

Investments Overview

February 21, 2009



**GENERAL BOARD OF PENSION AND HEALTH BENEFITS
OF THE UNITED METHODIST CHURCH**

Caring For Those Who Serve

Presentation Objective

- Where we have been
- Where we are now
 - Stock and bond markets
 - Funded status
- How the General Board of Pension and Health Benefits is responding

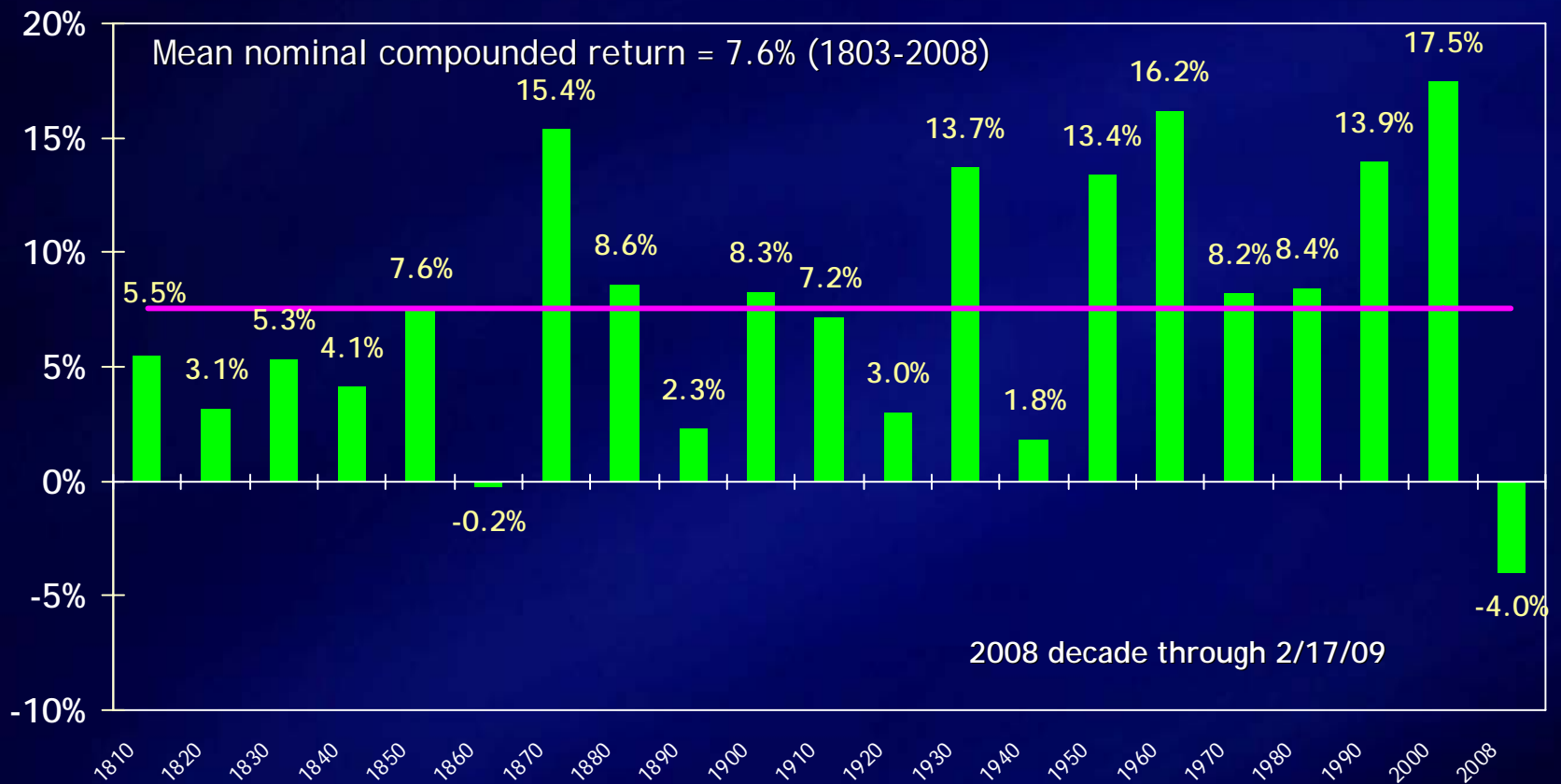
The economic crisis as told by *The Economist* magazine covers

Russell 3000 Index Performance 2007 to Present



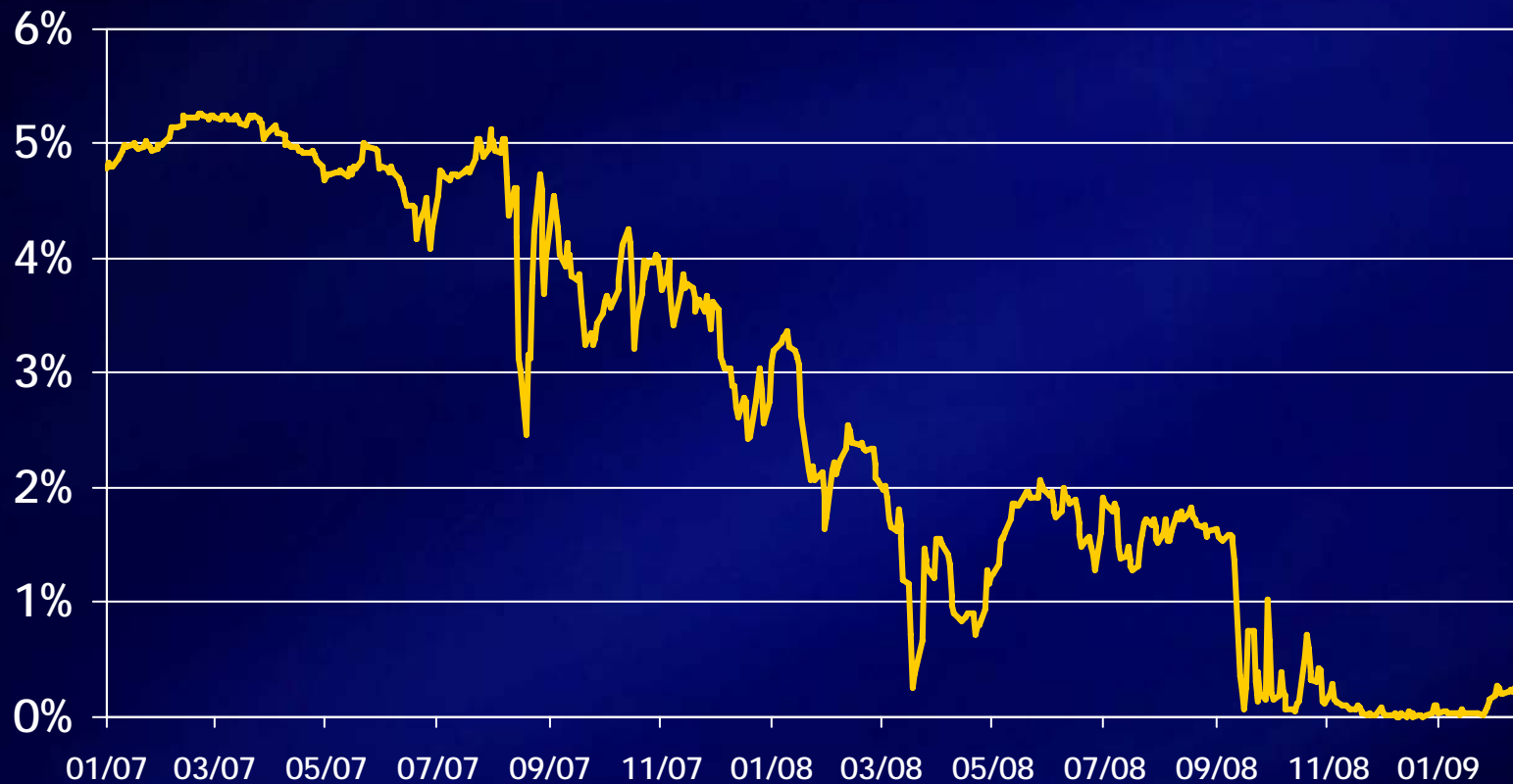
Source: Barclays Capital

U.S. Stock Market Returns by Decade



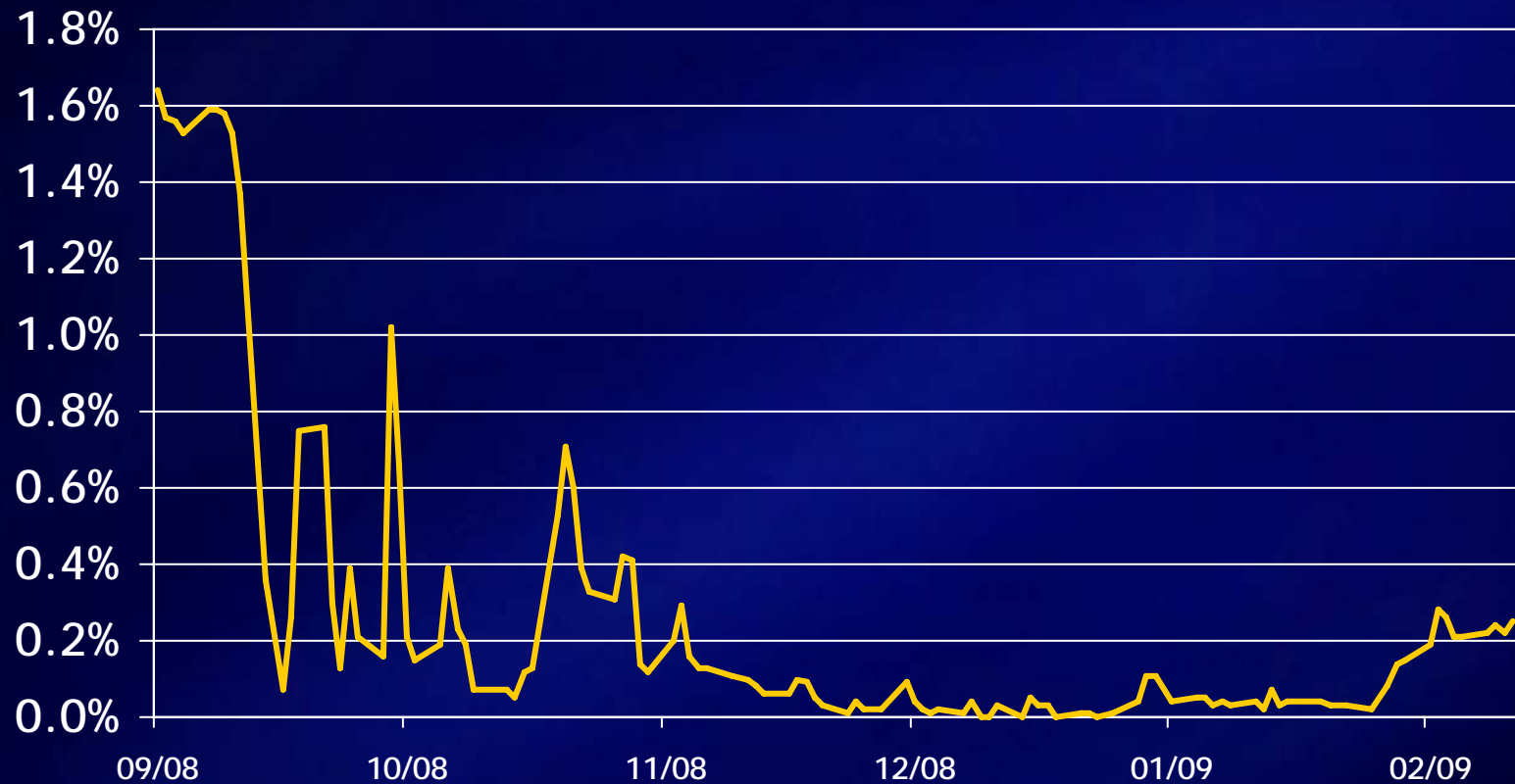
Compounded annual return for ten-year period ending specified year

One-Month U.S. Treasury Bill Yield January 1, 2007 to Present



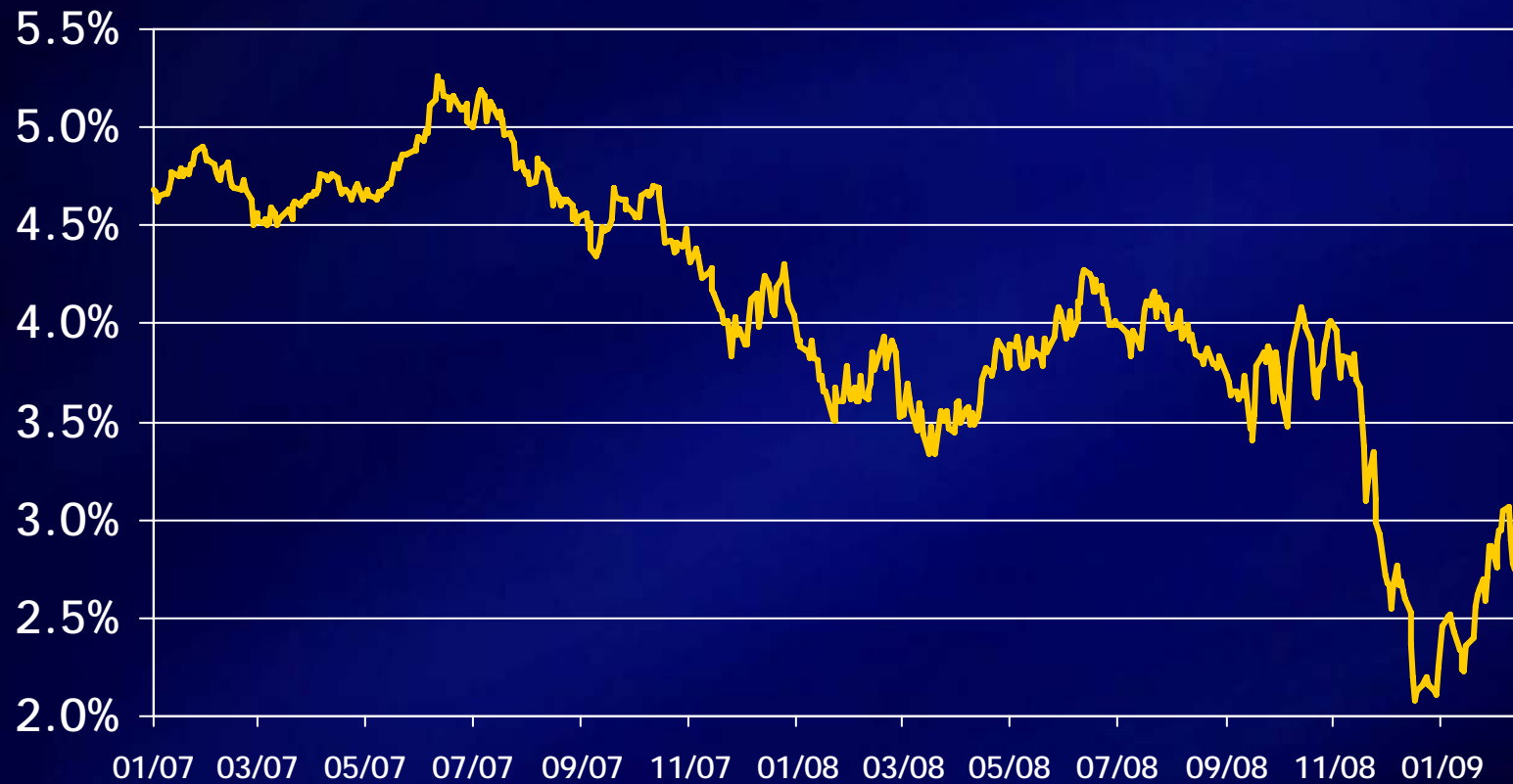
Source: Barclays Capital

One-Month U.S. Treasury Bill Yield January 1, 2008 to Present



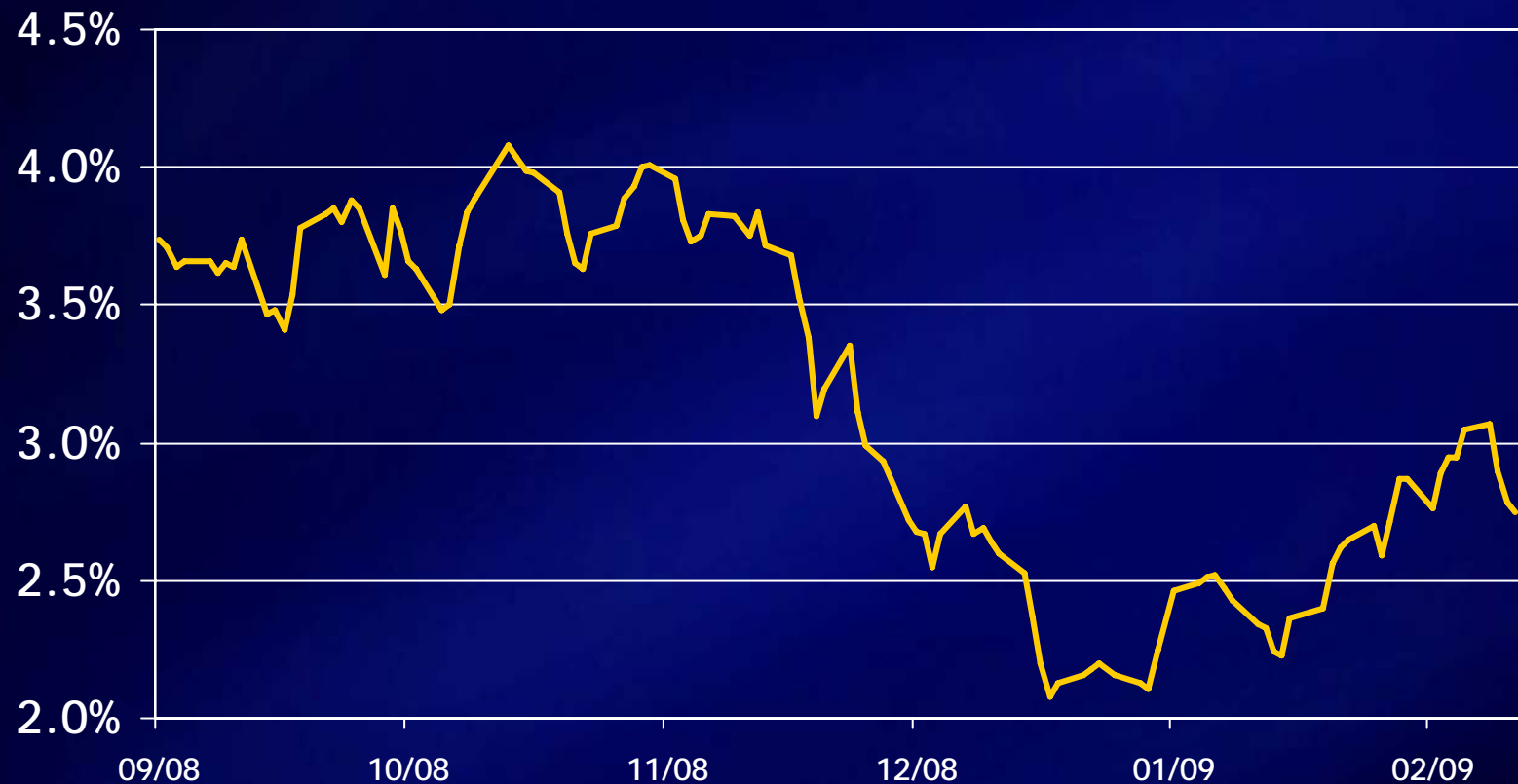
Source: Barclays Capital

10-Year U.S. Treasury Note Yield January 1, 2007 to Present



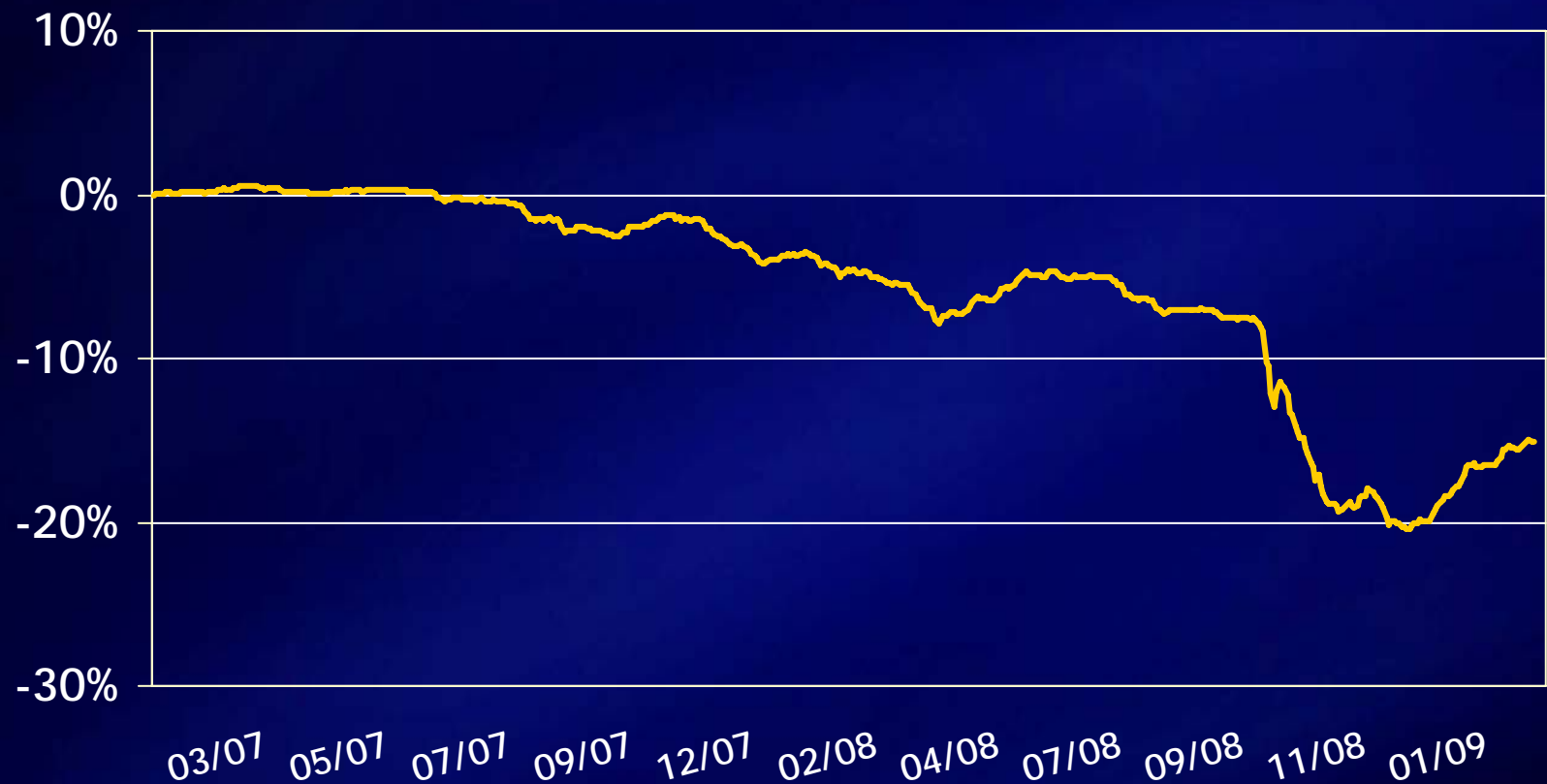
Source: Barclays Capital

10-Year U.S. Treasury Bill Yield September 1, 2008 to Present



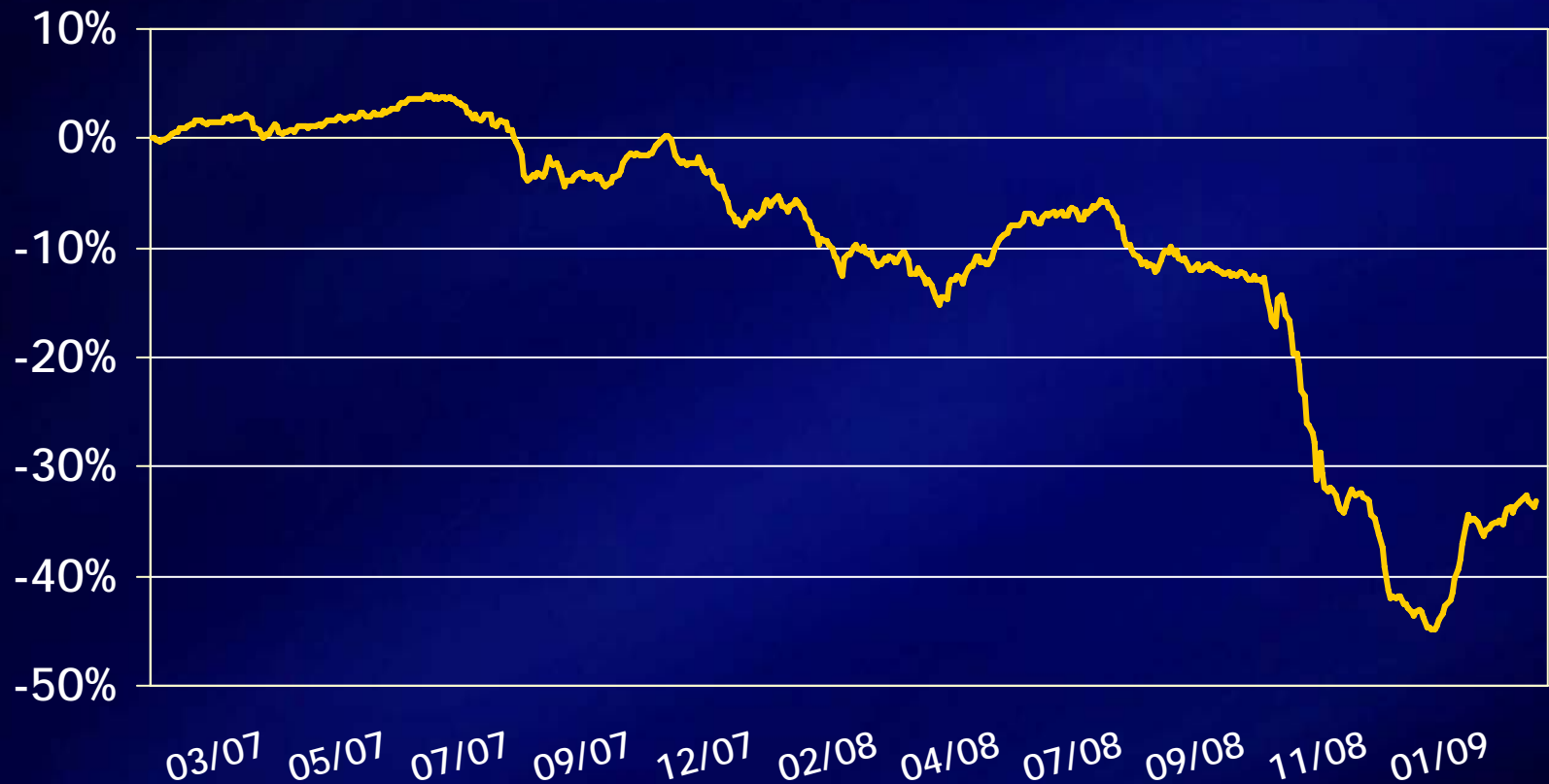
Source: Barclays Capital

Performance of Investment Grade Corp Bonds vs. U.S. Treasury Securities



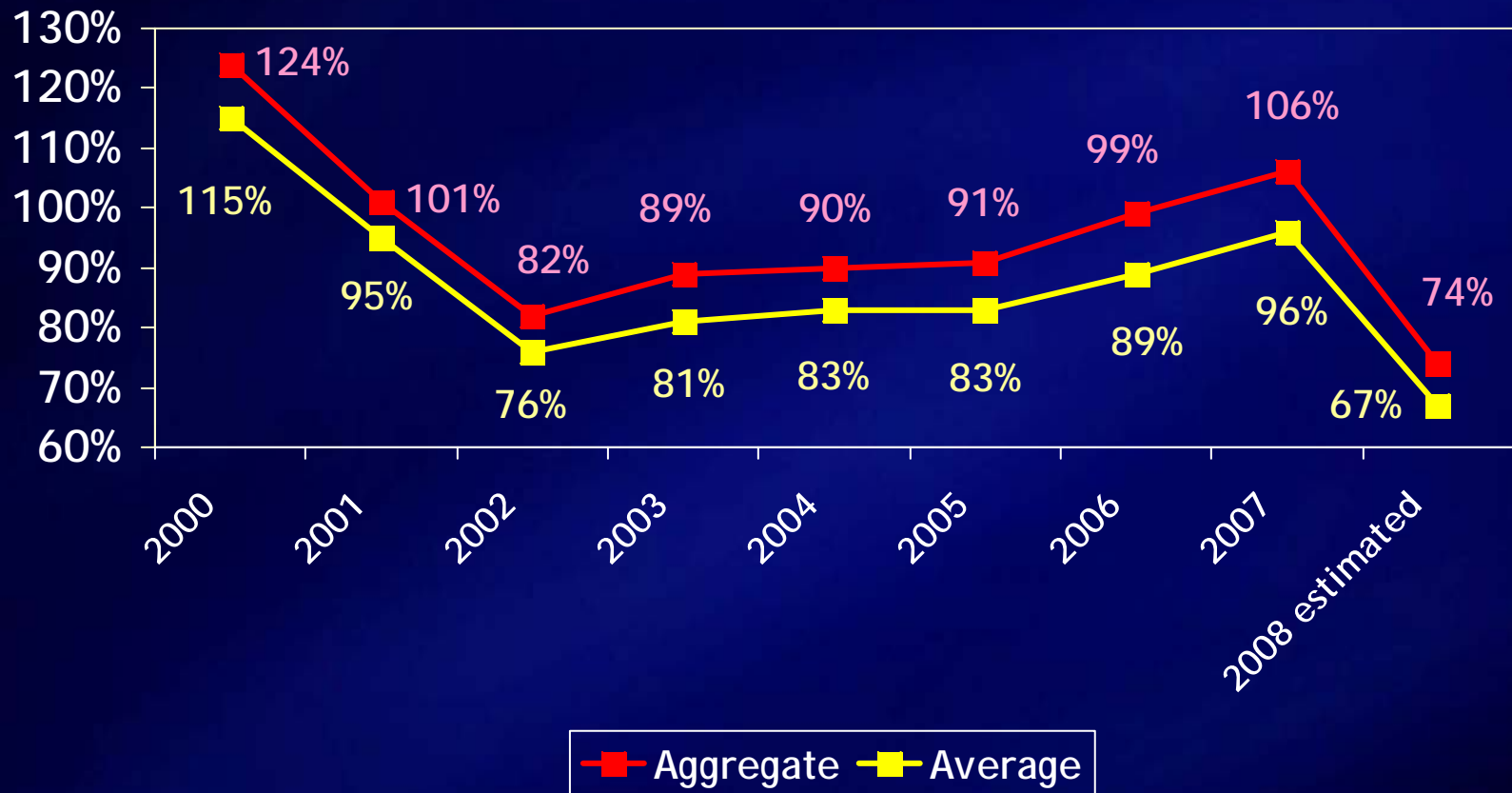
Source: Barclays Capital

Performance of High Yield Bonds vs. U.S. Treasury Securities



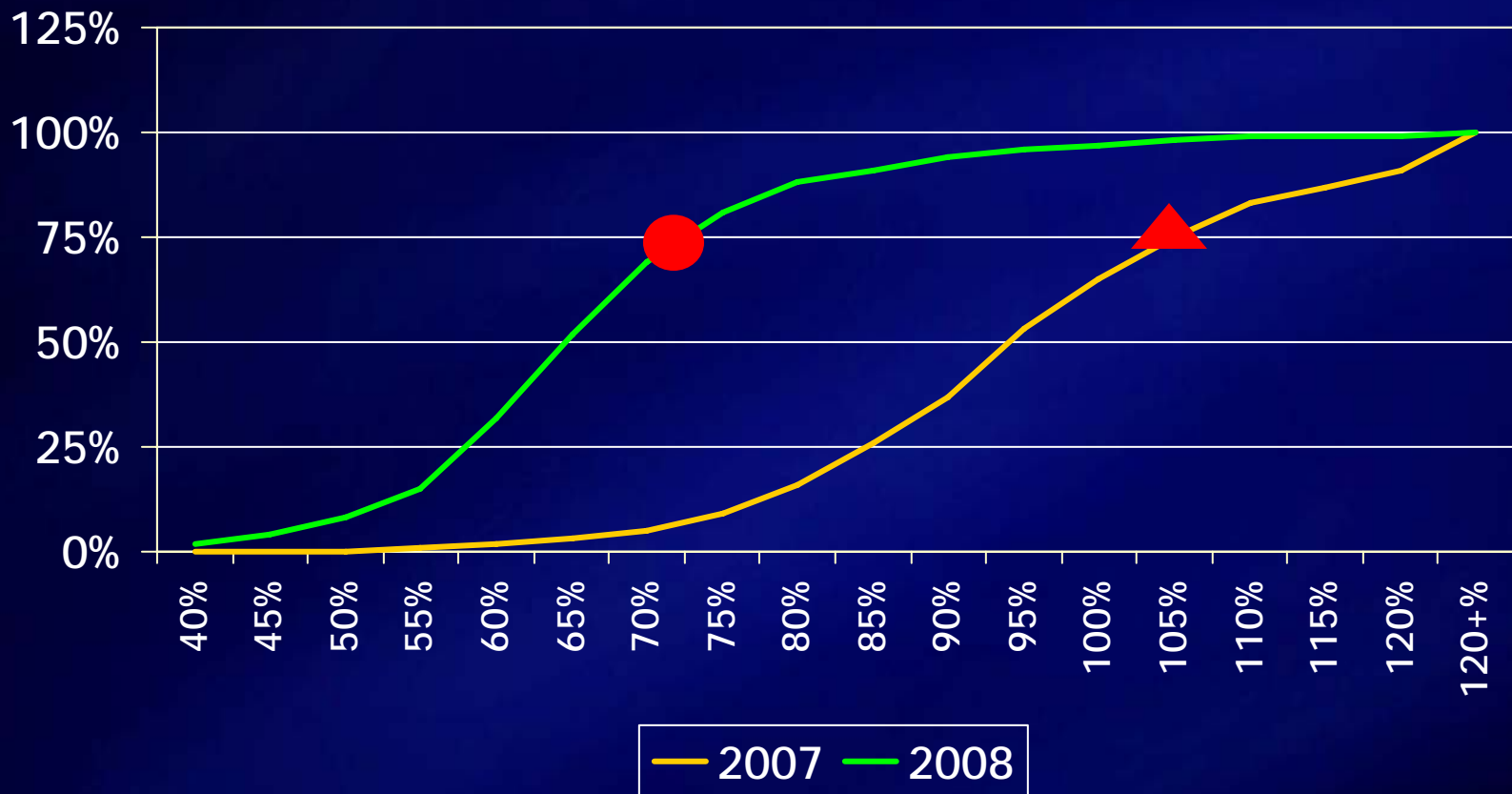
Source: Barclays Capital

Corporate Funded Status Fortune 1000



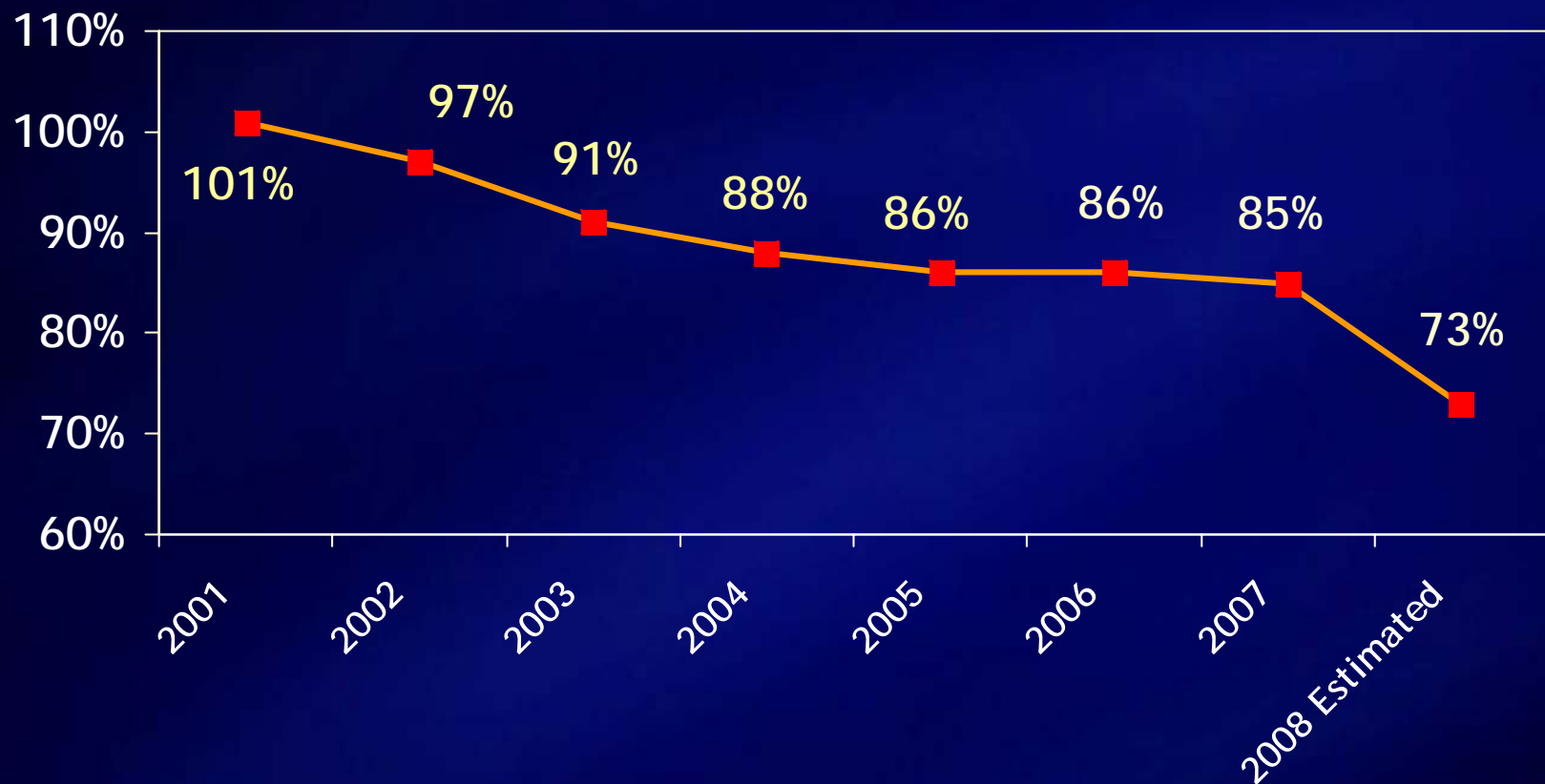
Source: Watson Wyatt, February 2009

Cumulative Distribution Corporate Plan Funding Status



Source: Watson Wyatt, February 2009

Public Plan Funded Status



Source: Wilshire Associate and BAC Merrill Lynch

Cumulative Distribution Public Plan Funding Status



Source: Wilshire Associate and BAC Merrill Lynch

Funding Considerations



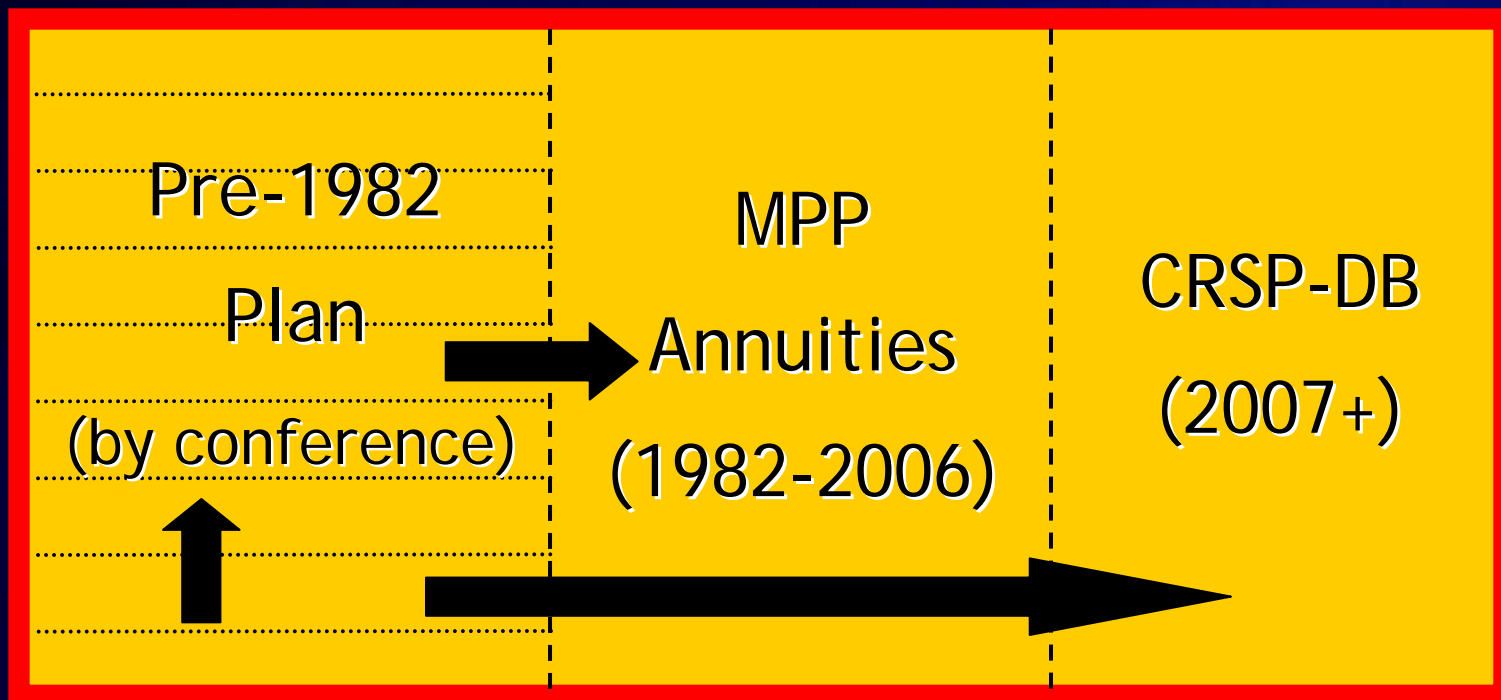
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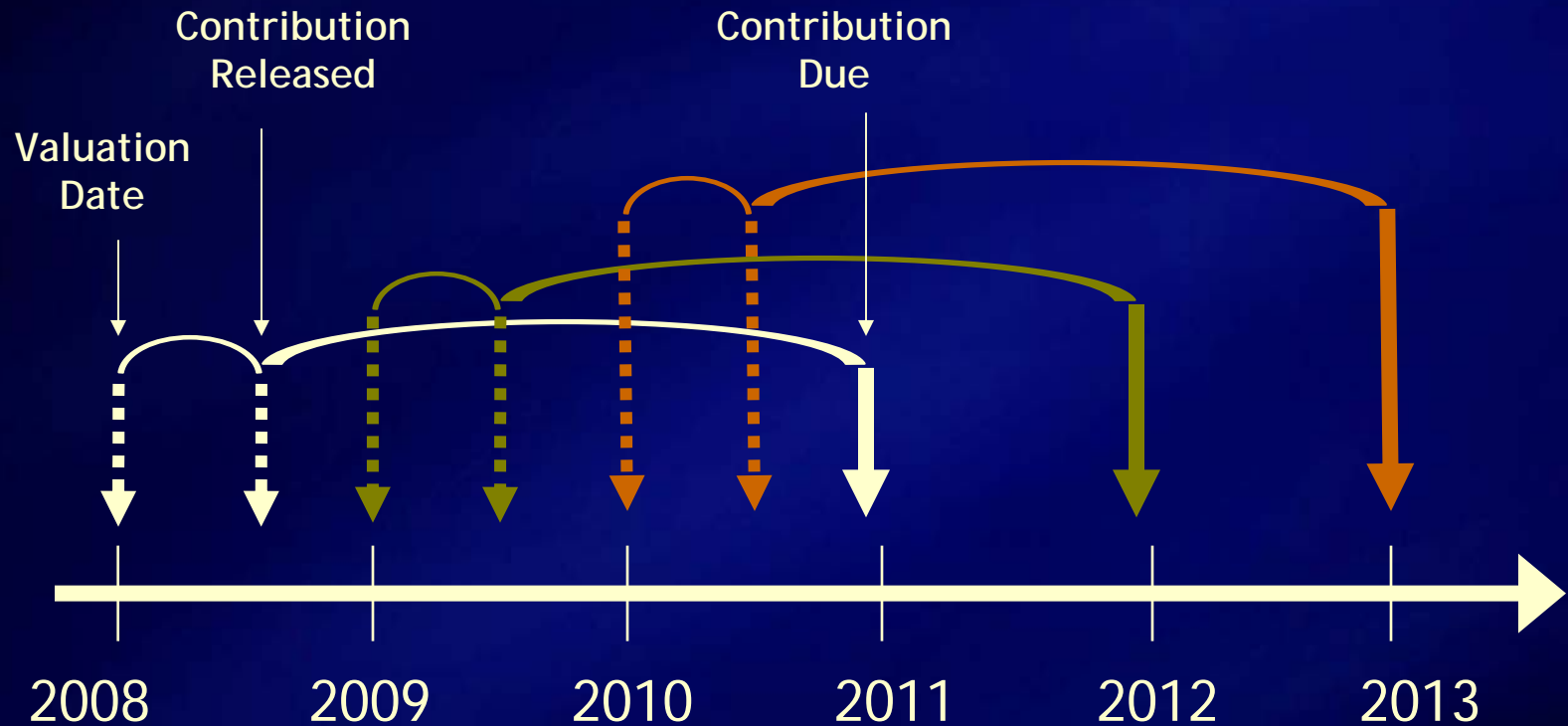
Clergy Defined Benefit Plan Structure

Pre-1982 Plan (by conference)	MPP Annuities (1982-2006)	CRSP-DB (2007+)
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Clergy Defined Benefit Plan Structure



Valuation and Contribution Timeline



Estimated Funded Status

Plans	Funded Ratio 01/01/08 (Actual)	Estimated Funded Ratio 01/01/09	Estimated 2011 Contribution Impact
CRSP-DB	90%	79%	\$25 million
MPP Annuities	120%	93%	\$30 million
Pre-82 Plan	131%	90%	\$52 million

Balancing Tensions

Participants:

Benefit
Security

Conferences:

Ability to Pay

General Board:

Fiduciary
Responsibility



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