ELCA Board of Pensions (Portico Benefit Services)

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The Rev. James S. Dunlop, bishop of the Lower Susquehanna Synod
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Leadership team

The Rev. Jeffrey D. Thiemann, president and chief executive officer
Ms. Stacy A. Kruse, chief operating and financial officer and treasurer
Mr. David J. Quello, chief investment officer

Statement of purpose

As early as 1783, the Lutheran Church in the United States began providing a financial benefit to widows of pastors. Portico Benefit Services inherited and continues this compassionate legacy. Guided by the ELCA Philosophy of Benefits, Portico delivers comprehensive, cost-effective benefits and services to support the call process and strengthen the well-being of those who serve ELCA congregations and ministry organizations, both during their working years and in retirement.

Originally established in 1987 by the ELCA Constitution as the Board of Pensions of the ELCA, Portico is a separately incorporated nonprofit ministry of the ELCA, governed by a board of 14–18 trustees elected to staggered three-year terms at the ELCA's triennial Churchwide Assembly. The governing description appears in section 17.20 of the *Constitutions, Bylaws, and Continuing Resolutions of the Evangelical Lutheran Church in America.*

As of Dec. 31, 2021, Portico serves more than 41,500 members and more than 5,600 sponsoring employers, and manages more than $9.5 billion in assets. Information about ELCA Retirement Plan performance and benefit plan assets is available (as of June 2022) in Portico's 2021 Annual Report at PorticoBenefits.org.

Report of work 2020–2022

Extending Portico's reach to strengthen our ministry

The ELCA often speaks of "church together." Portico has found that this important concept applies across faith-based organizations and denominations.

Over the last three years, Portico has repositioned itself for growth and is now able to offer wellness-oriented, cost-effective benefits and services to all ELCA-affiliated social ministry organizations, colleges, and universities, as well as full-communion-partner denominations. This strategic shift is helping Portico realize critical ministry goals to:

- Deliver more affordable benefits to those congregations and organizations it has served for decades while preserving the quality members expect.
- Extend Portico's benefits to more of those who serve ELCA ministries.

Creating this kind of change, however, has required Portico's leaders to think both strategically and boldly. Leaders knew that growing Portico's member pool would bring key advantages—the ability to secure lower administrative fees and innovative benefits not typically available to smaller groups. But leadership also needed to mentally embrace change, shape a broader vision, and then incrementally retool the entire organization to meet the diverse needs of a wider group of employer organizations and members.

After much analysis, effort, and trial and error, Portico is now well-positioned for growth, and interest is growing. While the pandemic sent most social ministry organizations, colleges, and universities into temporary crisis mode, many found themselves on more solid ground in 2021, ready to plan for the longer term.

As of this writing in March 2022, Portico now serves one ELCA university, one full-communion-partner denomination's benefit program, and ministries of two full communion partners, in addition to the ELCA, 32 ELCA-related social ministry organizations, and thousands of congregations across the country.

Meeting changing needs with innovative, cost-effective benefits

Well before the pandemic was declared, Portico knew from claims data that members' need for physical and mental health support was increasing. Pastors, deacons, and other church workers were experiencing high levels of burnout. Emotional and mental health incidents (and associated costs) were rising. The arrival of the pandemic simply intensified an already growing need.

Always on the hunt for innovative, lower-cost benefits to better meet the population's needs, Portico introduced five virtual-care benefits in 2020 and 2021 to help ELCA-Primary health benefit members manage their health safely with less stress and, in most cases, no added cost:

- A text-based primary care service available 24/7 (minimal cost, depending on coverage selected).
- A customized, online, self-directed mental health care program.
- A faith-based wellness education video and podcast platform.
- A virtual therapy program for members with chronic joint pain (one of our costliest chronic conditions).
- An online health, wellness, and fitness platform offering a wide variety of classes available on demand.

Some members have also struggled financially, like so many other people across the country. By fall 2020, nearly three times the usual number of members had used the financial counseling benefit available through Lutheran Social Service of Minnesota (LSS). By fall 2021, LSS had served 76% more members than in the same period in 2020.

To provide additional support, Portico added a Fidelity self-serve financial wellness checkup for members in the ELCA Retirement Plan. It helps members pinpoint a starting place personal to them, then offers them the right tools to take a next step. For help along the way, members can always reach out to a Portico Financial Planner at no cost to them.

For those enrolled in ELCA Medicare-Primary health benefits, Portico's goal has been to create significant cost savings. Switching to a Medicare Advantage plan through Humana for 2019 was the first step; bundling in Humana's prescription drug coverage starting in 2022 created equally dramatic savings with minimal disruption.

Managing investments for the long term

In October 2020, Portico redesigned its retirement plan fund lineup to help members better achieve retirement readiness. Portico replaced its balanced funds (80e, 60e, 40e; social purpose and unscreened) with two sets of target date funds (TDFs), one made up of social purpose funds and one of unscreened funds. These funds systematically adjust the asset mix over time, seeking more aggressive growth earlier on and more conservative growth as retirement nears, to help members remain invested appropriately over their lifetimes. The positive impact to members has been significant. As of June 30, 2021, 80% of retirement plan members were maintaining an age-appropriate asset allocation—compared to 32% a year earlier. As always, members can select from social purpose TDFs, unscreened TDFs, or build-your-own funds.

Concerned that not enough retirement plan members were aware of Portico's social purpose funds, the 2019 Churchwide Assembly requested that Portico launch an awareness and education campaign. Portico designed and implemented the campaign in early 2020 and shared these learnings at the November 2020 ELCA Church Council.

- Pre-campaign member awareness of social purpose funds was high, 82%.
- The awareness-raising, educational campaign spurred interest—calls related to these funds jumped, and in the week following the campaign, staff tracked a net total increase in investments into the social purpose funds of $2.2 million, compared to the $130,000 increase a month earlier.

A campaign survey of a sampling of plan members demonstrated strong support for social purpose funds being the default fund—the fund that member contributions go into when members join the plan. This information was an important reason why Portico chose to designate its social purpose TDFs as the default fund for new members.

Portico has also continued to support the financial well-being of retirees. Thanks to a combination of strong market conditions and investment performance, annuitants received steady payment increases over the last three years, with a 7.3% monthly increase for 2022, the highest since 2011.

Major directions for 2023–2025

Portico employees will tell you that it has come into its own as a future-thinking organization. We embrace rather than avoid change. We take small steps, learn, and pivot. Portico is wide open to better solutions. In the next few years, you should expect Portico to refine its operation in countless ways to better serve a growing list of organizations with varying needs and wants.

High on Portico's list of next initiatives:

- Finding ways to respectfully serve a more diverse membership in terms of age, gender, ethnicity, and regional perspective.
- Adapting technology platforms and applications to gain efficiencies, add new layers of security, and meet the needs of a larger and more diverse employer base.
- Adopting an open, flexible, learning stance as Portico staff return to the office this year as a hybrid organization.

During this pandemic, it has been an honor to play a critical supporting role in the lives of Portico members and the organizations that sponsor them. In startlingly uncertain times, Portico staff have worked tirelessly to deliver—and adapt, where needed—the benefits and resources members need to remain financially, emotionally, and physically resilient.

Mr. Leon J. Schwartz, *chair*
The Rev. Jeffrey D. Thiemann, *president and chief executive officer*