



General Board

## Pension and Health Benefits

*Caring For Those Who Serve Since 1908*

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**Barbara A. Boigegrain**  
General Secretary

May 12, 2015

The Honorable Michael Conaway  
Chairman  
Committee on Agriculture  
U.S. House of Representatives  
1301 Longworth House Office Building  
Washington, DC 20515

The Honorable Collin Peterson  
Ranking Member  
Committee on Agriculture  
U.S. House of Representatives  
1010 Longworth House Office Building  
Washington, DC 20515

The Honorable Austin Scott  
Chairman  
Subcommittee on Commodity Exchanges,  
Energy, and Credit  
Committee on Agriculture  
U.S. House of Representatives  
1301 Longworth House Office Building  
Washington, DC 20515

The Honorable David Scott  
Ranking Member  
Subcommittee on Commodity Exchanges,  
Energy, and Credit  
Committee on Agriculture  
U.S. House of Representatives  
1010 Longworth House Office Building  
Washington, DC 20515

Dear Chairman Conaway, Ranking Member Peterson, Chairman Scott, and Ranking Member Scott:

On behalf of the General Board of Pension and Health Benefits of The United Methodist Church, I write to strongly urge that the CFTC reauthorization legislation include a provision expanding the church plan exemption from the commodity pool operator (“CPO”) and commodity trading advisor (“CTA”) rules under the Commodity Exchange Act (“CEA”) to include church plan-related accounts. In light of the fact that church plans are not the intended target of these rules, church plans are generally exempt from the CPO and CTA requirements; however, the exemption does not include church plan-related accounts.

The General Board of Pension and Health Benefits is a not-for-profit administrative agency of The United Methodist Church, responsible for the general supervision and administration of the retirement, health and welfare benefit plans, programs and funds for more than 91,000 clergy and lay employee participants of the United Methodist Church. The General Board is the largest faith-based pension fund in the United States with approximately \$21 billion in total assets under management.

Church benefits boards often use investment managers or advisers that engage in commodities transactions for the purposes of diversification and hedging. Church benefits boards also have the ability to pool plan assets with other church-related funds purely for investment management

purposes for the benefit of the church. This reduces investment fees for smaller United Methodist-related entities as well as benefit plan participants by providing economies of scale.

In contrast to the CEA and implementing regulations, the securities laws contain necessary exemptions for church plans and church plan-related accounts for the same reason noted above. Under these laws, church plans are not required to register or report as investment companies, register securities held, or disclose information about the securities they hold.

Church plans and church plan-related accounts should similarly be exempted from the commodity pool definition and from CTA registration requirements. The exemptions would provide parity between securities and commodities laws concerning church plans and church plan-related accounts. Additionally, the exemptions would reduce the cost to church plans and would ensure they have the full benefit of commodities investments that provide diversification, opportunities to hedge, and returns.

The ultimate benefit would be to clergy and church lay worker participants in the retirement and welfare plans, who have devoted their lives to religious institutions. Consequently, this correction has bipartisan support and is non-controversial.

We respectfully urge the inclusion of this much-needed provision in the CFTC reauthorization bill. Thank you.

Sincerely yours,

A handwritten signature in black ink that reads "Barbara A. Boigegrain". The signature is written in a cursive style with a large, looping initial "B".

Barbara A. Boigegrain  
General Secretary