

2. Report of Eder Financial

It was in 1912 that the first mention of helping pastors prepare for retirement showed up in Church of the Brethren Annual Conference minutes. The concern was that pastors were entering their retirement years ill prepared financially, logistically, and perhaps mentally for the final years of their lives.

Brethren Pension Plan was created 31 years later by the 1943 Annual Conference, and since that time the scope of work has grown, and its members and clients have flourished in their personal lives and in the work they perform for the church.

Eder Financial, today's incarnation of the original Brethren Pension Plan, provides retirement services to pastors and church workers; and staff from districts, camps, agencies, retirement communities, and related social service organizations both inside the Church of the Brethren and with others who share with us common bonds and convictions. To this group Eder also offers various employee insurances like life (basic and supplemental), vision, dental, short- and long-term disability, accidental death and dismemberment, long-term care, and Medicare supplement, as well as accident and pet insurances. It provides medical insurance to employees of agencies, retirement communities, and related social service organizations. It provides money management services for churches and organizations, which Eder calls organizational investing. And it can help any individual in managing deferred giving instruments.

This is the nuts and bolts work that Eder provides, but it is in the manner of our working that we make a difference with those we serve.

We provide workshops and consultations to help members and organizations make good decisions that will help lead to a successful future. We offer tools and resources that further assist and inform those we serve. Through a concierge model, we provide customer service that answers questions, solves problems, and consists not of a large call center where one can get lost, but of dedicated, focused teams that are assigned to assist our members and clients.

Whereas a for-profit company focuses on earnings for shareholders and/or owners, wanting to be successful in order to generate profits, Eder Financial, a not-for-profit organization, partners with those it serves to help individuals and organizations meet their goals. The Eder Board and staff are committed to comprehensive service so those we work with can flourish in the ministries and work they in turn provide to others. We walk alongside those we serve and that is what differentiates Eder from other providers of similar services.

In 2023, which this report covers, Eder Financial continued to live into its transition from Church of the Brethren Benefit Trust in May 2022, both from the work it accomplished, the people who joined its Board and staff, and from action taken by Annual Conference, which allows Eder to continue its strategic

1 transformation into an agency of the denomination that serves beyond the de-
2 nomination as well. Here is our report for 2023.

3 4 **EDER RETIREMENT PLAN**

5
6 Eder Retirement Plan, led by Russ Chrusciel and Lori Domich, has served mem-
7 bers for more than 80 years. It provides flexible options that help members
8 flourish in retirement. With access to complimentary planning to build financial
9 security and to choose how they will receive their income stream in retirement,
10 members are empowered to make decisions that are best for them. For those
11 who desire assistance, the Client Services team, led by Loyce Borgmann, provides
12 group education sessions and individual consultations.

13
14 Nearly all investments offered to our Plan members meet Eder Values Investing
15 criteria. Employees can select from 34 investment offerings and receive invest-
16 ment advice from our partner, Edelman Financial Engines. EFE helps Retirement
17 Plan members allocate their current balances and future contributions among
18 our various investments. EFE provides options from free self-help investment
19 fund allocation advice to competitively priced fee-based services in which an
20 Eder Retirement Plan member's retirement account is reviewed and actively
21 managed by EFE. The highest level of service offers comprehensive financial
22 planning by a dedicated personal financial adviser. All Eder Plan members re-
23 ceive a complimentary annual retirement evaluation from EFE that tracks the
24 Plan participant's progress toward retirement and suggests actions to improve
25 retirement outcomes.

26
27 Beyond working with EFE, members can take a simplified approach to invest-
28 ment allocation, which means choosing the funds in which to invest their Re-
29 tirement Plan contributions, by utilizing the Plan's suite of Target Date funds,
30 in which they select the fund that most closely correlates to their planned re-
31 tirement date. The idea is for their accounts to actively grow in the early and
32 mid-years of their participation in the Plan, but with principal preservation
33 being the goal late in a members' working tenure. The funds are designed to au-
34 tomatically lower investment risk the closer the member gets to their anticipated
35 retirement date. This option affords members peace of mind in knowing that
36 Eder's investment managers are automatically reallocating those funds toward
37 more conservative investments over time.

38
39 Upon an employee's retirement or when they become eligible to receive a dis-
40 tribution from their account, there are several distribution options available for
41 their own contributions as well as the contributions made by their employer.
42 There is an option for a lifetime annuity income stream for the member and
43 their surviving spouse, or options to spend their balance down in other ways,
44 with any remaining balance going to a beneficiary of their choice. It is important
45 that members carefully assess their retirement income needs before selecting
46 their distribution option to ensure they do not outlive their income stream.

On December 31, 2023, Eder Retirement Plan had 2,470 active and inactive members, with account balances totaling \$247,262,274. Of those Plan members, 562 were clergy with total balances of \$129,770,119. Upon retirement, members may receive their benefit as a lifetime annuity or as a Periodic Payment Plan distribution. There were 1,652 members receiving a monthly annuity payment; 549 of them were clergy. Two hundred and seventy-one members were receiving a monthly Periodic Payment Plan distribution; 73 of them were clergy. The balance of the Retirement Benefits Fund, from which annuities are paid, was \$165,884,956. The RBF was 83.1% funded as of December 31, 2022. It is updated annually each March.

EDER HEALTH AND LIFE BENEFIT PLANS

The Eder Health and Life Benefit plans are led by Jeremiah Thompson and Debbie Butcher. The plans offer a variety of group insurance products to eligible employees. Members can enroll and access their coverage details through an intuitive online portal and obtain general information via a call center with extended business hours, which is staffed by our partner, Milliman. Larger employer groups can independently upload enrollment information online or integrate benefits information with their payroll systems. Congregational employers and treasurers receive benefits management assistance from the Eder Health and Life team.

From the 1950s through 2007, medical insurance was offered to eligible congregational, district, and camp employees through a “ministers’ group” plan. It was discontinued by Annual Conference in 2007 because sustainable participation rates by this group of employees could not be achieved. While medical insurance is no longer available from Eder to those who are in the “ministers’ group,” Eder continues to offer medical insurance coverage to denominational agencies and organizations, as these groups can maintain a participation rate of 75 percent or more of their eligible employees in the Plan. This level of participation is needed to ensure a vibrant and sustainable plan. The Health and Life team has conducted pilot tests to see if a medical plan for ministers’ group employees could be re-established. Results have shown that many clergy members qualify for subsidies if purchasing coverage through the insurance marketplace because housing allowance is excluded from taxable income. These subsidies afford clergy employees with better pricing than would be available through Eder Medical Plan.

Eder Financial also provides ancillary insurance products to all eligible employees of congregations, districts, camps, agencies, and other Brethren-related organizations. These include Medicare Supplement, dental, vision, life (basic and supplemental), accidental death and dismemberment, disability (short- and long-term), accident, long-term care, and pet insurance. We also offer a robust Employee Assistance Program. Eder offers medical reimbursement and dependent care accounts for members who use one or more of its insurances. During

1 2023, Eder provided basic life insurance at no cost to all eligible employees. As
2 of December 31, 2023, there were 2,190 insurance contracts in the Insurance
3 Plans. This number is much lower than the 3,084 insurance contracts reported
4 in the 2022 report. The difference is due to the way Accidental Death and Dis-
5 memberment contracts are counted. They were previously counted as stand-
6 alone contracts but are now included in the totals for the Basic Life insurance
7 contracts with which they are bundled.

8 9 **CHURCH WORKERS' ASSISTANCE PLAN**

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11 This benevolent program was established in the early 1990s by Annual Confer-
12 ence, which in 1998 asked our organization to serve as Plan administrator. The
13 ministry is intended to help employees of Church of the Brethren congregations,
14 districts, and camps who find themselves with extraordinary financial needs.
15 Congregations, districts, and camps are asked to contribute the equivalent of
16 one percent of their total salary costs to help fund the Plan. The Plan is for cur-
17 rent and former employees and surviving spouses who meet minimum tenure
18 and other requirements related to annual income and overall net worth. This
19 program has been a needed lifeline for many individuals within the denomina-
20 tion. Grants are available in the form of monthly payments, or as a lump sum
21 amount paid directly to a creditor. Grants are also available to help offset qual-
22 ified members' and surviving spouses' payments for Medicare Supplement in-
23 surance, and for burial expenses when no other financial resources are available.

24
25 In 2023, the Church Workers' Assistance Plan distributed grants to 40 individ-
26 uals, totaling \$282,865.

27
28 The Plan's guidelines allow the Exception Committee latitude in trying to help
29 people who have significant needs. These exceptions are reported to the Eder
30 Financial Board, the Council of District Executives, and the Pastoral Compen-
31 sation and Benefits Advisory Committee to ensure that all who have vested in-
32 terest in seeing assistance given to people in need understand the type of
33 exceptions that are being made. All applications that are initially declined are
34 automatically sent to the Exception Committee for additional review to ensure
35 applicants get every consideration for assistance. Diane Parrott staffs this min-
36 istry. Lynnae Rodeffer, VP of Products and Services, and President Nevin Dula-
37 baum serve as the exception committee.

38 39 **EDER ORGANIZATIONAL INVESTING**

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41 From a high-water mark at the end of December 2021, markets have experienced
42 volatility and uncertainty in both the stock and bond sectors while cash has
43 been placed under inflationary pressures. After pausing from a record-setting se-
44 ries of rate hikes, the Federal Reserve is waiting for inflation to return to the
45 target rate of 2 percent before it will lower interest rates. While the first three
46 quarters in the stock market were dominated by the Magnificent Seven, the seven

super large companies that greatly sway the performance of the S&P 500 (Apple, Microsoft, Amazon, Nvidia, Meta, Tesla, and Alphabet), a wider broadening of growth in the rest of the markets in the fourth quarter was a welcome development. The value of the Magnificent Seven companies grew greatly in 2024 as they were rewarded by investors for their perceived advantage with emerging Artificial Intelligence functionality and integration. Time will tell if artificial intelligence and machine learning continue to provide enormous growth for these companies through improvements to production and efficiency or whether the immense value placed in these firms is, in the words of Alan Greenspan, “irrational exuberance.” The next three to five years should be interesting!

Eder Organizational Investing’s assets under management were \$141,005,349 on December 31, 2023, a decrease of \$36,951,564 (20.1 percent) over the total assets under management on December 31, 2022, of \$177,956,913 for more than 190 organizational clients. Distributions exceeded contributions by \$916,266. EOII also serves as Administrator on the planned giving programs for six Brethren agencies or affiliated organizations. During 2023, one new organizational client joined EOII while six organizational clients closed their EOII accounts.

Higher interest rates prompted many individuals and organizations to reevaluate their holdings in a world where Certificates of Deposit and Money Market Funds are now paying returns of over 5 percent. A common theme for organizational investing clients that closed accounts with Eder was to move their funds to lower volatility investments such as CDs and Money Market Funds. This migration was the impetus for Eder to add a Money Market offering to the investment lineup in early 2024.

For the five-year period ending December 31, 2023, all of EOII’s strategic investment funds had positive performance in absolute terms, and 40 percent had a five-year gross performance history that equaled or outperformed their respective benchmarks. During the same five-year period, all EOII’s tactical investment funds had positive performance in absolute terms and three equaled or outperformed their benchmarks gross of fees. Visit ederfinancial.org/Investment-Intelligence for the latest investment return information.

The online client portal, which allows clients to log in and administer their accounts, find resources, and create customized reports, received an upgrade in early 2023. This upgrade enabled better security features such as multi-factor authentication and security questions. Additional features are actively being tested by Eder staff that will help further empower our clients to conduct business in an accurate and convenient manner. Eder staff are developing a toolkit to help clients grow their impact through donor/volunteer engagement and practical, repeatable solutions for fundraising and investment stewardship.

Eder Organizational Investing is staffed by Dan Radcliff and Lindsay Cart-Turner. The Client Services Team provides client support.

EDER DEFERRED GIFTS

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2
3 Eder Deferred Gifts manages the assets of charitable gift annuities it has issued
4 and charitable gift funds it has established for donors, as well as the assets of
5 charitable trusts and pooled income funds, for which it serves as trustee. It can
6 serve any Church of the Brethren member.

7
8 Assets under management at the end of 2023 were \$3,533,345, a decrease of
9 \$90,211 (2.4 percent) from the \$3,623,557 in total assets under management
10 on December 31, 2022.

11
12 At the end of 2023, EDGI was managing assets for more than 100 deferred gift
13 donors. Also, during 2023, a total of more than \$925,000 was distributed to
14 Church of the Brethren organizations.

15
16 We are available to consult with any individual who would like to contribute to
17 one or more organizations through the variety of charitable gift options. Let us
18 help you leave a legacy that is remembered for years to come.

EDER VALUES INVESTING

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20
21
22 One of the topics discussed by the Eder Board and staff in 2023 is determining
23 what Eder Financial should stand for as an active investor on behalf of members
24 and clients. Eder, as an organization that was created to be a Church of the
25 Brethren agency, has long adopted a three-pronged approach as a socially con-
26 scious investor. First, it does not invest in companies that make a significant
27 amount of revenue from abortion, alcohol, gambling, guns, pornography, to-
28 bacco, and weapons due to the screens it adopted that stem from Church of the
29 Brethren Annual Conference policy statements. Because of its creation by a his-
30 toric peace denomination, Eder also screens out the Top 25 publicly traded com-
31 panies that receive contracts from the U.S. Department of Defense. Eder also
32 screens companies that violate environmental regulations or are known to be
33 human rights violators.

34
35 Eder manages hundreds of stocks and bonds on behalf of its Retirement and
36 Organizational Investing members and clients. As a result, staff engage in share-
37 holder activism such as letter writing campaigns and an occasional shareholder
38 resolution as the second prong of its social advocacy. For more than 10 years
39 Eder has been the lead shareholder on an initiative with a major oil producer,
40 working to ensure that the rights of indigenous peoples around the world, where
41 the oil firm extracts petroleum from the earth, are treated fairly and with respect.
42 Eder also votes on behalf of the hundreds of shareholder ballots it is responsible
43 for as a shareholder of these companies. Through its votes, Eder strives to ensure
44 board diversity; fair compensation for CEOs; environmental responsibility; and
45 overall good, responsible corporate citizenship.

The third prong is called positive development, which Eder does by providing members and clients with an investment option that helps infuse inner city areas with redevelopment funds.

As Eder moves to offering its services beyond the denomination to serve others that share common bonds and convictions, the question of what Eder should stand for as a faith-based investor in the future was raised. This question was poignant as the firm was working to create two Department of Defense Lists it produces annually to show the defense contractors it screens from its investments. The first list is the aforementioned Top 25 list, the second is a list of all defense contractors that are worth \$200 million or more that generate 10 percent or more of their revenue from DoD contracts. However, in creating the Top 25 list in April 2023, five new companies were initially added. Subsequent research showed that these firms were added due to the size of the contracts they recently received, contracts to either work on COVID-19 vaccines or test kits. Additional research found that one of the top 25 companies received a DoD contract to work on developing alternative energy resources, while yet another firm received a DoD contract to help people who have artificial limbs. As a result, people with limb disabilities can be outfitted with prosthetics that are connected to their brains. This technology and research afford patients the ability to move their limbs with their thoughts, just as they do their natural limbs. In one case the artificial arm was equipped with sensors at the end of the prosthetic fingers, which allowed the patient to once again experience feeling and the sensation of holding his wife’s hand.

These examples begged the question — what does Eder Values Investing stand for? Does Eder want to arbitrarily screen out companies that receive DoD contracts, or does it want to screen out companies that make weapons and contribute to violence and war, but support companies that are doing work that will benefit society? In November the Board decided that it needs to develop a mission statement for its Eder Values Investing philosophy, but it wants to adopt the latter example, which means supporting companies that are working for humanity’s greater good. Thus, heightened scrutiny will be given to the development of the two DoD lists in 2024. The Board and staff are also expected to continue working on the EVI mission statement.

INVESTMENT OVERSIGHT

Eder Financial and its affiliates, Eder Organizational Investing and Eder Deferred Gifts, operate a comprehensive investment system that utilizes a number of partner organizations to help manage funds under Eder’s management in an efficient, compliant, and legal manner. Eder’s independent audit firm, Legacy Professionals of Chicago, in 2023 gave Eder an unqualified audit opinion, the highest and best rating possible, which means the audit firm found Eder’s finances to be fair and accurate, with staff following processes and procedures that provide the safe management of Eder Retirement, Eder Organizational Investing, and Eder Deferred Gifts funds. In fact, the organization has received unqualified opinions for at

1 least a quarter of a century, which is a testament to the work of the financial over-
2 sight by staff and the Board's Budget and Audit Review Committee.

3
4 One critical partner to Eder's financial operations and the management of assets
5 under our management is Eder's custodial bank. The custodian focuses on asset
6 and account protection, compliance, and administration. Its primary function
7 is to safekeep, in electronic form, the securities, which are stocks and bonds,
8 that our investment managers purchase on behalf of our clients. Our clients' se-
9 curities and cash that is not invested are not assets owned by the bank. If the
10 custodial bank is bought or were to fail, custody assets would remain the prop-
11 erty of the account owner and could not be seized by the custodial bank or its
12 creditors. Eder believes that the first tact to prevent working with a bank that is
13 either purchased or fails is to select a large, well-managed profitable national
14 bank with a strong balance sheet, high credit rating, and a balanced and diver-
15 sified business model that generates a diverse earnings base. While Eder's cus-
16 todian meets this criterion, it also is a federally chartered bank subject to
17 rigorous oversight from the Office of the Comptroller of the Currency, the Fed-
18 eral Reserve Bank, and the Federal Deposit Insurance Company.

19
20 A second critical partner is Eder's treasury bank, which provides key services and
21 safeguards that Eder's Finance staff uses as it oversees the daily transactions of
22 funds. Eder's treasury bank is separate and apart from our custodian bank and
23 is also a federally chartered institution.

24
25 Recordkeeping is the third key part of our operation. It is how all client transac-
26 tions are accounted for and serves as the source of truth for all activity in the
27 Eder Retirement Plan, Eder Insurances Services, Eder Organizational Investing,
28 and Eder Deferred Gifts. The four recordkeepers Eder partners with are the book-
29 keepers of their respective accounts, but they do not provide advice, make design
30 decisions, nor sell Eder products. The recordkeepers track account holders, the
31 products and services they are using, money flow, and issue statements. Three
32 of the record keepers also provide user web sites, from which members can man-
33 age their accounts. Two of the record keepers provide call centers for Eder re-
34 tirement and insurance members and two also provide educational resources
35 for members. One of the record keepers is called our reconciliation agent, which
36 keeps track of the flows of all investments, and each day strikes the daily net
37 asset value of Eder's 60-plus investment funds.

38
39 The fourth component of our investment system is the Eder Finance and Infor-
40 mation Technology teams, which coordinate the work with Eder's various part-
41 ners. The teams adhere to industry standards and best practices, including
42 overseeing measures to help Eder mitigate various internal and external risks.

43 A final but crucially important task assumed by Eder is the supervision of the
44 various investment managers of Eder's investment funds. The staff investment
45 team — which includes the president, CFO, VP of Products and Services, the di-
46 rectors of retirement and organizational investing, and two members from Eder's

investment consultant firm — meet on a monthly basis to review investment manager performance, investment offerings, fees, costs, and Eder Values Investing issues. This team is reportable to the Board’s Investment Committee, which in 2023 consisted of two financial planners, a manager at an asset management firm, and a district executive. This committee provides oversight of the Eder investment system on behalf of the full Eder Financial board.

EDER FINANCIAL BOARD

Two individuals familiar to the organization started terms on the Eder Financial Board in August 2023 after a one-year hiatus of being off of the Board — Eunice Culp, elected by the Board, and Dennis Kingery, elected by Annual Conference. Donna Rhodes, who served two terms, with the last four as Board chair, concluded her service on the Board.

The 2023-24 Eder Financial Board includes — Jan Fahs, chair; Wayne Scott, vice chair; Kevin Boyer; Eunice Culp; Sara Davis; Kathryn Haff; Dennis Kingery; Russ Matteson; Audrey Myer; Jerry Patterson; David Shissler; and Randy Yoder. David Steele, Church of the Brethren General Secretary, and Nevin Dulabaum, Eder Financial president, serve as ex officio members. The Eder Financial Board consists of five white females, six white males, one African American male, and two ex officio white males.

EDER FINANCIAL STAFF

Staff hires

In 2023, Eder Financial added six new individuals to its staff. They include — Lindsay Cart-Turner (February, Operations Manager for Eder Organizational Investing and Eder Deferred Gifts), Joy Dawes (May, Public Relations Manager), Mike Leiter (May, Client Services Manager), Rich Osei (April, Accountant), Riley Rowan (June, Business Development Director), and Nina Vyrasith (December, AR/AP Associate). Lindsay, Joy, Mike, and Riley reside in states other than Eder’s headquarters state of Illinois, demonstrating success with a remote and geographically diverse workforce.

In January 2024, Mark Watson joined the organization as a Client Services Manager.

Notable transitions

In December 2023, Veronica Treadwell retired after 33 years of service. During her tenure, she filled multiple roles in the organization developing a wealth of organizational subject matter expertise. Eder Financial is thankful for her service to the organization and the wider church.

The Eder Financial Team

The full-time Eder Financial staff as of January 2024 includes — Nevin Dulabaum, president; Michelle Kilbourne, VP of Internal Capabilities and Vitality;

1 John McGough, CFO and VP of Finance; Lynnae Rodeffer, VP of Products and
2 Services; Loyce Swartz Borgmann; Debbie Butcher; Lindsay Cart-Turner; Joven
3 Castillo; Russ Chrusciel; Tammy Chudy; Victoria Crouter; Joy Dawes; Lori
4 Domich; Precious Earley; German Gongora; Fatima Kurth; Mike Leiter; Beth
5 Martin; Diane Parrott; Dan Radcliff; Huma Rana; Tracy Repmann; Riley Rowan;
6 Ed Shannon; Jeremiah Thompson; Nina Vyrasith; and Mark Watson.

7
8 The Eder Financial staff that support our organizational initiatives in a modified
9 staffing arrangement are Scott Douglas, Jim Lehman, Rich Osei, Dave Shetler,
10 and John Smith.

11 CONCLUSION

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14 The 2023 Annual Conference approved Eder Financial's updated *Articles of Or-*
15 *ganization*, which is the agreement between the denomination's top authority
16 and our organization for Eder to continue serving as a Church of the Brethren
17 agency. Included in those updates was approval for Eder to elect its own Board
18 members, a minimum of seven which must be Church of the Brethren members.
19 It affirmed that Eder should receive contact data from congregations, districts,
20 and organizations of the denomination so that Eder can effectively provide the
21 services that Annual Conference has asked Eder to provide. It acknowledged that
22 Eder's social investing witness might at times go beyond Annual Conference
23 statements as the Board and staff discern what Eder Values Investing means and
24 stands for. And it approved Eder branching out beyond the denomination to
25 serve others who will benefit from Eder's approach to service delivery and who
26 believe they have common bonds and convictions with Eder's values and mis-
27 sion.

28
29 Eder's logo is accompanied by three words – Bold. Balanced. Trusted. Eder is
30 bold in the way it unabashedly serves others, working to provide value in its
31 products and services that provide solutions to its members and clients. Eder is
32 balanced in its partnerships, balancing the assistance to others to flourish and
33 meet their goals while ensuring that Eder itself has a sustainable business model
34 so that it can continue its work indefinitely. Eder is trusted not only in the in-
35 formation it gives, but in the confidential approach it takes to the information
36 it holds on behalf of others.

37
38 Bold, Balanced, and Trusted spell out BBT, which is a tribute to name of our or-
39 ganization from 1988 to 2022. These words honor our organization's past while
40 clearly defining its present and future. So, while these pages report our work from
41 2023, we are actively working in 2024 to serve others while growing our business.
42 If we are currently serving you, thank you for your business. If we aren't serving
43 you, your pastor and church staff, or church organization, ask us how we might
44 help you and your organization achieve its goals. That is why we are here.

45
46 Jan Fahs, Board Chair
Nevin Dulabaum, President