ORTHODOX CHURCH in AMERICA
PENSION OFFICE

JUNE 2025 PENSION OFFICE NEWSLETTER

Plan Update

Cash Flow
Improved cash flow has resulted from several variables. Contribution rate inceases and administrative expense assistance from the Plan Sponsor were vital. But, most importantly, ***participation by both eligible clergy and parishes has increased substantially. This is the most important variable in the cash flow improvement.***

For many years, through 2023, the Plan was required to take distributions from its investment portfolio to pay benefits and expenses. During 2024, transfers from the investment portfolio to pay benefits **ceased** due to the improved cash flow. Beginning in January 2025, the ongoing improvements in cash flow discussed above have resulted in the monthly contributions exceeding the monthly benefits payable. Therefore, not only have transfers from the investment portfolio been ***eliminated***, but also the plan has been ***transferring funds into the investment portfolio***. As a result, the **actuarial funding of the Pension Plan has improved from 66% (2023) to 74% (2024) to 80% (2025) with a projected 100% funded status by 2037.**

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 $500k to allow for unforeseen expenses. This allows the portfolio to avoid having to sell assets to fund benefits in a depressed market. We have 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

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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.

Comments on AAC

The Pension Board offers the following comments regarding the proposed Statute amendment, which seeks to (1) end the role of the AAC in overseeing the selection of those who administer the pension plan, (2) change the election process, and, (3) change the composition of the Board.

AAC
The proposed amendment removes the care of our clergy from the "highest legislative body of the OCA" and puts it in the hands of a committee selected by the Central Administration. The autonomy of the Pension Plan and Board has always been its protection and strength. Board members volunteer their service for the good of the Church community, they do not (and have not) attempted to sidestep the funding of the Plan to further other programs that they oversee, a concern that arises if Central Administration, rather than the AAC, selects Board members.

Governance
One concern that has been repeated is that the Plan is not an ERISA plan. ERISA is a set of federal guidelines to protect and guarantee pensions. Church Plans are not required to be ERISA plans. That decision was made decades ago to avoid having to pay into the Pension Benefit Guaranty Corporation (PBGC) and having to meet the funding requirements of ERISA covered plans. We voluntarily comply with ERISA standards for investments (e.g., having a diversified portfolio, avoiding self-dealing transactions, maintaining the indicia of ownership subject to the jurisdiction of United States courts), and reporting according to those standards (i.e., annual financial audits, actuarial valuations of the funded status of the plan, publishing periodic financial status of the plan). We are satisfied that the Pension Board operates in the manner expected of a Pension Board.

The only shortcoming to ERISA standards is that the Board cannot enforce the obligation to contribute to the Plan; this is in the competence of Central Administration and each parish. An ERISA plan would report on compliance with minimum funding requirements and monitor enrollment and participation in accordance with Plan requirements. The Pension Board is not able to do this. If it appears that an employing unit (parish, organization, or even Central Administration) has failed to enroll an eligible employee (regardless of whether the employee receives a W-2 or 1099) all that the Board can do is to urge compliance. It has no other

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enforcement mechanism. The Board appreciates and compliments the recent efforts of OCA leadership to secure financial responsibility for funding the Plan.

Bureaucracy
The amendment proposes to establish a new bureaucracy to vet possible board members and then have those candidates be approved by the Metropolitan Council. The Metropolitan Council has not done a rigorous recruitment effort in the past; why would it succeed in finding an even larger number of volunteers required by the proposed amendment? It must be noted that the Board has undertaken searches for the best candidates with requisite talent. It is difficult to find enough qualified volunteers to serve. Question: what makes a new committee "more qualified" to find candidates and select among candidates than the AAC?

Process
It is the opinion of the Pension Board that the reporting concerns raised in the proposed amendment have been already addressed. The "Trustee Obligations" in particular have been, one by one, addressed by the Board. Communication has been two-way, transparency has been clear, all questions answered when raised. The performance of the Plan itself is testimony to the good work done over the past triennium.

We note that those who have reviewed the investment strategy of the Plan have acknowledged that its critics have misunderstood the program and have conceded that the failure to achieve required participation has been the source of difficulty in having a more robust investment program. Today, due to the effort to enroll all eligible employees as participants, the Board is able to fund benefits and administrative costs without withdrawing funds from the investment portfolio.

Cost
The proposed amendment does not address the additional costs associated with the new process. The Board has worked diligently and consistently to keep administrative costs to 2% or less of the annual covered payroll. The proposal will increase those costs.

Liability
The proposal as written states: "Participation in the Pension Plan, or *another official OCA retirement plan that might be established in the future,* shall be mandatory for all eligible clergy and lay employees of the Church, to the extent permitted by applicable law."

To suggest another future plan risks undermining faith in the current Plan and gives comfort to those who seek a justification for their failure to participate. It is irresponsible to suggest that this Plan will not be there when current clergy and other eligible employees go to retire. This puts the viability of the Plan in jeopardy and opens the OCA as Plan Sponsor to the liability of the current obligations.

Board's Conclusion
Since the last AAC, there has been significant improvement in the sponsorship of the Plan that has:

- Improved participation
- Improved funding
- Improved reporting

The proposed Statute amendment undercuts the long-standing tie between all members of the OCA community with those who work for it. By removing the autonomy of the Board, the proposed amendment will give rise to suspicion about the management and security of the Plan's investment portfolio and the availability of the funds to pay retiree benefits.

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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 above total performance. Because of this, the Plan's performance is best evaluated over a longer period of time. These investments produced an average net return of 3.6% per year during the 3-year period ending September 30, 2024. Our Plan's benchmark for that period returned 5% per year.

Fair Market Value of Assets (2025)

January 1, 2025	$26,361,280
May 31, 2025	$27,089,295

Participation
Concerted efforts at bringing mandated participation to 100% have been effective. Additionally, effective January 1, 2025, all parishes and institutions that have inactive, ineligible and/or non-compliant members, are mandated to contribute the employer 14% portion to the Plan monthly.

As of May 15, 2025, there are 399 active participating members (including 64 members who participate via more than one employer) and 8 Active with In-Service Benefits (over age 75) for a total of 407 active members. As of May 15, 2025, there are 37 parish-only contributions for inactive members, ineligible members, and/or non-compliant members. In addition, there are currently 245 total monthly benefits recipients. (Some recipients may be sharing one member's benefit, as in the case of children sharing a father's benefit.)

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 you how to use the member portal.

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).