

Clergy Retirement Fund Expands Financial Security for Priests

by Stephan S. Nigohosian



The Clergy Retirement Matching Fund provides Eastern Diocesan clergy (shown here at the 125th Assembly in Springfield, Mass., May 2024) the opportunity to have their 403(b) contributions matched, helping ensure long-term financial security. Photo Credit: Mano Baghjajian

The Armenian Church Endowment Fund and the Eastern Diocese have agreed to establish and fund a new retirement plan to benefit all clergy in the Eastern Diocese.

The goal of the *Clergy Retirement Matching Fund* is to incentivize clergy to participate in the existing 403(b) retirement plan. The new program will match dollar for dollar what the

parish provides toward their clergy's retirement—up to \$3,500 annually if the clergyman elects to invest part or all of it in their 403(b) plan, potentially doubling the yearly contribution. Less than 15% of the clergy participated in the 403(b) retirement plan prior to the introduction of this program. Since then, clergy participation has grown to 85%.

A joint ACEF/Diocesan Council task force was formed at the request of Archbishop Vicken Aykazian and Fr. Simeon Odabashian. Both felt strongly that Diocesan clergy needed additional financial security in their retirement. "ACEF was the perfect vehicle for establishing this additional funding," said ACEF Board member and Investment Committee Co-Chair Kirk Hachigian. "It connects the needs of the clergy with the financial resources necessary to manage them."

With a desire to do something special for the clergy of the Eastern Diocese, a \$1 million lead gift was given by the Kirk Hachigian family to initiate this new program. The *Clergy Retirement*

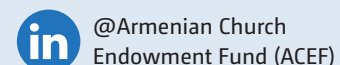
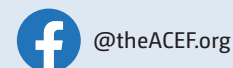
Matching Fund is now financed in perpetuity through ACEF, with investment returns earned from more than \$3 million of permanently endowed monies including Hachigian's lead gift and 10 percent of the Legacy Funds. Fellow ACEF Board members Hachigian, Greg Zorthian and Robert Cannuscio, along with Diocesan Council Chairman Richard Papalian and member of the Board of Trustees of the Eastern Diocese and a group benefits specialist, Paul Mardoian, worked out the details of the plan. "A special provision in this plan allows clergymen to withdraw funds from their 403(b) account at retirement for housing allowance purposes tax free," said Mardoian. "This is the best investment vehicle for clergy that exists."

The new plan has proven to be a blessing to participants. "Many clergy, consumed with the responsibilities of a parish, forget about their future," said Fr. Ghevond Ajamian, Pastor of St. Sarkis Armenian Orthodox Church in Carrollton, Texas, and a plan participant. "Now, the *Clergy Retirement Matching Fund* will help provide our priests with an opportunity to not have to worry about their retirements and focus completely on serving God."



Father Ghevond Ajamian of St. Sarkis Church in Carrollton, Texas is among the newest participants in the Clergy Retirement Matching Gift Program. Photo Credit: Mano Baghjajian

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HISTORICAL PERFORMANCE

During the five years ended December 31, 2023, ACEF grew from **\$100 million** to **\$146 million** while still distributing 4.5% of assets.

2023 Year in Review

Last year ended much differently than the way it started. The beginning of 2023, which marked ACEF's 50th anniversary, was hit by high inflation, rising interest rates and continued fears of an impending recession, as well as a first quarter banking crisis that threatened people's confidence in accessing credit. The outbreak of war in the Middle East in the Fall caused additional uncertainty. Despite these factors, the markets bounced back in the fourth quarter, substantially recovering from 2022 losses thanks in large part to a resilient U.S. economy, easing fears of a recession and the Federal Reserve's pause on rate hikes in November and December. A fourth quarter S&P 500 rally was led by the performance of a handful of large technology companies.

The Armenian Church Endowment Fund (ACEF) started 2023 with a portfolio valued at \$139 million and finished the year with \$146.2 million.¹ New contributions to ACEF totaled \$2.8 million in 2023. ACEF made a record distribution of nearly \$6.5 million—\$500,000 more than last year! This marks the 21st consecutive year that ACEF has distributed 4.5% of its assets based on a rolling three-year market value average. ACEF is pleased to note that its annualized return for the five-year period ending December 31, 2023, was 9.2%, placing ACEF in the top third of peer private endowment organizations. What's more, in 2023, working in conjunction with the Diocesan Council, ACEF created the Clergy Retirement Matching Fund. (See cover page.)

¹As of December 31, 2023; private investment funds marked to market as of September 30, 2023.

ACEF is under the guidance and supervision of its Board of Directors and an Investment Committee that includes sophisticated investors and financial services professionals, several of whom have been recognized among the nation's top advisors. In 2023, the Investment Committee worked with ACEF's investment advisor Bank of America Philanthropic Division to strategically reallocate its portfolio (including by taking advantage of investment opportunities that may not be available to individual churches and organizations) to meet ACEF's investment return goals while mitigating the impact of market volatility.

Endowment activities for the fiscal year ended December 31

(not including deferred gifts)

For the fiscal year ended December 31	2019	2020	2021	2022	2023
Beginning Balance	100	116	129	158	139
Gifts	4	5	7	3	3
Investment Earnings	16	12	28	(16)	11
Spending—Distribution	(4)	(4)	(6)	(6)	(7)
Ending Balance	116	129	158	139	146

(\$ in millions)

ACEF BOARD NEWS



Given ACEF's growth and increasing complexity, particularly in recent years, the Board recognized the need for an Executive Director and after an extensive search, approved the hire of former Board member and Treasurer, **Lisa Kazanjian**. In her new role, Lisa, who has a background in

marketing, finance and development and is a graduate of The Wharton School of the University of Pennsylvania, has been working closely with fellow Board members and ACEF staff. Lisa looks forward to getting to know our donors and beneficiaries. She may be reached at execdir@acefinvest.org.



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The Armenian Church Endowment Fund (ACEF) is an independent nonprofit that supports parishes and individuals who are creating a legacy through endowments. We encourage these parishes and individuals to make long-term investment planning an everyday practice, and we help them maximize financial returns by investing as a community. *Please visit acefinvest.org or contact our office for complete details on ACEF's policies and procedures.*