WINTER 2025 PENSION OFFICE NEWSLETTER

Plan Update

Investment Performance

The Pension Plan assets continue to be invested in a diversified portfolio of equities, fixed income, and alternative investments. The asset allocation includes a low-volatility portion similar to cash in the amount of eighteen months of monthly cash requirements. This allows the portfolio to avoid having to sell assets to fund benefits in a depressed market. *Ongoing improvements in cash flow have resulted in the monthly contributions exceeding the monthly benefits payable.* Therefore, it has **ELIMINATED** the monthly cash transfer from our investment portfolio. We have also opened an interest yielding money market account to earn interest on the funds that accumulate monthly before benefit payments.

The marketable securities portfolio, including the low volatility portion, managed by Morgan Stanley, earned 7.6%, net of fees for the 12-month period ending December 31, 2024. This compares to 11.5% earned for the same period by our benchmark representative of an asset allocation of 60% global equities, 35% intermediate bonds, and 5% cash. The S&P 500 Index earned 25% vs. the S&P 500 equally weighted performance of 13% for the same period, thus showing the effect of the “Magnificent Seven” on the cap weighted stock market indices.

The performance of non-marketable alternative investments is subject to delayed reporting of 1 to 5 months and therefore their recent performance is not yet reflected in the Plan’s total performance. Because of this, the Plan’s performance is best evaluated over a longer period of time. We expect our return to be higher once the performance of these assets is provided.

Fair Market Value of Assets (2024)

January 1, 2024	$24,472,025
December 31, 2024	$26,361,280

Update continued on page 2

The Pension Plan Newsletter is a periodic publication to all OCA Pension Plan members and those mandated to participate by the All-American Council and the Holy Synod of Bishops. We hope to inform, answer questions, and most importantly, report on the Plan.

Questions to Answer

It is prudent to do an annual (at least) financial review of your life. Important pension questions to answer as you do your annual financial check-up:

Is your parish aware of the January 1, 2025 mandate from the Holy Synod of Bishops that all parishes participate in the Pension Plan? All eligible clergy and full-time employees of OCA entities are to remit 6% of compensation and the “employer” 14% of compensation. Parishes without eligible clergy are still responsible for the 14% contribution.

Are you aware of your beneficiary designation for your pension benefits? Does the beneficiary designation need to change because of life circumstances (death, divorce, etc.)?

Does your family know about your pension plan? Are they aware of the type of payout you have chosen? Does your spouse know of the ten-year fixed/65% survivor benefit? Is your plan included in your designated trust, if applicable?

Do you access the pension portal to review your benefits and inspect for any errors? If you do not know how to access the portal, please contact our Pension Administrator Michael Stieglitz, who will walk you through the steps to access.

If you are mandated to take your Required Minimum Distribution from an IRA, did you know you could take it as a Qualified Charitable Distribution and have it sent it to the OCA earmarked for the pension plan as a donation to help the health of the plan for future pensioners?

From outside our office

Painting a concerning picture, the median retirement savings for Americans stands at a mere $87,000, a figure far lower than what is needed for a comfortable nest egg.

This savings gap—the amount people have actually saved versus what they believe is needed for retirement—is significantly rising. In fact, a recent survey from Northwestern Mutual reveals that $1.46 million is the ideal savings target for retirement, up from $1.27 million last year.

This graphic shows the retirement savings that Americans currently hold, based on data from the Federal Reserve’s 2022 Survey of Consumer Finances.

Outside continued on page 2

Update continued from page 1

Participation

As of 1/30/25, there are 404 (52 participate with more than one contributing OCA employer) active participating and 14 inactive members for a total of 418 active/inactive participants. One year ago, there were 367 (37 with more than one employer) active participating and 20 inactive members for a total of 387 active/inactive participants. One year ago, 323 members were clergy, now 352 are clergy. There are currently 249 (241 one year ago) monthly benefits recipients (some recipients may be sharing one member's benefit, as in the case of children).

These current numbers are from 358 "employers," which includes parishes, dioceses, OCA Chancery, seminaries and pension office. One year ago, that number was 306.

Additionally, the amendment mandating parishes to contribute the employer 14% portion to the Plan monthly if they have inactive members, ineligible members, and/or non-compliant members became effective January 1, 2025 for the parish employer portion. As of January 30, 42 parishes are enrolled in the system and remitting or preparing to remit the parish portion.

End of Year Things

If you received benefits in 2024, you should receive your 1099-R by the end of January. If you have a question or problem with this, or wish to receive the 1099-R via email, please contact Michael Stieglitz at the number below.

Also, please contact Michael and he can provide access to the Accudata portal (payroll portal), if you have not signed up already (this and many other features are available to you on the pension portal).

Administration

All members are reminded to PLEASE make sure your contact information (mailing address, phone number, email address) is accurate and up-to-date. Any member can call or text the Pension Administrator Michael Stieglitz at 516-464-0415. He can run projections of benefits and teach how to use the member portal.

Outside continued from p. 1

Age Group	Avg Retirement Savings	Median Retirement Savings
Under 35	$49,130	$18,880
35-44	$141,520	$45,000
45-54	$313,220	$115,000
55-64	$537,560	$185,000
65-74	$609,230	$200,000
All families	$333,940	$87,000

For people aged 35 and under, the median savings were $18,880, while this amount increased to $200,000 for those aged 65 to 74.

At current rates, this means that older generations are living on a mere $10,000 per year in retirement based on these savings alone. Given this shortfall, Americans will need to increasingly rely on Social Security benefits to make ends meet. In fact, it's estimated that state and federal governments will need $1.4 trillion for public assistance costs by 2040.

One reason behind declining retirement savings is the steep drop in employment-sponsored pension plans over the last several decades. As of 2022, there was $37.8 trillion held in U.S. pension plans and Individual Retirement Accounts (IRAs). Of these, employment-sponsored plans comprised a substantial 70% share of these assets.

However, for many Americans without employer-sponsored plans, saving for retirement has become an increasingly uphill battle. In fact, a separate survey shows that just 58% of Americans aged 55 to 64 have retirement accounts, underscoring the growing challenges faced in preparing for retirement.

Among the most common retirement planning mistakes are underestimating the impact of inflation, one's life expectancy, and healthcare costs. To combat this problem, 12 states have adopted automated retirement savings accounts for private employees. These programs, impacting up to 56 million people, enroll employees automatically with the choice to opt out, to help encourage Americans to save for the future.

Niccolo Conte
Dorothy Neufield (Article/Editing)
"Visualizing American's Average Retirement Savings by Age"
The Visual Capitalist, May 14, 2024

The pursuit of happiness in retirement is a lot easier with a pension.

Retirees with regular paychecks report higher levels of satisfaction than those who rely on 401(k)s to supplement their Social Security, studies have shown. The security of a lifelong income is a source of comfort and happiness, those with pensions say.

While 401(k)s can generate more wealth, retirees say navigating all the investing, tax and withdrawal strategies can add to their stress when they are trying to lower it.

Pensions do have drawbacks. It can be hard to amass a sizable monthly benefit unless you stick with one employer for decades, and the income isn't always adjusted for inflation, said Gal Wettstein, an economist at Boston College's Center for Retirement Research. If employers go bankrupt, benefits might be cut, he added.

But, as Oscar Wilde said, "It is better to have a permanent income than to be fascinating." Those who live comfortably on pensions—most government workers and 15% of private-sector workers have access to one, according to the U.S. Bureau of Labor Statistics—tend to agree.

Veronica Dahger and Anne Tergesen
"Here's What Retirement on a
Pension Looks Like in America"
Wall Street Journal, December 21, 2024