

The Orthodox Church In America

Pension Plan

Report to the Fourteenth All-American Council
Toronto, Ontario July 18-22, 2005

Archpriest Michael Westerberg
Group Leader and Trustee

**The Orthodox Church In America
Pension Plan**

Report to the Fourteenth All-American Council
Toronto, Ontario July 18-22, 2005

Archpriest Michael Westerberg,
Group Leader and Trustee

Desiring to provide appropriate financial support for retired clergy and full-time Church workers, the Orthodox Church in America maintains a fully-funded defined benefits Pension Plan that complies with U.S. federal regulations without exception. Participation in the Pension Plan is mandated by the Holy Synod and the All-American Councils of the Orthodox Church in America and is expected of all eligible clergy who receive salary compensation from their parish, their diocese or the Orthodox Church in America regardless of other private retirement plans in which they may participate. Participation is also required for eligible full-time lay church workers. [Clergy and full-time church workers in Canada and Mexico are ineligible to participate in this Plan due to Canadian and Mexican legislative restrictions. Clergy and lay workers in the Diocese of Alaska are ineligible in some circumstances.] This Pension Plan is the only approved retirement support program for Orthodox Church in America workers.

THE PENSION BOARD: The Pension Plan is overseen by a National Pension Board comprised of members elected by the All-American Council. The Board works with professional investment counsel, legal counsel, accounting, actuarial, and auditing services. The Board has met at least quarterly each year and more frequently as needs have dictated. The board is regularly evaluating plan provisions and capabilities with a goal of providing the best benefits possible, while not jeopardizing the stability and financial security and viability of the plan. For fully vested Plan participants retiring at age sixty-five (65) or later, the current regular retirement benefit is 65% (sixty-five percent) of the best five consecutive year's taxable income.

Following the 13th All-American Council His Grace, Bishop Nikolai was appointed by the Holy Synod to chair the Pension Board, and Archpriest Michael Westerberg was appointed Group Leader. In late summer of 2004, Bishop Nikolai asked that the Holy Synod relieve him as Board chair since the travel required to conscientiously fulfill Board responsibilities was especially demanding. In October 2004, His Grace, Bishop Nikon was appointed Board chairman by the Holy Synod. At present the Pension Board consists of the following members:

Trustees:

His Grace, Bishop Nikon, Chairman
Archpriest Michael Westerberg
Mr. John Sedor

Members:

Archpriest Peter Pawlack
Archpriest John Steffaro, Board Secretary
Mr. Michael Bowan
Mr. David Drillock

Alternates:

Archpriest John Zdinak and Mr. Paul Culton

TERM OF OFFICE: The terms of the following Pension Board members will expire at the 14th All-American Council: Archpriest Peter Pawlack, Archpriest John Steffaro, Mr. David Drillock, Mr. John Sedor. Additionally, in June 2005, Mr. Michael Bowan found it necessary to resign from the Board due to a change in his employment. Of these, only Father John Steffaro is eligible for re-election.

PLAN MANAGEMENT: The Plan's investment consulting firm is SmithBarney of Melville, New York; and the Plan is capably managed by Mr. Warren H. Rivetz of SmithBarney.

Milliman USA of New York, NY, serves as the Plan's actuary. Lambrides, Lamos, Moulthrop and Company, East Northport, NY, provides accounting services to the Plan. Mr. Joseph Semo, esq., of Feder, Semo, Clark and Bard, Inc., of Washington, D.C., serves as legal counsel for the Plan. Matushka Elizabeth Kondratick most capably serves as Plan Secretary and Benefits Coordinator.

Both internal and external auditors audit the Plan's financial records annually and have found all records to be in order and to accurately reflect the Plan's financial position. Copies of each annual auditor's statement are on file in the Benefits Office of the Orthodox Church in America, in Syosset, NY.

PORTFOLIO ASSETS DISTRIBUTION: The Board maintains a diversified portfolio aimed at long-term growth while minimizing losses. Assets distribution as of June 3, 2005 is:

US Large Cap Growth	\$ 5,036,800	23.6%
US Large Cap Value	5,344,200	25.1%
Small Cap Value	1,431,00	6.7%
US Small-Mid Cap Growth	1,483,000	7.0%
International Equities	3,253,300	15.3%
Intermediate Government/Corporate Bonds	4,762,200	22.3%
Total Investments	\$ 21,310,500	100%
Cash Equivalents – Working Capital	150,000	

Fixed Income Credit Ratings of Plan Holdings– AAA : 50% AA : 8% A : 42%

Assets distribution is within 1.5% +/- of Board tactical allocations and within Board approved margins. Portfolios are re-balanced not less than annually, and more often as deemed advisable.

NET ASSETS AVAILABLE FOR BENEFITS: In the period immediately before the 13th All-American Council our Plan had suffered significant losses of approximately 22% verses the nearly 28% losses of the general market. At the 12th AAC the value of the Plan was \$19.4 million. At the time of the 13th AAC Plan assets stood at \$15.993 million. As of June 6th, 2005 the value of our Plan was \$21.3 million. Our investment managers have done a reasonably good job with our assets in a difficult and volatile period.

PLAN PARTICIPATION: As of January 1, 2005, there were 321 active participants and 154 inactive participants in the Pension Plan. As of the same date 92 retirees were receiving benefits.

PLAN HOLDINGS AND ADMINISTRATION: In compliance with federal regulations, Plan holdings and administration are completely separate and independent from the general financial operation, budget and funds of the Orthodox Church in America.

GENERAL REVIEW: Over the past decade, the Pension Board has been able to maintain a stable Plan with solid results despite fluctuation in the national and world economy. Though the Plan has not been immune to the contraction and expansion of national and international investment markets over the last several years, wise diversification and careful monitoring have resulted in moderated losses at levels less than the general market level and in a substantial recovery.

ACKNOWLEDGEMENTS: To His Beatitude, Metropolitan Herman, to His Grace, Bishop Nikolai, to His Grace, Bishop Nikon, to Protopresbyter Robert Kondratick, OCA Chancellor, to the members of the Pension Board, and to Matushka Elizabeth Kondratick, I express my personal thanks for consistently conscientious and excellent work; and for their diligent labors I convey the deep appreciation of Plan participants- active and retired, and the appreciation of the faithful of the Orthodox Church in America who value the life-long commitment of our clergy and lay church workers, desiring to provide for them reasonable and responsible care and adequate provision for their retirement years. Thanks are also due to the Pension Board members whose terms are completed with the 14th All-American Council. I personally wish publicly to recognize and acknowledge Archpriest Dimitri Oselinsky, former Pension Board Group Leader for his many years of faithful and diligent service to the Pension Board and Plan. Finally I wish to thank the members of the Holy Synod for the confidence and trust they have placed in me in confirming me as Pension Board Group Leader.

Respectfully submitted,

Archpriest Michael Westerberg
Pension Board Group Leader