

2022 Annual Report

Stability Behind the Numbers





A Message from Mary Kate Wold

Chief Executive Officer and President

"The Church Pension Group has been part of my life since my father, a rector, died suddenly when I was ten. He had only 19 years of credited service in The Church Pension Fund, had no life insurance, no Social Security, no health insurance, and only a small savings account. Yet combined with my mother's small income, his pension provided a decent living for my mother, left to raise me and my siblings alone.

When I retired, four decades after being ordained, I had more than 41 years of credited service. What I receive from The Church Pension Fund, along with an additional smaller check as a widower of a clergy wife and Social Security, has left me a comfortable retirement. I was even able to purchase a small retirement home and managed to pay off the mortgage in 22 years.

I feel so blessed to have this secure retirement income. And one of the ways I give back is by serving in CPG's Chaplains to the Retired program."

The Rev. Robert Edson

The Episcopal Parish of St. John the Evangelist, Hingham, Massachusetts

Dear Friends:

The Church Pension Group (CPG) exists to support members of the clergy like the Rev. Robert Edson and his wife, and lay employees like [Peter Pereira](#) of The Episcopal Church in their calling to spread the gospel. Our vision is 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.

What does exemplary stewardship mean during periods of stock market volatility like we are currently experiencing? It means taking a disciplined approach to investing and spending, making smart decisions today that protect the financial strength of our pensions and other programs for decades to come, and managing expenses on an ongoing basis to ensure that we can continue to serve the Church long into the future.

Our discipline makes stories like Father Edson's and Mr. Pereira's possible, and stories like theirs are what keep the team at CPG focused.

Those We Serve



14,010

Active (5,689) and retired (8,321) participants in defined benefit plans³

10,225

Episcopal institutions served by CPG²

22,773

Active (18,182) and retired (4,591) lay participants with CPG benefits²

2,882

Active (993) and retired (1,889) participants in the Lay Defined Benefit Plan²

12,406

Active lay participants in defined contribution plans²

[More Fast Facts on page 14](#)

² As of March 31, 2022

³ As reported in the Actuarial Valuation Report dated March 31, 2022. The participant count in the report is as of December 31, 2021.

Over the past year, we continued to find fresh, cost-effective ways to identify and respond to evolving needs. Online platforms like Zoom helped us connect with more people than ever before. We expanded the reach and diversity of our educational and other programming, and we collected insights on parity that informed recent reports to General Convention.

As we transition back to the office after two years of working remotely, I am thrilled to resume face-to-face meetings and strategic travel around the Church. I look forward to hearing more stories of ministry and candid feedback about our services. The insights we collect around the Church aid our work and confirm our commitment to be disciplined in our spending and investing.

If the past two years have taught us anything, it is that the people and institutions of The Episcopal Church are counting on us to be here, to be stable and strong when things are uncertain, and to keep our promises so they can have peace of mind while they continue to spread the gospel.

In this year's annual report, we offer a glimpse at how The Church Pension Fund Board and the CPG investment team think about our finances. We also provide updates on the benefits and other products and services we offer. It is an honor to serve The Episcopal Church in so many ways, and I look forward to continuing our work in the years ahead.

Faithfully,



Mary Kate Wold



A Message from the Board

Dear Friends:


This has been a year of focus and strong performance for CPG. We certainly have been tested, along with the rest of the world, by the COVID-19 pandemic and myriad social justice issues that surround us. Yet we are emerging with new insights, fresh resolve, and deep respect for the vital work of the Church Pension Group.

The CPF Board has been busy over the past year studying pension parity, monitoring the financial strength of CPG's pension and other programs, engaging in wonderful conversations with Church leadership, doing transformative work on diversity, equity, and inclusion as a board, and overseeing CPG's efforts to support the Church in the ways it is authorized to do. In a year that was hard on everyone, we are pleased to share that CPG exceeded expectations in investment performance, financial management, and client experience.

We are particularly proud of the organization's outreach over the past year, which included two webinars on CPG's financial performance, a wonderful sharing of prominent Black voices in the Church during Black History Month, several Insights & Ideas sessions on socially responsible investing, and listening events to understand issues of diversity, equity, and inclusion among clergy and Church lay employees of different races, ethnicities, genders, gender identities, and sexual orientations.


Thank you for allowing us to support the Church as members of the CPF Board. We all feel blessed to oversee CPG as it continues to do meaningful work for the Church that we all love so dearly.

Faithfully,


The Rt. Rev. Thomas James Brown
Chair


Canon Kathryn McCormick
Vice Chair


The Rt. Rev. Brian N. Prior
Vice Chair


Mary Kate Wold
Chief Executive Officer and President
The Church Pension Fund



On Solid Ground

Margaret Niles, Chair of the Finance Committee, and Ellen Taggart, Chief Financial Officer of CPG, offer their perspectives on how vigilance, transparency, and efficiency keep The Church Pension Fund on strong footing.

Watch video at
youtu.be/7MgN-bpvh4I



Reflections from the Board

What are your plans once your term on The Church Pension Fund Board of Trustees comes to an end? Retiring board members describe lives filled with ministry, volunteering—and gardening.

Watch video at
youtu.be/e-Zaiawjl3g



Stability Behind the Numbers

The Church Pension Fund (CPF) makes investments that are exposed to market risks and overall market volatility. As of March 31, 2022, the value of CPF's portfolio was \$18.4 billion, compared to \$17.3 billion the prior fiscal year. There has been significant turmoil in financial markets since March and CPF's investment portfolio value has been negatively impacted. Nevertheless, we believe our financial condition is still strong.

Over the past 10 years, CPF generated an annualized return of 9.9%, exceeding our investment goal of 6.8% and the market benchmark of 7.6%. The results also surpassed our investment goals over three and five years by an annualized 5% and 3.6%, respectively, and have exceeded market benchmarks.

CPF is able to deliver strong returns during volatile times due to our commitment to a long-term investment strategy, a well-funded and diversified portfolio of investments, and our practice of hiring expert investment managers. These managers know how to navigate choppy waters, take advantage of the opportunities presented by volatility, and remain mindful of CPF's objectives.

Notwithstanding this, due to the level of risk associated with certain investments, changes in investment values may continue to occur in the near term and such changes could materially affect the amounts reported in the combined [financial statements](#).

We remain vigilant about recognizing and managing risks, and we are confident about maintaining the financial strength of CPF to meet our obligations for decades to come.

Maintaining Solid Footing

Senior leaders of CPG's investment team share how their background and expertise helps contribute to CPG's investment management strategy.



Chief Investment Officer Update

Roger Saylor, The Church Pension Fund's Chief Investment Officer, provides an update on performance and how we navigate market volatility.

Watch video at youtu.be/dJH_oal6Y4E

Steadfast Support



\$417 Million

Benefits paid to clergy and lay employees this fiscal year^{1,5}

1,272

Institutions that received pandemic pension waivers²

[More Fast Facts on page 14](#)

¹ April 1, 2021, to March 31, 2022
² As of March 31, 2022

⁵ Includes pension and other benefits (e.g., medical supplement and life insurance, etc.) paid for clergy and dependents, and lay employees.



Brian Jandrucko
 Managing Director, Global Public Equity
 and Specialized Strategies

The public equity portfolio is really just stocks: In the US, that would include names such as IBM, Google, and Microsoft, and we also invest in non-US developed markets and in emerging markets.

The specialized portfolio is a little tougher to explain. I guess you could say we're the kitchen sink of The Church Pension Fund: If we find someone interesting doing something idiosyncratic, if it doesn't fit in June's portfolio, it generally comes into mine. A portion of the specialized portfolio is "absolute return," meaning we invest in things that aspire to produce a positive return in any type of market environment.

For example, we invest with a manager of a firm founded by a man from Norway who, as a young man, went into the special service and became the equivalent of a Navy SEAL. He used his military intelligence background to create an investment process that incorporates unusual market research to determine the worth of a potential investment target.

One technique the firm uses is linguistic examination of annual meeting transcripts, to see what questions a company refuses to answer. They also analyze body language of company executives to identify deception.

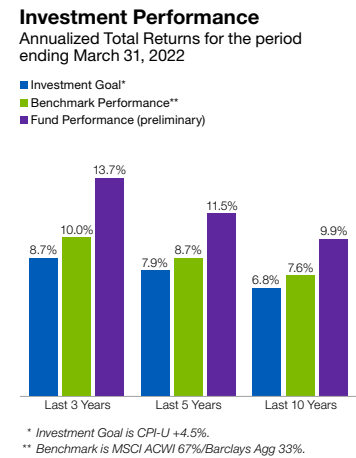
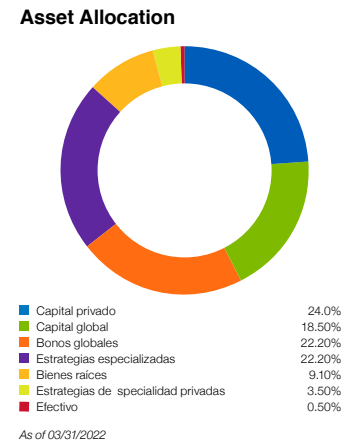
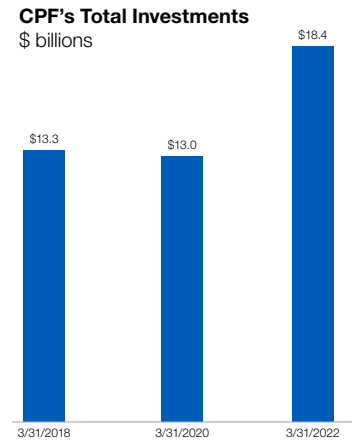


Sajith Ranasinghe
 Managing Director, Real Estate

What does real estate mean to a large institutional investor? For us it's an interesting mix ranging from a German grocery store and UK industrial company to a Tokyo office and an Indian warehouse. While the bulk of what we own is multi-family rental apartment buildings in the US, it's very much a global portfolio. But we own several different flavors, from high-rent apartments to rent-regulated and low-income housing.

One recent investment was with a fund manager with a very strong ESG mindset. Instead of doing expensive gut rehabs that mean you have to push up the rent and maybe even displace tenants, this company's strategy is to be much more creative in their use of the capital they put into improving their real estate assets. So, for instance, they might install an attractive backsplash instead of granite countertops in a kitchen.

They also work with teachers and nurses to provide service amenities to their community, such as after school programming or healthcare consultation and neighborhood clinics for community members. In exchange for providing their expertise, the teachers and nurses might get subsidized rents.





Christopher Rowe
Managing Director, Investments

When I was in college, majoring in economics, I considered going into the ministry myself—but I was intimidated by the Hebrew and Greek. This was the time of the Free South Africa movement, and I became increasingly aware of the power of investment capital to make a difference in the world.

I've spent my career working in socially responsible investing (SRI). At CPG, I help oversee a four-part strategy that advances the values of the Church while at the same time generating strong returns for CPG:

Four-pronged approach to SRI

1. Investing for positive impact: proactively seeking out and investing with managers who deliver both strong returns and beneficial social outcomes
2. Shareholder engagement: using CPF's position as an institutional investor to influence the behavior of companies in our portfolio
3. Thought leadership: sharing CPF's experience and industry relationships to increase awareness of modern, effective strategies for using capital to achieve social impact
4. ESG incorporation: considering environmental, social, and governance (ESG) issues as part of investment analysis and review

Whether in socially responsible investing or any of the other areas, each one of the managers whom we select for a particular mandate has an edge, a competitive advantage, a way of doing business that we believe adds value to CPF's investment portfolio collectively.



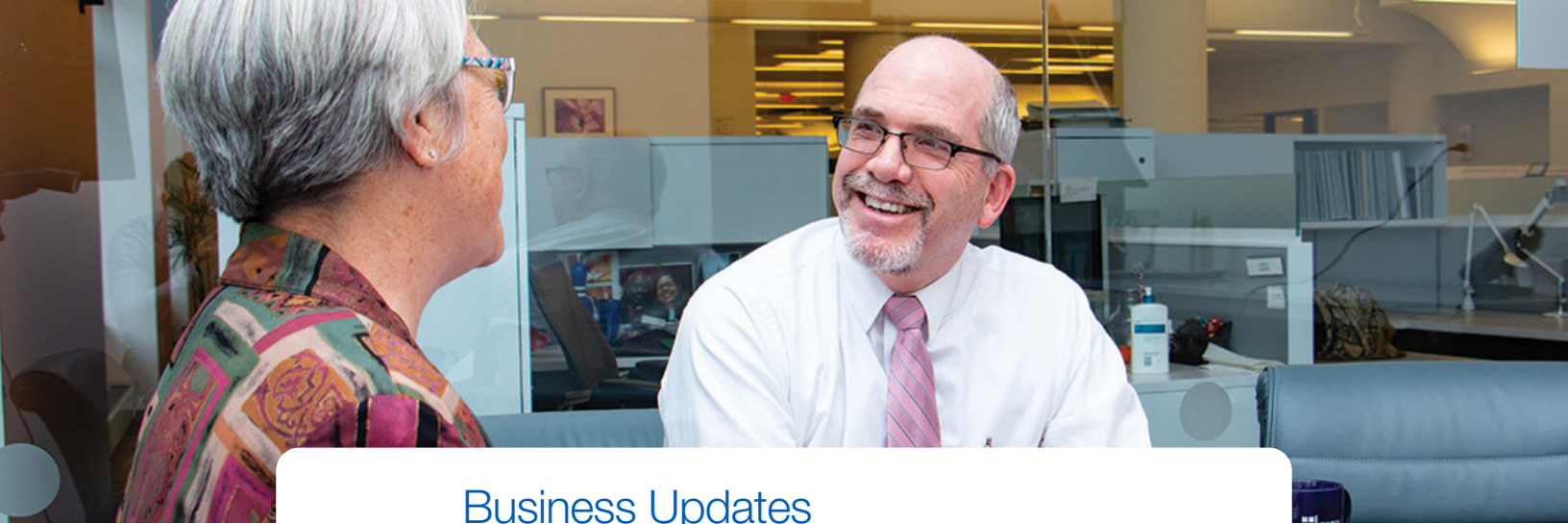
June Yearwood
Managing Director, Private Specialty Strategies

Private specialty strategies, my area, is the smallest part of the portfolio. What it lacks in size and assets, it makes up in complexity. Private specialty strategies started out as our real assets portfolio—anything that you can touch or hold and that frequently provides a cashflow, like timber and gold.

When I took over about six years ago, this portfolio was largely oil and gas with some metals and mining—not very exciting, and very cyclical, so it was up and down. We began to move into “off the run” investments—things that zig when other things zag, everything from solar energy and California carbon allowances to music royalties.

Yes, music royalties! We have a manager who buys royalties, mainly from seasoned song writers and lyricists because they are the most predictable. We may not know where the next hit is coming from, but we know that Bob Marley, Whitney Houston, Stevie Nicks, and Prince, for example, are going to sell for a very long time at some capacity.





Business Updates

Listening to our clients is central to our work. So, from the beginning of the pandemic, we really tried to be purposeful, flexible, and innovative about staying connected with them and quickly addressing their needs.

We offered pension assessment waivers early on and extended premium payment grace periods. With our healthcare plans, we removed copays for telemedicine and we went beyond the legal mandate to provide no-cost COVID testing by also waiving cost sharing for COVID treatments. Our [Chaplains to the Retired](#) outreach program was especially active and helpful in identifying special needs.

We hosted more online workshops, launched our [Choose Well](#) podcast series, offered virtual conferences, and made key Church Publishing materials available without charge. Enhancements to our website now allow individuals the 24/7 flexibility of updating their personal and demographic information, obtaining pension estimates, and viewing their annual statements online in a centralized location.

And as congregations began thinking about returning to their buildings, we provided guidance on going back as safely as possible.

Most of all, we tried to give our clients peace of mind during extremely stressful times. And we all came away with a new understanding of the value of hybrid worship, gatherings, and resources.

Frank Armstrong
Executive Vice President and Chief Operating Officer



Frank Armstrong
Executive Vice President
and Chief Operating Officer

Our Lines of Business



1,787

Products and titles offered by Church Publishing Incorporated²

> 90%

Portion of every premium dollar used to pay healthcare claims in the Denominational Health Plan⁴

90%

Share of US Episcopal churches insured by The Church Insurance Companies²

[More Fast Facts on page 14](#)

² As of March 31, 2022

⁴ January 1, 2021, to December 31, 2021

Lifelong CPG Clergy Benefits*

“The Rev. C. Smith”

- Married clergyperson
- Ordained in 2022 at age 45
- Retires at age 65
- Passes away at age 88
- Median starting Total Assessable Compensation, with annual increases
- Spouse is three years younger and passes away at age 88
- 50% Joint and Survivor pension payment, with annual cost-of-living adjustments
- Monthly medical subsidy for the clergyperson and spouse

\$303,333
Total assessments received for 20 years (age 45 through age 64)

\$1,792,334
The gap between assessments and benefits covered by Church Pension Fund investment earnings



Pension	\$1,291,884
Medical subsidy	720,783
Resettlement benefit	20,000
Christmas benefit	13,000
Life insurance benefit	50,000

\$2,095,667
Total in benefits paid to clergyperson and spouse over retirement years (age 65 through age 87)

*For illustrative purposes only.
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.
CPF retains the right to amend, terminate, or modify the terms of any benefit plan and/or insurance policy at any time, for any reason, and, unless otherwise required by applicable law, without notice.

Pension Parity

We have taken a two-pronged approach to helping the Church look for ways to address pension parity issues. First, we have been examining our clergy and lay pension plan designs to see what, if any, adjustments might be made to mitigate differences. Second, we have conducted in-depth research to help the Church understand where disparity exists so that it can continue the work of pursuing greater parity where possible.

Our reports on General Convention [Resolution 2018-A237: Study Parity Between Lay and Clergy Pensions](#) and [Resolution 2018-D045: Study Equity in Clergy and Lay Pension Plans](#) address these issues in depth.

In addition, our annual [Clergy Compensation Report](#) and our clergy ordination and deployment trends findings are both informed by our research related to race, ethnicity, gender identity, and sexual orientation.

Denominational Health Plan Snapshot

The Episcopal Church’s Denominational Health Plan (DHP) is a collective healthcare model that enables the Church to provide healthcare to clergy and lay employees. Episcopal employers offer health plans administered by The Episcopal Church Medical Trust (Medical Trust), an affiliate of The Church Pension Fund (CPF).

The DHP aggregates the purchasing power of dioceses, allowing the Medical Trust to offer

- affordable healthcare,
- comprehensive coverage, and
- robust cost containment.

We recognize that healthcare is expensive and presents financial burdens to those we serve. We will continue to be proactive in finding ways to control costs while providing comprehensive benefits options with broad access to providers.



Affordable Healthcare

- Medical Trust helps ensure that contributions are sufficient to fund health claims
- Closely watches industry trends to control costs
- Medical Trust plans avoid commissions, fees, other costs
- 94% of every premium dollar is used to pay healthcare claims
- Episcopal employers are relieved of many administrative burdens
- Overall Church savings = ~10%



Comprehensive Coverage

- Medical, behavioral health, pharmacy, vision, dental, hearing
- Tailored packages, portable plans, broad access to healthcare providers
- Range of pricing options (platinum, gold, silver plans)
- Variety of rate tiers (single, family, etc.)



Robust Cost Containment

- Average age in DHP is 53* vs. 42 national average
- Despite demographics, costs are lower than expected
- Medical Trust average rate increases: single-digit range
- Below-market increases amid benefit enhancements
- Continued reduction in healthcare cost disparity between highest- and lowest-priced dioceses

*As of May 31, 2021

The Bottom Line

The DHP offers Episcopal employers a cost-effective solution by passing on savings while maintaining meaningful plan choice, enabling them to manage every benefit dollar.

[Read the Denominational Health Plan 2021 Annual Report.](#)

Enhanced Retiree Healthcare Benefits

For retirees, we introduced a new health plan on January 1, 2022: UnitedHealthcare® Group Medicare Advantage. It offers improved value, lower cost, and easier benefits management than the former Medicare Supplement Health Plan.

In addition to delivering all the benefits of Medicare, the plan provides coverage for hearing aids, travel insurance, fitness programs, and other benefits that are important to overall health. [Learn more.](#)

Changes at Church Life

We are continually exploring new avenues to improve how our clients interact with our products and services. On April 1, 2022, Forrest T. Jones & Company (FTJ) became administrator of Church Life's individual life insurance policies and annuity contracts. FTJ has many years of experience providing administrative services for insurance programs like ours. The size and scale of FTJ lends itself to more effective and efficient administration of these Church Life products.



Church Insurance Companies – Dependable Over the Long Run

Christopher R. Rourke, Senior Vice President and General Manager of The Church Insurance Companies, talks about the state of the insurance business, upcoming changes, and CPG's evergreen commitment to meeting client needs:

Adapting to Climate Change

As an industry, we're very good at looking backward with data to predict the future. But climate change is so dynamic that it makes it more challenging. As we've seen in recent years, weather events have been more significant, such as winter freezes in the South, wildfires in the West, and increasing numbers of tornados across the US.

Our reinsurance program, which is insurance for the insurance company, enables us to carry on through large weather events or large individual losses. It allows us to be financially sustainable over the long term and to be as consistent as we can for our clients. Previously, we had less protection for insured losses above \$50 million, so we significantly increased that layer of coverage in 2021. We're also spending a lot of time with our clients on an individual basis to help them prepare for the possibility of future weather events.

Keeping Churches Up and Running

Whether it's providing a comprehensive product to protect our clients' assets or risk management advice to help eliminate or reduce a loss before it happens, I think seeing the difference we make every day with our clients is the best thing about the work we do. After Hurricane Ida, we had losses throughout the South and up the East Coast. We responded quickly to client claims and got those churches back up and running. Being a part of that work is rewarding.

A Modest Rate Increase

We want to be as consistent as we can in what we provide to our clients. Nobody likes the ups and downs or large swings in prices. In light of significant weather-related losses these past few years, we've had a modest property and casualty insurance rate increase for 2022 of approximately 5% to 6% to keep up with claims costs, inflation (which is about 7%), and reinsurance expenses.

Active Listening

We are very well positioned to continue to meet the evolving needs of the Church. What's really important is for us to continue to listen and stay actively engaged so that we can fully understand what the Church is struggling with and the changes it's going through. That way, we can help anticipate future needs and provide custom solutions. Our aim is to be dependable and provide the highest level of client service over the long run.

To learn more, view [5 Questions: The Church Insurance Companies](#).



Church Publishing Incorporated – Truly Inclusive

Airié Stuart, Senior Vice President and Publisher of Church Publishing Incorporated (CPI), discusses CPG's commitment to accessibility, inclusivity, and financial health:

Praise Progress

Over the past year, CPI embarked on three strategic initiatives: engaging third parties to manage the global distribution and sales of our books, creating a seamless experience for customers who purchase our digital products, and simplifying our lectionary insert business while building profit.

At the same time, we moved away from direct-to-consumer sales, which involved competing with booksellers and maintaining many processes that distract from the core focus of our publishing business: creating content.

Increasing Access

Now that we have a different infrastructure, we're working on increasing access to our products and services by creating and distributing special editions for specific markets. We can think about how to maximize new translations of The Book of Common Prayer, or develop a special low-cost edition, and make those available around the world.

Meeting the Needs of Today's World

We are listening to our clients and hearing the need and desire to have more material available online. This is where a subscription-based product like RitePlanning comes in, which is our worship planning resource and comprehensive online library of liturgical and music resources.

Another big movement across all of our product lines is ensuring that they are truly inclusive. This isn't just about having diverse voices on our list but also about making sure that the content itself is truly diverse—such as availability in languages other than English or increasing gender-inclusivity—even in music resources.

Communicating Who We Are

Previously, we were mostly focused on individual books, rather than clusters of content that communicated a consistent message about our mission. We want people to understand what our brand is and how CPI supports the Church and its principles of being an inclusive Christian denomination.

To learn more, view [5 Questions: Church Publishing Incorporated](#).



Fast Facts

Those We Serve



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Episcopal institutions served by CPG²

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Active (993) and retired (1,889) participants in the Lay Defined Benefit Plan²

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Active lay participants in defined contribution plans²

Financial Strength



\$18.4 Billion

The Church Pension Fund's investment portfolio assets²

Steadfast Support



\$417 Million

Benefits paid to clergy and lay employees this fiscal year^(1,5)

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Institutions that received pandemic pension waivers²

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used to pay healthcare claims in
the Denominational Health Plan⁴

90%

Share of US Episcopal
churches insured by The
Church Insurance Companies²

Our Embrace



136,469

Client service interactions⁴

14,018

Clergy, lay employees, and Church
leaders who participated in CPG
conferences, webinars, financial
discussions, and meetings⁴

4,192

Visits to retirees by
Chaplains to the Retired⁴

Clergy



299

Ordinations¹

50

Average age at ordination²

66

Average age at retirement²

¹ April 1, 2021, to March 31, 2022

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The Church Pension Fund Board of Trustees



The Rt. Rev. Thomas James Brown ^{1, 2, 5, 7, 8}
Chair, The Church Pension Fund Board of Trustees
Bishop, Episcopal Diocese of Maine
Portland, Maine



The Rt. Rev. Clifton Daniel III ^{3, 6}
Dean, The Cathedral Church
of Saint John the Divine
Episcopal Diocese of New York
New York, New York



Canon Kathryn McCormick ^{1, 4, 5}
Vice Chair, The Church Pension Fund Board of Trustees
Canon for Administration & Finance,
Episcopal Diocese of Mississippi (retired)
Jackson, Mississippi



Delbert C. Glover, PhD ^{1, 3, 6}
Vice President, DuPont (retired)
Washington



The Rt. Rev. Brian N. Prior ^{1, 4, 5}
Vice Chair, The Church Pension Fund Board of Trustees
Assisting Bishop, Episcopal Diocese of Alabama
Assisting Bishop, Episcopal Diocese of Olympia
Spokane Valley, Washington



The Rt. Rev. Julio Holguín ^{4, 6}
Bishop, Episcopal Diocese
of the Dominican Republic (retired)
Santo Domingo, Dominican Republic



Martha Bedell Alexander, EdD ^{1, 4, 5}
Former Legislator, North Carolina
House of Representatives
Charlotte, North Carolina



Ryan K. Kusumoto ^{5, 6}
President and CEO,
Parents And Children Together
Honolulu, Hawaii



Canon Rosalie Simmonds Ballentine, Esq., DHL
^{3, 5, 7, 8}
Attorney, Law Office of Rosalie Simmonds Ballentine, PC
St. Thomas, US Virgin Islands



The Very Rev. Tracey Lind ^{1, 4, 6}
Dean, Trinity Cathedral (retired)
Episcopal Diocese of Ohio
Cleveland Heights, Ohio



The Rt. Rev. Diane M. Jardine Bruce, DMin, DD ^{3, 5}
Bishop Provisional, Episcopal Diocese of West Missouri
Kansas City, Missouri



Kevin B. Lindahl, Esq. ^{2, 4}
Executive Director, Fire and Police
Pension Association of Colorado
Denver, Colorado



The Very Rev. Samuel G. Candler ^{2, 3}
Dean, The Cathedral of Saint Philip
Episcopal Diocese of Atlanta
Atlanta, Georgia



Sandra Ferguson McPhee, Esq. ^{3, 4}
Attorney, Law Offices of Sandra Ferguson McPhee
Evanston, Illinois



The Rev. Dr. Timothy J. Mitchell ^{2,3,7}
Rector, Church of the Advent
Episcopal Diocese of Kentucky
Louisville, Kentucky



Canon Anne M. Vickers ^{2,3}
Canon for Finance and Administration,
Episcopal Diocese of Southwest Florida (retired)
Tampa, Florida



Margaret A. Niles, Esq. ^{1,2,6}
Partner, K&L Gates LLP
Seattle, Washington



The Hon. Linda E. Watt ^{3,6}
US Ambassador (retired)
Former Chief Operating Officer, Domestic and Foreign
Missionary Society
Weaverville, North Carolina



Yvonne O'Neal ^{3,4}
Social Justice Advocate
Financial Consultant (retired)
New York, New York



The Very Rev. Sandye A. Wilson ^{2,3}
Dean, The Cathedral Church of All Saints
Episcopal Diocese of the Virgin Islands
St. Thomas, US Virgin Islands



Solomon S. Owayda ^{1,2,6}
Founding Partner, Mozaic Capital Advisors
Boston, Massachusetts



Mary Katherine Wold, Esq. ^{1,2,4,6,7}
CEO and President, The Church Pension Fund
New York, New York



The Rt. Rev. Gregory H. Rickel ^{4,6}
Bishop, Episcopal Diocese of Olympia
Seattle, Washington



The Rev. Austin K. Rios ^{2,4}
Rector, Saint Paul's Within the Walls Episcopal Church
Convocation of Episcopal Churches in Europe
Rome, Italy

- ¹ Member of Executive Committee
- ² Member of Investment Committee
- ³ Member of Audit Committee
- ⁴ Member of Benefits Policy Committee
- ⁵ Member of Compensation, Diversity, and Workplace Values Committee
- ⁶ Member of Finance Committee
- ⁷ Member of Board of Directors of Church Life Insurance Corporation
- ⁸ Member of Board of Directors and Audit and Principal Officer Oversight Committee of Church Life Insurance Corporation



Sandra S. Swan, DHL ^{2,6}
President Emerita, Episcopal Relief and Development
Chocowinity, North Carolina

With Gratitude

We bid farewell to several retiring board members:

Martha Bedell Alexander, EdD
The Rt. Rev. Thomas James Brown
The Very Rev. Tracey Lind
The Rev. Dr. Timothy J. Mitchell
Margaret A. Niles, Esq.
Sandra S. Swan, DHL

Our current board chair, Bishop Brown, has led the board with distinction over the past four years. We will greatly miss him and his fellow departing trustees.

At the same time, we look forward to Canon Kathryn McCormick's leadership when she begins her service as board chair after General Convention.

It also is our hope that fellow board members who are running for re-election will be able to continue their service on the board. We are excited about the future.

Mary Kate Wold
CEO and President



Church Pension Group Officers & Principal Advisors

CPG's executive leadership team works with the CPF Board in determining the strategic direction of the organization, which drives the efforts of all officers and their units.

Church Pension Group Officers¹

Chief Executive Officer and President

Mary Katherine Wold

Executive Vice Presidents

Francis P. Armstrong
 The Rev. Clayton D. Crawley
 Theodore J. Elias, Jr.
 Patricia S. Favreau
 The Rev. Canon Anne Mallonee
 Nancy L. Sanborn
 Roger A. Saylor
 Ellen M. Taggart

Senior Vice Presidents

The Rev. Patrick S. Cheng
 Jeffrey Cianci
 Jocelyn Donat
 Kathleen Floyd
 Steven J. Follis
 TraceyAnn L. Harvey
 Martin Hossfeld
 Laurie Kazilionis
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Management Changes



Margarita Monegro

Promoted to Senior Vice President, Finance, Margarita Monegro joined CPG's Corporate Finance team as Vice President in 2017. She was previously a Senior Manager at Ernst & Young, one of the world's "Big Four" professional services networks, focusing on property and casualty insurance company audits of both private and public companies. Margarita got her MBA from Pace University's Lubin School of Business, where she was a proud member of the Association of Latino Professionals in Finance and Accounting (ALPFA) and an active board member of Beta Alpha Psi. She is a Certified Public Accountant.



Denominational Health Plan 2021 Annual Report

Since its inception, the *Denominational Health Plan (DHP)* has offered valuable healthcare coverage to members, while the *Episcopal Church Medical Trust (Medical Trust)* delivered on its responsibilities to manage overall healthcare costs, work with The Episcopal Church to achieve parity in cost sharing between clergy and lay employees, and reduce healthcare premium disparity among dioceses. While the DHP continues to meet its objectives, the Medical Trust recognizes that healthcare can create financial burdens and remains focused on addressing costs.

The Medical Trust continues to provide broad access to high-quality benefits and consistent service, balancing compassionate benefits with financial stewardship for the Church.

Background

The General Convention of The Episcopal Church passed Resolution A177 in 2009, followed by Resolution B026 in 2012, requesting that the Medical Trust administer a national healthcare plan and provide an annual status. These resolutions

- established the DHP for all domestic dioceses, parishes, missions, and other ecclesiastical organizations or bodies subject to the authority of this church, covering clergy and lay employees who are scheduled to work a minimum of 1,500 hours annually;
- shall provide parity in cost sharing between clergy and lay employees; and
- requested that the Medical Trust continue to reduce the disparity of health care premiums among dioceses.

In addition, Resolution 2018-C023 requests that the Medical Trust strive to make available at least two national health insurance carriers in each diocese.

Value of the DHP

The DHP provides features that are not typically offered in most US corporate plans or state-based healthcare exchanges:

- **Meaningful choice** – The DHP allows dioceses greater flexibility in choosing and silver plans; and a choice between two pharmacy plan designs.
- **Comprehensive benefits** – In addition to comprehensive medical and pharmacy benefits, the DHP includes an Employee Assistance Plan (EAP) along with vision, hearing aid, travel medical assistance, health advocacy, and optional dental plans.
- **Broad, comprehensive networks** – The DHP continues to offer plans with broad, comprehensive national networks (Anthem and Cigna), plus a regional plan (Kaiser). Other US employers, and certainly state-based exchanges, offer smaller provider networks with much tighter contracts and greater utilization management. Although

these plans are lower in premium cost, there is a meaningful tradeoff in participant choice, access, and benefits.

COVID-19 Response and Outlook

The effects of COVID-19 continued to have a major impact on US healthcare and the DHP. In 2021, the Medical Trust paid \$6.7 million in COVID-19 claims.¹

For 2022, the Medical Trust expects to continue to have significant costs, although slightly lower, for COVID-19 claims, as well as costs for ongoing COVID-19 testing and vaccinations (including boosters for variants and reduced immunity over time) and acute and chronic “long COVID” treatment. In addition, services that were postponed due to lockdowns in 2020 were deferred to 2021 and may rebound in higher claims in 2022. Members who neglected care also may have unmanaged chronic conditions that worsened during that time, resulting in higher costs for care.

The Medical Trust will continue to waive the following member out-of-pocket costs through at least December 31, 2022:

- copayments, deductibles, and in-network coinsurance for the treatment of COVID-19; and
- copayments, deductibles, and coinsurance for covered services received via carrier telehealth platforms.

In addition, the Medical Trust removed plan exclusions to allow virtual visits with members’ personal healthcare providers to be covered at the usual in-person office visit cost share.

Controlling Health Care Costs

The Medical Trust recognizes that healthcare can create financial burdens and remains committed to providing the lowest possible premiums while maintaining competitive coverage for its members.

Premium increases continue to be on the lower end of annual national trends.

In 2021, the Medical Trust delivered an annual increase of 5.4% compared to an estimated national trend of 4% to 10%.² This is especially noteworthy because DHP claim costs were 21% higher than the average US employer. These higher claim costs are driven by two main factors:

- *Older population* – The average age of employees covered by the DHP is 53³ compared to 42 across the broader U.S. population. Older members are more likely to utilize healthcare services, including treatment for chronic conditions, leading to higher claims costs.
- *Richer plans* – As US employers generally shift to coverage with higher member out-of-pocket costs, 80% of DHP members are enrolled in our richest plans, which feature the lowest member out-of-pocket cost share.

Since the DHP’s inception, annual average cost increases have ranged from 4% to 6%, versus 7% to 9% for other large employers during the same period. This resulted in accumulated savings of 45% (\$80 million to \$90 million) over the past 10 years.

Lower administrative costs. In 2021, 94% of premiums collected went toward paying claims, and the remaining premium went toward fixed administrative costs to health plans (access to national networks, claims processing, member service, etc.) and internal operations (plan sponsor and administrative responsibilities, billing and collections, call center, etc.). The DHP allows the Church to provide healthcare to clergy and lay employees similarly to US Corporate employers by removing added costs (state premium taxes, commission fees, and risk/profit margin) for the Church.

Despite higher claims costs, the Medical Trust’s efforts to manage overall costs and mitigate annual increases has kept DHP premium increases on the lower end of national trends.

¹ Does not include COVID-19 claims paid by government or public health entities.

² Custom comparison includes companies from Charities and Non-Profit, Higher Education sectors.

³ As of May 31, 2021.

Lower premiums compared to state-based individual exchanges. In 2021, overall Medical Trust premiums were about 14% lower than average premiums for similar plans (i.e., broad network access and out-of-network benefit option) available on the exchanges for a similar demographic and geographic profile. It is important to note that most plans offered on the exchanges have narrow networks and in-network only options, which reduces costs by restricting access to a select number of physicians and hospitals. Compared with these more restrictive plans, 2021 Medical Trust premiums were still 2% lower on average for more robust coverage.

Economies of scale help contain costs. The DHP aggregates the purchasing power of Episcopal employers, which lowers overall healthcare rates for participating groups. In 2021, the DHP improved on its ability to bargain for the Church by maintaining 13,000 active clergy and lay employees in its healthcare plans.

Consultations with CPG professionals guide benefits administration. Since 2014, all domestic dioceses participate in the DHP and receive support from the Medical Trust for annual benefits planning and strategies to achieve parity in funding healthcare benefits for clergy and lay employees.

Multiple cost-saving initiatives. Over the course of the DHP, The Medical Trust implemented various measures to maintain low annual increases without raising out-of-pocket costs and/or watering down access or care for members, including:

- continued participation in prescription drug purchasing coalition with other denominations;
- implementation of the SaveonSP manufacturer copay assistance program;
- implementation and promotion of the Medicare Secondary Payer Small Employer Exception Plans;
- requiring appropriate utilization management to ensure optimal outcomes and use of evidence-based treatments; and
- partnering with another denomination on a Request for Proposal for an Employee Assistance Plan (EAP) vendor, which resulted in lower costs and enhanced service.

Reducing Cost Disparity

Resolution 2012-B026 reaffirmed the Denominational Health Plan and encouraged the Medical Trust to explore alternative strategies to arrive at a more equitable sharing of health care premium costs across the Church.

The DHP works to minimize cost disparities among dioceses. For example, without the DHP, geographic and demographic factors alone would result in a much wider cost disparity between dioceses, with many dioceses likely experiencing increases as high as 40% or above current average rates.

Analysis by an external consultant confirmed that the Medical Trust, given the age, gender, family size, geography, and plan value, is 3% more efficient compared to the marketplace, resulting in almost \$6 million in annual savings to the Church.⁴ While Resolution B026 limits our ability to be as competitive in all dioceses and the Medical Trust may not be the least expensive plan for every diocese, the resolution achieves its intent by enabling the delivery of quality healthcare to those dioceses that have fewer options.

For 2021, disparity in healthcare costs between the highest-priced and lowest-priced dioceses remained relatively flat:

- For the same plans, a steady 74% of dioceses fall between approximately 10% above or below the average Medical Trust rates (no change over 2020 or 2021). The Medical Trust strives to keep most dioceses within this range.
- Rates paid by 26% of dioceses fall 10% or more below the average Medical Trust rate for the same plans (up by 1%). This is mostly driven by the need to remain competitive with local market premiums in those dioceses as well as member demographics, geographic cost of healthcare, and claims history.

⁴ Custom comparison includes companies from Charities and Non-Profit, Higher Education sectors.

Fund for Medical Assistance for Non-Domestic Dioceses

In 2021, The Church Pension Fund granted a total of \$49,000 from the Fund for Medical Assistance to pay for healthcare expenses not covered by public or private insurance for eligible participants in non-domestic dioceses. These grants provide greater financial security to protect the health of those who receive them.

The Way Forward

In addition to its ongoing efforts to contain costs, the Medical Trust is exploring opportunities over the next two years that could improve member benefits and/or further manage costs:

Healthcare Navigator

Poor healthcare decisions can lead to higher costs and be detrimental to the health and well-being of members. A navigator serves as a single point of contact for members and makes it easier for them to overcome barriers, engage more effectively with providers, and experience better health outcomes.

Medical Channel Management

Medical Channel Management helps contain expensive specialty pharmaceutical costs by covering clinically appropriate specialty drugs from the pharmacy benefit only (versus medical). Nearly half of all specialty drugs are billed through the medical benefit where controls are typically lacking or are not as complete and precise as the pharmacy benefit. Mandating that specialty drugs be covered under the pharmacy benefit helps minimize inefficient spending practices, maximize site of care, and provide rebates not otherwise available.

Pharmacy Benefit Market Check

As part of the purchasing coalition of the [Church Benefits Association](#), an organization dedicated to best practices at denominational boards and benefit plans, the Medical Trust performs market checks of comparable pharmacy benefit management services against the pricing terms of its current contract with Express Scripts, Inc. This allows the Medical Trust and its coalition partners to analyze the value of our current arrangement and negotiate better pricing terms when appropriate.

High Performance Networks

High performance networks deliver high-quality, efficient care that typically results in lower costs. The Medical Trust's national carriers offer high performance networks that could replace the existing broad network of providers in particular markets to steer members to a narrower network of quality providers.

Plan Improvements for Musculoskeletal Health

One of the top Medical Trust claim costs is treatment of musculoskeletal conditions. The Medical Trust is exploring the following approaches to help reduce costs and increase quality care:

- **Hinge Health** – convenient digital solutions for musculoskeletal pain or injuries. Members have access to a personal care team, including physical therapists and health coaches, virtual physical therapy sessions, and wearable technology that gives live feedback and tailors exercise recommendations to the member's individualized care plan.
- **Mandatory Second Opinion** – requires medical expert review for proposed back, knee, or hip surgeries as part of the health plan's prior authorization process. Requiring a second opinion for major medical treatments and costly surgeries can help ensure better patient outcomes and control costs.

Prescription Drug Design Changes

The Medical Trust is analyzing its prescription drug plan designs to address the impact of cost share erosion due to fixed copays. Elements of the prescription drug plan design under consideration include coinsurance-based plans, increased copays for copay-based plans, and adding a cost sharing tier for specialty drugs.

Identifying Social Determinants of Health

The US Department of Health and Human Services⁵ defines social determinants of health (SDOH) as “conditions in the environments where people are born, live, work, play, worship and age that can affect a wide range of health, functioning and quality-of-life outcomes and risks.” Employees negatively impacted by SDOH are more likely to suffer complications from chronic conditions, such as diabetes and cardiovascular disease, because they have less access to ongoing care management. These employees are more likely to end up in the emergency department with severe symptoms that often lead to expensive hospitalizations. The Medical Trust is committed to examining the SDOH that influence our population’s health to identify ways we can help employees achieve positive outcomes.

In Summary

The outlook for the DHP remains positive. The DHP continues to provide valuable benefits with a broad array of nationwide networks at a cost that is difficult to match elsewhere for the level of benefits our members receive.

We continue to monitor the environment and trends, including COVID-19, inflation and supply chain issues, and their potential impact on healthcare costs. Our focus remains on cost-effective, comprehensive health benefits and compliance with applicable laws and best business practices, while improving member engagement and health outcomes.

The Denominational Health Plan in a Snapshot

1 Affordable Healthcare

- Medical Trust helps ensure that contributions are sufficient to fund health claims
- Closely watches industry trends to control costs
- Medical Trust plans avoid commissions, fees, other costs
- 94% of every premium dollar is used to pay healthcare claims
- Episcopal employers are relieved of many administrative burdens
- Overall Church savings = ~10%

2 Comprehensive Coverage

- Medical, behavioral health, pharmacy, vision, dental, hearing
- Tailored packages, portable plans, broad access to healthcare providers
- Range of pricing options (platinum, gold, silver plans)
- Variety of rate tiers (single, family, etc.)

3 Robust Cost Containment

- Average age in DHP is 53* vs. 42 national average
- Despite demographics, costs are lower than expected
- Medical Trust average rate increases: single-digit range
- Below-market increases amid benefit enhancements
- Continued reduction in healthcare cost disparity between highest- and lowest-priced dioceses

**As of May 31, 2021*

⁵ [health.gov/healthypeople/priority-areas/social-determinants-health](https://www.health.gov/healthypeople/priority-areas/social-determinants-health)