

Endowment Committee Report for Fall 2022

Endowment Committee members as of September 30, 2022 are:

Charles Kuthuru - Conference Moderator, Bob Fogal - Conference Treasurer,
Bill Buskirk, Darryl Hamm, Scott Muirhead, Steven Yost
Bill Worley – Conference Minister, Tammie Wisniewski – Finance Operations Manager
There is one vacancy on the committee

In 2022 the Pennsylvania Southeast Conference (PSEC) Endowment Committee continued to meet quarterly to review the performance of the investments. We also completed writing a policy to define the responsibilities of the committee, the types of securities in which the endowment may be invested, a target asset allocation, and the criteria for selecting and evaluating the performance of the investments. Consistory approved that policy in May 2022.

Since 2016 we have been gradually transferring our investment at United Church Funds from a balanced fund to another UCF balanced fund that excludes fossil fuel investments. In 2021 we increased the transfer amount because the fund with the fossil fuel restriction has performed better than the other fund for the past couple years. In August 2022 we completed the transition and consolidated all of our UCF investments in the balanced fund that excludes fossil fuel investments.

The stock market has declined considerably during 2022. Even bond investments, which traditionally have been less volatile and “safer” investments than stocks, have declined because the Federal Reserve has been raising interest rates aggressively to get inflation under control.

PSEC’s endowment fund is well diversified, but has still decreased significantly in 2022. As of June 30, the endowment fund was down 14%, compared to its value at the end of 2021. That decrease is significant, but not as severe as the 21% decline in the overall stock market (S&P 500) during the first half of 2022.

Withdrawals from the Endowment Fund must comply with PA Act 141. That law calls for withdrawals to be a percentage (between 2% and 7%) of the total value of the fund, based on a rolling average over the most recent 3 to 5 years. PSEC uses a 3-year rolling average and normally takes withdrawals in June and December. For 2022 the PSEC budget was based on withdrawing 1.5% in June and 1.5% in December. The June withdrawal was postponed in hopes the market value would recover during the last half of the year. The committee will be discussing this subject during our next meeting at the end of October.

In the future we will be reviewing our overall asset allocation vs. the target asset allocation defined in the approved endowment fund policy, and looking at the performance history of our investments over multiple years.

Bill Buskirk
Endowment Committee Chair