



"From Where I Sit ..."

CME Retirement Plan - Highlights Investment Policy Statement

In these days of economic instability, it should not be out of place to remind our participants and contributing churches of another safeguard built into our CME Retirement Plan. That safeguard is the Plan's Investment Policy Statement.

The Investment Policy Statement (IPS) is the Plan's document that guides the overall strategy in planning, investing, evaluating performance and accumulating wealth. In addition to defining the expectations of the Plan, the IPS clarifies and confirms the Plan's expectations of its investment managers.

A little background. This Plan is a Money Purchase Pension Plan established for the exclusive benefit of eligible employees and their beneficiaries. It is a "company" sponsored plan which therefore differs from 401(k) and 403(b) plans. The Plan maintains holdings in various equities and fixed instruments of short and long-term durations. The objective is to allocate assets with an optimum mix of growth and income. The asset allocation for the Plan is established at sixty (60) percent equities and forty (40) percent fixed instruments. This allocation reflects the Plan's consideration of expected returns for equity, fixed income, cash and real asset classes in domestic and foreign markets as well as consideration of expected prevailing levels of inflation.

Because the degree of risk impacts the change in value of the Plan, the Board of Personnel Services considers risk to be a resource to be deployed *prudently* to achieve the investment and financial objectives of the Plan.

When investing retirement assets, some organizations choose only a single investment manager. However, our management has always chosen to further protect the Plan by selecting 4-5 investment managers and therefore minimize significant loss that might result from an inappropriate or unauthorized action.

To ensure compliance, investment managers are required to sign the IPS acknowledging their acceptance of the Plans goals and expectations. In addition to frequent dialogue during the year, each investment manager meets and reports annually with the Plan's management to explain their prior year results and their perspectives of the future. Finally, management reviews the effective results of each manager on a comparative and competitive basis and poorly producing investment managers are replaced as needed.

There is much to say about the IPS and the above is only a highlight of the statement. A summary of the IPS may be found on the back of each Participant Statement for the periods ending June 30th and December 31st. What is important to note is the level of productivity required of our investment managers. *Or at least that's the way it looks to me...*

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(Copies of earlier articles may be found on the
Personnel Services Webpage of the CME Website at www.thecmechurch.org)