"A Plan With a Heart"

The History of the WELS Pension Plan

Senior Church History Paper

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A Plan with a Heart: The History of the WELS Pension Plan

We are experiencing the "graying of America" according to many sociologists. Statistics prove that the average age of Americans is getting older; today there are an estimated 29 million over the age of 65, in 40 years that number will jump to 60 million. Because of this there will be many changes taking place, in order to accommodate this statistical fluctuation. Already we are seeing the organization and development of political influence by the elderly, which is designed to make sure the changes are in their best interest. The American Association of Retired People and Congressman Claude Pepper are the early bi-products of this phenomenon. Many people see these impending events as threats to their own security. The fear that the Social Security System and Medicare will not be able to withstand the coming statistical bulge of recipients is very real. Most young people today do not feel that Social Security will be there for them in their "golden years." On the other side many feel that now is the ideal time for our nation to make the changes necessary, in order to take care of our elderly with the dignity and decency they deserve. Whatever side of the issue is held, one thing is agreed upon: America is getting older.

Even in our own church body evidences of an increasingly older constituency are starting to appear. We have already seen the advent of the Organization of Wisconsin Lutheran Seniors (OWLS), and are currently experiencing a growth in "mercy" staff pastors. The various prospects that the future holds can be for us both exciting and uncertain. The thought of having the time to do the things you "never had time to do" is exciting. But for many people the thought of "How will I be able to afford to live out my days?" casts a more ominous note over the situation. This latter thought was a very prevalent one for many of the called workers of the Wisconsin Evangelical Lutheran Synod throughout its history. However, many minds were eased, when God in his wisdom led the Wisconsin Synod to establish a pension program to help meet the needs of its aging workers. It is a plan that will become increasingly important as our Synod experiences the same statistical condition among its workers as the rest of the country experiences in the population as a whole. The history of the WELS Pension Plan demonstrates just how valuable of a blessing God has given us in it. He has given us not only a working fund able to supply monies to retired servants of the Word, he has given us a plan with a heart.

Background

If we think a future retirement can look uncertain to us now, we need to look back at how it was before the Synod Pension Fund was begun. This is brought out by an early attempt by a congregation at providing a pension for an elderly worker. By 1903 Grace Evangelical Lutheran Church at Juneau and Broadway in Milwaukee was realizing that drastic steps had to be taken in order to prolong the life of their parochial school. It was resolved at a voter's assembly to release two teachers and replace them with another person, who would take over their combined responsibilities. It was hoped that this action would save considerable money. The congregation chose to deal with the terminated teachers by providing a pension. "After 40 years of teaching service the council will release Mr. Joseph Graef and also English teacher, Miss Randolph. Mr. Graef will be given a $25.00 per month lifetime pension, Miss Randolph nothing" (Minuets. Oct. 12, 1903).

Prior to the first pension funds being paid out in 1966, there was no organized effort to meet the needs of all retiring pastors, teachers, missionaries and professors. That is not to say that there was no help available for anyone. Congregations often tried to help, but usually it was either inadequate or required the recipent to remain in the area due to the nature of the aid (i.e. some sort of provided shelter, food, clothing). The Synod Board of Support was the "safety net" to catch those workers who became incapacitated either by accident, sickness or age, and had no way of supporting themselves and their dependants. It was a service that the Synod felt obligated and privileged to provide: "Our Synod recognizes its obligations to support the needy, incapacitated servants of the church...as a work of Christian love. It bestows with pleasure and gratitude various kindnesses upon those who have sown spiritual things. I Cor. 9:11. It not only wishes to help out in need, but especially wishes to pay a 'debt of thanks' for services beyond the price that have been rendered the church by these servants whom the Lord has now rendered free of their labors. Not to support incapacitated servants of the church at all, or only very sparingly or to refer them for support to civil charities, is to place a very low value upon or to despise the Gospel. Gal. 6:7f."1

In 1961 there were 164 individuals aided through the Board of Support. The average check to an individual was $49.75/mo. Even in 1961 dollars this was not an enormous amount. Regardless of the amount there were still draw backs to this system of supporting those dependant on the Synod. Perhaps the most glaring is the scope of its work. In order to receive aid from the Board one had to make a special request for help. Quite often the pride or shame of the legitimately needy prevented them from making such a request. Eventhough the Board was always on the look out for those, who would be in need because of a special illness, death, dwindling savings of other causes, they admitted many were not being helped as they should. This system was also especially lacking in that it could not even attempt to help any worker maintain even a semblance of the standard of living enjoyed while serving in their calls, it only could help those in the most desperate of need. Yet even then there was a severe limitation that hindered their efforts, "If there is need, help will be offered *as far as* the budget of the Synod will permit. ... There are at times unusual requests for help which cannot be granted because the Board of Support budget is so limited."2 One can see the difficulty of having the source of funding for the support being tied to a Synod budget that was already strained and facing more uncertainty as the financial ramifications of the split with LCMS were yet to become evident.

The Board also realized that it could actually begin to strain the budget of Synod in the near future. The present system was fast becoming too expensive and fiscally inefficient. In the ten years prior to the establishment of a pension fund the expenditures by the Board of Support had risen 415%! This was not because they were doing a bad job, but because of a substantial increase in requests for help, and the cost of giving real help in light of inflation. It was also realized at the time, that the life expectancy of the called worker was rising. Combining these two factors it became evident that the old way of doing things had to be modifed or at least supplemented.

The Board of Support, faced with an increasing number of dependants, began to officially voice concern in 1961 over the situation. "Our Synod has no pension plan for its retired or ill servants of the Lord. Very often the salaries of pastors and teachers have been sadly inadequate with little chance for saving a bit for old age or for emergencies when illnesses come. Then, too, the slight savings families of pastors or teachers may have at retirement often are sadly depreciated in buying power because of the inflation in our days."3 Certainly heart rending words from a Board who yearned to help in any way it could, but was so limited by scope and financial stringencies.

Beginnings

The Board of Support's call for a pension was not the beginning of the plan. For already at the Thirty-Sixth Convention (1961) a study commission was ready to make an initial report concerning a pension plan for the Synod's called workers. The actual beginning push came from President Oscar J. Naumann, who after discussion with the Synodical Council appointed a study commission "to recommend to the 1961 convention of the Synod a pension plan, actuarially sound and financially feasible, for its consideration."4 The Synodical Council was of the opinion that the stipend system of the Board of Support should be replaced by a modern pension plan, which would service the needs of retired workers more adequately. The Council also realized that the life expectancy of its retired workers and their dependents was increasing and thus making it necessary to develop a plan that would give more aid per dollar, than the stipend system. A pension fund, although expensive to get started, would eventually be able to generate a good share of the benefit money from itself through returns on investments. Therefore, it was decided to proceed by appointing the Wisconsin Synod Pension Study Commission, which was made up of J.A. Fricke (ch.), Prof. Theo. Binhammer, Fred Roehl, Gerald Herzfeld (Sec.) Max Lehninger, Jr., Harold Schloesser, and Rev. Walter Pankow.

It must be remembered that from the beginning the Wisconsin Synod was playing catch up in this area of pensions. By this time the other major Lutheran Synods already had mature plans in place that had been paying out monies for sometime. Also these were the heydays of organized labor and a pension plan was an expected part of any employee - employer relationship. But there was much more to the drive to establish a pension plan than what everybody else was doing. The Synodical Council and the Study Commission felt that pension plans were now a viable and God pleasing way to help meet a desperate need in Synod: the dignified retirement of workers.

The Study Commission had some large hurdles to clear before it could present a plan to the '61 Convention. For one thing they were attempting to introduce a plan for an existing group, many of who were already in the higher age brackets. It would be difficult and expensive to provide for their payments, as well as develop a large sum of capitol to invest for generation of future funds. The commission also realized that it would be a large burden on the Synod budget to provide for these elderly workers, and widows of workers, while building this investment base. Such obstacles were only overcome by with the generous aid, advice and counsel of Aid Association for Lutherans. The Study Commission and later the Pension

Commission was deeply indebted to them for their eager and continued technical assistance.

Finally after much prayer and many meetings the Study Commission came up with a plan to recommend to the 1961 Synod Convention. "Acting on the premise that more and more of our people and congregations recognize the wisdom of an orderly, planned and united system of providing for the retirement years and for the dependents of the church's workers, we submit for your consideration and approval a plan designed especially to meet the specific needs of the professors, pastors, teachers, and congregations of our Synod."[5] And thus the beginning of a new option for many called workers; retirement in dignity. Resolution No. 6 of Floor Committee 16 (p.262), which was adopted, resolved that a Pension Board be established and that "a" pension plan be put in place.

The next year saw the appointing of the first Pension Board consisting of Max Lehninger, Jr. (ch.), Rev James A. Fricke, Ray G. Tiegs (Sec.), A.A. Moskop, teacher, Walter B. Stark. It was at the time one of the few Synodical Boards that was lay lead and dominated. One of the first taskes was to turn over the statistical data to an actuarial firm, in order to make sure the plan was financially feasible and actuarially sound. The firm chosen was Arthur Stedry Hansen of Chicago. They made a number of changes which shored up the weaknesses of the original plan and then returned it to the Board in early '63. In turn it was submitted to the Board of Trustees.

The Board of Trustees acting on the advise of President Naumann recommended that the entire cost of the plan be met from budgetary funds.

The reason being that this would ensure the inclusion of all pastors and teachers in the plan, because they would not have the option to opt out. Here in lies the first heart beats of the WELS Pension Plan, which sets it apart from all other pension plans in other churches. This provision made everyone equal; it was the principle that gave the plan a compassionate heart. One sees the wisdom in doing it this way by considering how it could have been. If the amount of the contribution, or even whether to contribute at all, was left entirely up to each individual contributor there would have been great inequality of benefits between large and small, rich and poor congregations. Workers would them have been rewarded on the basis of where they served instead of the basis of how many years they served. The Board of Trustees subsequently recommended that $75,000 be submitted the first year and then $450, 000 each of the next four years so that the plan would be able to start issuing payments on 1/1/66.

Also worth noting is the Pension Board's call for other worker benefits. "It is the Board's conviction that, having undertaken a pension program, the Synod should now seriously consider the adoption of a Synod-wide heath and accident program for its pastors and teachers."6 Today's WELS VEBA health insurance had its beginnings at roughly the same time.

The Pension Board was ready to present the plan to the Thirty Seventh Convention (1963) at Wisconsin Lutheran High School. The basic tenants of the plan were as follows: "...2. Pastors, missionaries and teachers under age 70 were included in the plan. 3. Normal retirement benefits were granted after 10 years of service AND at age 70. 3.1 The monthly benefit payable was as follows: 3.11 Males received $4.00 per month for each year of service after 1/1/66. #.12 Males received $2.75 per month for each year of service between 1/1/46 and 1/1/66; 3.13 Females received $2.75 per month for each year of service after 1/1/66; 3.14 Females received $1.80 per month for each year of service between1/1/46 and 1/1/66; 4. Early retirement benefits were granted after 15 years of service and after age 55; 5. Disability benefits were available anytime after 15 years of service; 6. Spouse's benefits were 50% of the amount which would have been payable had the husband retired as a single male; 8. No one who was 70 years of age prior to 1/1/66 was eligible to participate."7

Mr. Lehninger made the presentation of the plan to the convention. He was expecting an uneventful passage of the plan. "But before I was even off the platform there were three jumping up to oppose it." There were pastors who opposed the entire idea of establishing a pension plan, on the basis of "the Lord will provide." There were others who felt it was not right to use Synod budgetary funds for such a worldly venture. After the floor discussion had used up the allotted time for business concerning the Pension Plan, it was announced that the Pension Board would be meeting in evening session to answer any questions concerning the plan. Naturally there were further discussions that evening.

Floor Committee No. 16 was responsible for drafting a resolution concerning the report and proposed plan of the Pension Board. Their Resolution No. 2 dealt with the matter.

Subject: Report of the Pension Board (page 94)
WHEREAS, A pension plan will assist our pastors, professors, and teachers in a retirement program, and

WHEREAS, The Synod has adopted a pension system (cf Proceedings, 1961, Resolution 6) and,

WHEREAS, The Synod has established the Pension Board, and

WHEREAS, The Pension Board has presented an "actuarially sound and financially feasible" plan to put the system into operation, and

WHEREAS, the Board of Trustees has studied and approved this plan: therefore be it

Resolved, That the Board of Trustees be authorized to implement the plan proposed by the Pension Board, and be it further

Resolved, That the Pension Board in consultation with the Board for Information and Stewardship make our congregations aware of this added obligation.

This Resolution No.2 was adopted by the convention. Thus the Pension Plan of the Wisconsin Evangelical Lutheran Synod came into being, in a time when budgetary stringencies were even more straining than the present.

There was indeed a beginning in 1963, but the fight lay ahead. It seems that some of the original opposition expressed on the convention floor, but not recognized by floor committee 16 in their report, had returned to their districts and began to organize for the next fight in 1965. The impression must not be given that there was wide spread opposition to the plan. A parousal of the proceeding of the nine District conventions of 1964 demonstrates that it was not a hot issue in most Districts. In fact, Western Wisconsin, Arizona-California, Southeastern Wisconsin, Nebraska, and Dakota-Montana did not even mention it in their proceedings. The Pacific Northwest's floor committee #3 was assigned to consider the Pension Board's Report in the "Report to the Nine Districts", but they chose to make no comment. The Michigan District went on record as being thankful and supportive of the new Pension Plan. The Minnesota District was the most supportive, through the comments of its committee's report concerning the Board of Support, "We look forward to the time when the Synod's Pension

Plan will go into effect so that in most instances a more adequate support can be given."8

The resistance and opposition could be pin pointed in the Manitowoc Pastoral Conference, who addressed a letter to the Northern Wisconsin District Convention asking that the matter of the Synod Pension Plan be restudied by a committee. The committee chosen to do such a study was Committee No. 8, Doctrinal Matters. This seems to be an unusual choise of committee for such a matter, but the Manitowoc Pastoral Conference felt it was a serious error to have such a plan. Resolution No.3 came out of this committee.

...WHEREAS, Our committee agrees that the Pension Board has presented an "actuarially sound and financially feasible" plan to put the system into operation, and

WHEREAS, We recognize that such a Pension Fund will in fact draw off large sums of money that might better be used for missions, and

WHEREAS, Individuals will receive monies regardless of need, and

WHEREAS, Other real dangers are associated with all pension plans which could be eliminated by continuing the plan of help to those in need as we have carried this on for many years,

WHEREAS, We question the need and advisability of our Synod following the trend of the world about us in providing pensions for its workers; therefore be it

Resolved, That the Northern Wisconsin District memorialize the Wisconsin Ev. Lutheran Synod to terminate the proposed Pension Plan and to expand if necessary the system presently carried on by the General Board of Support.9

The District, in effect, went on record as being against the pension plan and in favor of a way of support that was at this time already becoming too expensive and limited to maintain. It is also interesting to note the absence of scriptural support in a doctrinal matters committee's report.

In the meantime the Pension Board was busying itself with carrying out the resolution of the past Synod convention to publicize the plan. This was a necessary step in order to make congregations aware of the plan and give them opportunity to increase their contributions to Synod. An important part of this publicity campaign appeared in the *Northwestern Lutheran* on January 24, 1965. The article entitled, "Remember Them Who Have Spoken to You the Word" by the chairman of the Pension Board, Max P. Lehninger, Jr. was an effective introduction to the Synod membership. In the piece it is pointed out that there is a real uncertainty for pastors and teachers faced with retirement, much of this came from the fact that the average salary for pastors in 1964 was $4,300, and for teachers $4,000 ($3,000 for females).

A stunning actual case is presented in support of the pension plan. "The pastor is 72, still shepherding a congregation of average size in a Midwestern city. His salary is $3,800 a year and he lives in a home furnished by the congregation. He receives no other fringe benefits. There are four children, all married, two of who are in the ministry of the Synod. There are 15 grandchildren. / Although his health is good, something could happen overnight to cause his retirement. After the children were educated, through frugal living he amassed savings of about $4,000." 10 Certainly many people sat up and took notice of this scenario for the man could very well have been their own pastor.

In the early 60's many of the same questions were faced by most called workers. Where would they live? They never had their own home in order to build up equity. They never had a salary that allowed them to plan for the future. A stint in the hospital by either himself or his wife would in effect wipe them out. The author made a pointed conclusion to this case history. "It is the Pension Board's conviction that our responsibility as a

Christian community does not end when our servants can no longer carry on their pastoral duties, or occupy a pulpit, or teach in a classroom. Today few secular organizations feel that they can disregard the needs of their workers at retirement age. Will the Church of God do less?"11 How could anyone say no to this?

The heart beat of this plan was pointed out in the fact that it was noncontributory. It was not going to be the responsibility of the called worker to make contributions. All funds were going to come from the Synod budget. The advantage in this system was that the administration costs would be minimized and confusion would be eliminated. In effect it removed "Will I be paid enough so I can continue to contribue to the pension program?" from the lists of legitimate concerns when considering whether to accept a call. The compassion of it was the equality brought to the plan by funding it in this way. Every worker would be included automatically.

The cost of the plan was presented to be a series of graduated payments to the pension fund eventually reaching $450,000 within four years. "You can see that remembering them who have spoken the Word to us places a solemn responsibility upon us. In planning our contributions to the Synod we must take into account this added commitment. At the maximum this will amount to about $2.00 a year per communicant member. We must firmly place this additional cost upon our hearts and consciences. Delegates, fully understanding the demands the pension system makes on an already strained budget, voted this long-overdue program...Those who preach the Gospel shall live from the Gospel-even in retirement. Let us who have shared in their ministry see that they do!"12 Indeed this was an impassioned plea for a most worthy of causes, and judging from the situation today God used it for his purposes.

Organized Opposition 1965

In spite of the persuasive article Mr. Lehninger wrote for the Northwestern Lutheran, in spite of a modified copy of it being sent to every home in Synod, and in spite of a booklet with further details being sent to all called workers, there still appeared in the 1965 Book of Reports and Memorials (BORAM) three memorials against the plan and one calling for different funding procedures.

There was, of course, the memorial from the Northern Wisconsin District calling for the termination of the Pension Plan. Their reasons for authoring the memorial were already stated. The memorial of Philip R. Janke (page 111-112 '65 BORAM) found its basis on his conviction that the money used for funding the pension fund would be depriving the mission efforts of Synod. The first half of the memorial reiterates the primary work of the church as being the spreading of the gospel, yet the poor contributions to Synod have stifled this effort. The attack is made on the letter sent by the Pension Board to all homes in Synod which stated, "This additional cost DARE not interfere with our present budgetary commitments to worker-training institutions and home and foreign mission work. We DARE NOT deprive Rhodesia of the Gospel or our Synod of workers to supply a pension for our workers." Janke's analysis of this statement is, "The obvious fact remains, that THIS IS EXACTLY WHAT *IS* HAPPENING! What we usually speak of as true "mission work" will suffer more and more as more and more "cream" is taken "off the top" by the ill-advised Pension Plan."13 On the basis of this limited view of the responsibilities of the church he made the following resolution.

RESOLVED- That the recently inaugurated Pension Plan for Synod workers be discontinued because of its excessive drain on the Synodical budget, which is already falling behind in funds;

RESOLVED- That the money which has thus far been set aside for the Pension Plan be released and be put to far better use in furthering the kingdom of God;

RESOLVED- That in these last days we give more thought to what can be done for those who do not yet have the Gospel, and less thought to the retirement years of those whom the Lord has already blessed with countless spiritual and temporal gifts and grace.14

The lengthiest memorial opposing the Pension Plan was submitted by Pastor M.C. Nitz. He takes pretty much the same tact, although he adds some interesting information and some appeals to Scripture. Nitz begins with an appeal for urgency since these are the end times. It seems that there was at an earlier time a potential manpower shortage in synodical worker training schools, but that had been corrected. "We are thankful that the Lord is graciously answering our prayers regarding manpower by granting an increase of enrollment at the Synod's schools of learning. But it would appear that soon there will be a surplus of workers unless there be the funds to send them out."15 (A situation not that much unlike our own today.)

He then pointed to a "contradiction of urgency" in regards to the tension between spreading the Word and providing a retirement income for called workers. He felt that the monies of the Pension Fund could easily pay for the work of the Board for Support and still have money left over for mission work. This argument did not acknowledge the growing expense of the then present system, nor did it address the deficiency of the old Support program. A program in which only a small minority, the extreme cases, received aid, and the vast majority of workers who had barely subsistence level income were not being helped when they certainly deserved and needed it. Pastor Nitz said that there would be over 5 million set aside in the fund by 1977 (Actually, there was about 4.5 million). "...Should the end of the world come in 1977, and we are found with a buried talent of $5,625,000.00, one wonders if the Lord would not look upon our Synod as He did look upon that servant in the Parable of the Talents (Matt 25:14-30)."16

Also Matthew 6:33 was brought to bear on the situation, "Seek ye first the kingdom of God, and his righteousness; and all these things will be added unto you." This passage was used to support the author's suspicion that the Synod Pension Fund would get top priority, to the exclusion of missions and worker training when it came to doling out the budgetary funds. He based his fears on *his* interpretation of statements made in letters written by Pres. Naumann and Mr. Lehninger.

He also introduced a rather Stoic sentiment to the whole thing when he said, "It is fitting and proper, as in our congregation situations, that as the Synod prospers, so do those whose needs are being cared for by the Synod. If the Synod declines, so do those depending upon the Synod."17 One wonders if pastors in the early 60's happily swallowed pay cuts every time they failed to post a net communicant gain in the annual Statistical Report or their congregations failed to make their budgets. Also, if the other cries mentioned earlier were truly followed, in prosperous times the "surplus" would not go to retired workers but to missions.

He also referred to another issue considered as a valid reason to establish a pension fund. Namely, that the current Board for Support was demeaning and insufficient, and because of this workers were often inclined/forced to stay past their usefulness. He did not agree with this reason. To the demeaning and insufficiency issue Ps 37:35 is quoted and 1 Tim 6:6-8. Supplemental to these passages was, "It is hardly to be feared that our retired are undergoing greater hardship than our workers in foreign fields."18 As too the issue of staying beyond the "point of usefulness" the late Prof J.P. Meyer was cited as reason to eliminate that argument. Whether his points are supportive of his side or the other side is open to debate.

The final memorial was by Prof. Irwin J. Habeck. His aim was to come up with a compromise on the funding of the plan, so as to quiet the fears of the "missions will be short changed because of this crowd" and to preserve the compassionate heart beat of the plan, its noncontribuatory statis. He proposed a modified, evangelical billing of congregations on behalf of their workers with contributions being sent not to the general budget of Synod but directly to the Fund. It was hoped that the congregations would at least make partial payments.

At the 1965 convention held in Watertown, Wisconsin at Northwestern College, there was, as expected, considerable floor discussion concerning the memorials. Once again time ran short and discussion was directed to be aired at a Pension Board night meeting. This practice of night meetings to hear any questions and comments continues to this day. Apparently, floor committee No.16 did not see the issue the way the memorializers did. This is bore out by their Resolution No.5 concerning the Pension Plan:

WHEREAS, The Pension Plan will assist our pastors, professors, teachers, as well as their widows and other parish workers in a retirement program, which is in accord with Scripture (Heb. 13:7), and

WHEREAS, The Synod has adopted a pension plan, and

WHEREAS, The Pension Plan has been found to be sound and financially feasible, and

WHEREAS, The Pension Plan ought not to interfere with our Mission program if all our congregations increase their offerings to implement the Pension Plan; therefore, be it

Resolved, (a) That the Synod retain the Pension Plan as it now is; and be it further

Resolved, (b) That the Board For Information and Stewardship be urged to provide the proper scriptural motivation, so that all our congregations may grow in the joy of proportionate giving (1 Cor. 16). 19

Looking back from our vantage point we can see that the Lord of the Church did bless the establishment of the Pension Plan. Congregations for the most part increased their giving and the fund has flourished. In fact, the Rhodesian mission, which was most often singled out as being in the most danger because of the Pension Plan, is now by far our most successful mission. Even the worker training system has been blessed with students, funds and even an extensive capitol improvement program, all this during a time of continued budget stringencies! Truly the Lord wanted a plan with a heart to be in place for the workers in his church.

Pension Payments: The Heart Grows Larger

With the events and conflict of the '65 convention behind them, the Pension Board could get down to doing the work it was called to do, make payments to retired workers. The first pensions were paid under the plan beginning

February 1, 1966. At the time there were 7 workers and 4 widows drawing a pension. An important provision was made when the Board acted to include the funds transferred in from other pension funds. This was done to make it possible for people who were members of another pension fund and now a member of the WELS's plan, to be eligible to receive the money they were entitled to. This most likely affected those pastors who came to WELS in the years before and following the split with Missouri.

It is interesting to note that the Northern Wisconsin District in their 1966 convention realized that calling for the end of the pension fund was not the best course of action. They instead picked up a modified version of Professor Habeck's memorial and resolved that all congregations should contribute directly to the Pension Fund, because "It is the opinion of many in our Synod that this money is to be used for mission programs"20.

Two more memorials made it into the 1967 BORAM concerning the pension fund. Although, this time they came from more friendly sources. Memorial 67-13 (p.271) is more typical of the memorials to be seen from here on out. It was a call from the Minnesota Pastoral Conference for the inclusion of even more benefits in the plan. They asked for study into the possibility of covering workers with less than 15 years service, disabled workers with several dependants, and coverage for workers with retirement at age 65 rather than 70.

The other memorial 67-19 (p.284-285), submitted by the Conference of Presidents, dealt with workers and dependants presently not eligible for the Synod's Pension Plan. Excerpts from the memorial demonstrate their case.

...WHEREAS, We recognize our debt of love to all of our workers in the Lord's kingdom and to their dependants, and

WHEREAS, A large number of workers and dependants are not included in the present Pension Plan, namely:

Group 1- 38 active workers as of Dec. 31, 1966 who were over the age of 70 on Jan. 1, 1966 (28 of whom are married)

Group 2- 91 workers retired as of Dec. 31, 1966 who were not eligible for a pension on Jan. 1, 1966 (35 are presently receiving aid from the Board of Support; 62 are married)

Group 3- 121 widows of pastors and teachers as of Dec. 31, 1966 who were not eligible for a pension on Jan. 1, 1966 (77 are receiving aid from the Board of Support)

...WHEREAS, The inclusion of these three groups would make our Pension Plan almost all inclusive... The cost of this plan would be partially offset by a reduction in the cost to the Board for Support.21

The 1967 Convention adopted both of the memorials. Memorial 67-19 was a landmark event in the history of the Pension Plan. In one motion "the plan was amended to INCLUDE pastors, teachers and widows who HAD attained age 70 before 1/1/66; (This affected 250 workers and dependants)."22 This indeed, was evidence that the WELS Pension Plan was a plan with a heart. Once again the impetus for such a action came out of the concerned Christian heart of President Naumann, who in meetings with the Pension Board helped bring it about. This action was and still is unique in the pension industry. To actually go back and pick up such a large number of those, who were advanced in years, is evidence of the loving Christian concern. And that is exactly what motivated the members of the Conference of Presidents, the Pension Board, and the delegates of the Thirty-Ninth Convention. The heart of the plan was beating regularly.

Such compassion still had to be funded, and thus it was felt that the pension would better be funded if all congregations contributed to the fund directly on behalf of their called workers. It was resolved, "that all our congregations be urged to meet fully the required payments to this fund for their workers by including a seperate item in their local budget for the Pension Fund..."23 Now the fund could continue to grow and the fears of misallocation were somewhat eased.

Strengthening the Heartbeat

During the next twenty years of the Pension Plan's life strengthening the compassionate heart of the plan was the main order of business. This strengthening was done most naturally by the increasing of benefits. In 1968 there were 1,970 active workers in the plan. This was also the year that the plan saw its recipients jump from 19 to 213 as a result of the action taken by the '67 convention. The fund was paying out $7,764.55 per month. In this year there were Social Security changes that raised the amount of money received in Social Security benefits for most people. There was thought of scaling back the pension benefit in light of this development. But the Pension Board with its finger directly on the pulse of the plan had this to say: "The Pension Board was requested by the COP to review the Pension Plan in view of changes made in Social Security as it now relates to our workers. It was felt that with both benefits our workers will still have a very limited amount of income in retirement. Also when the Pension Plan was originally designed, it was considered as a supplement to any Social Security benefits. For these reasons the Pension Board recommends that no decrease be made in the amount of benefit provided under our plan."24

It cannot be stressed enough that the founders and the present day directors of the Pension Plan regard the income one receives from it as supplemental to Social Security and personal savings. At present most all graduating pastors and teachers will be in Social Security because of changes in the laws which make it extremely difficult to opt out. Concern was expressed for those who are not in Social Security now. The reason being that the Synod Pension Plan will not be enough to support a retired worker, if he or she relies on it for their major source of retirement income. The plan was never intended to serve that purpose.

By 1971 the Pension fund was firmly in place and its heart was steadily beating out the care of a grateful synod. Appreciation from the recipients was beginning to make itself known. "The Pension Board receives many letters expressing appreciation of the Pension Plan. The letters are really meant for the Synod because it has established a sound pension plan which will assist its veterans of the cross in their years of retirement."25 Letters from widows who were used to living on less than a hundred dollars a month, but since the reception of pension payments their lifestyles have been dramatically improved were common.

Increases in the monthly benefits were made in 1972, and in 1974 the rates for males and females were equalized. In the 1973 BORAM a memorial opposing the pension plan was again submitted by Pastor M. C. Nitz. The main thrust of Memorial 73-18 (p.154)was a complaint over the way in which the Fund's money was invested. He believed it would be more in keeping with the gospel, if money was invested in the Church Extension Fund rather than in vehicles of this world. The convention did not adopt any of the proposals in the memorial.

1976 marked the 10 year anniversary of the Pension Plan. It was a year that also saw the heart of the Plan beat even stronger. A year earlier it was adopted by Synod convention that in 1976 the retirement age would be lowered from 70 to 65, as well as some more easing of restrictions concerning other areas of the plan. Evidence of the Lord's favor with the Pension Plan is found in this phrase taken from the Board's report included in the 1976 "Report to the Districts", "Total benefits paid since the inception of the plan through December 31, 1975 are $1,209,257."26

The strength of the plan's heart continued to evidence itself by the increase in benefits from $4.00/month to $4.50/ month in 1978. In 1979, the thirteeth year of the plan's existence, the final steps were taken to make the plan all inclusive. Floor committee No. 16 in Resolution #3b (pp118-119) called for the inclusion of all Synod lay workers in the Pension Plan, together with another $.50/month raise in benefits. The convention moved to adopt a resolution which called for the new amendments to be deferred until the '81 convention pending available funding. All in all the resolution would translate into an 11% increase in the funding requirements of the Pension Plan.

By 1980 the attitude of the Synod toward the Pension Plan had come almost full circle. In its beginnings the plan was either ignored, mildly supported or blatantly attacked. By the early 80's workers were all for the Pension Plan, the only complaint was it wasn't big enough. People were starting to criticize the small benefits, rather than the alleged diversion of funds from mission fields. This attitude was developed from a misunderstanding of what the fund actually was doing. This plan with a heart is still today paying for the large number of workers who receive benefits yet have not contributed to the plan during their ministry. It is also paying benefits to people who only paid in a portion of what they have already received due to the fact that they retired soon after 1966. This will be the case until all these non or partially funded workers and their dependants pass away. Until that happens a portion of every dollar contributed to the pension fund will be diverted from your account to help fund others. As the percentage of non or partially funded workers decreases, we will see a much more rapid growth of benefits.

The general attitude of misunderstanding of the Pension Plans abilities prompted the disclaimer that appeared in the 1980 "Report to the 12 Districts" "We want to emphasize that while the Board is aware of the inflationary erosion affecting the pension benefits available to both male and female retirees of the Synod, the plan still remains only as a supplement to Social Security and other assets which the worker may have accumulated during a lifetime of work in the church."27 It is unfair to expect the WELS Pension Plan alone to be an adequate source of retirement income. It was designed to help give workers supplemental income, which when combined with other sources will provide a better standard of living during retirement years

1981 saw the actual inclusion of lay worker and the increase of benefits into the plan. 1983 saw the total assets of the Pension Plan break the $10, 000,000 barrier for the first time. The Board figured that at this time the fund needed an annual contribution of $235 on behalf of each worker in order to remain actuarially sound. It was the general feeling about this time, that even more steps had to be taken in order to give called workers enough supplemental retirement income so that there would be options open to them when they reached that point. To that end by 1985 the monthly benefit for each year of service had risen to $7.25. This meant that by 1985 the needed annual contribution for each worker was to be $375.

The year 1985 brought about a change in the Trustee and investment consultant for the Pension Fund. The actual returns were barely keeping pace with inflation and a change was deemed necessary. The switch was made from Marine Banks to Marshal and Ilsley of Milwaukee. The Board was also now concerning itself with the protection of the fund through a policy of safe, sound investing. At the time the investment portfolio of the Pension Plan was found to have the same risk factor necessary to qualify for the *Standard and Poor 500.* It was also noted in the 1985 report to convention that since the beginning of the plan the Cost of Living Index had risen 233%, while the benefits of the plan increased only 83%. Also in 1985 $900,000 was awarded in pension checks.

Through good investing during the following year the Synod Pension Plan experienced a real rate of return of 6.2%, and the total assest were approaching 15 million. Yet it was never forgotten that the true source of this blessing is our gracious God, who had continued to strengthen the "Plan with a heart". The Lord has obviously invested his efforts in this program over the last twenty years.

On March 20, 1987 Mr. Max Lehninger resigned as chairman of the Pension Commission. He had been connected with the plan since the study commission, and was the Board's chairman since 1965. The 25 years of his leading the Pension Commission were the years in which the heart was put into the plan, strengthen and made to become a growing , reliable source of Christian love manifesting itself by paying the debt of thanks owed those, who have shared the Word with us. Through God's use of his efforts together with the dedication of Mr. John Steudel, (who will be retiring this year), and the many others who have served on the Pension Board, the future for many called and lay worker of this Synod has been brightened.

The performance of the fund in 1986 turned out to be a real return of 16.2%. In 1987 the fund weathered Black Monday in October and posted only a 3.6% return. Today the fund's assets are over $17 million. The portfolio is divided into 60% growth funds, one half managed by Boston Financial, and the other managed by National Trust of Chicago. The remaining 40% is in fixed income and is managed by M&I. This diviersity is hoped to provide further stability and potential future growth. 1989 sees the monthly benefit standing at $8.10/month with a proposed escalation to $8.40 per month by 1991.

"It is the objective of the Pension Board to seed to improve the pension plan for called workers and lay workers so as to achieve a reasonable standard of living in retirement." 28 The Lord has indeed blessed the Pension Commission and its efforts to provide supplemental income to synodical workers so the option of a dignified retirement is a greater possibility. We pray that the Lord would continue to bless their efforts so that the "Plan with a heart" will continue to beat strongly as an evidence of the appreciation WELS Christians have for the grace brought to them in the jars of clay.

Endnotes

1 BORAM, 1961. p.135

2 Ibid. p.136

3 Ibid. p.135

4 Proceedings of the 36th Convention of the WELS (1961) p.259

5 Ibid. p.260

6 BORAM, 1963. p.95

7 "WELS Pension Plan: Historical Perspective" Pension Commission

8 Proceedings of the 1964 Minnesota District Convention, Comm 8 p.93

9 Proceedings of the 1964 Northern Wis. District Conv., Comm 8 p.41

10 *Northwestern Lutheran* January 24, 1965 p.25

11 Ibid.

12 Ibid. p.26

13 BORAM, 1965 p.112

14 Ibid.

15 Ibid. p. 113

16 Ibid

17 Ibid

18 Ibid

19 Ibid p.268

20 Proceedings of the 1966 Northern Wis. District Convention, p.68

21 BORAM, 1967. p.284-285

22 "WELS Pension Plan: Historical Perspective" Pension Commission

23 Proceedings of the 39th Convention of the WELS (1967) p.266

24 BORAM, 1969 p.100

25 BORAM, 1971 p.111

26 Report to the Districts, 1976

27 Report to the Districts, 1981

28 Proceedings of the 1983 Synod Convention

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"Proceedings of the Biennial Conventions of the Wisconsin Evangelical Lutheran Synod" 1957-Present

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WELS PENSION PLAN - HISTORICAL PERSPECTIVE

1963-1966

1. The thirty-seventh convention of the Wisconsin Evangelical Lutheran Synod (WELS) held in August, 1963, adopted a Pension Plan with an effective date of January 1, 1966.
2. Pastors, missionaries and teachers under age 70 were included in the plan.
3. Normal retirement benefits were granted after 10 years of service AND at age 70.
   - 3.1 The monthly benefit payable was as follows:
     - 3.11 Males received $4.00 per month for each year of service after 1/1/66;
     - 3.12 Males received $2.75 per month for each year of service between 1/1/46 and 1/1/66;
     - 3.13 Females received $2.75 per month for each year of service after 1/1/66;
     - 3.14 Females received $1.80 per month for each year of service between 1/1/46 and 1/1/66;
4. Early retirement benefits were granted after 15 years of service and after age 55;
5. Disability benefits were available anytime after 15 years of service;
6. Spouse's benefits were 50% of the amount which would have been payable had the husband retired as a single male;
7. In order to postpone income tax liabilities until receipt of the pension benefits, the plan requested and received "qualified" status from the IRS;
8. No one who was 70 years of age prior to 1/1/66 was eligible to participate;

1968

9. The plan was amended to INCLUDE pastors, teachers and widows who HAD attained age 70 before 1/1/66; (This affected 250 workers and dependents);

1972

10. For male retirees monthly benefits for each year of service prior to 1966 were increased to $4.00/month with a limit of 20 years of prior service;
11. For female retirees monthly benefits for each year of service prior to 1966 were increased to $2.75 with a limit of 20 years of prior service;

1974

12. Male and female benefits were equalized at $4.00/month for each year of service after 1/1/46;

1976

13. Reduction of normal retirement age from age 70 to age 65;
14. Early retirement benefits available after age 55 and after 10 years of continuous service (rather than 15 years);
15. Disability benefits also available after 10 years of service;
16. Modify the spouse's benefit to be granted after 10 years of continuous service;
17. Provide 100% vesting of benefits deferred to age 65, if employment terminates prior to age 55 with 10 or more years of continuous service;

1978

18. Benefits for all participants (present pensioners and widows included) increased from $4.00/month per year of service to $4.50/month for each year of service;

1981

19. Synodical lay worker (Synod paid layworkers) pension plan became effective;
20. Benefits for all participants (present pensioners and widows included) increased from $4.50/month for each year of service to $5.00/month for each year of service (effective October 1, 1981);

APPENDIX (a.])

WELS PENSION PLAN - HISTORICAL PERSPECTIVE

Page Two

1984

21. Benefits for all participants increased from $5.00/month for each year of service to $6.30/month for each year of service;

1985

22. Benefits for all participants increased from $6.30/month for each year of service to $7.25/month for each year of service;
23. Any year of service not considered part of a worker's educational program shall be counted as a year of service;
24. Years of service shall be taken into account after a break in service unless the number of one-year breaks in service equals or exceeds the greater of (a) five consecutive one-year breaks in service or (b) the aggregate number of years of service earned before the consecutive breaks in service;
25. Article 4.6: "General Conditions": The following sentence has been deleted: "No one shall be entitled to receive a Pension under more than one of the foregoing Sections of this Article." This provision tended to penalize two-worker families when either or both workers desired to provide a spouse's benefit. Upon the death of the first worker, the surviving worker had to make a choice, either to accept the 50% spouse's benefit or accept his/her own 90% benefit. However, both benefits could not be received, even though actuarially it is fiscally sound to provide both benefits to the survivor;

1986

26. Increase the benefits of all participants from $7.25/month for each year of service to $7.50/month for each year of service;

1987

27. Increase the benefits of all participants from $7.50/month for each year of service to $7.70/month for each year of service.
28. New summary plan booklets were distributed with the annual pension report.

1988

29. Increase the benefits of all participants from $7.70/month for each year of service to $7.90/month for each year of service.

1989

30. Increase the benefits of all participants from $7.90/month for each year of service to $8.10/month for each year of service.
31. Cliff vesting is reduced from 10 years to 5 years.

1990 (PROPOSED)

32. Vested/terminated participants who are under age 55 have their benefits frozen at the benefit level in effect at time of termination (Effective 1-1-89).
33. Increase the benefits to all active and retirees from $8.10/month for each year of service to $8.25/month for each year of service.

1991 (PROPOSED)

34. Increase the benefits to all active and retirees from $8.25/month for each year of service to $8.40/month for each year of service.

WELS Pension Commission
March 17, 1989

pc:05/01/1989