

Securing Your Future Together



Plans Audited

- Church Ret Plan Trust (Frozen 1999)
- Church Auxiliary HC Trust (Active)
- Loma Linda Foods Trust (Frozen 1988)
- GMM DB Plan (Formerly SSD) (Frozen 2000)
- Hospital Ret Plan Trust (Frozen 1991)
- Hospital Medical Plan Trust (Frozen 1991)
- ARP (DC Plan) (Active)

Audit Results

- All plans received a “clean” opinion by plan auditors Maner Costerisan, assisted by General Conference Auditing Service
- Legacy plans are audited as Trusts, not as plans
- Defined Contribution Plan is audited as a Plan

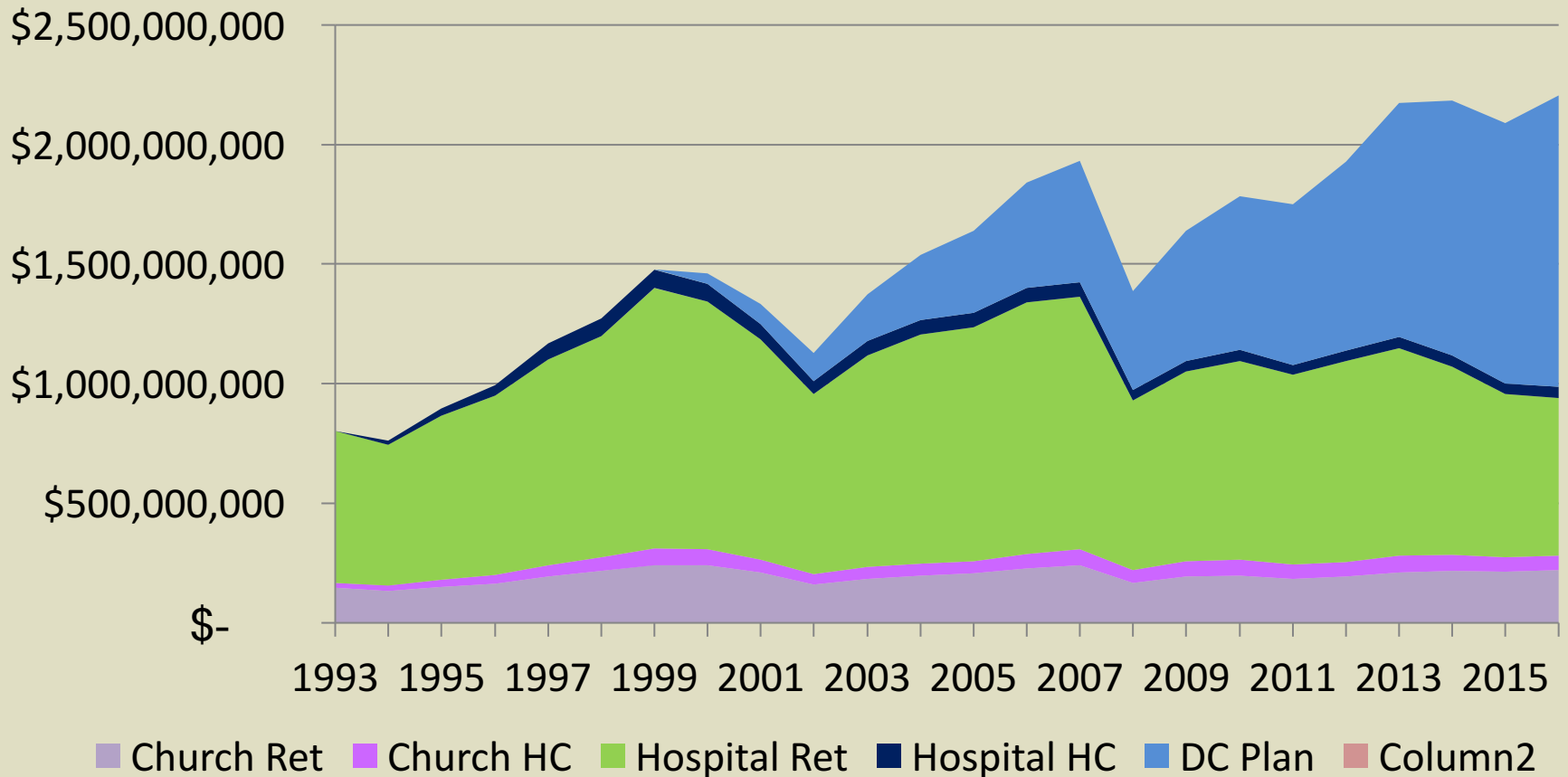
The Defined Benefit (Legacy) Plan

- Provides benefits to approximately 11,762 Retirees (Church Plan Only)
 - ✓ Average Age Retirees - 77.8 (86%)
 - ✓ Average Age Surviving Spouses - 83.6 (14%)
- Retirees participating in the plan will peak in the year 2025
- Active Employees Vested (10 yrs. S/C) – 5, 294
 - ✓ Average Age – 58.7
- Terminated Vested (10 yrs. S/C) – 2,730
 - ✓ Average Age – 62.6

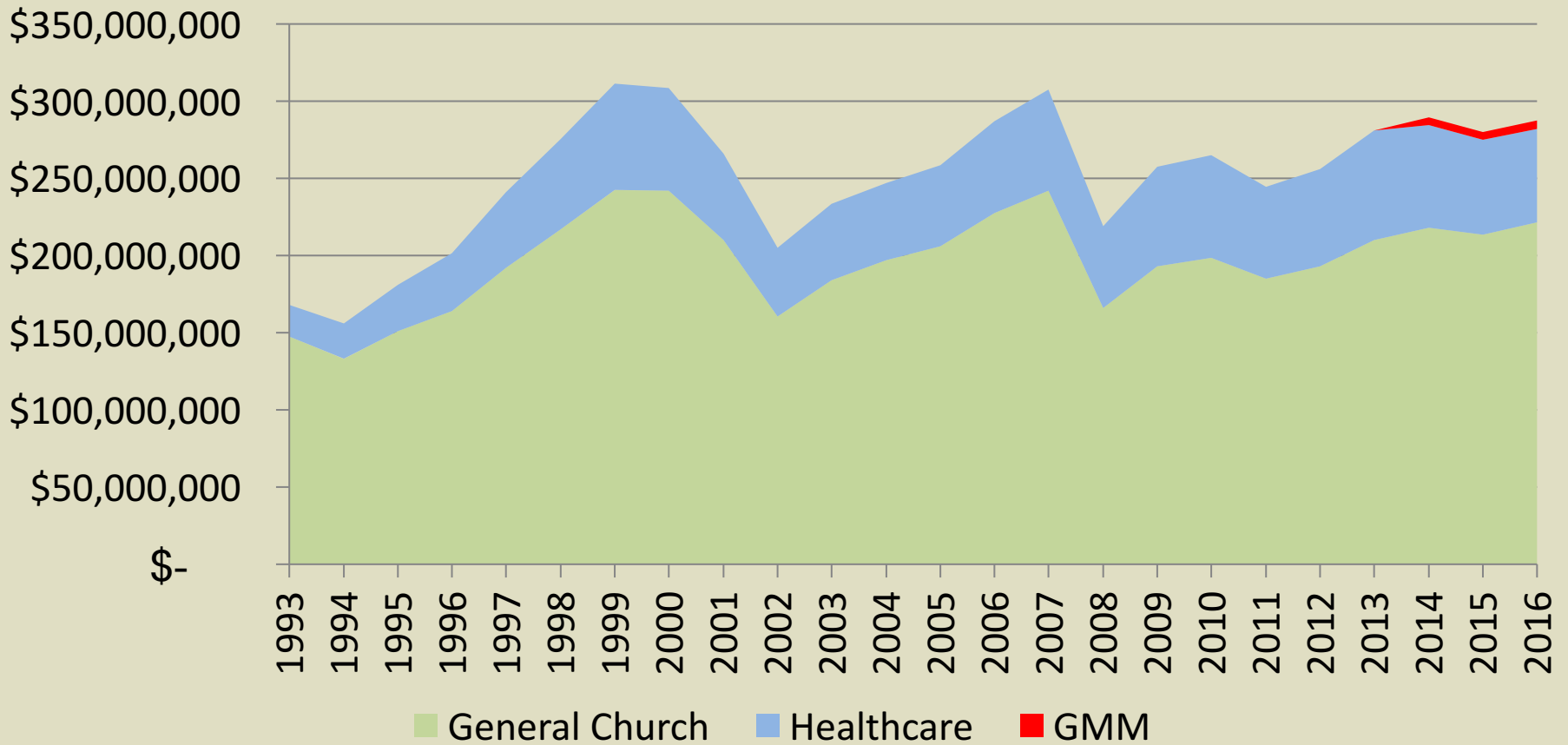
The Defined Benefit (Legacy) Plan

- Benefits paid over the last 10 years:
 - ✓ \$985,879,075
- Benefits to be paid over the next 10 years:
 - ✓ \$1,151,005,233
- Present Day Value of Accrued Benefits:
 - ✓ \$1,549,579,512/\$1,327,828,185 (unfunded)

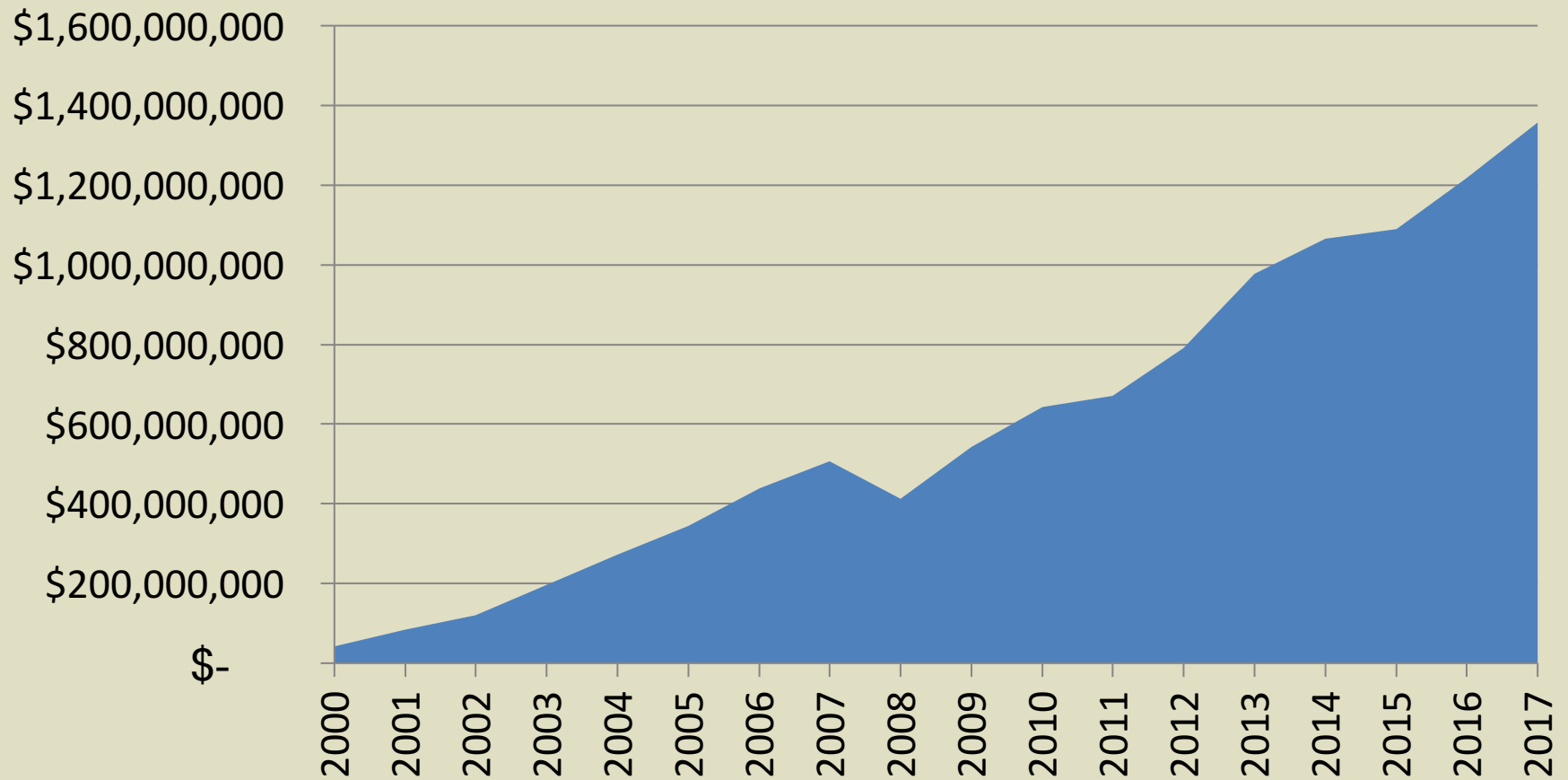
Asset Trend Lines



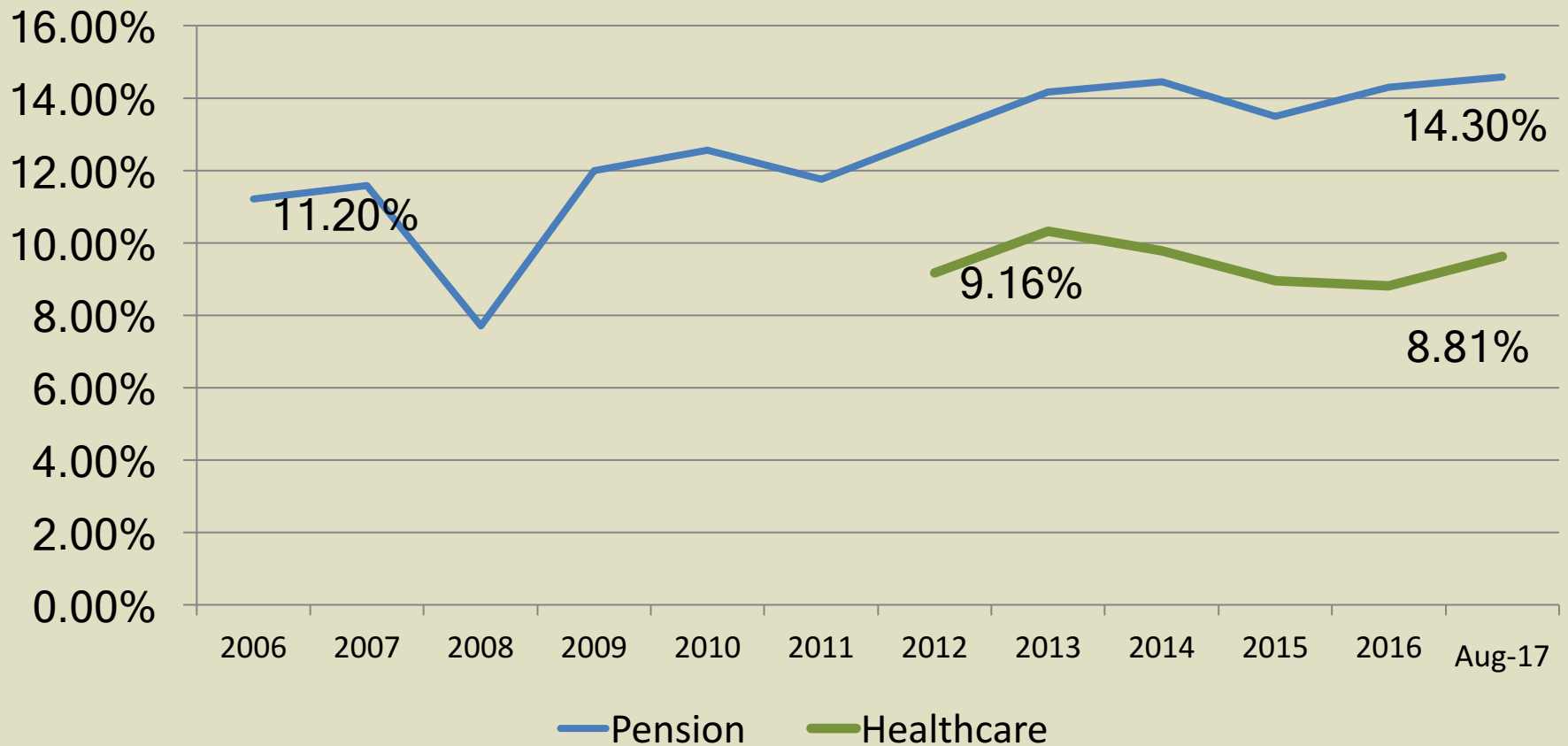
Asset Trends, Church Plans



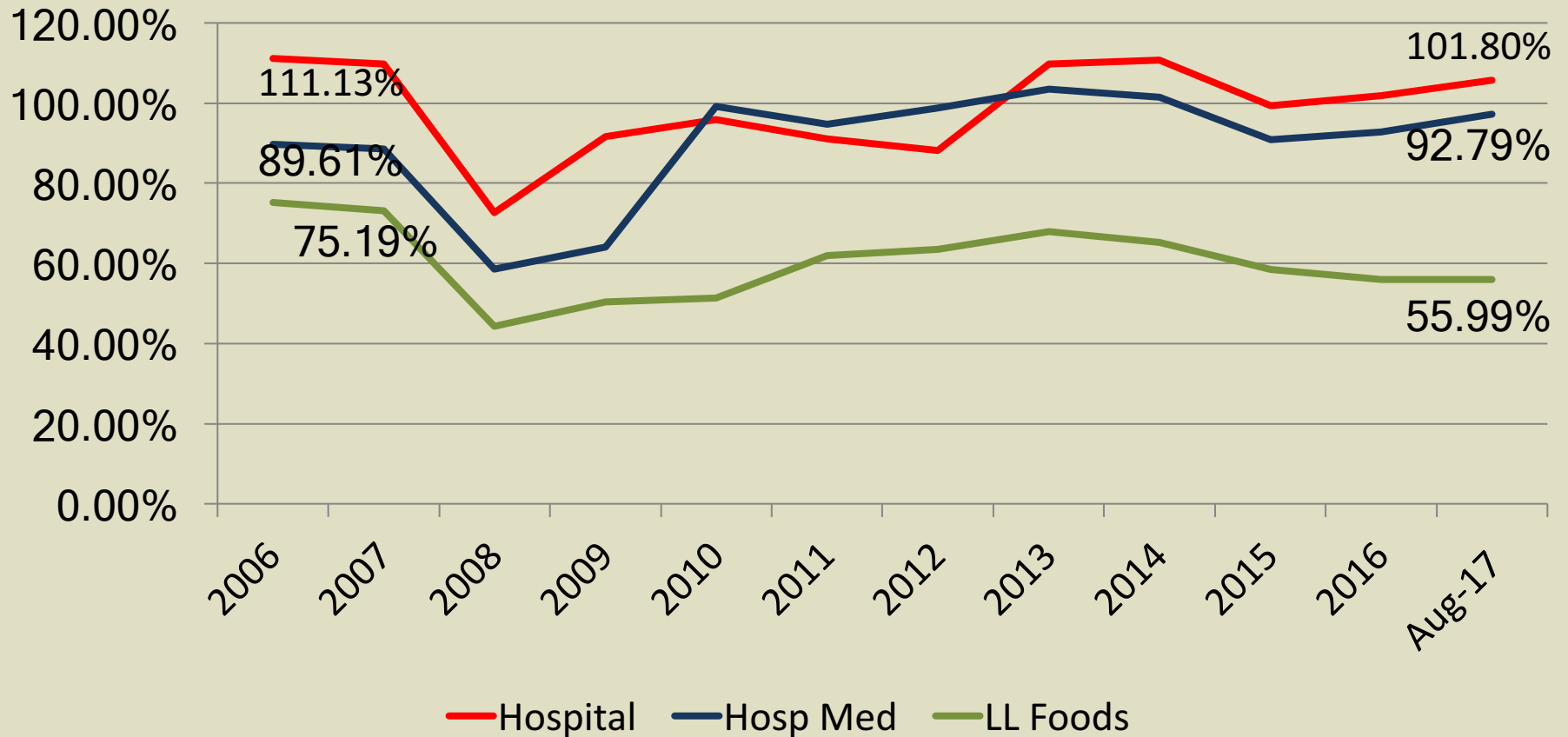
Adventist Retirement Plan (DC)



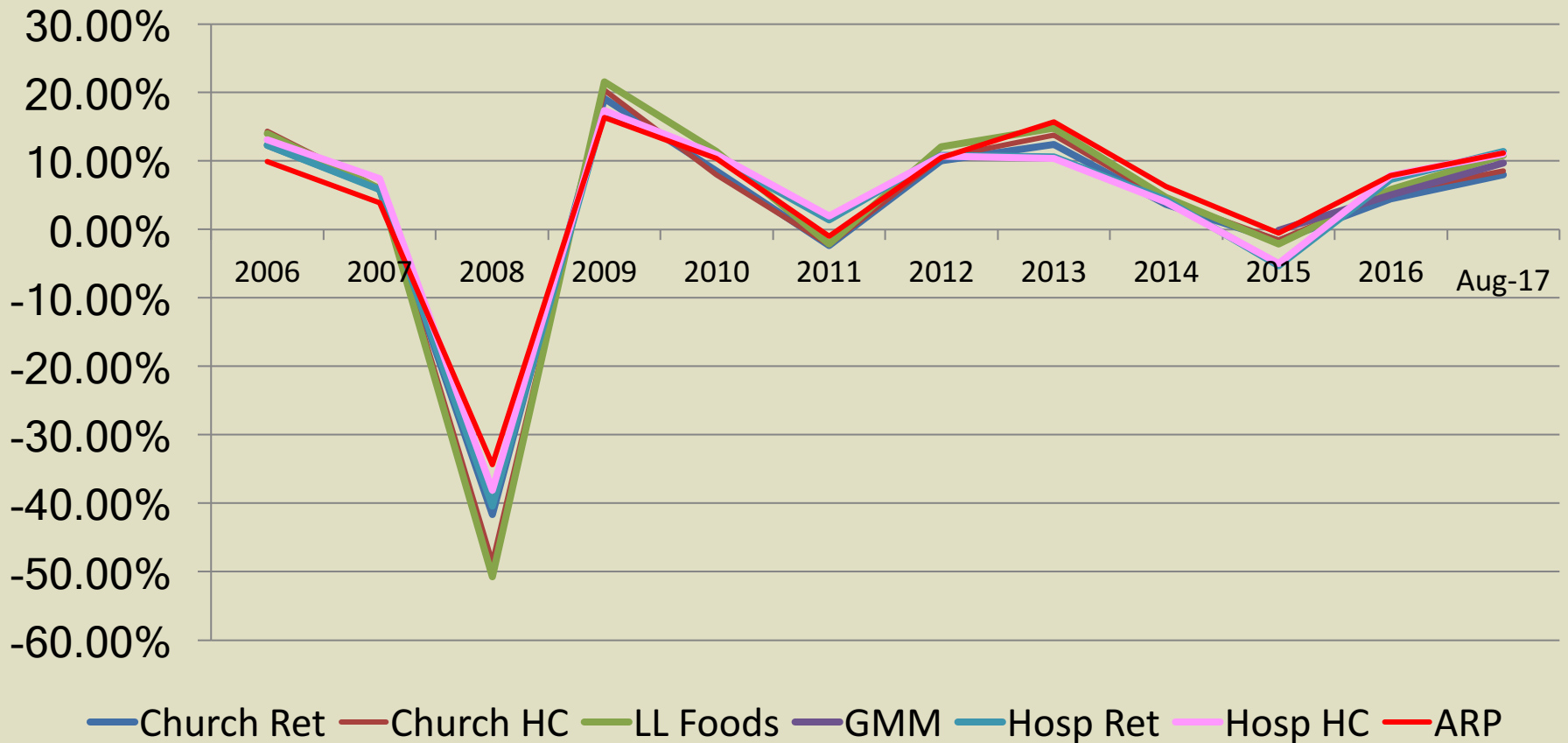
Funding Percentages, Church



Funding Percentages, Other

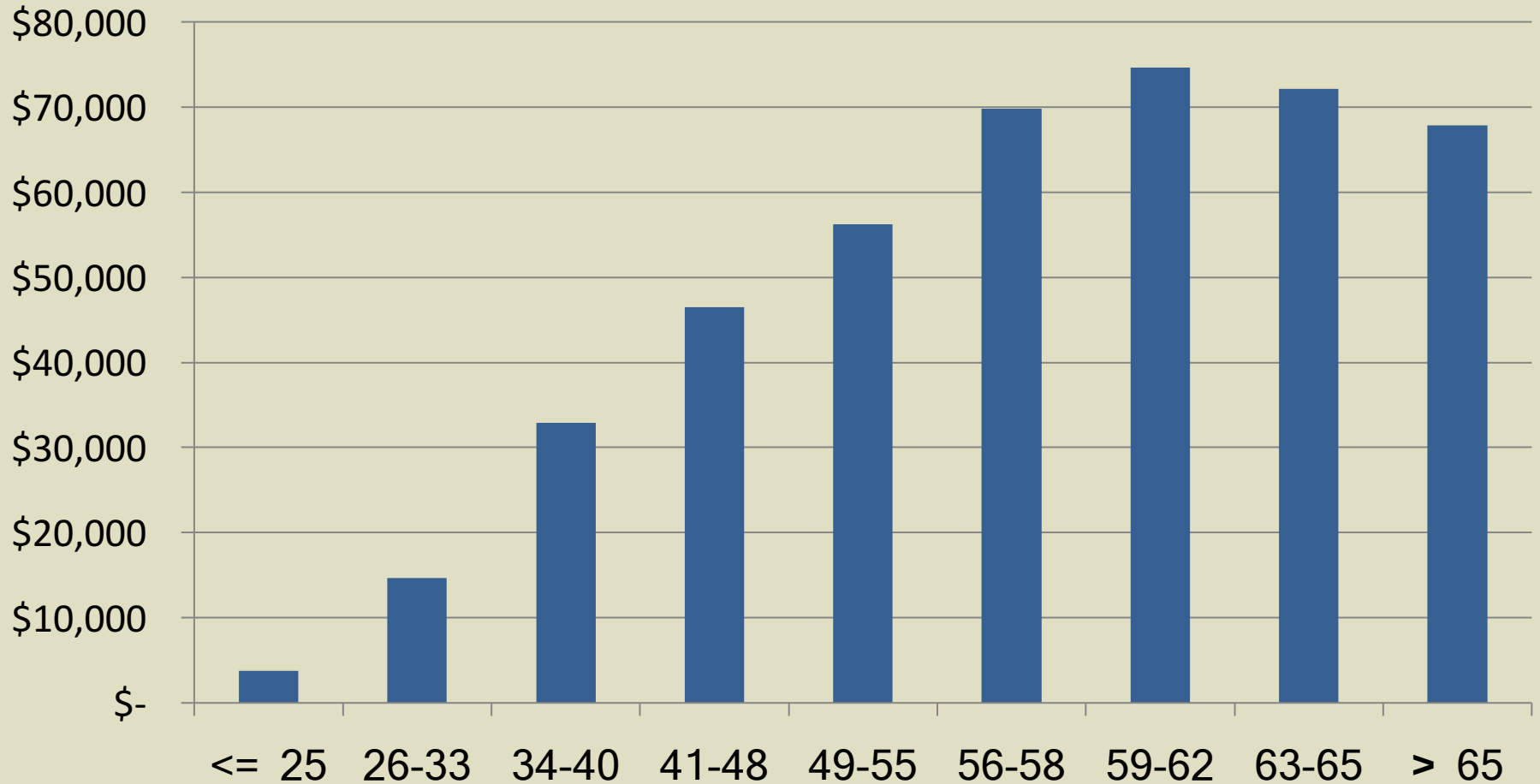


Investment Returns



Average Balances by Age

8/31/2017



Auto Pilot.....Enrollment

- Auto Enrollment began for all new employees on September 27, 2017
- Employers will enroll new employees in the plan and choose the 3% or 3.26% (10 mo. Teachers) elective deferral for the employee
- Employees will need to opt out of the elective deferral if they desire to cease elective contributions or change the contribution

Auto Pilot.....Escalation

- On July 1, 2018 Auto Escalation will begin for all employees contributing less than 7%
- Employers will increase the elective deferral for the employee by 1% each year at the time of the annual COLA. Cap maximum at 7%
- Employees will need to opt out of the elective deferral increase if they do not want to increase their elective deferral

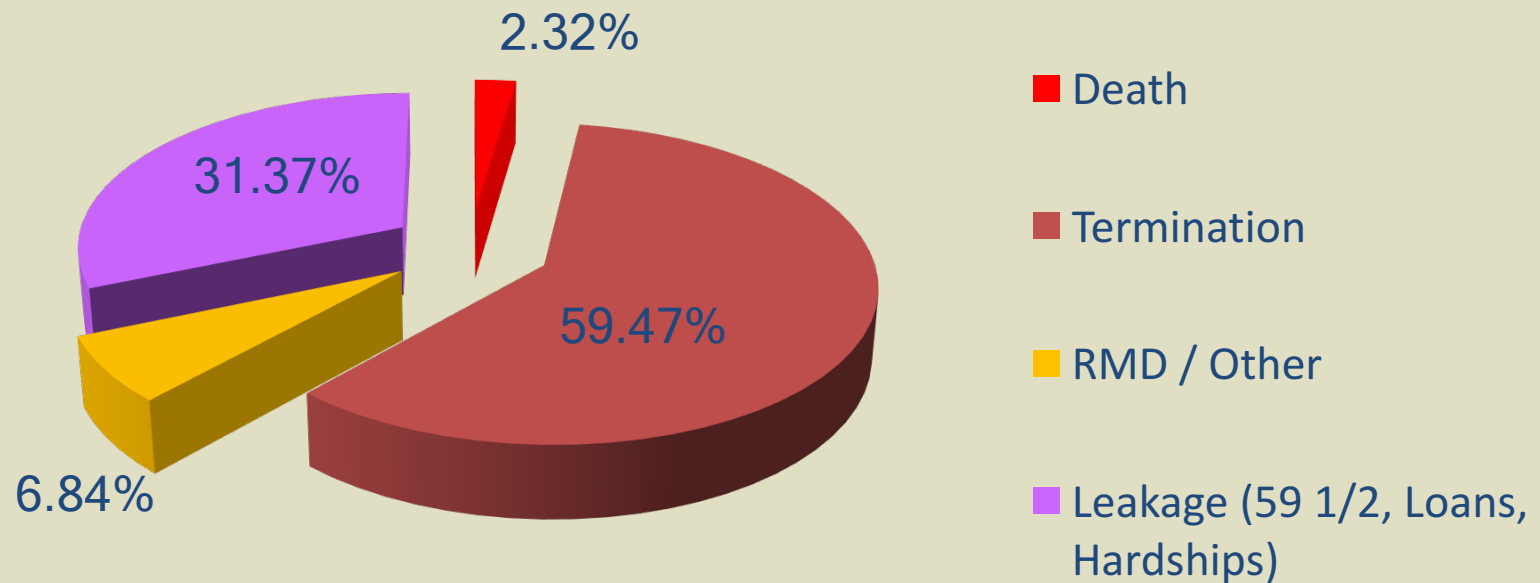
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**"I do have a diversified retirement plan:
30% hopes, 30% wishes, 40% prayers."**

DC Distributions

YTD 2017



Focusing on Wellness

Latest Research

- Americans – Retiring Later, Dying Sooner, Sicker In-Between
 - Almost one in three Americans age 65 to 69 are still working, along with almost one in five in their early 70s

A lot of my co-workers have already retired...they just haven't told their boss yet.



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JM Wagner

Latest Research

- Americans – Retiring Later, Dying Sooner, Sicker In-Between
 - Almost one in three Americans age 65 to 69 are still working, along with almost one in five in their early 70s
 - A 65 year-old man can expect to live to 85.6 years, and a woman can expect to make it to 87.6 years
 - Americans in their late 50s already have more serious health problems that people at the same ages did 10 to 15 years ago

The Rising Cost of Prescriptions

- The largest financial impact to the plan was in prescriptions for Diabetes 17% increase pmpm
- The largest financial impact to the plan in specialty prescriptions was Inflammatory Conditions, 30.1% increase in cost pmpm.

Top 5 Indications per RX Cost

Rank	Peer Rank	Indication	Patients	Plan Cost
1	1	Diabetes	1622	\$3.5 Million
2	2	Cancer	329	\$3.0 Million
3	3	Inflammatory Conditions	129	\$1.8 Million
4	7	Anticoagulants	1135	\$1.7 Million
5	5	Pain/Inflamation	3601	\$1.2 Million

Top 5 Indications per Patients

Rank	Peer Rank	Indication	Patient RX's
8	6	High Blood Pressure/Heart Disease	5674
6	4	High Blood Cholesterol	3611
5	5	Pain/Inflammation	3601
1	1	Diabetes	1622
4	7	Anticoagulants	1135

Our Goal

- Provide active employees the tools and resources to help educate and prepare them for retirement
- Provide retirees with benefits and relevant strategies to utilize their resources to the maximum in areas of finance and health

Cost of Living Adjustment

- Retirement would like to propose a 2% cost of living adjustment for Retirees in 2018
 - Last Year we requested 2% ended giving 1%
 - Social Security is giving 2% for 2018