



Reform Pension Board

מועצת הגמלאות
מסלול

2010 Annual Report
18 Tamuz 5770 – June 30, 2010

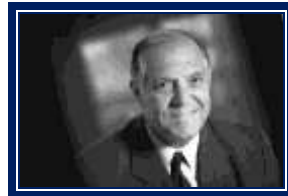
מסלול
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Reform Pension Board Mission Statement

The RPB serves URJ congregations and institutions of the Reform Movement and their professionals. It enables them to fulfill their shared responsibility to enhance the financial security of these professionals and help them attain a dignified retirement. It accomplishes this task by establishing and managing high-quality retirement plans as well as life and disability insurance programs that benefit both participating organizations and individuals.



Letter from the Chairman and Executive Director



John R. Stern
Chairman



Robert M. Koppel
Executive Director

Welcome to the Reform Pension Board 2010 Plan Year Annual Report. The composite returns for the plan year, net of fees, included a 14.9% return from the RPB Equity Fund versus 14.5% for our benchmark, a 10.7% return from the RPB Bond Fund versus 8.4% for our benchmark, and finally a 2.4% return from the RPB Stable Value Fund versus 4.1% for our benchmark.

In 2009, global economic conditions continued to impact the Reform Pension Plan. The international turbulence resulted in financial markets being volatile above historical norms. We are pleased to report that the 2009 - 2010 investment returns reflect the substantial rebound in equity and bond markets from their March 2009 lows. On a relative basis, the RPB Equity Fund performed modestly higher than its benchmark. The RPB Bond Fund significantly exceeded its benchmark. The RPB Stable Value Fund continued to perform as designed by producing positive returns with relatively low risk, but trailed its benchmark. Please see the Investment Committee report on page 6 for more specific details related to the above summary.

The RPB continues to maintain modest participant charges. Participant charges are the cost to participants for the administration of the Plan. Participant charges for the 2010 plan year were 20 basis points or 0.20%.

Throughout the plan year, the board and staff continued to initiate policy changes and improvements to the RPB operations. We made changes to the structure of our bond fund and replaced individual managers in both the bond and equity funds. The following items detail some of the significant enhancements we've made to our programs and the manager changes that were implemented in our investment portfolios this year:



- We expanded payment options for congregations and provided easy access for congregations to the RPB Automated Clearing House (ACH) system. ACH allows the RPB office to process a significantly higher number of payment transactions without materially increasing RPB administrative expenses. Please contact the RPB office for specific details on using the ACH system.
- We held our fifth retirement planning seminar this May in Fort Lauderdale, Florida. Participants and their spouses/partners who attended the two-day seminar got assistance with financial planning, psychological preparation and practical transition issues. A principle RPB goal is to help participants plan for and achieve a dignified retirement.
- We installed an online database system known as “Visual Vault” that has replaced participant file folders. The new secure imaging system allows the RPB staff to work efficiently while they are providing services to participants. The imaging system eliminates most of the paper files from the office, and participant records are protected from potential physical loss from fire, water damage, etc.
- The board voted to allow retired participants over the age of 59 ½, who are receiving distributions, to also make contributions into the plan concurrently if they recommence working for an eligible employer.
- Our communications effort continues to focus on using the RPB website and “mass email blast” announcements. The RPB office’s use of electronic media has made our communications faster and more efficient. Additionally, the initiative has helped us to reduce print and postage expenses as well as to conserve paper and other resources. Besides being fiscally prudent, it has the added benefit of the RPB being environmentally sensitive.
- We retained a communications consultant to assist us with developing a new comprehensive communications strategy. The goal is to communicate with our participants and congregations as efficiently as is technologically possible.



- The RPB added a global bond mandate to our bond fund. Consequently, the RPB replaced Western Asset with two global bond managers, Loomis Sayles & Company, L.P. and Colchester Global Investors, Ltd. The desired aim is to increase our diversification and be responsive to the changing economic landscape.
- The RPB terminated its relationship with AXA Rosenberg. AXA managed a U.S. small/mid-cap fund and an international small-cap fund. The U.S. small/mid-cap mandate was replaced with the Vanguard Small Cap Index ETF (Exchange Traded Fund). The international small-cap fund was replaced with the iShares MSCI EAFE Small Cap Index Fund, where BlackRock serves as investment advisor.

The index funds are designed to be temporary replacements pending a review of the equity fund structure and simultaneously maintain the allocation to domestic and international small-cap.

This past year, the RPB said farewell to two board members, welcomed two new board members, and welcomed a new staff member:

- Rabbi Stacy K. Offner left her position as URJ Vice President during the plan year. Rabbi Offner had returned to the RPB board as an *ex-officio* board member representing the URJ, having previously been a CCAR representative for twenty-one years. We thank her so much for her contributions to our work over the years, both as a CCAR representative and as an *ex-officio* board member.
- We thank Neil Cooper, who was a URJ representative, for his participation and significant assistance during his more than five years of service on the RPB board and Investment Committee.
- We are pleased to welcome Rabbi Lisa S. Greene, representing the CCAR, and Gus Kuhn, III, representing the URJ, to the RPB Board of Trustees.



- We are very happy to welcome Maria Melore to the RPB staff. Maria joined the staff in August 2009 as Administrative Assistant to the Executive Director and the Chief Financial Officer. Maria has already proven to be an excellent addition to our staff.

Sadly, during this past year, the RPB and the Reform Movement lost two outstanding men, Joseph S. Lefrak, Esq. and Henry Fruhauf, FTA.

Joseph S. Lefrak, Esq., for over thirteen years, was an important and caring RPB board and committee member. Joe was the founder and long-time chairman of the RPB Audit Committee. He developed our Audit Charter, which the RPB adopted several years prior to the passage of Sarbanes–Oxley. Joseph Lefrak, in his leadership of the Audit Committee, enhanced the RPB’s reputation for trust and integrity.

Henry Fruhauf, FTA was an extraordinary board member. He was an RPB board member for fifty years serving in three separate capacities. Henry was the NATA representative, then a URJ appointee, and finally in 1997, he became the RPB’s first honorary trustee. He served the Pension Board with great distinction and dedication throughout all of those years. He had the remarkable capacity to see the broad policy issues clearly while always making sure that the details were also in order. Henry's achievements were numerous, and the RPB benefitted greatly from his insistence for excellence from the RPB.

Joseph S. Lefrak, Esq. and Henry Fruhauf, FTA will be greatly missed by the Reform Pension Board.

The Reform Pension Board has, throughout its history, been guided by the key principle of partnership. It is dedicated to fostering, developing and sustaining cooperative relationships with the various stakeholders of the Reform Movement. We extend our sincere thanks to the RPB’s board, committee members, and staff, whose efforts were vital in maintaining our service throughout the 2010 plan year.

Sincerely,



John R. Stern
Chairman



Robert M. Koppel
Executive Director



Report from the Investment Committee 2010 Plan Year Review

Market Drivers

For the plan year ending June 30, 2010, the capital markets advanced significantly as compared to the previous two years of broad based declines. The plan year began with the unemployment rate rising from 9.5% in July 2009 to approximately 10.0% in December 2009. By the end of the plan year, the unemployment rate had decreased to 9.5%. The Federal Reserve Board continues to maintain the fed funds rate in a 0% to 0.25% range. China is the largest foreign holder of U.S. Treasuries at \$916 billion (27% of the total). Gold has continued to see a run-up in value, closing at \$1,244 per ounce as of June 2010. Finally, since its peak in 2008, overall market volatility has been steadily decreasing over the last two years.

The broad U.S. equity markets advanced 15.7% as measured by the Russell 3000 Index, while the developed international equity markets also generated a positive performance of 6.4% during the plan year ending June 30, 2010, as measured by the MSCI EAFE Index (the Morgan Stanley Capital International Europe, Australasia and Far East Equity Index). The advance in U.S. stocks affected all segments of the capitalization spectrum, with mid-cap stocks, as measured by the Russell Mid Cap Index, experiencing slightly better results with a 25.1% gain relative to small-cap stocks, as measured by the Russell 2000 Index, which advanced 21.5% for the same period. Large-cap stocks lagged by comparison to both their mid-cap and small-cap counterparts, gaining 15.2% as measured by the Russell 1000 Index.

During times of rapid appreciation in the stock market, the fixed income markets typically can't keep up with the gains of stocks, as was the case this year. As measured by the Barclays Capital Aggregate Index, the broad fixed income market returned a positive 9.5% compared to the significant double digit gains within the global equity markets. Given the unprecedented losses in the equity markets over the previous two years and the subsequent rebound last year, and looking out over a longer time horizon of the past seven years, international developed and emerging market equity markets have provided higher returns than the U.S. bond market. The broad U.S. equity market, during this same seven-year time period, while in positive territory, did not outperform the U.S. bond market.



The 403(b) Plan

Changes to the RPB Equity Fund

U.S. Equity

AXA Rosenberg was previously the small/mid-cap U.S. equity manager in the RPB Equity Fund. AXA was terminated during the 2010 plan year and the assets transferred to the Vanguard Small Cap Index ETF (Exchange Traded Fund).

International & Global Equity

AXA Rosenberg also previously managed the non-U.S. small-cap equity mandate in the RPB Equity Fund. AXA was terminated during the 2010 plan year and the assets transferred to the iShares MSCI EAFE Small Cap Index Fund, where BlackRock serves as the investment advisor to the Fund.

RPB Equity Fund Performance

The RPB Equity Fund returned 14.9% net of management fees and slightly outpaced the RPB's unique weighted benchmark return of 14.5%. During the plan year, all of the managers that comprise the domestic RPB Equity Fund experienced positive returns. Eagle Capital's U.S. large-cap value strategy experienced the largest absolute and relative gain of the domestic equity managers, up 22.3% versus the Russell 1000 Value Index, which gained 16.9%. LSV also outpaced the Russell 1000 Value Index, gaining 17.9% for the year. Franklin Templeton had a more difficult year, gaining 11.3% and underperforming their benchmark, (50% Russell 1000 Growth Index/50% S&P 500 Index) which gained 14.0%. Marsico, the large-cap growth manager, gained 13.0% and slightly lagged the Russell 1000 Growth Index which returned 13.6%.

The RPB Equity Fund's international managers had similar mixed results during the plan year, as two of the six managers outperformed their respective benchmarks. All managers, however, experienced positive returns for the year. The international value manager, AllianceBernstein, was the weakest absolute performing international equity manager; it gained 2.2% and underperformed its benchmark, which gained 6.6%.



Oechsle and Wellington, the international growth managers, turned in mixed results, gaining 4.1% and 10.2%, respectively, compared to the 9.0% return in the MSCI EAFE Growth Index. Walter Scott, the global equity manager, gained 9.6% and underperformed the MSCI World benchmark, which gained 10.8%. Within emerging markets, Brandes advanced 42.9% relative to the gain of 23.5% of its benchmark and was the best absolute and relative performer for the year.

Changes in the RPB Bond Fund

Effective July 1, 2009, the RPB replaced Western Asset Management with Loomis Sayles & Company, L.P. and Colchester Global Investors, Ltd. as part of a restructuring of the RPB Bond Fund to add exposure to the global bond markets. In addition, subsequent to July 1, 2010, the RPB replaced the BlackRock Core Fixed Income Fund with the Income Research & Management Core Fixed Income Fund. An allocation of 5% was also made to the emerging market debt asset class, which is managed by Stone Harbor Investment Partners.

RPB Bond Fund Performance

The RPB Bond Fund earned 10.7%, net of management fees, significantly outpacing the Bond Fund benchmark return of 8.4%. The Bond Fund benchmark is a hybrid of the Barclays Capital (BC) Aggregate Index and the Citigroup High Yield Market Index. The BC Aggregate Bond Index is a broad measure of the U.S. bond market, which includes all publicly issued investment grade fixed rate bonds that are U.S. dollar-denominated and have at least one year to final maturity. The Citigroup High Yield Market Index captures the performance of below investment-grade corporate bonds issued in the United States.

During the plan year, BlackRock returned 11.4% net of fees, outperforming the Barclays Capital Aggregate benchmark return of 9.5%. The two global bond managers, Colchester and Loomis Sayles, both outperformed their respective benchmarks for the year. Colchester gained 7.3% and significantly outperformed the Citigroup World Government Bond Index return of 3.0%; Colchester was the strongest relative performer in the Bond Fund. Loomis Sayles returned 6.3% and outpaced the Barclays Capital Global Aggregate, which gained 5.0%. Shenkman Capital, the high yield manager, returned a positive 14.5% and was both the



strongest absolute performer and weakest relative performer in the Bond Fund, as Shenkman significantly underperformed the Citigroup High Yield benchmark return of 25.6%.

Changes in the RPB Stable Value Fund

No changes were made to the RPB Stable Value Fund during the year.

RPB Stable Value Fund Performance

The RPB Stable Value Fund earned 2.4% net of management fees, underperforming the Stable Value benchmark return of 4.1%, as measured by the Ryan 3-Year GIC Index. The Ryan 3-Year GIC Index is a broad measure of the performance of three-year Guaranteed Investment Contracts, or GICs.

G. Leonard Teitelbaum
Chairman, Investment Committee



**Reform Pension Board Net of Fee Comparative Performance
As of June 30, 2010**

	1 Year	3 Years	5 Years
EQUITY MANAGERS			
Domestic Equity			
Vanguard	14.6%	(9.6%)	(0.6%)
S&P 500 Index	14.4%	(9.8%)	(0.8%)
Eagle Capital	22.3%	N/A	N/A
LSV	17.9%	(12.1%)	(0.5%)
Russell 1000 Value Index	16.9%	(12.3%)	(1.6%)
Franklin Templeton	11.3%	N/A	N/A
50% Russell 1000 Growth/50% S&P 500 Index	14.0%	(8.3%)	(0.2%)
Marsico Large Cap Growth	13.0%	(8.3%)	(1.5%)
Russell 1000 Growth Index	13.6%	(6.9%)	0.4%
Vanguard Small Cap ETF	N/A	N/A	N/A
Russell 2000 Index	21.5%	(8.6%)	0.4%
DOMESTIC EQUITY FUND COMPOSITE	15.8%	(10.0%)	(1.4%)
Russell 3000 Index	15.7%	(9.5%)	(0.5%)
International Equity			
Alliance Bernstein	2.2%	(20.7%)	(2.9%)
MSCI EAFE GDP wtd 50% hedged Index	6.6%	(13.9%)	1.1%
Oechsle	4.1%	(12.6%)	N/A
Wellington	10.2%	(18.1%)	N/A
MSCI EAFE Growth Index	9.0%	(11.4%)	2.0%
iShares MSCI EAFE Small Cap Index	N/A	N/A	N/A
MSCI EAFE Small Cap Index	12.6%	(12.8%)	1.4%
Walter Scott	9.6%	(4.5%)	N/A
MSCI World	10.8%	(10.9%)	0.6%
Brandes Emerging Markets	42.9%	1.4%	N/A
MSCI Emerging Markets Index	23.5%	(2.2%)	13.1%
INTERNATIONAL EQUITY COMPOSITE INDEX	12.8%	(12.0%)	2.5%
International Benchmark	11.5%	(10.8%)	3.0%
EQUITY FUND COMPOSITE	14.9%	(10.6%)	(0.2%)
Equity Benchmark	14.5%	(9.8%)	0.6%
BOND MANAGERS			
Core Bond			
Loomis/Western Transition Account	24.9%	8.4%	5.9%
BlackRock Core	11.4%	7.9%	5.8%
Barclays Capital Aggregate Index	9.5%	7.5%	5.5%
Global Bond			
Colchester	7.3%	N/A	N/A
Citigroup World Government Bond	3.0%	7.8%	5.1%
Loomis Sayles	6.3%	N/A	N/A
Barclays Capital Global Aggregate Index	5.0%	6.8%	5.0%
High Yield			
Shenkman Capital	14.5%	5.0%	5.7%
Citigroup High Yield Mkt Index	25.6%	5.9%	6.7%
TOTAL BOND FUND COMPOSITE	10.7%	5.8%	4.8%
Bond Composite Benchmark	8.4%	6.5%	5.2%
STABLE VALUE			
Dwight Stable Value	2.4%	3.5%	3.9%
Ryan 3-Yr GIC Master Index	4.1%	4.5%	4.2%



Asset Mixes — Net of Fee Representative Performance as of June 30, 2010

	1 Year	3 Years	5 Years
80% Equity/20% Bond	14.3%	(7.2%)	1.0%
80% Equity/20% Bond Benchmark	13.5%	(6.4%)	1.7%
60% Equity/40% Bond	13.5%	(3.9%)	2.1%
60% Equity/40% Bond Benchmark	13.6%	(2.7%)	3.0%
50% Equity/50% Bond	13.1%	(2.2%)	2.6%
50% Equity/50% Bond Benchmark	11.8%	(1.4%)	3.2%
40% Equity/60% Bond	12.7%	(0.6%)	3.1%
40% Equity/60% Bond Benchmark	11.2%	0.2%	3.7%
20% Equity/80% Bond	11.7%	2.6%	4.0%
20% Equity/80% Bond Benchmark	9.8%	3.4%	4.5%

Note 1: Returns associated with the Comparative Performance and Asset Mixes charts for periods greater than one year are annualized.

Note 2: Asset Mixes chart excludes the RPB Stable Value Fund.

Note 3: Past performance does not guarantee future results.



**RPB Fund Attributes
As of June 30, 2010**

RPB Equity Fund	
Total RPB Equity Fund Assets as of 6/30/2010	\$450,779,917
Domestic Equity	
Assets	\$312,442,124
Weighted Avg. Mkt. Cap.	\$51,723,263,096
Price/Earnings Ratio	14.73
Price/Book Ratio	2.19
5 Yr. EPS Growth Rate (%)	10.71
Current Yield (%)	2.02
International and Global Equity	
Assets	\$138,337,793
Weighted Avg. Mkt. Cap.	\$27,839,212,564
Price/Earnings Ratio	13.47
Price/Book Ratio	1.92
5 Yr. EPS Growth Rate (%)	4.44
Current Yield (%)	2.66
RPB Bond Fund	
Total RPB Bond Fund Assets as of 6/30/2010	\$294,643,953
Core Mgrs. Avg. Duration	4.30
Core Mgrs. Avg. Credit Quality	AA
Global Mgrs. Avg. Duration	5.99
Global Mgrs. Avg. Credit Quality	AA
High Yield Mgr. Avg. Duration	3.47
High Yield Mgr. Avg. Credit Quality	B
RPB Stable Value Fund	
Total Book Value Assets	\$101,494,335
Average Fund Duration	2.52
Average Credit Quality	AAA
Average Stable Value Yield to Maturity	2.32



Federal Securities Laws and Their Application to the Reform Pension Board

The Reform Pension Plan is a “church plan” by Internal Revenue Service definition and therefore exempt from many of the rules and regulations contained in ERISA laws. We are required to annually inform all of our participants of our specific status with respect to the securities laws.

1. The Reform Pension Plan is not subject to registration, regulation, or reporting under the Investment Company Act of 1940, the Securities Act of 1933, the Securities Exchange Act of 1934, Title 15 of the United States Code, or state securities laws. Therefore, Plan participants and beneficiaries will not be afforded the protections of those provisions.
2. The Plan will continue to be subject to the Internal Revenue Code and its regulations regarding eligibility, governance and operations.
3. Pursuant to the terms of the Reform Pension Plan, all assets of the Plan are held for the exclusive benefit of the participants and their beneficiaries and no part of the corpus or income may be used for, or diverted to, purposes other than for the exclusive benefit of the participants and beneficiaries and the expenses of the administration of the Plan.



Reform Pension Board As of June 30, 2010

Officers

Chairman

John R. Stern

Secretary/Treasurer

G. Leonard Teitelbaum

Vice Chairman

Rabbi Richard A. Block

Members of the Board

Rabbi Richard A. Block

Rabbi Ellen Weinberg Dreyfus

Rabbi Steven A. Fox

Rabbi Samuel N. Gordon

Rabbi Lisa S. Greene

Mark R. Jacobson

Gus Kuhn, III

Michael H. Laufer

Daryl Messinger

Sharon Morton, RJE

Rabbi Bruce Raff, RJE

Carolyn A. Shane

Rabbi Howard Shapiro

Rabbi Arnold I. Sher

Lawrence Simon

John R. Stern

G. Leonard Teitelbaum

Rabbi Martin S. Weiner

Rabbi Eric H. Yoffie

Honorary Chairman

Ronald M. Cohen

Honorary Board Member

Rabbi Joseph Goldman

Advisory Members

David Baskin

Investment Committee Member

Austin Beutel

Investment Committee Member

Alan L. Belinkoff

Audit Committee Chair

Jane Kaplan

Socially Responsible Investment
Committee Member



Advisory Members (continued)

Ralph D. Sinsheimer
Investment Committee Member

Marshall A. Warshauer
Investment Committee Member

Legal Counsel

Joseph R. Rackman, Esq.

**Reform Pension Board Staff
As of June 30, 2010**

Robert M. Koppel
Executive Director

Debra H. Feldman
Communications Coordinator

Paul T. Rockfeld
Chief Financial Officer
Director of Operations

Jessica M. Harmon
Administrative Assistant

Ingrid A. Aponte
Participant Account Manager

Patrick J. James
Staff Accountant

Lois A. Allwood
Accounting Assistant

Maria V. Melore
Administrative Assistant

Andrew J. Buchhalter
Administrative Assistant

Vanessa Stevens
Accounting Supervisor





Reform Pension Board