Watkins said in an October 9 statement.

Rising unemployment and declining home values directly affect Main Street, while declining stocks and tight credit worry corporate America and church bodies alike.

Continued losses from plummeting investments could “impact significantly” the general operating fund of the United Methodist Board of Global Ministries, treasurer Roland Fernandes said at a board meeting October 13-17 in Stamford, Connecticut.

There was a silver lining: the agency’s total assets, including restricted funds, stood at \$210.8 million at the end of 2007, its highest level since 2000. Most of the board’s funding comes from general church contributions. Fernandes told United Methodist News Service that there has been “significant underspending” of the agency’s 2008 budget to date.

Bishop Bruce Ough, newly elected president of the Board of Global Ministries, said that many congregations are already involved in ministry to the poor, a group that will only become larger. Edward Paup, the board’s top executive, added: “Economic recovery will never be complete until poverty is fully addressed and strategies to eradicate it are in place.”

Both Episcopalians and Presbyterians are grappling with possible budget shortfalls at the national level because of reduced income from endowment funds.

The Episcopal Church’s Executive Council, meeting October 20-23 in Helena, Montana, approved a 2009 budget that has a projected deficit of about \$2.5 million. But treasurer Kurt Barnes told the council that in part because of \$2.2 million in surpluses the last two years and other features of a triennial budget, the church “could suffer a deficit of \$2.8 million” and still have a balanced budget, according to the Episcopal News Service.

Barnes also reported that the value of the church’s endowment funds decreased by 30 percent this year. If the stock market goes into a long decline, the losses will climb.

In addition, as the denomination fights in court against breakaway parishes and dioceses, the council budgeted \$450,000 for legal expenses. However, \$1.97 million has been spent in 2008 on such expenses. Barnes said he does not know how far the 2009 legal expenses will exceed “what we’re estimating now.”

The Presbyterian Church (U.S.A.) is also facing financial difficulties exacerbated by the current economic travail, according to the *Presbyterian Outlook*.

Reporting on the PCUSA's four-day General Assembly Council meeting that ended October 3 in Snowbird, Utah, the magazine said that the current budget was balanced in part by using about \$7 million from the denomination's reserves.

"We spent some of the reserves thinking we had more available," one official told the *Outlook*. The article was posted on the Presbyterian News Service Web site. Part of the drop was due to a \$1.6 million decrease in market value of the reserve's investments.

It has been hoped that new income from renting unused first-floor offices in the Presbyterian headquarters building in Louisville, Kentucky, will help the budget, though other frugal measures are likely, such as not filling every vacant job.

Three top General Assembly leaders urged in a letter dated October 4 that the downturn precipitated by the failure of risky mortgage loans should cause Presbyterians to look anew at the U.S. economic system—"one which has been immensely productive in many respects, but which has tended to favor the strong and the aggressive, often at great cost to the weak."

Signed by moderator Bruce Reyes-Chow, council executive director Linda Valentine and stated clerk Gradye Parsons, the letter said that "any recovery of fiscal responsibility must be accompanied with moral accountability for the unfortunate, so that the burdens and blessings of the future are equally shared."

What about congregations and individual members? Ed Kruse, stewardship director for the Evangelical Lutheran Church in America, suggested that churches and congregants should neither ignore nor panic over the economic crisis.

Autumn is when many ELCA congregations ask members to make an annual financial pledge or estimate of giving. Kruse recommended in an interview with ELCA News Service that congregants stay on a percentage giving plan such as tithing or proportional giving.

If one's income drops during the year, the actual amount of donations drops accordingly. Kruse said that "there shouldn't be guilt if people need to make a decision to reduce their percentage of giving."