

Catholic Health Initiatives Retirement Plan Summary Funding Report For 2017

The Catholic Health Initiatives (CHI) and Affiliates Defined Benefit Plan Subcommittee was established by the CHI Board of Stewardship Trustees and is responsible for providing administrative oversight for the Catholic Health Initiatives Retirement Plan (“Plan”). This responsibility includes but is not limited to: high-level supervision of Plan operations; interpretation of the Plan; deciding appeals; and amending the Plan.

Basic Financial Information

Plan benefits are provided through a trust fund that holds all the assets for the Plan with the sole purpose of providing pension benefits. The value of Plan assets in the trust fund was \$2,898 million as of June 30, 2017, compared to \$2,742 million as of June 30, 2016. The Plan’s current investment allocation goal and actual allocation as compared to the prior year follows:

Asset Category	Goal	Actual June 30, 2017	Actual June 30, 2016
Publicly Traded Stocks	35.0% - 55.0%	48.3%	46.0%
Fixed Income	25.0% - 45.0%	32.3%	33.9%
Alternative Investments (e.g., real estate, hedge funds and private equity)	10.0% - 30.0%	19.4%	20.1%

A Finance Committee appointed by the Board of Stewardship Trustees implements and monitors the investment allocation. The Finance Committee establishes investment allocation goals in accordance with an investment policy. The policy’s overall objectives include preservation of principal, growth of assets consistent with reasonable actuarial assumptions, competitive investment returns, minimization of unnecessary investment risk and compliance with CHI’s social responsibility investment guidelines. The Finance Committee and the Board of Stewardship Trustees periodically review the investment policy.

Participant Data

As of January 1, 2018, 60,892 current and former employees were participants in or beneficiaries of the Plan. A total of 8,263 persons were receiving monthly retirement benefits from the Plan, and 3,761 persons received a one-time lump sum payment from the Plan during 2017. Total benefits and administrative expenses paid from the Plan during fiscal 2017 were \$168.2 million.

Plan Funding

CHI annually reviews the Plan’s funded status and determines the level of contributions to make to the Plan.

Plan Funding Position

CHI engages an independent actuary to perform an annual valuation of the Plan. Historically, economic and investment instability caused considerable volatility in the Plan’s funded status. Asset performance during fiscal 2017 was above expectation and the interest rate used to calculate benefit obligation increased at June 30, 2017. This resulted in an increase in funded position compared to the prior year. The Plan’s ability to pay benefits remains strong. A history of the Plan’s funding position follows:

	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Assets	2,898,000,000	2,742,000,000	2,871,000,000	2,940,000,000
Amount needed to provide benefits	3,745,000,000	3,932,000,000	3,423,000,000	3,409,000,000
Excess	(847,000,000)	(1,190,000,000)	(552,000,000)	(469,000,000)
Funding level	77%	70%	84%	86%