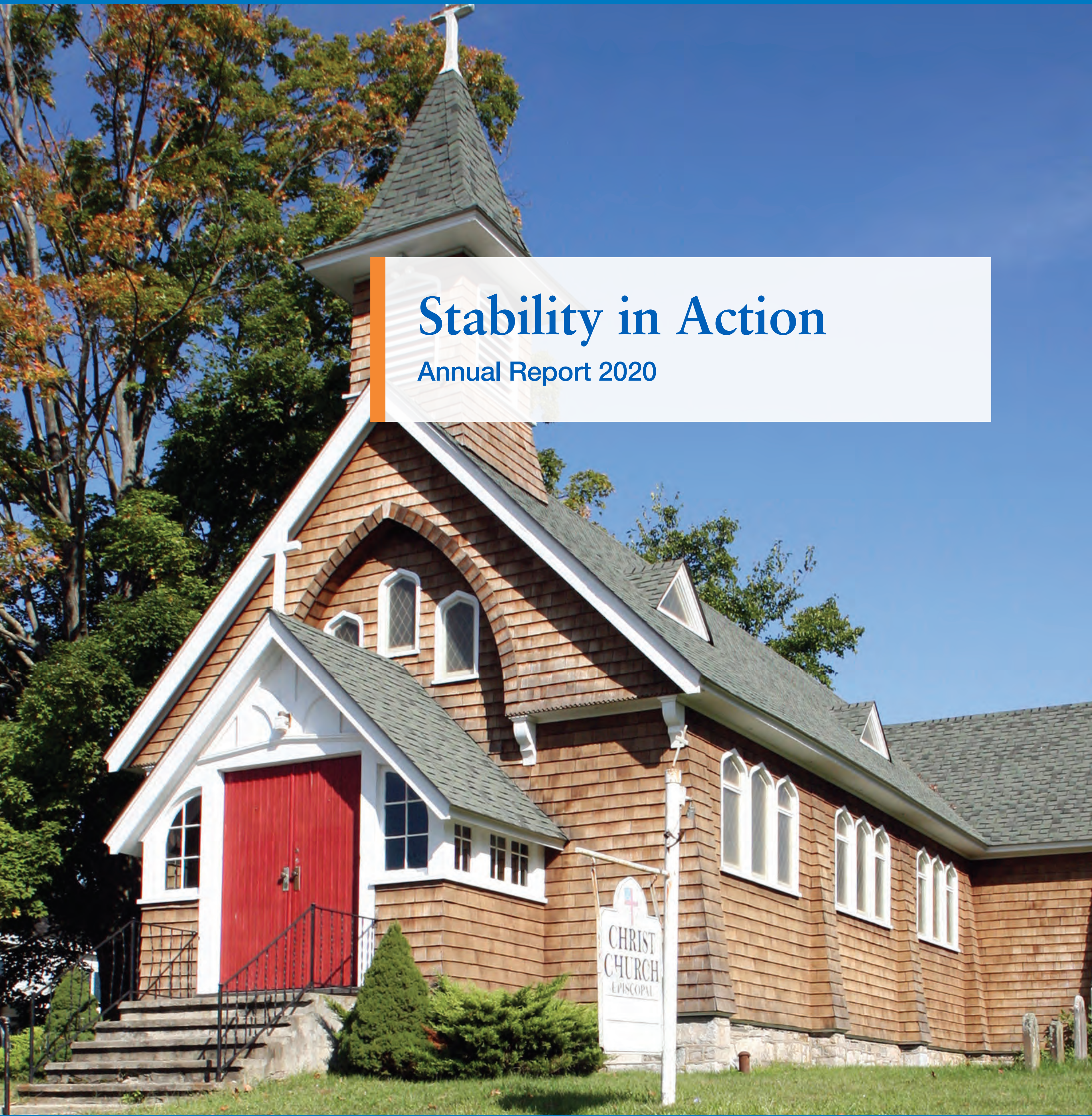
CHURCH
PENSION GROUP
Passionate About Our Purpose

Stability in Action

Annual Report 2020



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A Message from Mary Kate Wold

Chief Executive Officer and President

Dear Friends:

To say these past several months have been challenging would be an understatement—from the COVID-19 pandemic, which has brought illness, death, and market volatility, to the senseless killings of George Floyd, Breonna Taylor, Ahmaud Arbery, and Rayshard Brooks, which have brought urgent attention to the ongoing issue of racial injustice in the United States. During these times of pain and uncertainty, we have remained steadfast in our values, ensuring that we remain a stable and supportive presence, not only for the Church but also for our employees.

Our longstanding commitment to inclusion has resulted in a diverse workforce that continues to thrive, learn, and engage in constructive conversations about difference. Thought leaders such as Catherine Meeks, PhD, Executive Director of the Absalom Jones Center for Racial Healing and Church Publishing author; Shawn Rochester, author of *The Black Tax: The Cost of Being Black in America;* and The Most Reverend Michael B. Curry have visited with us and have spoken about the experience of racism, the promise of equality, and the difficult work we all are called to do, to love our neighbors as ourselves.

Employee-led affinity groups provide opportunities for people of color and other demographics to support each other, and ongoing training for employees and The Church Pension Fund Board of Trustees (CPF Board) continues to keep issues of equality front and center in our work. Racial tension can undermine the collaborative culture of any organization, and we are doing everything in our power to advance our own understanding so we can create even more space for healing and reconciliation at the Church Pension Group (CPG).

Over the past year, I have travelled extensively around The Episcopal Church to engage in conversations with those we serve. Responding to resolutions passed by the 79th General Convention, we initiated a study of parity and equity in benefits. My conversations with different groups of clergy and lay employees made it clear that these social justice issues extend beyond benefits. Gender, race, geography, and type of ministry are perceived to play a role in professional development, career trajectory, compensation philosophy, and benefits. We will be summarizing our findings in various reports to General Convention and Executive Council, and we look forward to supporting the Church as it tackles these important social issues.

The COVID-19 pandemic has called us to adjust operations to reflect a temporary new reality, and we have strived to maintain a steely focus through so much change. Instead of visiting with you face-to-face, we are responding to client needs from our homes and reaching out to our stakeholders via phone, email, social media, GoToMeeting, and Zoom. Where would we be without technology?

The pandemic has not stymied our usual collaboration across our organization and with the CPF Board. Even in this challenging environment, our commitment to those we serve remains unwavering. CPG exists to support the clergy and lay employees in their calling to spread the gospel, and we do this by providing, among other things, the highest possible income in retirement that is consistent with exemplary fiscal stewardship on our part and with the evolving needs of the Church.

This Annual Report tells the story of our ongoing commitment to stability—to professional, compassionate, and trustworthy support of the people and institutions that depend on us to be here in certain and uncertain times. I hope you enjoy it.

Faithfully,

Mary Kate Wold

Mary Kate Wold
Chief Executive Officer and President

Stability in Action

How is CPG continuing to serve the Church during uncertain times? **Mary Kate Wold, Chief Executive Officer and President,** explains how preparation, planning, and a set of core values are helping us stay focused.

Watch video at: *http://bit.ly/StabilityinActionCPG*

Video Transcript:

We seek always to be a stable presence for the Church, and that is more important now than ever. As soon as we started to detect that there was a serious crisis on the horizon, we started thinking about how we, in the context of our own mission as the Pension Fund, could serve the Church during this unique time. From a financial standpoint, of course, the markets have been very volatile; but that is something that we were prepared for. We've been around for a hundred years.

We know that we have obligations for decades out into the future that we need to be prepared to uphold, and therefore, we know that we need to have sufficient assets in the pension fund at any particular time to be able to see us through those crises. And this crisis is no different. I can assure you that we are managing the assets in our pension portfolio in a way that will ensure that we are able to uphold our promises for decades into the future.

From an operational standpoint, in mid-March, all of a sudden, we were out of the office and all working from home. I think even the most optimistic of us have been pleasantly surprised at how well people immediately settled into that new normal. Some people say that a crisis doesn't so much build character as reveal character, and I think that's true. I am most proud of our employees, my colleagues at the Church Pension Group.

Through this crisis, they have been living out our core values of professionalism, compassion, and trustworthiness. They have been singularly dedicated and focused on serving The Episcopal Church.

During a time of crisis, I think we, in the Church, always focus on counting our blessings. For me, the greatest blessing is serving this organization, and serving it at a time when we can be instrumental in helping the Church see its way through a crisis and come out strong on the other side.

A Commitment to Equality

The sin of systemic racism affects us all, and we at CPG stand united with The Episcopal Church and with others who are actively pursuing change. We understand the critical role diversity, inclusion, and equality play in the health of our organization and in our service to the Church. We take care to recruit, develop, and promote talented employees of color into positions of authority because we believe diversity at every level at CPG contributes to our success.

Whether we are tackling business issues from a variety of perspectives, working with vendors from different backgrounds, collecting and sharing insights regarding racial, ethnic, and other demographic data to help the Church more fully understand trends in deployment and compensation, or publishing books and other materials that aid in pursuing racial reconciliation, we remain committed to Becoming Beloved Community, to being—and doing—better.

We have reiterated that there is zero tolerance for racism at CPG, and our commitment to equality informs everything we do as an employer, a corporate citizen, and an organization that supports and serves the Church.

Strength in Numbers

At the Church Pension Group (CPG), we spend many hours managing, monitoring, and stress testing our financial strength, because our ability to pay benefits is the core of our work.

Stock market fluctuations over the past several months have had an impact on the value of our investment portfolio. However, we remain confident in our ability to keep our commitments for the following reasons:

- We have a highly-qualified team of investment professionals who know how to navigate market volatility.
- We deploy a longstanding investment strategy that helps us weather storms in the financial markets.
- We take a disciplined approach to planning and expense management that keeps our spending in check; we spend only what we need to in order to create value for our clients in a professional, compassionate, and trustworthy way.

Roger Sayler, our Chief Investment Officer, and Ellen Taggart, our Chief Financial Officer and Treasurer, provide leadership in these areas.

Market Volatility—A Fact of Life

Roger Sayler, Chief Investment Officer, believes investors can prepare for and manage through market volatility.

Watch video at: *http://bit.ly/MarketVolatilityCPG*

Video Transcript:

So the overall investment goal of The Church Pension Fund's assets is to make sure that we grow those assets at a sufficient rate so that we can maintain our financial strength and also to make benefit payments as we go forward into the future.

So our investment strategy doesn't really change as a result of events like the COVID pandemic, but rather our strategy is designed to be very long term. Our beneficiaries will be there for many, many years going forward in time, and so our investment strategy reflects that and doesn't really change in result of shorter-term types of events.

So the Pension Fund is well positioned to survive different types of market fluctuations. First of all, we start from a position of financial strength. The Church Pension Fund is very well funded and has been, and continues to be that way. And second, the portfolio is very diversified. It's not as volatile as people might expect it to be, which has worked to our advantage.

One thing that's interesting to note is that the recent market volatility can also create opportunities as well as headaches, and those opportunities can be realized by our investment managers that we have.

I would say Church Pension Group, I'm most proud of the strength of the investment process we have and the people who are managing those assets. The investment team we have is, first and foremost, very experienced and very professional. Most of the senior people in the Investment Group have been doing this for 20, 25 or 30 years, and so they've gone through many different types of experiences and different types of periods in the markets. It also is critically important in planning for how you're going to react in those types of environments. Are you going to stay with your long-term strategy? Are you going to start thinking you have to change things or whatever?

So experience like that, and seasoning like that, really is important in maintaining a long-term investment strategy which will prove to be very beneficial to everybody. So in this time of uncertainty, I'd like to leave one message with our clients, and that is that market volatility in episodes like this is to be expected. That's a fact of life. That doesn't mean we're not going to incur losses during those time periods. That just means that the strategy is designed recognizing that so we don't have enormous losses which are very difficult to recover from when we come out of those time periods.

That whole approach that we use has been in place for many, many years and has worked well for us for decades, and I expect it's going to continue to work well for us for decades into the future.

"Our investment process ensures that we are well positioned to identify investment opportunities during market disruptions."

Roger Sayler
Chief Investment Office

Investment Performance

Meeting the Challenge

The COVID-19 pandemic had financial implications along with a terrible human toll. Despite the painful and trying times, however, The Church Pension Fund (CPF) held up well during the 2020 fiscal year and it remains financially strong.

Stock markets around the world were lower for the 12 months ending on March 31, 2020, with the declines taking place in the first quarter of 2020 as the global shutdown took hold on businesses, markets, and economies. Some industries such as travel, tourism, oil, and financials have been hit hard, while others have been more resilient, such as technology and consumer staples. Bond markets have generally been positive with increases in value for the fiscal year ending on March 31, 2020, and in the first quarter of 2020.

CPF's portfolio is broadly diversified, composed of stocks, bonds, and other assets designed to generate the long-term returns needed to sustain its financial health and ensure that it is sustainable to meet future obligations over time. This diversification has served us well, buffering some of the volatility and market declines. Our investment performance for the three-, five-, and ten-year periods compares the portfolio's annualized returns with those of two key measures: CPF's annualized investment goal of 4.5% over inflation and a benchmark based on 67% global stocks (Morgan Stanley Capital International All Country World Index) and 33% US bonds (Bloomberg Barclays Aggregate Bond Index).

Taking into account the results over the past year, CPF has generated an annualized return of 7.7% over 10 years, greater than the investment goal of 6.2% and the market benchmark of 5.5%. Over three and five years, the results are more mixed. CPF has outperformed the market benchmark but is slightly behind the investment goal, due primarily to the recent broader market fluctuations and decline.

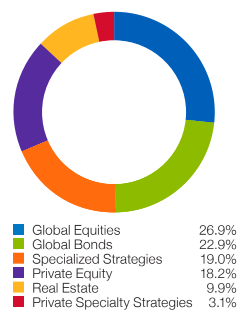
As of March 31, 2020, the value of CPF's portfolio was $13 billion, lower than a year before, but still sufficient to cover promised future obligations. As of the writing of this report, the portfolio has partially recovered, as equity markets rallied in the spring of 2020 in response to significant federal economic stimuli and bargain hunters moving in to capitalize on lower-priced assets.

The economic headwinds we face may be with us for months or even years to come. While we certainly do not welcome these challenges, we continually plan for them. We have anticipated market corrections, measured the possible impact on the portfolio, and developed scenarios for responding, in the context of a long-term investment approach that remains consistent. We will work through the short-term challenges, remaining focused on our long-term goal of providing financial security for those we serve.

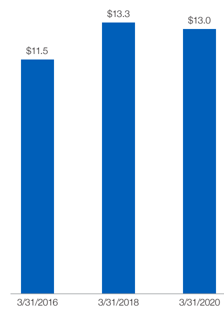
June 2020

Investment Performance

Asset Allocation

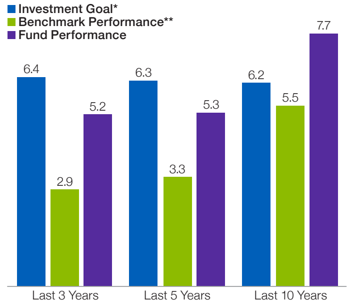


Investment Portfolio Assets (Billions)



Investment Performance

Annualized Total Returns in Percentage (preliminary) for the period ending March 31, 2020



*Investment goal is a return of 4.5% over inflation.

**The benchmark consists of 67% global stocks (Morgan Stanley Capital International All Country World Index) and 33% U.S. bonds (Bloomberg Barclays Aggregate Bond Index).

Controlling Costs with Tough Questions

Ellen Taggart, Chief Financial Officer and Treasurer, believes asking the right questions is the first step to ensuring financial discipline across the Church Pension Group.

Watch video at: *http://bit.ly/ControllingCostsToughQuestionsCPG*

Video Transcript:

Good Questions Lead to Financial Discipline

The Finance Group supports the work of The Episcopal Church by making sure that our colleagues are really clear about how we use our resources. We recognize that the money that we take in from The Episcopal Church is not our money. It is not an open resource, and we need to be really smart about how we use that money to deliver back to our clients and to the Church.

So the Finance Group works with our colleagues to really think about our investments, to make sure that our investments are driving efficiency and effectiveness, or that we are investing in our people and in their personal development, so that ultimately the programs, the products, the services that we're investing in are giving the highest value back to our clients and to the Church.

So I have been proud to be an employee of the Church Pension Group since I started here over 15 years ago, and that's because I really believe in the purpose of CPG. But in these last several weeks, I've been super-proud of our employees because in these really unprecedented times, our teams have stepped up and they have continued to serve our clients in the Church as best as they know how.

They've also been very supportive of one another in sharing tips and tools on how to work from home and how to manage personal life while working for CPG.

"We need to be really smart about how efficiently and effectively we use the money we take in from the Church so that we can to deliver the highest value back to our clients."

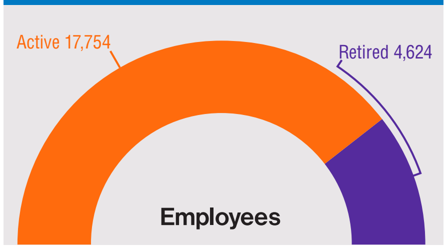
Ellen Taggart
Chief Financial Officer and Treasurer

Striking the Right Balance

Frank Armstrong, Chief Operating Officer

22,378

Number of active (17,754) and retired (4,624) lay employees with CPG pension, medical, or other benefits



as of March 31, 2020

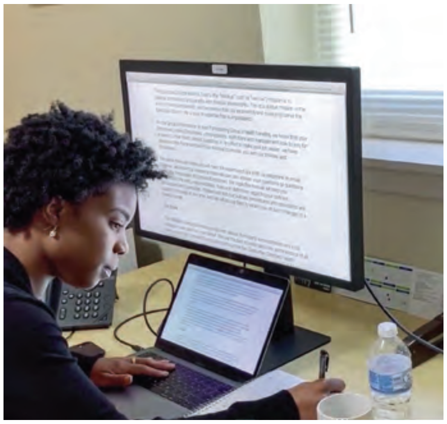
The Church Pension Group exists to support clergy and lay employees in their calling to spread the gospel. We do this by helping clients prepare for retirement, manage their personal well-being, protect Episcopal Church buildings, and access content and other resources for liturgy and various ministries.

Paying close attention to what is happening around the Church helps us understand client needs, and crunching the numbers helps us manage the financial impact of everything we do. Our work involves striking the right balance between compassion and fiscal stewardship, between responding to needs in the short term and protecting our ability to keep commitments and adapt as needs evolve.

Recent revisions to The Church Pension Fund Clergy Pension Plan and related plans, our multi-year approach to offering meaningful choice in the Denominational Health Plan, and the decision to reduce deductibles on property and casualty policies were all the result of studying client needs and identifying cost-effective and sustainable ways to meet them. We look continually to provide value and stability to the people and institutions we serve.

The coronavirus pandemic is presenting new challenges to our clients, and new calls to help the Church in financially sustainable ways. So far, we have been able to provide financial relief in the form of clergy pension waivers, extensions of time to pay insurance premiums, medical plan contributions, pension assessments, and free downloads of worship materials provided by Church Publishing Incorporated. We have partnered with our Chaplains to the Retired to facilitate compassionate conversations and with third parties to offer *educational webinars* and brief videos about financial, emotional, and mental psychological well-being. And we have worked closely with bishops and dioceses around the Church as they wrestle with adapting their ministries to a changed world.

Here are a few of their stories:



A Strong Partnership

Esslie Hughes, Chief of Finance and Operations of the Diocese of New York, and **Akina Warner, Account Specialist, Integrated Benefits Account Management Services** at CPG, describe the strong partnership they developed in helping the diocese respond to the impacts of COVID-19.

Watch video at: *http://bit.ly/AStrongPartnershipCPG*

Video Transcript:

Esslie Hughes

The Episcopal Diocese of New York is extremely large and diverse. Our 192 congregations comprise more than 48,000 members across seven different counties. The Diocese of New York has been impacted by the pandemic in a number of ways—firstly, loss of life and illness.

The times we're in are really challenging, and they're probably going to continue to be challenging. Ultimately, I think a lot of good is going to come out of this. CPG's response to the diocese during this pandemic has been exceptional. Akina Warner, our account representative, has been professional, responsive, patient, terrific on follow up, and answered our numerous questions.

We've been delighted that CPG has offered the two-month waiver of the pension payments, which has been and will be a huge help.

While this has been a very challenging time, and challenging times will probably continue with such an uncertain future, I am very hopeful that ultimately the Church will emerge from this in a healthier and stronger place.

Akina Warner

At CPG, we always aim to serve the diocese and congregations we support with the utmost care, compassion, and respect. The pandemic has only elevated this philosophy.

I've really marveled at the way the diocese has been resilient, and they've really adapted swiftly in order to protect and provide for those we serve. CPG's core values of compassion, professionalism, and trustworthiness have really guided the way we function on a day-to-day basis, and it's really become the foundation for what I aspire to be for the groups that we serve.

Being here for the Church, especially in times like these, is really CPG's reason for being. And I'm honored to be a part of that.

War and Peace of Mind

As a chaplain during the Iraq War and the author of Church Publishing's *Post-Traumatic God: How the Church Cares for People Who Have Been to Hell and Back,* David W. Peters already knew a thing or two about facing challenges when the coronavirus pandemic struck.

"The little things CPG did meant a lot, from offering free downloadable resources to waiving shipping fees on books," he said, noting that "Episcopalians all over the internet" were helping each other get copies of *The Book of Common Prayer.* "Most people in our church are using their phone when they Zoom morning prayers. They don't have another screen to read off of, so having a copy of the prayer book in their hands is really good."

Father Peters, Vicar of Saint Joan of Arc Episcopal Church in Pflugerville, Texas, near Austin, noted that one thing in particular makes a real difference during uncertain times: maintaining consistency. "It's almost like a desperation that I sense from them. This is what's keeping them going—these regular meetings for prayer. Every day, we pray a little differently, but it's consistent."

Being able to depend on Church Publishing to provide pivotal worship materials and other publications has been key, he added. "I'm really thankful for what CPG has done over the years to produce both quirky and more mainstream resources and, now during this crisis, to make sure that those who need them can easily get them."

For Daniel Simons, priest in charge at St. Paul's on the Green in Norwalk, Connecticut, consistency is also essential to coping with the coronavirus crisis. "I'd been here for literally only six weeks when COVID-19 hit. I decided that the thing we needed to do most was pray, as a way of stabilizing ourselves," he explained. "To start, if people didn't have a daily practice, they needed to get one. And if they did have a daily practice, then they needed to anchor in it."

He too is grateful for the many curated, free, or otherwise convenient resources Church Publishing offered to help people navigate the crisis. *"The Saint Helena Psalter* is gold," he said. "This has been my go-to. One of the things that it does is use second person—'you'—when referring to God, instead of 'He' and 'Him.' Suddenly the Psalms just come alive, because you're talking directly to God. And they're all about saying 'Help, God. Things are not well.' So, when you're praying the Psalms in a pandemic, they make a lot more sense."

Rev. David W. Peters

Rev. Daniel Simons

2,671

Number of products and titles offered by Church Publishing Incorporated

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New Connections for Retirees

During crises like the COVID-19 pandemic, the Reverends **Len** and **Lindsay Freeman of The Chaplains to the Retired Clergy** and **Surviving Spouses** in the Diocese of Minnesota have found joy in discovering new ways to overcome isolation and deliver pastoral care. They call helping those they serve get the most out of special CPG resources "a real gift."

Watch video at: *http://bit.ly/NewConnectionsCPG*

Video Transcript:

The Rev. Lindsay Freeman

Our role as Chaplains to the Retired here in The Episcopal Church in Minnesota is one of connections: of making connections with the larger church, the Church Pension Fund, with the diocese, the bishops here, and with all the rest of the clergy.

It's a challenging time right now in terms of the pandemic in that everyone is in their houses. People are scared to go out. They've been told not to go out.

And so we are making connections through Facebook, through Zoom, through phone calls—any way we can.

The Church Pension Fund is a wonderful resource for clergy, both financially, spiritually, even emotionally, in the sense that we are there for clergy.

The Rev. Len Freeman

If I could speak to all clergy, probably the one thing I'd want to say to them is: You have a ministry, and don't forget that. We're friends. We're mentors. We're, frankly, wise older heads. The larger church needs us, but also our fellow retired clergy need us.

Retired clergy already feel a little out of the loop, and then even that loop falls apart. And then your local connection, the local parish, falls apart.

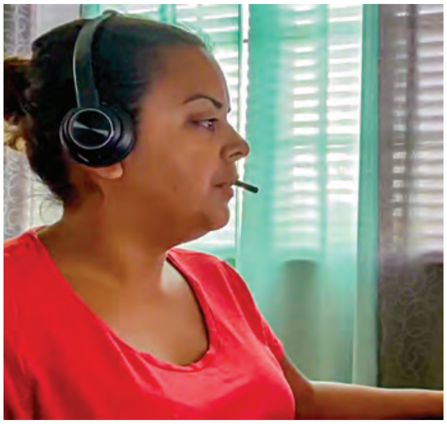
We have a new bishop coming in. We were supposed to have a meeting with him. We had to cancel that. I thought: "You know, he's already got the time in his schedule. What if we set up a series of Zoom meetings—you know, smaller groups: 10, 12, 20—with him?" And so we've been looking at projects like that.

I am, frankly, amazed, gratified, appreciative how much the Church Pension Group actually does for all of us, how much it looks out for us. One of the things I've discovered along the way is they really have our best interest at heart.

Keeping the Good Going

And our work continues. CPG employees have been working remotely since March 16, 2020, answering questions and responding to client requests across our lines of business.

So many things around us are changing, but our commitment to serving the Church at the highest possible level remains the same. Amid so much uncertainty, consistency is important. Consistency builds trustworthiness, which is one of CPG's core values.



Earning Trust, One Call at a Time

Client Services Representatives are the voice of CPG when members call. **TraceyAnn Harvey,** Senior Vice President, Client Services, is determined that her team maintain as much operational agility working in a remote environment as they do when in our offices.

Watch video at: *http://bit.ly/EarningTrustCPG*

Video Transcript:

Our Client Services Representatives are trained to educate our clients on our various products and services. However, one critical aspect of the job is ensuring that they learn how to manage the expectation and fears of our clients. Our Client Services Representatives are highly skilled and are fully capable of handling most, if not all, client situations. Prior to the COVID pandemic, CPG always monitored its interactions with our clients through our client experience surveys.

We have been pleasantly surprised that these survey scores have remained consistently high, and this is an indication of how well we continue to serve our clients in spite of the disruption that this pandemic has caused. We encourage our clients to continue to engage with us. We love hearing from you, and it's important to remember that we're in this together. God bless.

105,260

Annual client interactions with CPG's Client Services group

as of December 31, 2019

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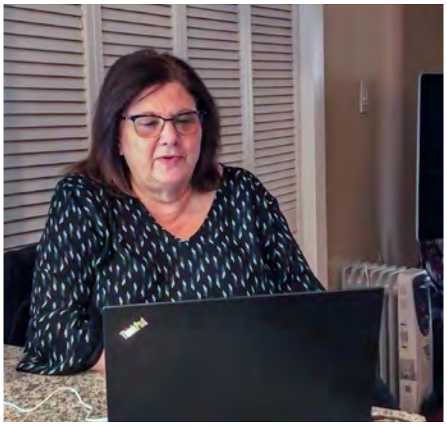

Resources for Wellness

Kathy Floyd, Senior Vice President, Education & Wellness, talks about the new resources that CPG has introduced to address overall wellness during the coronavirus pandemic.

Watch video at: *http://bit.ly/ResourcesForWellnessCPG*

Video Transcript:

As a result of the COVID-19 pandemic, we've had to really change the way that we've been doing things. We really have been focusing on Compassionate Programming now that we have a hard time doing our conferences and many of them have been postponed.

In our Compassionate Programming, we work with social media. We do Financial Tips of the Day on Tuesdays. We do Wellness Wednesdays, where we're doing a program called *Coping During Uncertain Times.*

We've done webinars on anxiety and on market volatility. We're also working very closely with The Chaplains to the Retired. We're particularly concerned about some of the scams that our retirees are facing, so we've been working with the Consumer Financial Protection Bureau and AARP to get messages and information out to them. So we're very proud of the fact that we've been able to meet this challenge with COVID-19 and to help our clients through this difficult time.

Working together, we've been able to move forward in a compassionate way.

4,600

Number of participants in conferences, webinars, and one-on-one discussions hosted by CPG's Education & Wellness group

as of December 31, 2019

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Virtual Before It Was the Status Quo

Church Insurance Agency Corporation has operated in a remote environment for years. It's the nature of our work, **Steven Follos** explains.

Watch video at: *http://bit.ly/VirtualBeforeCPG*

Video Transcript:

Church Insurance was really all set up to cover something like a pandemic. What we're doing is an outbound call for the renewals, where we first gather the information. We provide it to the folks in our Bennington, Vermont area, who are now working out of the home. They put their quotes together and provide it to us. We then get in touch with the vestry, rector, treasurer, whomever makes the decision on the property insurance, and we present it virtually.

We're still able to answer any of the questions they may have, concerns they may have. So we've learned to do GoToMeetings and Zoom conferencing. We miss the personal moments with the vestry or the ability to see the church and see the beautiful structures that they have, and we're looking forward to when we can get back out onto the road.

90

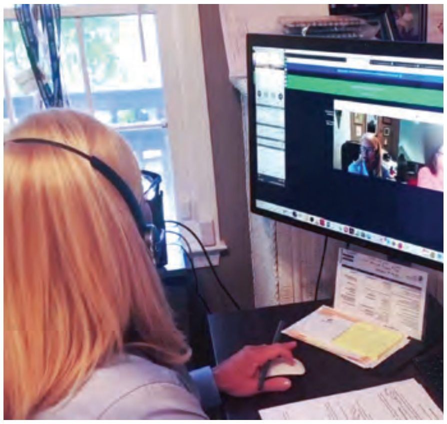
Percentage of US Episcopal churches insured by The Church Insurance Companies, including property and liability protection

more facts on page 23

Not an Ordinary Ordination

North Carolina was under a stay-at-home directive due to the coronavirus pandemic, and ordinations had ground to a halt. But, without being ordained, the Reverend Anna Skae Page could not be deployed as an Army chaplain and would therefore not be able to meet her critical obligation to the military. In our capacity as the Recorder of Ordinations we were pleased to have played a small role in supporting the Diocese of North Carolina in making this happen despite the sudden restrictions of the worldwide health crisis.

With attendance limited to 10 and physical distance maximized, there was just one moment of human contact: the laying on of hands, a Book of Common Prayer requirement. But this time, the hands of Bishop Samuel Rodman were gloved, and he wore a mask, as he performed the ceremony, held at St. Michael's Episcopal Church in Raleigh, North Carolina, where Chaplain Page was a curate. "This pandemic is a humble reminder that so much is out of our control," she said.



Reimagining Relationships

Laurie Kazilionis, Senior Vice President, Integrated Benefits Account Management Services, describes how her team is keeping in touch with Episcopal institutions, and how she plans to incorporate virtual contact into future interactions with those CPG serves.

Watch video at: *http://bit.ly/ReimaginingRelationshipsCPG*

Video Transcript:

As we've navigated this crisis of COVID-19, we have discovered that there are some things we can do slightly differently. We've always put a huge premium on our relationships. But one of the things that the IBAMS team has realized is that the relationships are incredibly valuable, but the way we go about accomplishing them might be slightly different. Our model has always traditionally been inperson visits with our bishops, our administrators.

And we have discovered that we have strong relationships, and we can continue those strong relationships virtually. The value of that virtual format will be that we can be more efficient with human resources. We can be more efficient with the resources we've been entrusted with.

Our Benefits Partnership Conference that has traditionally been held in May needed to be postponed, and that necessitated us to go back and figure out a new way to do it.

We are currently planning two short afternoon virtual sessions in July to gather our clients together and provide them with critical content—the things that CPG needs our clients to know. We want to give them a mini-virtual Benefits Partnership Conference experience.

Going forward, we're going to use the learnings of the last few months to both build relationships inperson and to cultivate relationships. And we look forward to seeing you soon.

10,401

Number of churchwide organizations, conference centers, congregations, diocesan entities, educational bodies, healthcare facilities, and other Episcopal institutions served by CPG

as of March 31, 2020

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Year in Review

Message from The Church Pension Fund Board of Trustees

Every year, the Board sets ambitious goals that align with CPG's long-term vision of providing the highest possible level of income in retirement consistent with our fiduciary responsibility and with the evolving needs of The Episcopal Church.

Dear Friends:

The Board's primary responsibility is to oversee the strategic direction and performance of the lines of business that comprise the Church Pension Group (CPG). Every year, the management team sets ambitious goals that align with CPG's long-term vision of providing the highest possible level of income in retirement consistent with our own exemplary financial stewardship and with the evolving needs of The Episcopal Church. Their goals are financial, operational, and relational.

Financially, CPG strives to outperform specific investment benchmarks while controlling annual expenses. Operationally, CPG pursues greater effectiveness and efficiency by exploring even better ways to deliver its products and services. Relationships are strengthened through thousands of personal visits and other points of contact that keep CPG in touch with the needs of our changing Church. We are pleased to report that CPG exceeded expectations in its key performance indicators.

CPG has been a stable presence in The Episcopal Church for more than 100 years, and it continues to provide stability in these unprecedented times. In the midst of the coronavirus pandemic, CPG has offered relief to institutions and individuals in need, while continuing to protect its ability to pay benefits over the long term.

It is an honor and a privilege to serve the Church as a member of The Church Pension Fund Board of Trustees, and we look forward to the year ahead.

Faithfully,

Thomas J Brown

The Rt. Rev. Thomas James Brown
Chair

Kathryn McCormick

Canon Kathryn Weathersby McCormick
Vice Chair

The Rt. Rev. Brian N. Prior
Vice Chair

Mary Kate Wold

Mary Kate Wold
Chief Executive Officer and President

The Rt. Rev. Thomas James Brown
Chair

Canon Kathryn Weathersby McCormick
Vice Chair

The Rt. Rev. Brian N. Prior
Vice Chair

Mary Kate Wold
Chief Executive Officer and President

The Church Pension Fund Board of Trustees

Lay and ordained leaders, experienced investment managers, business and professional leaders, attorneys, and accountants are among the professions represented on the Board. They come from diverse experiences, but share a common love for the The Episcopal Church and a desire to serve its people.

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Honolulu, Hawaii

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Episcopal Diocese of Ohio
Cleveland, Ohio

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Deputy Executive Director and General Counsel,
Fire and Police Pension Association of Colorado
Denver, Colorado

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Attorney, Law Offices of Sandra Ferguson McPhee
Evanston, Illinois

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Former Chief Operating Officer, Domestic and Foreign Missionary Society
Weaverville, North Carolina

The Rev. Canon Dr. Sandye A. Wilson[2, 3]
Former Chief Operating Officer, Saint Augustine's University
Baltimore, Maryland

Mary Katherine Wold[1, 2, 4, 6, 7]
CEO and President, The Church Pension Fund
New York, New York

[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

Church Pension Group Officers & Principal Outside Advisors

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

Church Pension Group Officers*

Chief Executive Officer and President Mary Katherine Wold

Executive Vice Presidents
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Patricia S. Favreau
The Rev. Canon Anne Mallonee
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Andrew Scherer
Stephen Tihor
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Alan F. Blanchard, President Emeritus
David R. Pitts, Chair Emeritus

**Includes officers of The Church Pension Fund and officers of affiliated companies, which include The Church Insurance Agency Corporation, The Church Insurance Company of Vermont, Church Life Insurance Corporation, The Episcopal Church Medical Trust, and Church Publishing Incorporated, between April 1, 2019 and March 31, 2020.*

***Effective April 2020: Theodore Elias was promoted to Executive Vice President and Chief Administrative Officer to replace Maria E. Curatolo, who retired May 1, 2020; Paul Calio retired as Senior Vice President, Integrated Benefits Operations and William Psinakis was promoted to that position; James E. Thomas retired.*

Principal Outside Advisors

Custodian
The Northern Trust Company

Independent Auditors
Ernst & Young LLP
Johnson Lambert LLP

Pension Actuary
Buck Global, LLC

Health Plan Actuary
Aon Hewitt

Management Changes

Whether celebrating promotions or retirements after long, rich careers, CPG remains a vibrant organization in which employees thrive as they serve those who serve The Episcopal Church.

Maria E. Curatolo
Maria Curatolo retired as Executive Vice President and Chief Administrative Officer after 22 years at CPG. Under Maria's leadership, CPG became a more diverse and inclusive organization. Maria helped us create an attractive and sustainable workplace, and embrace green principles in daily activities. Under her leadership, CPG employees became more active corporate citizens, who donate time and funds to various causes and who live into CPG's values of compassion, professionalism, and trustworthiness.

Theodore Elias
After serving as Vice President of Learning & Organizational Development since 2014, Theodore Elias became Executive Vice President and Chief Administrative Officer upon the retirement of Maria Curatolo. Ted now leads Human Resources, Facilities/General Services, and Corporate Sustainability. Before joining CPG, he was Talent Director at TIAA-CREF. He began his career in financial services at Citibank and held numerous senior positions in talent development at JPMorgan Chase.

Paul Calio
Paul Calio retired as Senior Vice President of Integrated Benefits Operations after a quarter of a century at CPG. For many years to come, both employees and those we serve will feel the positive impact of the foundation Paul laid for much of our health benefits work. William Psinakis has succeeded Paul.

William Psinakis
Appointed Senior Vice President of Integrated Business Operations, William Psinakis plays a leading role in operations among CPG's three lines of business. Bill ensures proper alignment among goals, processes, and technology while developing business solutions and best practices.

William Psinakis
SVP of Integrated Business Operations

Other CPG Highlights

From discussing shareholder engagement in Seattle and integrating clerics from Cuba into our international pension plan to introducing new web self-service capabilities and lowering the cost of specialty medications, CPG had a busy and successful year.

Exchanging Ideas

During the past year, we continued our Insights & Ideas series of conversations with a focus on shareholder engagement. In Washington, DC, Seattle, and online, we hosted expert panel discussions and shared insights from leaders in the field of socially responsible investing. Learn more and view presentations at *cpg.org/Insights&Ideas.*

Insights & Ideas

The Right Prescription

The Episcopal Church Medical Trust partnered with SaveonSP to help lower the cost of certain specialty pharmacy medications. These actions are projected to save the Medical Trust some $1.4 million on specialty drug costs in 2020.

Just in Case

Disability insurance is a cornerstone of personal financial security. As of January 1, 2020, Zurich American Life Insurance Company (Zurich) became the new vendor for our disability program. We chose Zurich for its improved financial terms, more flexible plan options, and a dedicated call center to answer client questions.

Online Ease

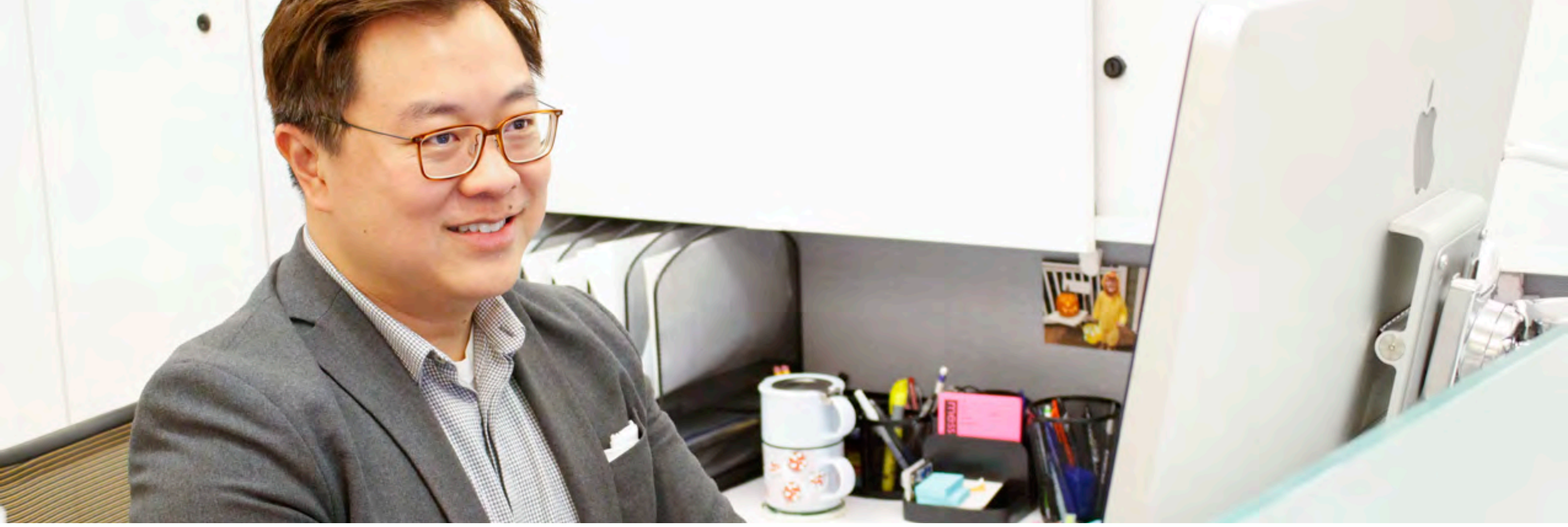
We introduced new web self-service capabilities to MyCPG Accounts. People can now update their personal information on their own, quickly, conveniently, and safely; run retirement estimates; and view their annual statements online.

¡Cuba Sí!

In 2018, the 79th General Convention voted to readmit The Episcopal Church of Cuba as a diocese of The Episcopal Church. A special CPG team worked to integrate eligible clergy into our International Clergy Pension Plan. On February 19, 2019, Cuba was officially readmitted. We are now in the process of educating the diocese's leadership on CPG's benefits programs and services.

News for Book Lovers

Church Publishing continued to find new ways to reach customers. Rapidly adding new titles to its catalog of books published in Spanish, it also released its first audiobook, Passionate for Justice: Ida B. Wells as Prophet for Our Time, narrated by authors *Catherine Meeks and Nibs Stroupe.*



Fast Facts

How much did CPG collect in assessments? What did we pay out in pension, medical supplement, and life insurance benefits? Find out—and much more.

$7.2 Billion
Benefits paid to clergy and dependents[1]

$98 Million
Annual assessments received from clergy, lay employees, and CPG staff[2]

$412 Million
Annual benefits paid for pensions, medical supplement, and life insurance for clergy and dependents, lay employees, and CPG staff[2]

91
Percentage of every premium dollar CPG used to pay healthcare claims in the Denominational Health Plan

$13 Billion
The Church Pension Fund's investment portfolio assets[3]

22,378
Number of active (17,754) and retired (4,624) lay employees with CPG pension, medical, and or other benefits[3]

$77,507
Average compensation of Clergy Pension Plan participants[5]

8,296
Number of retired participants in The Church Pension Fund Clergy Pension Plan[4]

311
Number of clergy ordinations in 2019

66
Average age at retirement

105,260
Annual client interactions with CPG's Client Services group[5]

4,600
Number of participants in conferences, webinars, and one-on-one discussions hosted by CPG's Education & Wellness group[5]

90
Percentage of US Episcopal churches insured by The Church Insurance Companies, including property and liability protection

10,401
Number of churchwide organizations, conference centers, congregations, diocesan entities, educational bodies, healthcare facilities, and other Episcopal institutions served by CPG[3]

2,671
Number of products and titles offered by Church Publishing Incorporated

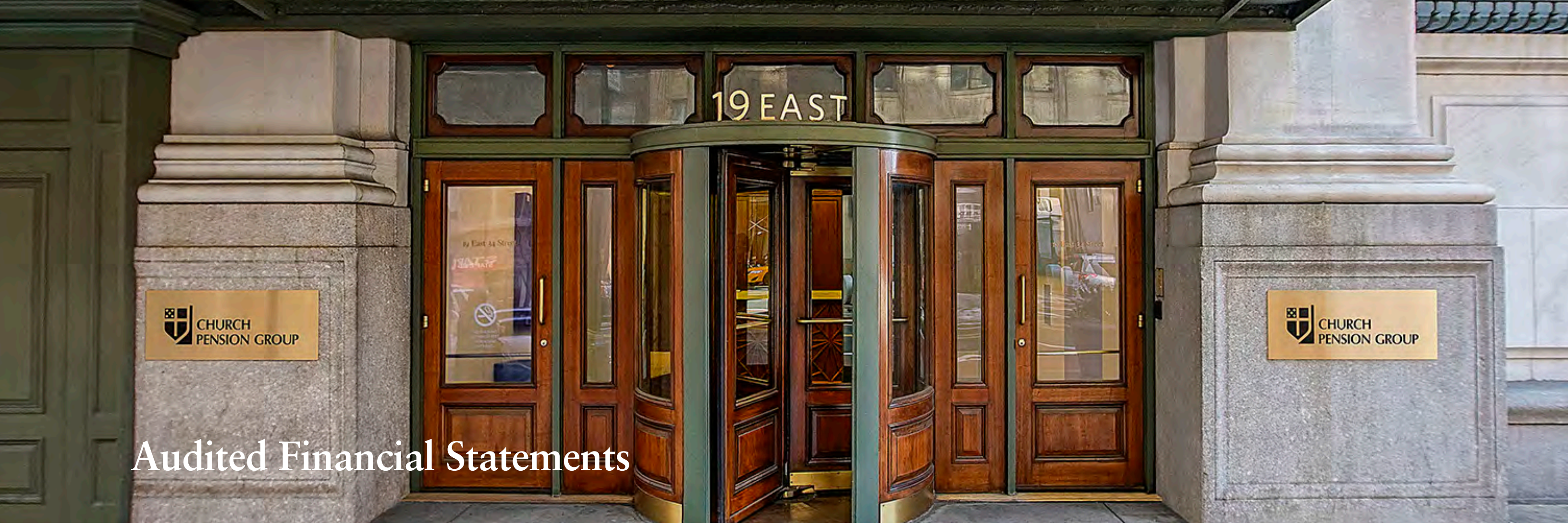
55
Average age at bishop consecration

$39,903
Average compensation of lay pension plan participants[3]

47
Average age at ordination

5,861
Number of active participants in The Church Pension Fund Clergy Pension Plan[4]

[1] From The Church Pension Fund 1917 inception through March 31, 2020
[2] April 1, 2019, to March 31, 2020
[3] As of March 31, 2020
[4] As reported in the Actuarial Valuation Report dated March 31, 2020 The participant count in the report is as of December 31, 2019
[5] As of December 31, 2019



Audited Financial Statements

CPG continually recalibrates our financial discipline across the organization so that we can return the highest value possible back to those who serve The Episcopal Church.

COMBINED FINANCIAL STATEMENTS

The Church Pension Fund, The Church Pension Fund Clergy Pension Plan, The Episcopal Church Lay Employees' Retirement Plan and The Staff Retirement Plan of The Church Pension Fund and Affiliates

Years Ended March 31, 2020 and 2019

With Report of Independent Auditors

Ernst & Young LLP

Building a better working world

The Church Pension Fund, The Church Pension Fund Clergy Pension Plan, The Episcopal Church Lay Employees' Retirement Plan and The Staff Retirement Plan of The Church Pension Fund and Affiliates

Combined Financial Statements

Years Ended March 31, 2020 and 2019

Contents

Ernst & Young LLP
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Report of Independent Auditors

To the Board of Trustees of The Church Pension Fund

We have audited the accompanying financial statements of The Church Pension Fund, The Church Pension Fund Clergy Pension Plan, The Episcopal Church Lay Employees' Retirement Plan and The Staff Retirement Plan of The Church Pension Fund and Affiliates, which comprise the combined statements of net assets available for benefits as of March 31, 2020 and 2019, and the related combined statement of changes in net assets available for benefits for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial status of The Church Pension Fund, The Church Pension Fund Clergy Pension Plan, The Episcopal Church Lay Employees' Retirement Plan and The Staff Retirement Plan of The Church Pension Fund and Affiliates at March 31, 2020 and 2019, and the combined changes in their financial status for the years then ended in conformity with U.S. generally accepted accounting principles.

Ernst & Young LLP

June 26, 2020

Combined Statements of Net Assets Available for Benefits

March 31	2020	2019
Assets		
Investments, at Fair Value	$ 12,691,738,970	$ 13,184,748,363
Receivables and Other Assets:		
Receivable from brokers	29,520,425	16,698,977
Assessments receivable, less allowance for doubtful accounts (2020 - $1,407,000; 2019 - $1,575,000)	3,756,177	5,725,949
Accrued investment income and other assets	76,748,178	76,948,931
Cash and cash equivalents	578,258,306	636,898,291
Total Assets	13,380,022,056	13,921,020,511
Liabilities		
International Clergy Pension Plan	195,708,914	170,102,959
Payable to brokers	54,287,824	69,091,458
Accrued expenses and other liabilities	153,246,738	126,594,686
Total Liabilities	403,243,476	365,789,103
Total Net Assets	$ 12,976,778,580	$ 13,555,231,408
Components of Net Assets		
Net Assets with Donor Restrictions:		
Legacy and Gift Fund	$ 32,915,086	$ 33,369,249
Total Net Assets with Donor Restrictions	32,915,086	33,369,249
Net Assets without Donor Restrictions:		
Legacy and Gift Fund	25,527,943	23,415,784
Total Net Assets without Donor Restrictions	25,527,943	23,415,784
Internally Designated:		
Clergy Post-Retirement Medical Assistance Plan	1,279,766,354	1,103,498,032
Clergy Life Insurance Plan	357,221,161	251,769,093
Clergy Benefit Equalization Plan	67,699,590	54,979,147
Clergy Child Benefit Plan	12,246,024	2,861,002
Clergy Short-Term Disability Plan	5,037,452	-
Clergy Long-Term Disability Plan	105,303,056	87,397,903
Investment in affiliated companies	142,373,377	121,234,825
Available for benefits:		
Designated for assessment deficiency	1,724,402,412	1,239,169,289
Net assets available for benefits:		
The Clergy Plan	8,823,484,292	10,207,973,779
The Episcopal Church Lay Employees' Retirement Plan	165,524,173	185,257,809
Staff Retirement Plan of The Church Pension Fund and Affiliates	235,277,660	244,305,496
Total net assets available for benefits	9,224,286,125	10,637,537,084
Total Internally Designated	12,918,335,551	13,498,446,375
Total Net Assets	$ 12,976,778,580	$ 13,555,231,408

See accompanying notes to the combined financial statements.

The Church Pension Fund, The Church Pension Fund Clergy Pension Plan, The Episcopal Church Lay Employees' Retirement Plan and The Staff Retirement Plan of The Church Pension Fund and Affiliates

Combined Statements of Changes in Net Assets Available for Benefits

Years Ended March 31	2020	2019
Additions (Reductions) to Net Assets		
Assessments	$ 98,479,244	$ 98,945,887
Interest	117,405,065	97,401,637
Dividends and other income	38,649,837	37,832,941
Net (depreciation) appreciation in fair value of investments	(280,499,646)	533,091,375
Total Additions (Reductions) to Net Assets	(25,965,500)	767,271,840
Deductions from Net Assets		
Benefits and Expenses:		
Pensions and other benefits	353,982,091	343,010,909
Medical supplement	39,998,610	38,165,723
Life insurance	18,241,971	17,543,349
Total benefits	412,222,672	398,719,981
Investment management and custodial fees	38,247,772	35,236,058
General and administrative	87,136,136	74,766,352
Total Benefits and Expenses	537,606,580	508,722,391
Other Deductions (Additions):		
International Clergy Pension Plan	25,605,955	8,160,492
Other (Assets) Liabilities	(10,725,207)	6,013,854
(Decrease) Increase in Total Net Assets	(578,452,828)	244,375,103
(Increase) Decrease in Net Assets		
Net Assets with Donor Restrictions	454,163	(1,641,511)
Net Assets without Donor Restrictions	(2,112,159)	(1,077,364)
Internally Designated:		
Clergy Post-Medical Retirement Assistance Plan	(176,268,322)	(5,011,106)
Clergy Life Insurance Plan	(105,452,068)	(2,194,890)
Clergy Benefit Equalization Plan	(12,720,443)	(4,018,097)
Clergy Child Benefit Plan	(9,385,022)	619,034
Clergy Short-Term Disability Plan	(5,037,452)	-
Clergy Long-Term Disability Plan	(17,905,153)	15,220,563
Investment in affiliated companies	(21,138,552)	3,579,960
Assessment deficiency	(485,233,123)	57,059,566
(Increase) Decrease in Net Assets Available for Benefits	(1,413,250,959)	306,911,258
Net Assets Available for Benefits at Beginning of Year	10,637,537,084	10,330,625,826
Net Assets Available for Benefits at End of Year	$ 9,224,286,125	$ 10,637,537,084

See accompanying notes to the combined financial statements.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. ORGANIZATION

The Church Pension Fund ("CPF") is a not-for-profit corporation chartered in 1914 by the Legislature of the State of New York. CPF is authorized by the Canons of the Episcopal Church to establish and administer the clergy pension system of the Episcopal Church, including pension, life and health benefits, as well as the lay employee pension system and the denominational health plan of the Episcopal Church. Since its founding, CPF has elected to be examined by the New York State Department of Financial Services.

CPF began its operations on March 1, 1917. Subsequently, affiliates of CPF were formed as its activities expanded. Major affiliates and their years of formation include: Church Publishing Incorporated, 1918; Church Life Insurance Corporation, 1922; The Church Insurance Company, 1929; The Church Insurance Agency Corporation, 1930; The Episcopal Church Clergy and Employees' Benefit Trust, 1978; The Church Insurance Company of Vermont, 1999; Church Pension Group Services Corporation, 2002.

All operations of CPF and its affiliates, informally known as the Church Pension Group, are governed by CPF's Board of Trustees. Except for the Chief Executive Officer ("CEO"), all CPF Trustees serve without compensation and are elected by the General Convention of the Episcopal Church from a slate of nominees submitted by the Joint Standing Committee on Nominations of the Episcopal Church.

2. DESCRIPTION OF THE PLANS

CPF's assets are primarily used to fund a defined benefit plan and related benefits for eligible clergy of the Episcopal Church (the "Clergy Plan") and their beneficiaries. A portion of these assets are held in The Church Pension Fund Clergy Pension Plan, which is sponsored and administered by CPF. CPF is also the plan sponsor and administrator of The Episcopal Church Lay Employees' Retirement Plan (the "Lay Plan") and The Staff Retirement Plan of The Church Pension Fund and Affiliates (the "Staff Plan"). The Church Pension Fund Clergy Pension Plan, the Lay Plan and the Staff Plan are collectively referred to as the "Qualified Plans." The following is a brief description of the Clergy Plan, the Lay Plan and the Staff Plan for general information purposes only. Participants in these plans should refer to the plan documents of their respective plan for more complete information. In the event of a conflict between this brief description and the terms of the plan documents, the terms of the plan documents shall govern.

The Clergy Plan is a defined benefit plan providing retirement, death and disability benefits to eligible clergy of the Episcopal Church. The Lay Plan is a defined benefit plan providing retirement, death and disability benefits to eligible lay employees of participating employers of the Episcopal Church. The Staff Plan is a defined benefit plan providing retirement and death benefits to eligible employees of Church Pension Group Services Corporation. The respective assets of these defined benefit plans and other benefit plans maintained by CPF are pooled, solely for investment purposes, for the benefit of all participants. The Qualified Plans qualify as church plans under Section 414(e) of the Internal Revenue Code (the "Code"). As church plans, the Qualified Plans and other plans are exempt from Titles I and IV of the Employee Retirement Income Security Act of 1974 and, therefore, are not subject to Pension Benefit Guaranty Corporation requirements or guarantees. These plans have long been recognized as exempt from federal income taxes. CPF and its affiliates are also exempt from certain federal, state and local income taxes.

Management believes the Qualified Plans are being operated in compliance with their applicable requirements under Section 401(a) of the Code and, therefore, believes that the Qualified Plans, as amended, are qualified and the related trust is tax exempt under section 501(a) of the Code. The Qualified Plans and other plans may be terminated by CPF at any time. Upon termination of any of these plans, CPF has the obligation to distribute the plan assets in accordance with the terms of the applicable plan documents.

Accounting principles generally accepted in the United States ("GAAP") require CPF and the Qualified Plans to evaluate uncertain tax positions taken by CPF and the Qualified Plans. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the Internal Revenue Service. There were no uncertain tax positions taken by CPF or the Qualified Plans as of March 31, 2020 and 2019.

2. DESCRIPTION OF THE PLANS (CONTINUED)

CPF maintains a master trust with an undivided ownership interest in the portion of CPF's assets allocable to (1) the Clergy Plan benefits for retired participants and their dependents, (2) the Lay Plan benefits for participants and their dependents, and, (3) the Staff Plan benefits for participants and their dependents. The master trust agreement names CPF as Trustee and The Northern Trust Company as Custodian.

The portion of the master trust (1) attributable to The Church Pension Fund Clergy Pension Plan is funded, as necessary, to be at least equal to the actuarial liability of the Clergy Plan benefits for retired participants and their dependents on an annual basis, (2) attributable to the Lay Plan is funded by assessments paid by participating employers, and, (3) attributable to the Staff Plan is funded at the discretion of CPF. The assets in the master trust can only be used to pay the plan benefits described above and certain plan expenses. As of March 31, 2020 and 2019, the master trust assets included in the combined statements of net assets available for benefits, relating to the plan benefits described above, amounted to $4.2 billion and $4.0 billion, respectively.

3. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Basis of Presentation

The accompanying combined financial statements include the accounts of CPF and the Qualified Plans and have been prepared in accordance with GAAP. All inter-plan balances have been eliminated in these combined financial statements.

The preparation of the combined financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the combined financial statements and accompanying notes. The fair value of investments and accumulated plan benefit obligations represent the most significant estimates and assumptions. Actual results could differ significantly from these estimates and assumptions.

Summary of Significant Accounting Principles

The following are the significant accounting policies followed by CPF and the Qualified Plans:

i) Investments – Investments are stated at fair value. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the combined financial statements.

Fair values of financial instruments are determined using valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Fair values are generally measured using quoted prices in active markets for identical assets or other inputs, such as quoted prices for similar assets that are observable, either directly or indirectly. In those instances where observable inputs are not available, fair values are measured using unobservable inputs for the asset. Unobservable inputs reflect management's own assumptions about the assumptions that market participants would use in pricing the asset or liability and are developed based on the best information available in the circumstances. Fair value estimates derived from unobservable inputs are significantly affected by the assumptions used, including the discount rates and the estimated amounts and timing of future cash flows. The derived fair value estimates cannot be substantiated by comparison to independent markets and are not necessarily indicative of the amounts that would be realized in a current market exchange.

3. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets.

Level 2 – Inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability, including investments that can be withdrawn within 90 days from the balance sheet date. Level 2 inputs include (1) quoted prices for similar assets and liabilities in active markets, (2) quoted prices for identical or similar assets or liabilities in markets that are not active, (3) observable inputs other than quoted prices that are used in the valuation of the assets or liabilities (for example, interest rate and yield curve quotes at commonly quoted intervals), and, (4) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs that are unobservable, including limited partnership investments, which cannot be withdrawn within 90 days from the balance sheet date.

Investments in limited partnerships are carried at fair value. The fair value of these investments is based upon CPF's share of the fair value of the partnership while giving consideration, from a market participant's perspective, to the features that are unique to CPF's partnership agreements. Because of the inherent uncertainty of the valuations of these investments, the estimated fair values may differ, perhaps materially, from the values that would have been used had a ready market for the investments existed.

The carrying value of CPF's investment in affiliated companies is determined using the equity method of accounting, which approximates fair value.

All investment transactions are recorded on a trade date basis. Realized capital gains and losses on the sales of investments are computed on the first-in, first-out basis. Unrealized capital gains and losses are recorded in the period in which they occurred. Interest income is recorded on an accrual basis. Dividend income is recorded on the ex-dividend date.

ii) Cash and Cash Equivalents – Cash and cash equivalents represent short-term highly liquid investments with original maturities of three months or less and are carried at cost which approximates fair value.

iii) Basis of Accounting – The combined financial statements are prepared based on the accrual basis of accounting.

iv) Net Assets – Net assets are classified as with or without donor restrictions or as internally designated for a specific purpose. All gifts, grants and bequests are considered to be without donor restrictions unless specifically subject to a donor-imposed restriction either for use during a specified time period or for a particular purpose. When a donor-imposed restriction is fulfilled or when a time restriction ends, net assets with donor restrictions are reclassified to net assets without donor restrictions. Internally designated assets represent net assets that are set aside for a specific purpose.

v) Recently Adopted Accounting Standards – In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial statements of Not-for-Profit Entities*, which makes targeted improvements to the not-for-profit financial reporting model. The relevant changes to the combined financial statements include streamlining the net asset classification into two required net asset classes (with donor restrictions and without donor restrictions). Additional disaggregation is allowed. The ASU is effective for fiscal years beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018. This standard was adopted for year end March 31, 2019. As a result of this guidance, there was no material impact to the combined financial statements.

3. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

In August 2018, the FASB issued ASU 2018-13, *Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*, which amends Accounting Standards Codification ("ASC") 820, *Fair Value Measurement*. ASU 2018-13 modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. ASU 2018-13 is effective for all entities for fiscal years beginning after December 15, 2019, including interim periods therein. Early adoption is permitted for any eliminated or modified disclosures upon issuance of this ASU 2018-13. The combined entities elected to early adopt the modifications or elimination of ASU 2018-13 disclosures related to the rollforward of Level 3 fair value measurements and the policy for the timing of transfers between levels. The adoption of these modifications did not have a material effect on the combined financial statements. Management is assessing the impact of adoption of those additional disclosures that have not been implemented in the combined financial statements and has delayed the adoption of such disclosures until the effective date as stated above.

4. INVESTMENTS

The fair value of investments as of March 31, 2020 and 2019 summarized by general investment type are as follows:

March 31 (in thousands)	2020	2019
Common and preferred stocks	$ 471,625	$ 775,905
U.S. Treasury securities	1,005,006	1,207,486
Municipal securities	21,434	26,344
Corporate bonds	445,630	488,540
Foreign government securities	106,546	248,439
Limited partnership interests:		
Real estate	1,671,524	1,631,405
Private equity	2,312,900	2,331,655
Other alternative investments	2,639,366	2,457,325
Commingled funds	3,784,572	3,803,024
Affiliated companies, equity interest	233,136	214,625
Totals	$ 12,691,739	$ 13,184,748

As of March 31, 2020 and 2019, CPF is not exposed to any significant concentration of risk within its investment portfolio.

Common and preferred stocks include direct investments in the common and preferred stocks of a wide range of unaffiliated companies, which include domestic and foreign corporations and holdings in large as well as midsize and small companies.

U.S. Treasury securities consist primarily of securities issued or guaranteed by the U.S. government, or its designated agencies, including Small Business Administration ("SBA") loans.

Municipal securities include direct investments in state and local governments.

Corporate bonds include investment securities issued by a corporate entity at a stated interest rate payable on a particular future date, such as bonds, commercial paper, convertible bonds, collateralized mortgage obligations, debentures and zero coupon bonds.

Foreign government securities include government securities and structured debt securities.

Limited partnership interests include investments in real estate, private equity and other alternative investments.

4. INVESTMENTS (CONTINUED)

Real estate limited partnerships include investments across all major property types including commercial properties, such as office, retail, multi-family, hotel and land, residential properties and real and other assets such as energy, materials and timber.

Private equity limited partnerships include strategies focused on venture capital and growth equity/buyout transactions across many industry sectors.

Other alternative investment limited partnerships primarily include investments in hedge funds and absolute return strategies, such as (1) long/short equity hedge funds, which invest primarily in long and short equity securities, (2) credit/distressed debt securities that are generally rated below investment grade with managers that invest in debt or debt-related securities or claims associated with companies, assets or sellers whose financial conditions are stressed, distressed, or in default, and, (3) multi-strategy hedge funds that pursue multiple strategies and capture market opportunities. The redemption frequency is semi-annually and annually and the redemption notice period can be from 90 to 360 days.

Certain other alternative investments in limited partnerships are subject to withdrawal "gates" that restrict the ability of investors to withdraw from the investment. The general partners and/or investment managers of the limited partnerships also have rights to suspend withdrawal requests for various reasons, including, but not limited to, insufficient liquidity at the limited partnerships to satisfy withdrawal requests or to preserve the capital interests of the limited partners not withdrawing from the limited partnerships. As of March 31, 2020, none of the general partners or investment managers have exercised these suspension rights.

Limited partnership investments generally span a minimum of ten years, during which committed capital is contributed and distributions are made when income is earned or investments are liquidated.

At March 31, 2020, CPF had open investment commitments to limited partnerships of $2.3 billion which are expected to be funded during future years. In this regard, from April 1, 2020 through April 30, 2020, CPF invested an additional $98.7 million in existing limited partnerships and made no new commitments to limited partnerships. Most limited partnership investments are illiquid; however, there is a secondary market in limited partnership interests. There may be penalties should CPF not fulfill its funding commitments; however, CPF seeks to maintain adequate liquidity to ensure that all unfunded commitments are met.

Commingled funds include funds that invest in (1) long and short equity securities, or (2) debt or debt-related securities or claims associated with companies, assets or sellers whose financial conditions are stressed, distressed or in default. The redemption frequency is daily, monthly, quarterly, semi-annually and annually and the redemption notice period can be from 5 to 90 days however due to restrictions, the entire capital may not be redeemable within 90 days.

Derivative Financial Investments

Futures contracts are used primarily to maintain CPF's asset allocation within ranges determined by the Investment Committee of CPF's Board of Trustees. Such futures contracts trade on recognized exchanges and margin requirements are met by pledging cash and cash equivalents. The contractual amount of the open futures contracts aggregated approximately $1,137 million long and $931 million long at March 31, 2020 and 2019, respectively.

The contractual amounts of these instruments are indications of the open transactions and do not represent the level of market or credit risk to the portfolio. Since some of the futures held are adjusting market risk elsewhere in the portfolio, the measurement of the risks associated with these instruments is meaningful only when all related and offsetting transactions are considered. Market risks to the portfolio are caused by changes in interest rates or in the value of equity markets.

4. INVESTMENTS (CONTINUED)

With respect to credit risk, futures contracts require daily cash settlement, thus limiting the cash receipt or payment to the change in fair value of the underlying instrument. Accordingly, the amount of credit risk represents a one-day receivable. Settlements, which resulted in gains of $47 million and $26 million for the years ended March 31, 2020 and 2019, respectively, are recorded in the accompanying combined financial statements as a component of net appreciation in fair value of investments.

Affiliated Companies

All of the affiliated companies other than The Episcopal Church Clergy and Employees' Benefit Trust are wholly-owned and/or controlled by CPF. The financial results of The Church Insurance Company and Church Life Insurance Corporation are prepared on a statutory basis of accounting prescribed by the New York State Department of Financial Services. This statutory basis of accounting results in a fair value of these companies that is not materially different from the fair value that would be required under GAAP. The other affiliates are reported on a GAAP basis of accounting. The primary activities and financial status of each of the major affiliates are described in the sections below for the years ended December 31, 2019 and 2018, except for Church Pension Group Services Corporation, which is described for the years ended March 31, 2020 and 2019.

Church Pension Group Services Corporation

Church Pension Group Services Corporation ("CPGSC") provides certain services, primarily personnel and facilities related, to CPF and its affiliated companies on a cost-reimbursement basis. Church Pension Group 34th Street Realty, LLC is a wholly-owned subsidiary of CPGSC that owns the condominium office space that is the headquarters of the Church Pension Group. As of March 31, 2020 and 2019, the fair value of the condominium office space was $90.1 million and $93.4 million, respectively. CPGSC also does business as The Episcopal Church Medical Trust and is the sponsor of the health plan options funded by The Episcopal Church Clergy and Employees' Benefit Trust. Mary Katherine Wold is the Chief Executive Officer and President and Francis P. Armstrong is Executive Vice President and Chief Operating Officer of CPGSC.

The Church Insurance Companies[1]

The Church Insurance Companies have provided property and liability coverage for Episcopal Church institutions since 1929. Today, more than 90% of Episcopal Church dioceses and churches rely on the Church Insurance Companies for their commercial package insurance coverage. The Church Insurance Agency Corporation (the "Agency") provides insurance agency and risk-management services to the Episcopal Church. The Agency accesses a broad range of property, casualty and other insurance products tailored for the special needs of Episcopal Church institutions through its sister company, The Church Insurance Company of Vermont ("CICVT") and through its product partners. CICVT is a single-parent captive insurance company incorporated in 1999 to allow Episcopal Church institutions to benefit from the coverage flexibility and potential cost advantages of this shared risk-financing approach. Effective October 31, 2018, The Church Insurance Company of New York, a captive insurance company domiciled in New York and a wholly owned subsidiary of CPF, was merged into CICVT with CICVT as the surviving entity. This merger was treated as a combination of entities under common control as defined in ASC 805-50, *Business Combinations – Related Issues.* On August 23, 2012, Church Insurance Services LLC ("CIS"), a Delaware limited liability company and wholly-owned subsidiary of CICVT, was formed to further the covenant relationship between the Episcopal Church and The United Methodist Church and the charitable and religious purposes of CICVT by providing certain insurance-related services to the United Methodist Insurance Corporation, a Vermont captive insurance company affiliated with The United Methodist Church. On October 1, 2012, Agency and CIS entered into services agreements with the United Methodist Insurance Corporation to provide insurance agency and other insurance-related services to the United Methodist Insurance Corporation (the "UMI Service Agreements"). The UMI Service Agreements were terminated December 31, 2018. Mary Katherine Wold is the President and Francis P. Armstrong is Executive Vice President and Chief Operating Officer of each of the Church Insurance Companies.

4. INVESTMENTS (CONTINUED)

FINANCIAL SUMMARY

December 31 (in thousands)		2019		2018
Assets	$	214,422	$	225,612
Liabilities		137,421		164,964
Capital and surplus		77,001		60,648
Earned premiums		60,654		58,095
Net income (loss)		14,104		2,592

[1]*"The Church Insurance Companies" means, collectively, The Church Insurance Agency Corporation, The Church Insurance Company, The Church Insurance Company of New York (until its merger effective October 31, 2018) and The Church Insurance Company of Vermont.*

Church Life Insurance Corporation

Since 1922, Church Life Insurance Corporation ("Church Life") has provided life insurance protection and retirement savings products to clergy and lay workers who serve the Episcopal Church and to their families. The products Church Life offers include individual and group annuities, IRAs and life insurance coverage. Mary Katherine Wold is the President and Francis P. Armstrong is Executive Vice President and Chief Operating Officer of Church Life.

FINANCIAL SUMMARY

December 31 (in thousands)		2019		2018
Assets	$	305,287	$	303,110
Liabilities		241,817		249,433
Capital and surplus		63,469		53,677
Insurance in force		1,812,630		1,819,657
Earned premiums		35,725		44,896
Net (loss) income		7,027		(10,348)

Church Publishing Incorporated

Since 1918, Church Publishing Incorporated ("Church Publishing") has produced the official worship materials of the Episcopal Church. In addition to basic, gift, and online editions of prayer books and hymnals, Church Publishing publishes in the fields of liturgy, theology, church leadership, financial and spiritual wellness, evangelism, racial reconciliation, creation care ministry and mission and Anglican spirituality alongside a wide range of products and resources for parishes and individuals. This product portfolio includes church supplies, such as lectionary inserts, calendars, parish registers; and eProducts, including RitePlanning, RiteSong, and the eCP (electronic common prayer) app. Church Publishing also produces resources on behalf of the Office of General Convention and its Standing Commission on Liturgy and Music; the *Church Annual (*aka *Redbook)* and the *Episcopal Clerical Directory.* It also offers an array of faith formation materials. Mary Katherine Wold is the President and Francis P. Armstrong is Executive Vice President and Chief Operating Officer of Church Publishing.

FINANCIAL SUMMARY

December 31 (in thousands)		2019		2018
Assets	$	6,729	$	5,964
Liabilities		11,159		9,578
Capital		(4,430)		(3,614)
Revenue		4,211		4,582
Net loss		(848)		(568)
Capital contribution received from CPF		-		700

4. INVESTMENTS (CONTINUED)

The Episcopal Church Clergy and Employees' Benefit Trust ("The Benefit Trust")

Since 1978, The Benefit Trust has funded the welfare benefit plans that are offered by The Episcopal Church Medical Trust. The Episcopal Church Medical Trust provides eligible active and retired clergy and lay employees of the Episcopal Church and their dependents with a broad array of welfare benefit plan options and serves as the plan sponsor and administrator of such plans. The Episcopal Church Medical Trust offers a variety of self-funded plan offerings, providing comprehensive medical, behavioral health, prescription drug, vision and dental benefits. The Episcopal Church Medical Trust also offers a few fully insured health care plans, providing comprehensive medical and dental benefits. For retired participants, The Episcopal Church Medical Trust offers Medicare supplement plans, as well as Medicare HMOs in selected regions of the country. The Benefit Trust contracts with fully insured plans to provide group life and disability plans to eligible employers and their eligible employees.

The Benefit Trust is not a subsidiary of CPF. Accordingly, its assets, liabilities and financial results are not included in the combined statements of net assets available for benefits. The Northern Trust Company is the Trustee of The Benefit Trust.

FINANCIAL SUMMARY

December 31 (in thousands)	2019	2018
Assets	$ 70,978	$ 62,276
Liabilities	35,839	34,974
Accumulated surplus	35,139	27,303
Revenues	264,825	252,489
Net income	7,836	1,983

5. FAIR VALUE MEASUREMENTS

The following tables provide information about the financial assets measured at fair value by general type as of March 31, 2020 and 2019:

	Assets at Fair Value			
March 31, 2020 (in thousands)	Level 1	Level 2	Level 3	Total
Common and preferred stock	$ 471,625	$ -	$ -	$ 471,625
U.S. Treasury securities	-	965,197	39,809	1,005,006
Municipal securities	-	21,434	-	21,434
Corporate bonds	-	445,630	-	445,630
Foreign government securities	-	106,546	-	106,546
Limited partnership interests:				
Real estate	-	-	1,671,524	1,671,524
Private equity	-	-	2,312,900	2,312,900
Other alternative investments	-	-	2,639,366	2,639,366
Affiliated companies, equity interest	-	-	233,136	233,136
	$ 471,625	$ 1,538,807	$ 6,896,735	8,907,167
Investments measured at net asset value				
Commingled funds				3,784,572
Total assets at fair value				$ 12,691,739

5. FAIR VALUE MEASUREMENTS (CONTINUED)

March 31, 2019 (in thousands)	Assets at Fair Value Level 1	Level 2	Level 3	Total
Common and preferred stock	$ 775,905	$ -	$ -	$ 775,905
U.S. Treasury securities	-	1,159,725	47,761	1,207,486
Municipal securities	-	26,344	-	26,344
Corporate bonds	-	488,540	-	488,540
Foreign government securities	-	248,439	-	248,439
Limited partnership interests:				
Real estate	-	-	1,631,405	1,631,405
Private equity	-	-	2,331,655	2,331,655
Other alternative investments	-	-	2,457,325	2,457,325
Affiliated companies, equity interest	-	-	214,625	214,625
	$ 775,905	$ 1,923,048	$ 6,682,771	9,381,724
Investments measured at net asset value				
Commingled funds				3,803,024
Total assets at fair value				$ 13,184,748

The following table summarizes all additions to Level 3 assets by general type for the years ended March 31, 2020 and 2019:

	March 31, 2020 Level 3 Purchases/ Additions	March 31, 2019 Level 3 Purchases/ Additions
U.S. Treasury securities	$ -	$ 50,000
Real estate	378,200	350,935
Private equity	265,331	258,464
Other alternative investments	854,375	847,803
Affiliated companies, equity interest	-	700
Total	$ 1,497,906	$ 1,507,902

Other Alternative Investments had transfers into and out of Level 3. There were no transfers into Level 3 for the year ended March 31, 2020 and $823 million for the year ended March 31, 2019. Transfers out of Level 3 totaled $101 million and $1,122 million during the years ended March 31, 2020 and 2019, respectively.

Limited Partnership interests in real estate, private equity and other alternative investments with a fair value of $6.6 billion are primarily valued by using CPF's proportionate share of the limited partnership's equity value as derived from the financial statements provided by the investment managers. This requires a significant amount of judgment by management due to the absence of readily available quoted market prices and the long-term nature of the investments. There are no significant related unobservable inputs.

Affiliated companies with a fair value of $233.1 million as of March 31, 2020, are valued by using the underlying financial statements of these companies. There are no significant related unobservable inputs.

6. INTERNATIONAL CLERGY PENSION PLAN

The International Clergy Pension Plan (“ICPP”) represents the liabilities associated with a group of non-qualified, multiple-employer retirement plans that are administered by CPF on behalf of dioceses of the Episcopal Church that are located outside the 50 United States and certain Anglican churches located outside the 50 United States that were previously part of the Episcopal Church. Non-qualified plans are not subject to Section 401(a) of the Code, which, among other things, requires that the assets be held in a trust. Accordingly, the assets of all ICPP plans are held by CPF and are not part of the master trust (see page 5).

Management utilizes a third-party specialist, Buck Global, LLC, an actuarial consulting firm, to assist with determining the actuarial liabilities of all plans included in the ICPP.

CPF also has administrative and investment agreements with the Episcopal Church of Liberia, Iglesia Anglicana de México, the Diocese of Puerto Rico for the provision of retirement benefits for their lay employees and each of the five dioceses of the Iglesia Anglicana de la Region Central de America (“IARCA”). Each diocese sponsors its own retirement plan.

The liabilities for these plans totaled $195.7 million and $170.1 million at March 31, 2020 and 2019, respectively.

7. NET ASSETS

The Legacy and Gift Fund stems from bequests and contributions received by CPF from individuals for the purpose of supporting tax-exempt purposes of CPF, of which a portion may be subject to donor-imposed restrictions. The portion of the principal balance subject to a donor-imposed restriction must be maintained and spent only in accordance with the wishes of the donors, but the remainder is available for use at the discretion of CPF, in accordance with its tax-exempt purposes.

The Clergy Post-Retirement Medical Assistance Plan represents the estimated liability for a discretionary benefit that CPF has provided to eligible participants in the Clergy Plan and the ICPP and their eligible spouses to (1) subsidize some or all of the cost to purchase a Medicare Supplement Health Plan offered by The Episcopal Church Medical Trust for eligible participants in the Clergy Plan and their eligible spouses, or (2) pay a monthly cash subsidy to eligible participants in the ICPP and their eligible spouses. CPF has reserved the right, in its discretion, to change or discontinue this discretionary benefit.

Management engaged healthcare actuaries, Aon, to assist in estimating the liability for benefits under the Clergy Post-Retirement Medical Assistance Plan. Aon’s calculation is based on the current dollar amount of this discretionary subsidy, the expected participation rate for eligible plan members and CPF’s goal of increasing the dollar amount of this discretionary subsidy to contribute to increases in medical costs. The calculation uses an increased medical inflation rate assumption for future years. Additionally, it uses an interest rate to discount these estimated payments, which is the same as the interest rate used in calculating the accumulated plan benefit obligations for the Clergy Plan, the Lay Plan and the Staff Plan.

The Clergy Life Insurance Plan represents the estimated liability for future annual insurance premiums required to provide eligible participants in the Clergy Plan with life insurance during active service and when retired.

The Clergy Benefit Equalization Plan represents the estimated liability for the benefit provided to those participants in the Clergy Plan whose pension payments would be limited by certain sections of the Code to an amount below their entitlement under the present benefit formula. Subject to certain other provisions of the Code, the Clergy Benefit Equalization Plan provides for payment of the difference between the Code limitation and such participant’s earned pension benefits.

The Clergy Child Benefit Plan represents the estimated liability for the benefits provided to eligible children of deceased clergy who earned a vested benefit under the Clergy Plan.

7. NET ASSETS (CONTINUED)

The Clergy Short-Term Disability Plan represents the estimated liability for the short-term disability benefit provided to eligible active clergy in the Clergy Plan.

The Clergy Long-Term Disability Plan represents the estimated liability for the long-term disability benefit provided to eligible clergy in the Clergy Plan who became disabled on or after January 1, 2018. Eligible clergy who became disabled prior to January 1, 2018, will continue to receive a disability retirement benefit under The Church Pension Fund Clergy Pension Plan.

No specific assets are designated to fund the Clergy Post-Retirement Medical Assistance Plan, the Clergy Life Insurance Plan, the Clergy Benefit Equalization Plan, the Clergy Child Benefit Plan, the Clergy Short-Term Disability Plan or the Clergy Long-Term Disability Plan payments.

The following charts summarize the activities of the Net Assets described above for the years ended March 31, 2020 and 2019:

March 31, 2020 (in thousands)	Beginning of Year	Contributions and Investment Gains (Losses)	Benefits and Expenses Paid	Benefits Accumulated and Other	End of Year
Legacy and Gift Fund with donor restrictions	$ 33,369	$ (363)	$ (91)	$ -	$ 32,915
Legacy and Gift Fund without donor restrictions	23,416	(399)	(108)	2,618	25,527
Clergy Post-Retirement Medical Assistance Plan	1,103,498	-	(39,999)	216,267	1,279,766
Clergy Life Insurance Plan	251,769	-	(17,999)	123,451	357,221
Clergy Benefit Equalization Plan	54,979	-	(1,880)	14,601	67,700
Clergy Child Benefit Plan	2,861	-	(732)	10,117	12,246
Clergy Short-Term Disability Plan	-	-	-	5,037	5,037
Clergy Long-Term Disability Plan	87,398	-	(855)	18,760	105,303
Total	$ 1,557,290	$ (762)	$ (61,664)	$ 390,851	$ 1,885,715

March 31, 2019 (in thousands)	Beginning of Year	Contributions and Investment Gains (Losses)	Benefits and Expenses Paid	Benefits Accumulated and Other	End of Year
Legacy and Gift Fund with donor restrictions	$ 31,728	$ 1,760	$ (119)	$ -	$ 33,369
Legacy and Gift Fund without donor restrictions	22,338	1,303	(225)	-	23,416
Clergy Post-Retirement Medical Assistance Plan	1,098,487	-	(38,166)	43,177	1,103,498
Clergy Life Insurance Plan	249,574	-	(17,492)	19,687	251,769
Clergy Benefit Equalization Plan	50,961	-	(1,815)	5,833	54,979
Clergy Child Benefit Plan	3,480	-	(719)	100	2,861
Clergy Long-Term Disability Plan	102,618	-	(429)	(14,791)	87,398
Total	$ 1,559,186	$ 3,063	$ (58,965)	$ 54,006	$ 1,557,290

The increase in the Clergy Post-Retirement Medical Assistance Plan and the Clergy Life Insurance Plan was due to the decrease in the discount rate assumption used in calculating the estimated liability from 3.875% as of March 31, 2019 to 3.000% as of March 31, 2020. The impact of this assumption change was $179 million for the Clergy Post-Retirement Medical Assistance Plan and $42 million for the Clergy Life Insurance Plan for the year ended March 31, 2020. In 2020, the assessment rate assumption used in calculating the Clergy Life Insurance Plan was updated resulting in an increase in the Clergy Life Insurance Plan of $69 million for the year ended March 31, 2020. There was no change in the discount rate assumption or assessment rate assumption for the year ended March 31, 2019.

The amount designated for investment in affiliated companies represents the investment in affiliated companies, at fair value, excluding the condominium office space that is the headquarters of the Church Pension Group. This asset is not restricted from use by CPF and, as of March 31, 2020 and 2019, had a fair value of $90.1 million and $93.4 million, respectively.

8. ACCUMULATED PLAN BENEFIT OBLIGATIONS

Buck Global, LLC, is an actuarial consulting firm that estimates the actuarial present value of the accumulated plan benefit obligations owed to participants in the Clergy Plan, the Lay Plan and the Staff Plan to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements, such as for death, disability, withdrawal or retirement) between the valuation date and the expected date of payment.

Accumulated plan benefit obligations are the estimated future periodic payments, including lump-sum distributions that are attributable, under the plan provisions, to services rendered by the plan participants to the valuation date. Accumulated plan benefit obligations include benefits that are expected to be paid to: (a) retired or terminated participants or their beneficiaries, and (b) present participants or their beneficiaries based on assumptions for future compensation levels, rates of mortality and disability, and other factors. The effect of plan amendments on the accumulated plan benefit obligations is recognized during the years in which such amendments become effective. In 2019, the Staff Plan was amended to reflect the change in actuarial equivalence basis used to calculate the joint and survivor conversion factors. The impact of this change resulted in an increase in the accumulated plan benefit obligation of $3.1 million for the year ended March 31, 2020.

The significant assumptions and plan provisions underlying the actuarial estimates are as follows:

- Discount rate: 3.000% and 3.875% per annum for the years ended March 31, 2020 and 2019, respectively, compounded annually and developed considering annualized yields for long-term government and long-term high-quality corporate bonds that reflect the duration of the pension obligations. The impact of this change resulted in an increase in the accumulated benefit obligations of $791 million for Clergy Plan, $26 million for the Lay Plan and $30 million for the Staff Plan.
- Cost-of-living adjustment: Clergy Plan – 3% per annum for the years ended March 31, 2020 and 2019; Lay Plan and Staff Plan – 0% per annum for the years ended March 31, 2020 and 2019. The CPF Board of Trustees grants cost-of-living adjustments at its discretion. The decision is made annually.
- Vesting (Clergy Plan): After five years of credited service or at age 65 or older while an active participant.
- Retirement (Clergy Plan): Normal, at age 65 and after; early, with no reduction at age 55 with 30 years of credited service; reduced benefits, at age 55 with less than 30 years of credited service; compulsory, at age 72.
- Mortality for the years ended March 31, 2020 and 2019:
  - Clergy Plan: The RP-2014 Employee White-Collar Mortality Table was used for participants and the RP-2014 Healthy Annuitant White-Collar Mortality Table was used for retirees, spouses and beneficiaries. Special mortality tables were used for disability retirements.
  - Lay: The RP-2014 Employee Total Mortality Table was used for participants and the RP-2014 Healthy Annuitant Total Mortality Table was used for retirees, spouses and beneficiaries.
  - Staff: The RP-2014 Employee White-Collar Mortality Table was used for participants and the RP-2014 Healthy Annuitant White-Collar Mortality Table was used for retirees, spouses and beneficiaries.

Improvement in mortality was projected from 2006 on a fully generational basis for the years ended March 31, 2020 and 2019 using Scale MP-2019 and Scale MP-2018, respectively.

These actuarial assumptions are based on the presumption that the Clergy Plan, the Lay Plan and the Staff Plan will continue. If a plan were to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefit obligations.

8. ACCUMULATED PLAN BENEFIT OBLIGATIONS (CONTINUED)

The actuarial present value of the accumulated plan benefit obligations of the Clergy Plan, the Lay Plan and the Staff Plan as of March 31, 2020 and 2019 are summarized as follows:

March 31, 2020 (in thousands)	Clergy Plan	Lay Plan	Staff Plan
Vested benefits:			
Actuarial present value of accumulated plan benefit obligations for retired participants and their dependents	$ 4,943,380	$ 120,833	$ 81,861
Actuarial present value of accumulated plan benefit obligations for participants not yet retired and their dependents	2,242,625	116,007	134,860
Nonvested benefits:	159,843	3,906	16,690
Total	$ 7,345,848	$ 240,746	$ 233,411

March 31, 2019 (in thousands)	Clergy Plan	Lay Plan	Staff Plan
Vested benefits:			
Actuarial present value of accumulated plan benefit obligations for retired participants and their dependents	$ 4,474,479	$ 107,152	$ 69,358
Actuarial present value of accumulated plan benefit obligations for participants not yet retired and their dependents	1,956,453	102,859	107,062
Nonvested benefits:	124,363	3,376	13,967
Total	$ 6,555,295	$ 213,387	$ 190,387

The amount designated for assessment deficiency represents the actuarial present value of the estimated amount to be paid out in benefits in excess of the estimated amount to be received in assessments in connection with the Clergy Plan, the Lay Plan and the Staff Plan. The assumptions used to estimate the assessment deficiency are consistent with the assumptions used in the estimates of the actuarial present value of the accumulated plan benefit obligations. The impact of the change in the discount rate assumption resulted in an increase in the assessment deficiency of $544 million for the Clergy Plan.

The net increase (decrease) in the actuarial present value of the accumulated plan benefit obligations of the Clergy Plan, the Lay Plan and the Staff Plan for the years ended March 31, 2020 and 2019 is summarized as follows:

March 31, 2020 (in thousands)	Clergy Plan	Lay Plan	Staff Plan
Actuarial present value of accumulated plan benefit obligations at beginning of year	$ 6,555,295	$ 213,387	$ 190,387
Increase (decrease) during the year attributable to:			
Plan amendments	-	-	3,103
Actual benefit adjustment vs. expected	(63,175)	-	-
Change in actuarial assumptions	749,974	22,463	27,923
Benefits accumulated	183,370	7,033	11,066
Increase for interest due to decrease in the discount period	247,736	8,073	7,256
Benefits paid	(327,352)	(10,210)	(6,324)
Net increase	790,553	27,359	43,024
Actuarial present value of accumulated plan benefit obligations at end of year	$ 7,345,848	$ 240,746	$ 233,411

8. ACCUMULATED PLAN BENEFIT OBLIGATIONS (CONTINUED)

March 31, 2019 (in thousands)	Clergy Plan	Lay Plan	Staff Plan
Actuarial present value of accumulated plan benefit obligations at beginning of year	$ 6,517,324	$ 215,473	$ 192,092
Increase (decrease) during the year attributable to:			
Plan amendments	(12,271)	-	(313)
Change in actuarial assumptions	(19,992)	(7,647)	(10,869)
Benefits accumulated	139,955	7,200	9,814
Increase for interest due to decrease in the discount period	246,478	8,162	7,297
Benefits paid	(316,199)	(9,801)	(7,634)
Net increase	37,971	(2,086)	(1,705)
Actuarial present value of accumulated plan benefit obligations at end of year	$ 6,555,295	$ 213,387	$ 190,387

9. FUNDING

Participating employers pay assessments to CPF on behalf of the eligible participants in each respective plan. The assessments for the participants in the Clergy Plan are equal to 18% of the applicable participants' compensation as defined under the Clergy Plan. The assessments for the participants in the Lay Plan are equal to 9% of the applicable participants' compensation as defined under the Lay Plan. The assessments for the participants in the Staff Plan are equal to 15% of the applicable participants' compensation as defined under the Staff Plan.

Assessments paid to CPF on behalf of the participants in the Clergy Plan, the Lay Plan and the Staff Plan were $84 million, $5 million and $9 million, respectively, during the year ended March 31, 2020 and $85 million, $5 million and $9 million, respectively, during the year ended March 31, 2019.

The funding positions of the Clergy Plan, the Lay Plan and the Staff Plan as of March 31, 2020 and 2019 are summarized as follows:

March 31, 2020 (in thousands)	Clergy Plan	Lay Plan	Staff Plan
Net assets available for pension benefits after amount designated for assessment deficiency	$ 8,823,484	$ 165,524	$ 235,278
Actuarial present value of accumulated plan benefit obligations	7,345,848	240,746	233,411
Surplus (Deficit)	$ 1,477,636	$ (75,222)	$ 1,867

March 31, 2019 (in thousands)	Clergy Plan	Lay Plan	Staff Plan
Net assets available for pension benefits after amount designated for assessment deficiency	$ 10,207,974	$ 185,258	$ 244,305
Actuarial present value of accumulated plan benefit obligations	6,555,295	213,387	190,387
Surplus (Deficit)	$ 3,652,679	$ (28,129)	$ 53,918

10. EXPENSES

During the years ended March 31, 2020 and 2019, CPGSC provided certain services, primarily personnel and facilities related, to CPF on a cost-reimbursement basis and billed $106.6 million and $91.5 million, respectively, for such services.

The executive compensation philosophy is established by the Compensation, Diversity and Workplace Values Committee of the Board of Trustees. The total remuneration of certain key officers of CPGSC is approved by the Compensation, Diversity and Workplace Values Committee of the Board of Trustees. In addition, the total remuneration paid to the Chief Executive Officer and President is approved by the Board of Trustees. As part of approving the total remuneration of key officers, the Compensation Diversity and Workplace Values Committee and the Board of Trustees review the remuneration targets for functionally comparable positions in other financial services organizations and not-for-profits with similar complexity, as well as individual and corporate performance. Supplemental retirement and life insurance benefits are provided to certain officers under the terms of individual agreements.

The cash compensation for the two officers of CPF receiving the highest total cash compensation for the year ended March 31, 2020, was as follows:

Mary Katherine Wold, Chief Executive Officer and President	$1,746,556
Roger A. Sayler, Executive Vice President and Chief Investment Officer	$1,575,815

CPF maintains a defined contribution plan for eligible employees of CPGSC, under which employees may contribute up to 100% of their salaries, subject to federal limitations. The first 6% of their contribution is matched 75% by CPGSC. Total employer-matching contributions under this plan were $2 million for each of the years ended March 31, 2020 and 2019.

CPGSC also provides healthcare and life insurance benefits for eligible retired employees. CPGSC accrues the cost of providing these benefits during the active service period of the employee. For each of the years ended March 31, 2020 and 2019, CPF and its affiliates recorded expenses of $1.3 million for these benefits and interest expense net of interest income. This obligation is estimated at $25.1 million and $25.0 million as of March 31, 2020 and 2019, respectively. For measuring the expected post-retirement healthcare benefit obligation, average annual rates of increase in the per capita claims cost for 2020 and 2019 were assumed to be 7% and 8%, respectively. The increases in medical costs are assumed to decrease annually to 4.75% in 2025 and remain at that level thereafter. The weighted average discount rates used in determining the expected post-retirement benefit obligation was 3.875% at March 31, 2018, which is the latest valuation available. If the healthcare cost trend rate were increased by 1%, the accumulated post-retirement benefit obligation as of March 31, 2020 would increase by approximately $0.5 million.

11. LINE OF CREDIT

On December 30, 2019, CPF entered into an Unsecured Revolving Line of Credit with The Northern Trust Company, which provides $100 million of committed and an additional $100 million of uncommitted available credit. Advances under the Unsecured Revolving Line of Credit may be repaid and redrawn, in accordance with the terms, with all amounts outstanding due in full on or before December 28, 2020. Advance requests must first be made under the committed agreement; once committed principal is fully drawn, the principal available under uncommitted portion of the line of credit can be drawn. A commitment fee equal to fifteen one-hundreths of one percent (0.15 of 1%) per annum is payable on the average daily amount of committed but undrawn principal.

At March 31, 2020, The Church Pension Fund did not have any amounts outstanding under the Unsecured Revolving Line of Credit and has yet to borrow any amounts and therefore no interest expense has been incurred for the year ended March 31, 2020.

12. SUBSEQUENT EVENTS

Management has performed an evaluation of subsequent events through June 26, 2020, which is the date the combined financial statements were available to be issued.

In March 2020, the World Health Organization declared a pandemic related to the rapidly spreading coronavirus (COVID-19) outbreak, which has led to a global health emergency. CPF invests in various investments as part of its ongoing operations and is exposed to economic and financial market risks. Events that unfold as part of the COVID-19 pandemic could have a material impact on CPF’s investments, assessments and benefits. Additionally, CPF’s operational and financial performance will depend on certain developments including the duration and spread of the outbreak. COVID-19 could have a material adverse effect on CPF’s financial position, cashflows, or results of operations and the ultimate impact cannot be reasonably estimated at this time.