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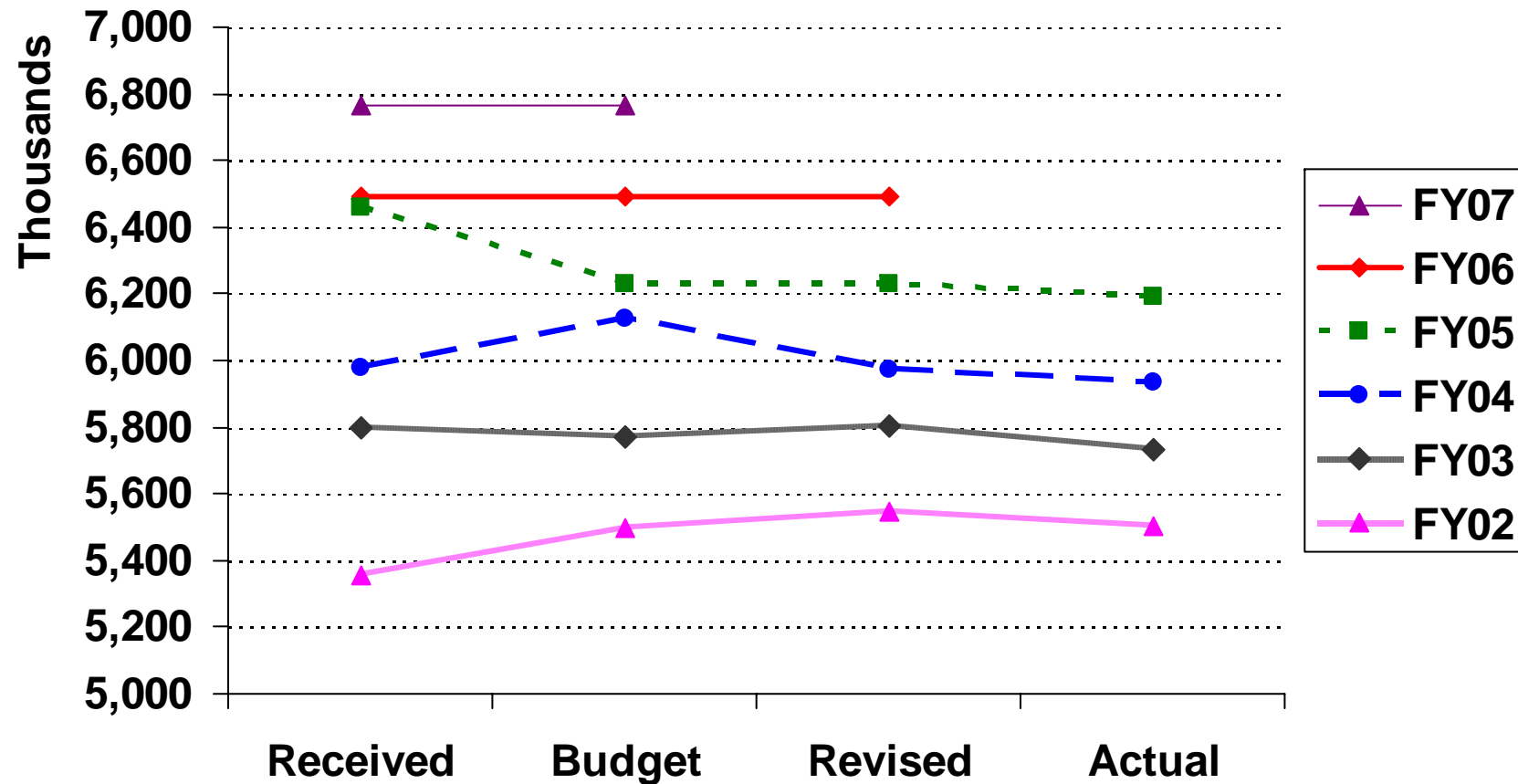
Financial Advisor's Presentation to UUA Board of Trustees

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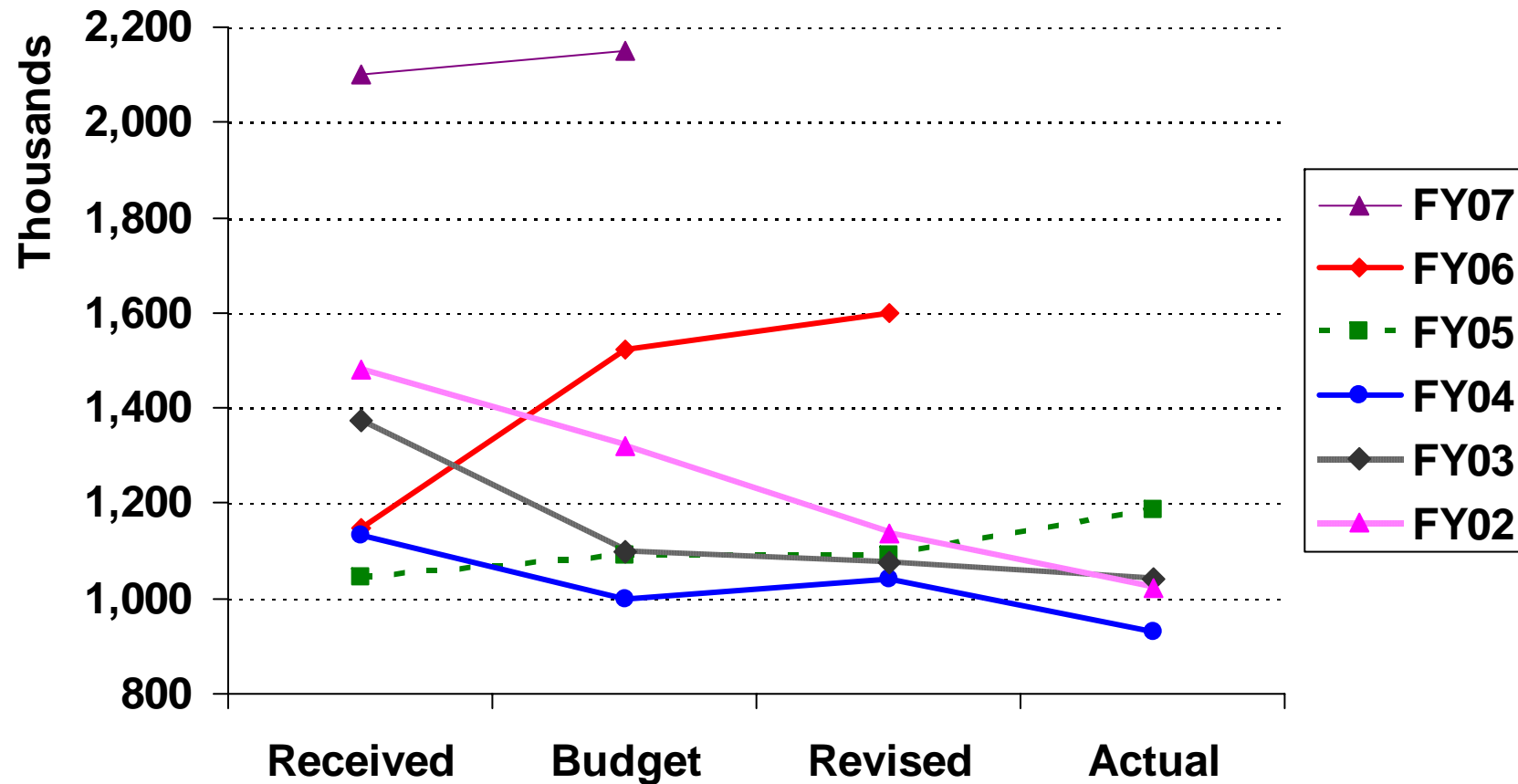
APF Income Estimates



Friends of the UUA

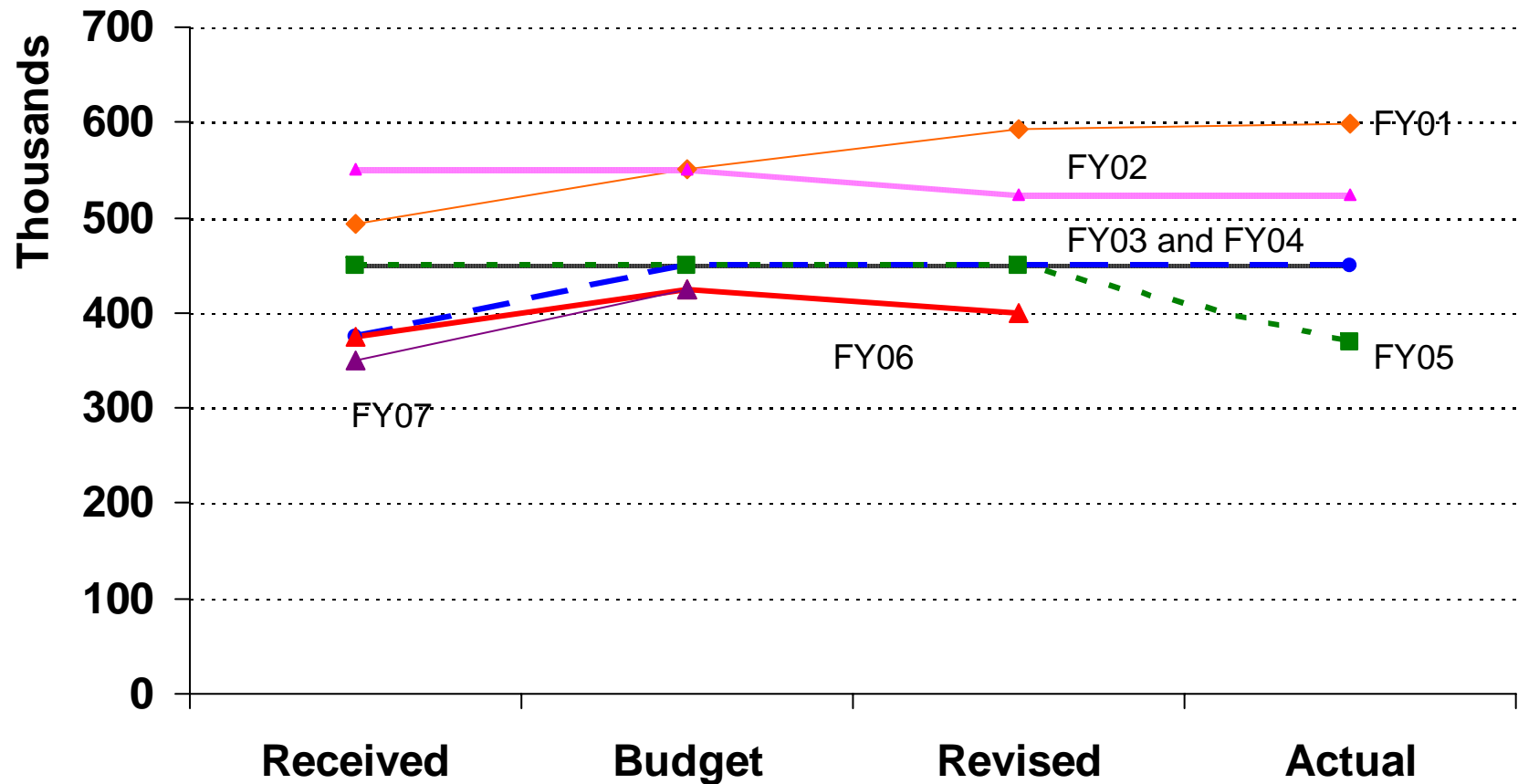


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Unrestricted Bequest Income



SRI: Current Status



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Asset Class	Target	SRI Status
US Large Cap	25%	UUA “do not buy” list to be applied in 2006; UUA “favored” criteria to be applied to 20% of class
US Small Cap	10%	UUA “do not buy” list to be applied in 2006
International	15%	Not currently screened
US Bonds	20%	Not currently screened; 80% government bonds
US High Yield Bonds	5%	Not currently screened
Foreign Bonds	5%	SRI not applicable; almost all government bonds
Non-Correlated	20%	Not currently screened
Total	100%	

UUA Health Insurance Plan



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- UUA health plan cancelled by Blue Cross of Massachusetts in 1998
- UUA unable to find an insurer willing to offer a new national plan
- Many congregations unable to find affordable local coverage
- Nearly 400 UU employees, including 121 ministers, have no health insurance



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Health Plan Overview

- Preferred Provider (PPO) plan administered by Highmark BCBS
 - National provider network
 - Completely portable
- Open enrollment to those who work 1000 hours per year, or are retired on Medicare
- Congregations asked to pay at least 80% of employee's cost
- “Self-insured” plan: UUA bears risk



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Rate Planning

- Rates set by Milliman, a respected actuarial firm
- Highmark BCBS administers plans covering 160,000 employees and dependents, giving members deep provider discounts and low administrative costs
- 15% cushion over expected claims
- First year is hardest to predict

Self-Insured Highmark BCBS Plans



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Denomination	Employees
Presbyterian Church USA	18,000
Southern Baptist Convention	16,000
United Church of Christ	3,500
Mennonite Church USA	3,400
Disciples of Christ	1,300
Christian and Missionary Alliance	1,200
Evangelical Covenant Church	900
Evangelical Presbyterian Church	500
Moravian Church Northern Province	100

Health Plan Design: Two Plans



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- Preferred Provider (PPO) Plan
 - Low deductible
 - Reasonable co-pays for office visits
 - Prescription drug benefit

- High-Deductible PPO Plan
 - Lower monthly premium
 - Higher deductible
 - Prescription drug benefit

Health Plan Rate Structure



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- Unisex rates
- Rates set by geographic area
- Rates set by employee age
- Four coverage options
 - Individual
 - Individual plus spouse/partner
 - Individual plus children
 - Family

“Stop-Loss” Coverage



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- Individual
 - Insurer pays all claims for any individual above \$100K in any year
- Aggregate
 - Insurer pays all claims for entire plan that exceed 125% of expected claims for year



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Other Decisions

- UUA administration to determine participation of Boston-area UUA employees in new plan
- Creation of health plan trust
 - Would assure that all premium revenue used solely for health plan
 - Not intended to shield UUA from liability



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Health Plan Timetable

- April: Jim Sargent hired to lead plan marketing
- April 23: BOT approves plan rollout
- May 1: Plan enrollment begins
- June: Plan discussed at GA
- Oct 15: Open enrollment deadline
- Oct 22: Assuming 500 employees have enrolled, BOT votes to implement plan
- Nov: Trust created
- Jan 1: Plan takes effect

Likelihood of Gain or Loss



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- In first year, expected surplus is \$480,000
- Likelihood of gains and losses are:
 - 67% likelihood of a surplus
 - 33% likelihood of a loss
- Range of possible losses:
 - 11% likelihood of a loss of at least \$259,000
 - 5% likelihood of a loss of at least \$432,000
 - Stop-loss coverage limits loss to \$800,000



Health Plan: What Could Go Wrong

- Not enough people sign up
 - Plan cancelled before implementation
- Rates set too low to cover claims
- Bad luck in early years
- A pandemic
- Soaring health care costs make coverage unaffordable to congregations in future



Health Plan: What Could Go Right

- 500 to 1000 people, many of whom were previously uninsured, obtain health coverage through the UUA plan
- Congregations can more easily attract new ministers and staff
- Ministers can move to a new job without fearing loss of health insurance
- Congregations appreciate this new service provided by the UUA
- Success in sharing the burden of providing health care strengthens the UU movement



Future Agenda Items

- Health insurance plan
- Financial reporting and chart of accounts
- Budget process and timing
- LRCS
- Socially responsible investing
- Unrestricted bequest income
- Short-term investments in GIF
- Debt management
- ✓ GIF administrative fee
- Conflict of interest policies
- Role of audit committee
- Capital campaign “spend-down” funds
- Internal rent allocations
- Beacon Press
- Cash management
- Compliance with state registration rules concerning planned giving
- Facilities maintenance planning
- ... and more