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Financial Advisor's Presentation to UUA Board of Trustees

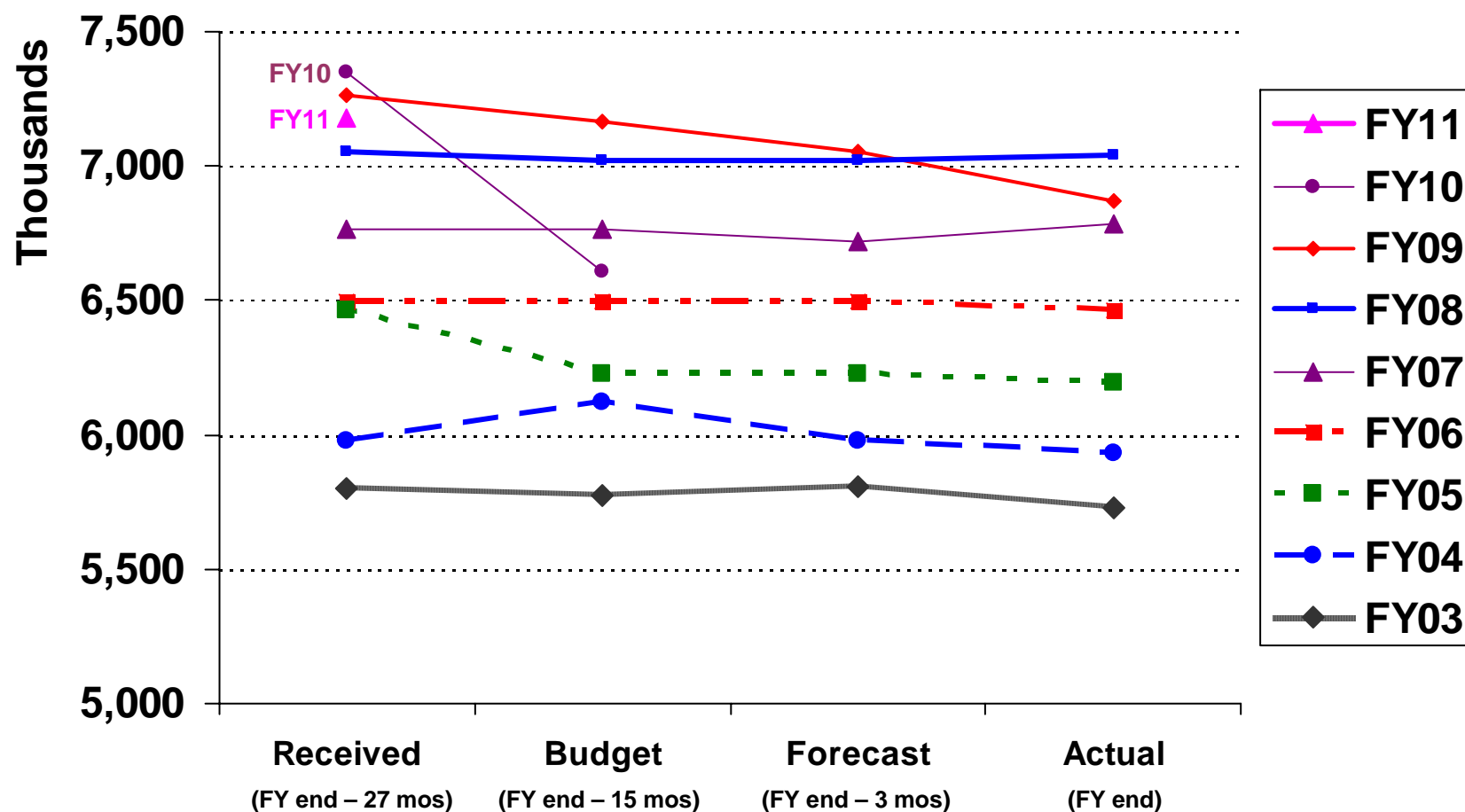
Dan Brody

October 2009

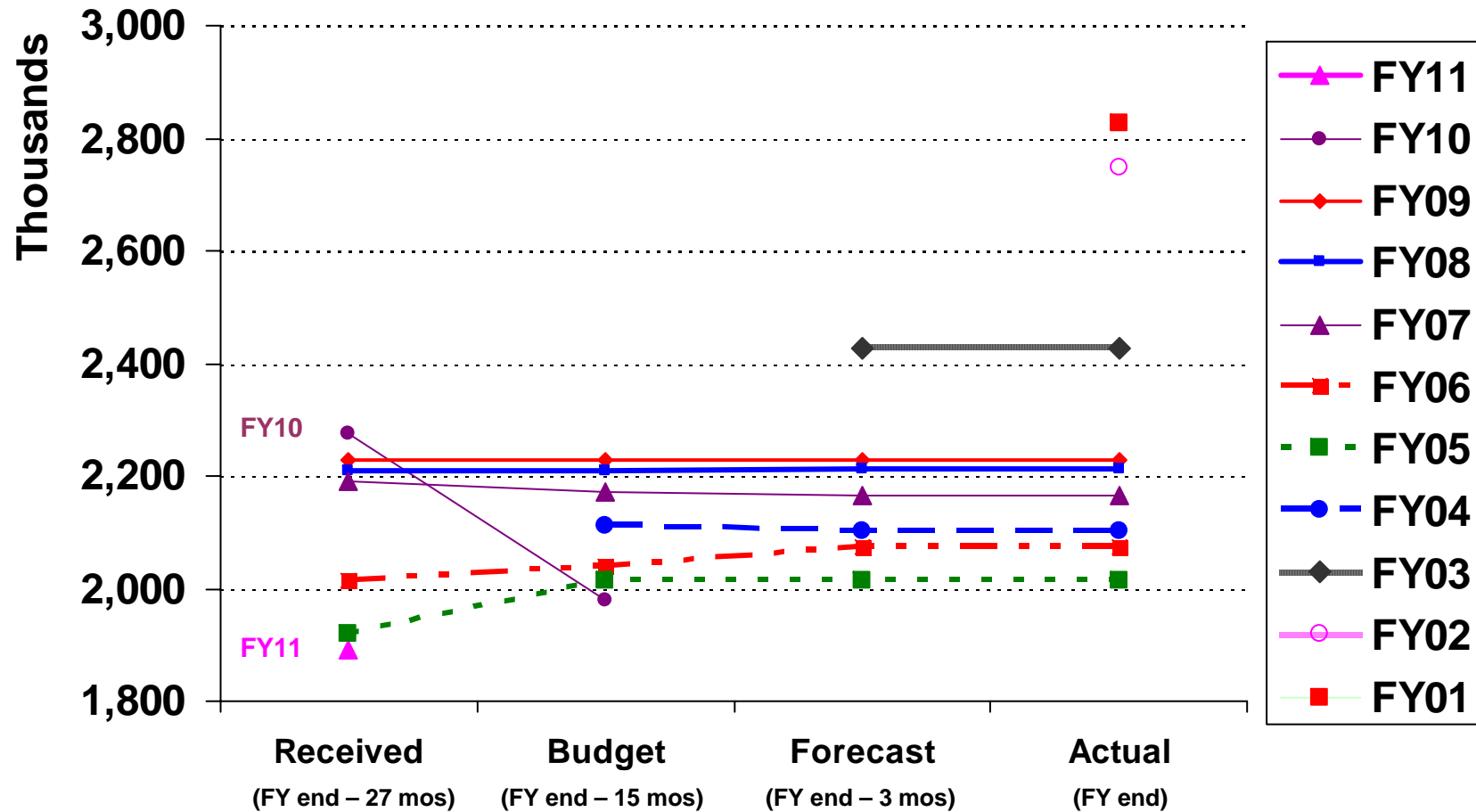




Annual Program Fund



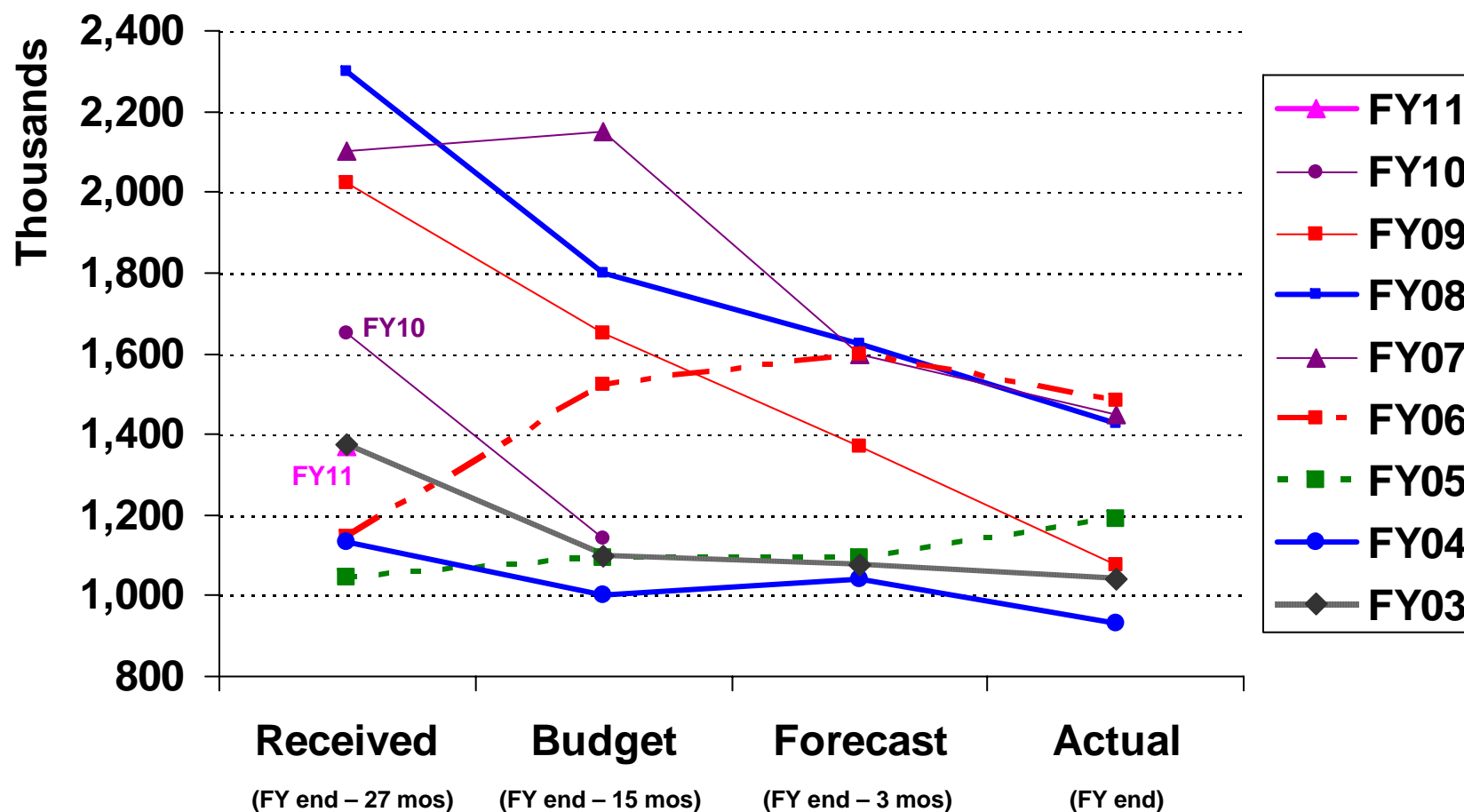
General Investment Income



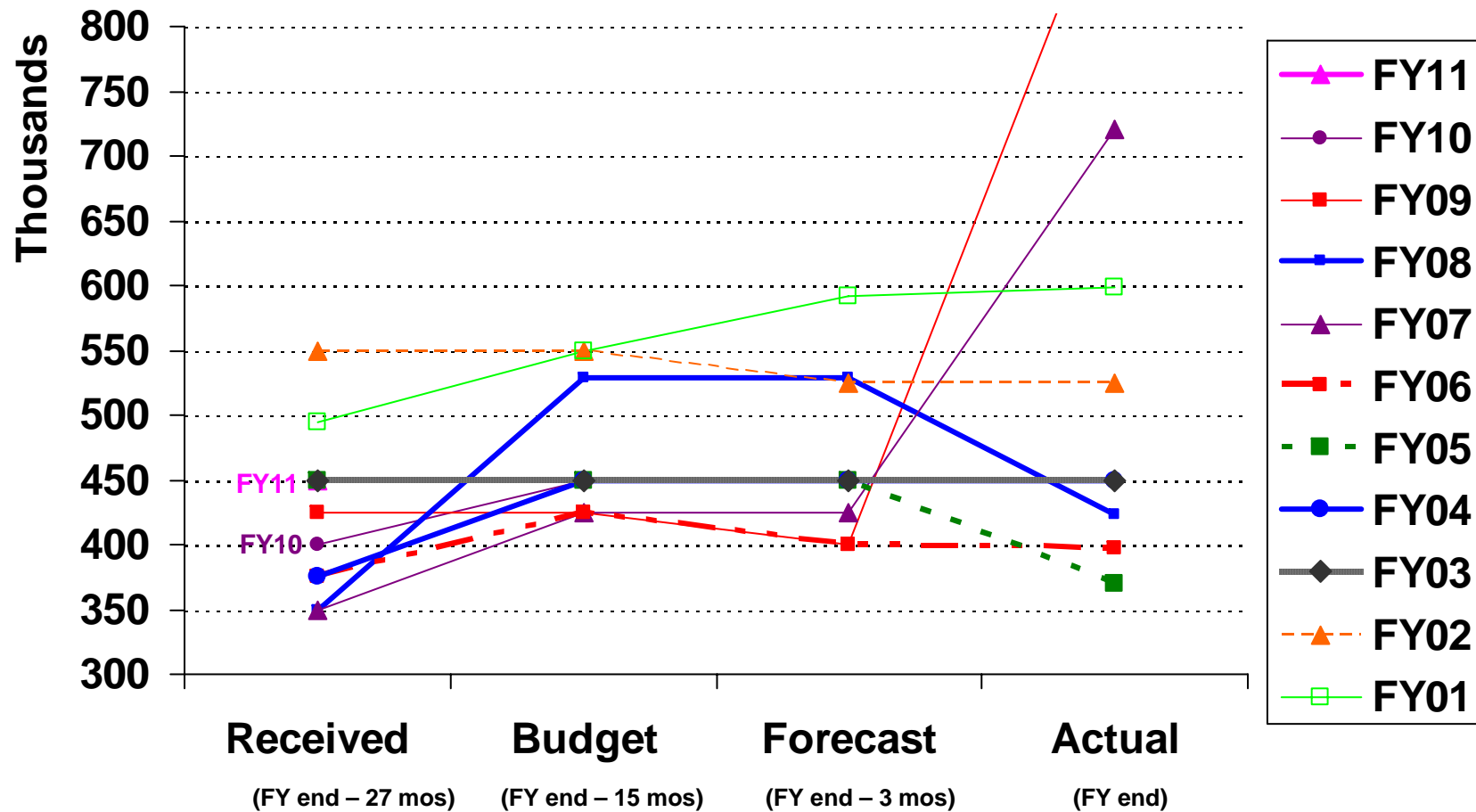


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Friends of the UUA



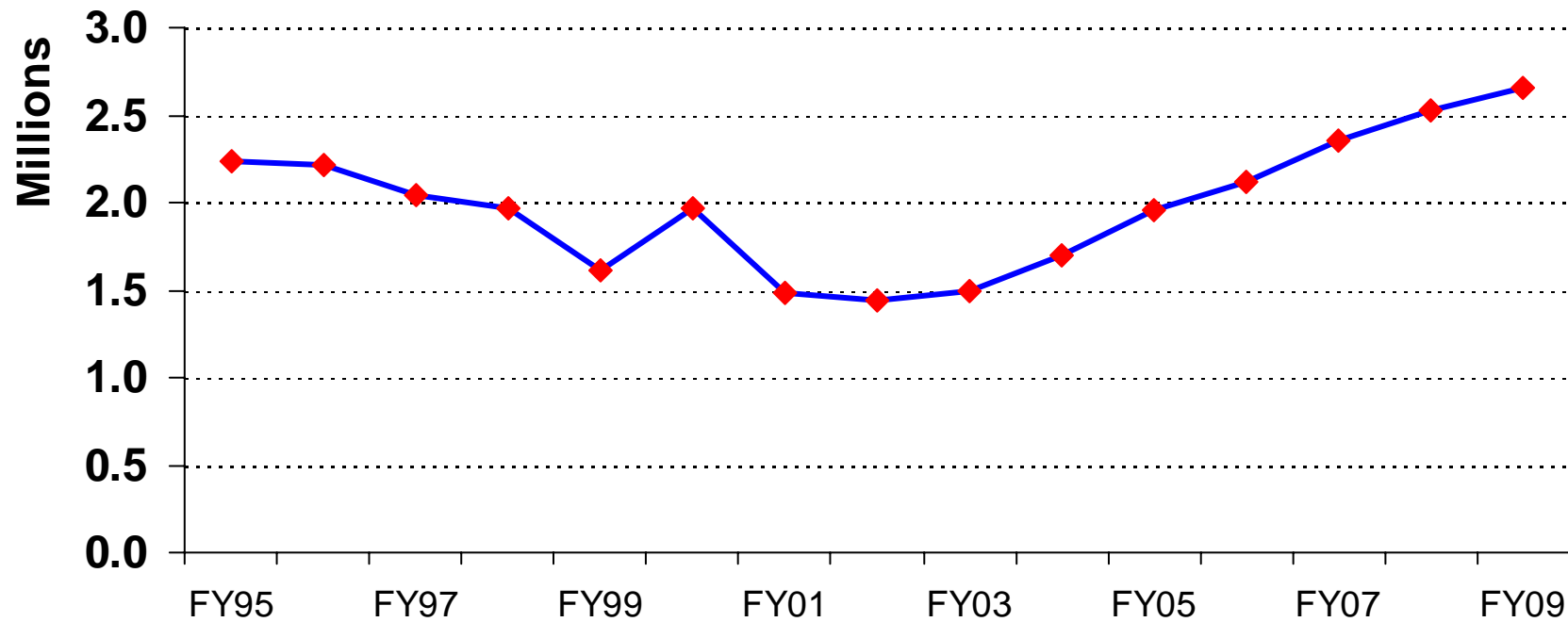
Unrestricted Bequest Income



Beacon Press



Net Assets ("Stabilization Fund") Balance at Year End



Beacon Press Reserve Policies

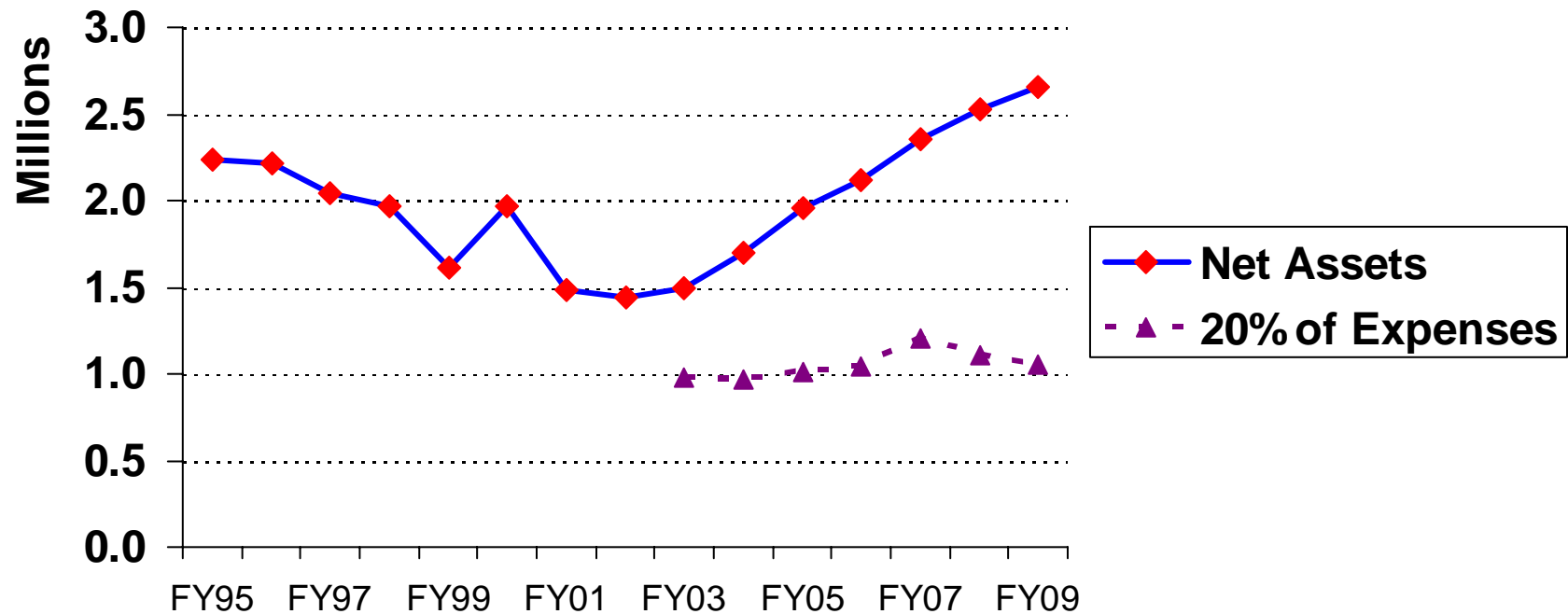


- Board approval required for Beacon to:
 - Commit more than 3% of prior-year spending (now \$150K) to a single project
 - Start multiple projects that would draw reserves below 20% of prior-year spending (now \$1M)

Beacon Press



Net Assets Compared to Benchmark



Financial Decisions for 2009-10



- Endowment spending policy
- Level of spending on stewardship and development after campaign ends
- How to pay for these expenses
- Choice of record-keeping firm for pension plan
- Status of CBPC

Endowment Spending Policy

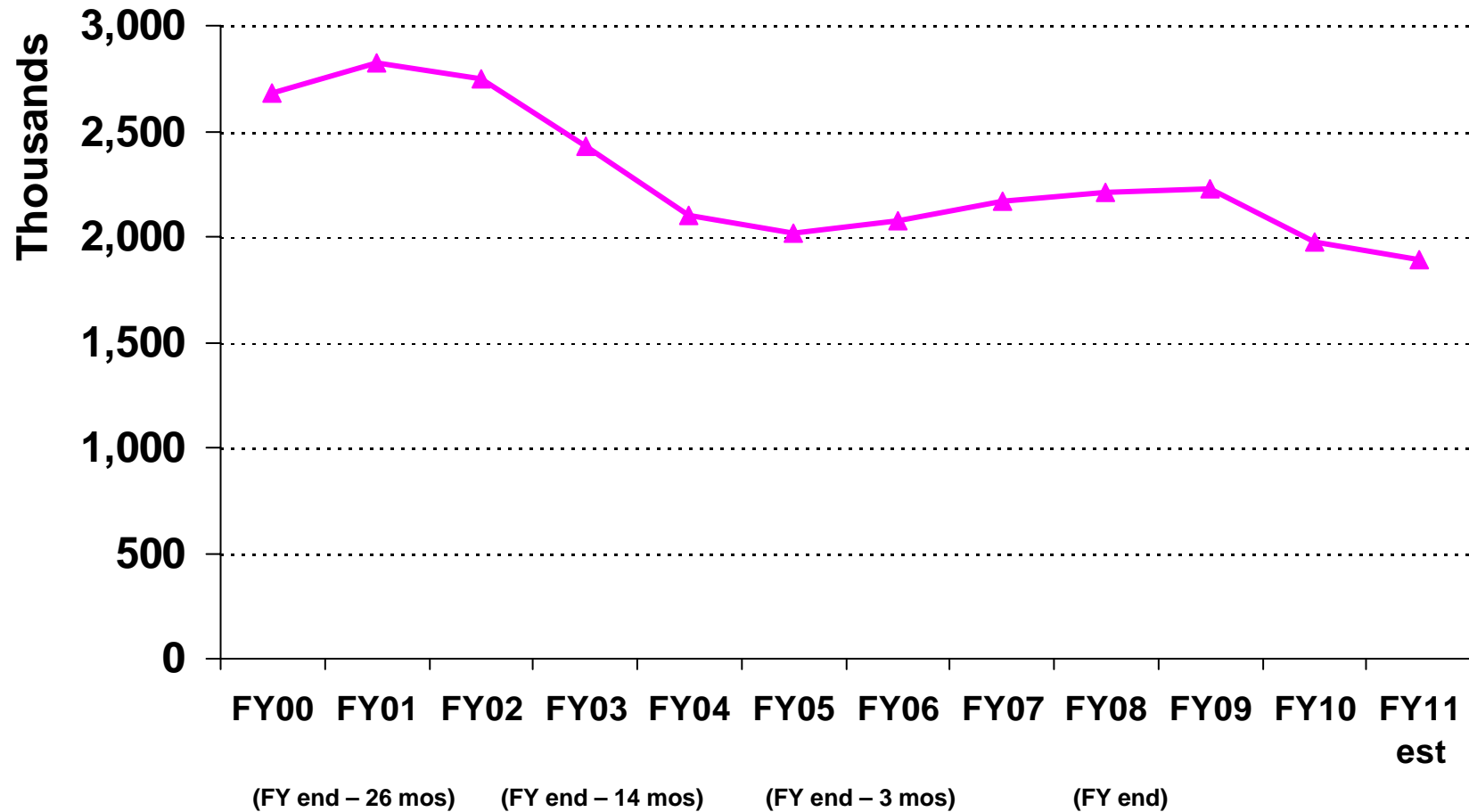


- Policy goals
 - Preserve inflation-adjusted endowment value
 - Avoid fluctuations (up or down) in payout
- Expected endowment return and payout
 - 8.5% target return = 5% payout + 3.5% inflation

General Investment Income



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Endowment Spending Policy Options

- Percentage of current market value
- Percentage of multi-year average value
- Increase payout for inflation
- Formula that combines inflation with spending rate target

Funding Sources Used in Previous Capital Campaigns



- Administrative fee on campaign gifts
- Sale of real estate
- “Borrowing” from endowment
- Additional 2% draw on endowment

Options for Future Campaigns



- *Continue additional endowment draw*
- Administrative fee on campaign gifts
- Administrative fee on all restricted income
- Use other current income, including bequests

UUA Health Plan Update



- Sharp increase in claims in early 2009
- \$2.4 million in reserves
 - \$1 million of this obligated for claim payments
- Base rate increase 11% for 2010
 - Plus age adjustments for individuals
 - Rate includes 5% “margin”
- Base increase over three years totaled 15%, compared to 30-40% for many plans

Pension Plan Record-Keeping Firm



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Criterion	Fidelity	TIAA-CREF
Transition difficulties		
Administrative capability		
Quality of available funds		
Mission compatibility		

Status of CBPC



Compensation, Benefits, and Pensions Committee

- Duties of the Committee
 - Educate congregations on compensation and pension issues
 - Advise the UUA Board on administration of the Pension Plan
- Committee changed to staff-appointed in 2008
 - In 2009, Board reaffirmed committee's role as advisor to Board concerning pension plan
 - Need to resolve conflict by either:
 - amending plan document to give authority to President, or
 - returning committee to board-appointed status



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Future Agenda Items

- Health insurance plan
- Investment policy and SRI
- Internal rent allocations
- Conflict of interest and whistleblower policies
- Paying for future capital campaigns
- Endowment spending policies
- Financial reporting and chart of accounts
- Use of bequest income
- Audit committee
 - Compliance with state planned giving rules
- LRCS
- Asset management
 - Debt management
 - Cash management
 - Short-term investments in UUCEF
 - Facilities renewal
- ... and more