



OUR *catholic* JOURNEY

2021 Volume 126, Issue 2 | Annual Report Edition

The 143rd Year of Your Association

Catholic United Financial | Annual Report Edition

OFFICIAL PUBLICATION OF CATHOLIC UNITED FINANCIAL

CONTENTS

Catholic United Financial

A Year of Learning | Michael Ahles **3**
President and Chair of the Board

FELLOWSHIP

Hindsight 2020 | Nate Lamusga **4**
Director of Member Engagement

FINANCES

Catholic United Financial Annual Report **6**
Paul Zastrow, Senior Vice President
and Secretary/Treasurer

**Statement of Operations, Change in Surplus
and Balance Sheet** **10**

FOUNDATION

Thank You for Your Support | Robert Heuermann **12**
Foundation Executive Director

CREDIT UNION

Where You Bank Matters | Maureen Daehn **14**
CUFCU President

OUR *catholic*
JOURNEY

On the Cover:
Real members of Catholic United,
The Street family kids play in their sandbox.



Official Publication of
Catholic United Financial
Volume 126, Issue 2
Second Quarter, 2021

Magazine Staff:

Publisher: Michael M. Ahles
Editor: Jared Roddy
Staff: Susan Detlefsen
Marketing Director:
Steve Wendorf

Office of the Publication:
Catholic United Financial
3499 Lexington Avenue N.
Arden Hills, MN 55126

Officers:

President:
Michael Ahles, *Andover, Minn.*
Senior Vice President and
Secretary/Treasurer:
Paul Zastrow,
Mendota Heights, Minn.

Board of Directors:

Robert Krattenmaker,
New London, Minn.
Renee Brod, *New Prague, Minn.*
William Lucas, *Edina, Minn.*
Jean Hart, *Cold Spring, Minn.*
Marty Seifert, *Marshall, Minn.*
James Gibbons, *Lake Elmo, Minn.*
Jim Wensel, *Rice, Minn.*

Our Catholic Journey

(USPS 093500) (ISSN 21641617)
published bi-monthly by Catholic
United Financial, 3499 Lexington
Avenue N., STE 200, Arden Hills,
MN 55126-7056. Periodicals
postage paid at St. Paul, MN and
additional mailing offices.

Postmaster:

Send address changes to
Our Catholic Journey/
Catholic United Financial,
3499 Lexington Avenue N.
Arden Hills, MN 55126-7055

A MESSAGE FROM MIKE

A YEAR OF LEARNING

As I reflect on the past year, I will begin by stating the obvious – 2020 was unlike any year we have ever experienced. It tested our patience, our commitment, and our resolve. It demonstrated what is truly important to us, protecting our families and connecting as people. While it is a relief to have 2020 in our rear view, it is important to take stock of what we learned so these life lessons may influence how we prepare for some prosperous re-beginnings in 2021. Here are a few key learnings for me, both personally and as Catholic United's relatively new President.

- **Little things mean a lot.** Smelling flowers and staring at a blue sky, even with your mask on, is wonderful. Talking with my family and our Members meant everything when face-to-face conversations were not possible. Learning innovative technologies allowed us to connect in new ways and I can now see us seeing each other more than ever before, both in person and virtual.
- **Catholics are faithful and creative.** Before the pandemic, who could have imagined attending Mass in church parking lots or watching it on a computer screen? Yet we created new ways to engage with and support our parishes. Our Sales Representatives and Home Office professionals connected with you in new ways too with the advent of online video tools to host educational workshops, appointments, Virtual Member Gatherings, and other special Member Engagement events. Creativity was on full display as we and our Catholic school families prepared for our 2021 Catholic Schools Raffle while not fully knowing the impact the pandemic may have on selling tickets. The kids were amazing! In just six weeks they sold 40,000 more tickets than 2020 to set a new total fundraising record of \$1.495 million!

- **We are resilient and committed.** From the earliest days of the pandemic, we devised ways to enable our employees to work safely from home, yet still be able to deliver the services and protections our Members expect from us. This was not easy. Our associates juggled taking care of their children, their parents and themselves while taking care of you and your families. Our death claim activity increased to an all-time high as we lost many Members to COVID-19, yet with heavy hearts, we took care of our Members' beneficiaries to deliver on the commitments Catholic United made to them.

- **It is good to have a plan.** And to re-plan. During 2020, we kicked off a new, annual strategic planning process for all of Catholic United, encompassing the Association, the Credit Union and our Foundation. In it we share a vision and a simple mission where We financially protect and connect members in faith and joyful service at every step of life's journey. You will hear this mission statement frequently going forward. We have set goals to double the size and missional impact of our organization by the time we turn age 150, in 2028, by building an expanded life to legacy product and services portfolio with broadened marketing and sales efforts. As 2020 showed us, the world will continue to present challenges and opportunities so our planning process will be fulsome and dynamic.

- **Our future is very bright.** For 143 years, Catholic United grew by Members telling our story to fellow Catholics. You have been our strength in the years gone by and your advocacy for us is our strength in the years ahead. Let us tell our story and build our future together!

God bless and be safe.



Michael Ahles

President, CEO and Chair of the Board

If there is anything I can do to help you, please give me a call at (651) 765-4124 or email me at mahles@catholicunited.org





HINDSIGHT 2020

It is quite difficult to look back at a year like 2020 and not use the, now, cliché words or phrases like, “unprecedented” and “challenging times.” The hardships we have faced as a company, as a Church and as a community are enormous. Many of us have lost jobs, said goodbye to friends and family, and the personal connections that define our humanity have been greatly diminished.

At my core, however, I am a hopeful person. As I reflect on 2020, I see all the ways that we have pulled together to support one another. I see a community that has adapted and reprioritized our lives to focus on what is most important. I have witnessed Catholic United members sewing masks and donating blood. I see members coming together in prayer through our new Catholic United Prayer Network. Member Engagement staff has been able to leverage virtual tools such

as social media to make connections with members at virtual member gatherings, and the broader public through live concerts with Catholic musicians. Our Parish Volunteer Teams and Councils have figured out ways to hold fundraisers in their community, remaining safe, but also providing that opportunity for people to be generous and support their local parish. As I look back at 2020, I am filled with hope and gratitude. I am encouraged as I look ahead to 2021 and beyond.

In Mike Ahles’s column, he spoke about new goals for the Catholic United Association, Credit Union and Foundation. I’m particularly excited by the goal to double our missional impact by the time Catholic United reaches our 150th birthday. **In 2020, our missional impact was \$8.7 million!** A massive feat in an “unprecedented” year. This is a fraternal insurance company in action: you, our

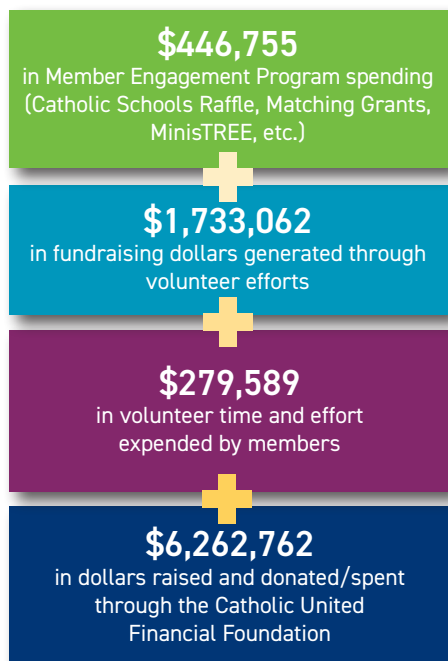
\$8.7 Million

Total missional impact in the pandemic year of 2020

“I am encouraged as I look ahead to 2021 and beyond.”

- Nate Lamusga

members, buy a financial product, and together, we turn that membership into meaningful impact in the community. Profits into purpose, as we like to say. See the breakdown below:



All of that by holding 2,058 events that reached 30,324 people during a worldwide pandemic. This is why I'm hopeful for years to come. As we work to double membership and assets, doubling our missional impact can surely follow. Imagine \$17 million going back to support the Catholic Church! Will you help us get there? Who do you know that should join Catholic United? Put us in touch with them.

Hearing about the good work of our members, I've been inspired to do more in my own Catholic parish. Maybe you can relate to that? If you want to get involved with Catholic United to take advantage of the platforms and programs available to your community, contact us at engage@catholicunited.org.

God bless,

Nate Lamusga
Director of Member Engagement



2020 Catholic United Financial
ANNUAL REPORT

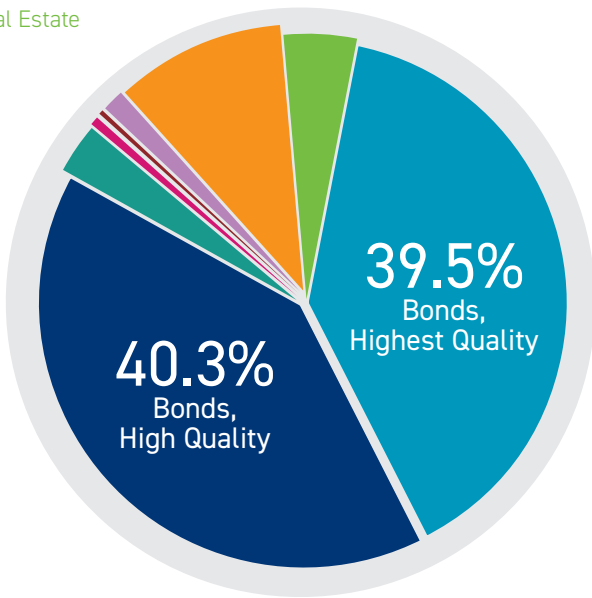
Promises Kept

Catholic United has been in the business of fulfilling promises for over 140 years and our membership has experienced a lot during our shared history. 2020 will certainly be a year we will all remember. With so much uncertainty in our city, state, country and the world, isn't it comforting to know you can count on Catholic United to be here for you and your loved ones as we have been year in and year out since our founding in 1878? Through two global pandemics, two world wars, a great depression and a great recession, we have been here to serve our members day in and day out. To keep the promises built into every insurance contract ever issued — we are humbled by the trust you place in us and work every day to keep our members' needs first.

INVESTMENTS

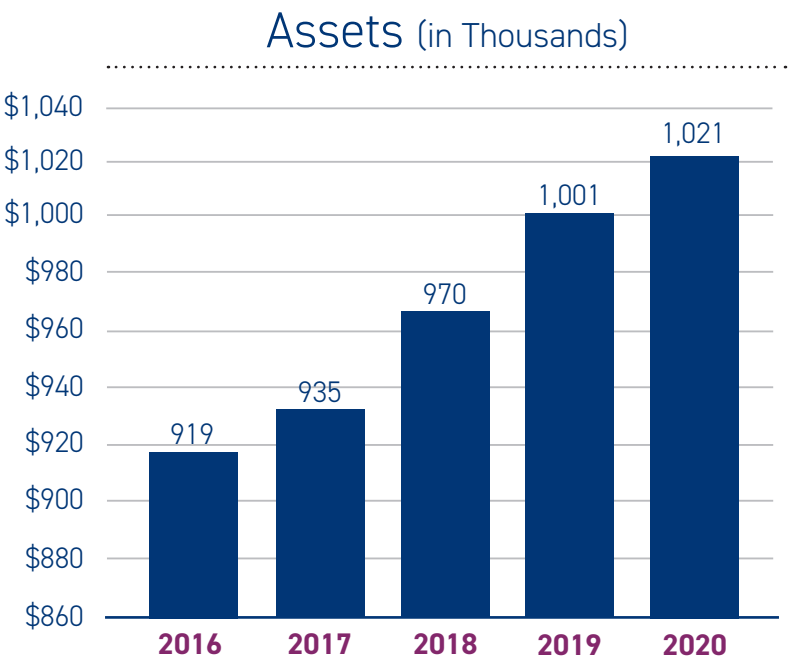
The foundation of our financial strength is our investment portfolio. Intentionally conservative to provide confidence in adapting to volatile economic environments, our portfolio navigated the stormy capital markets of 2020 and remains a high-quality, secure mix of conservative assets selected to provide a stable source of earnings backing your insurance policies. We have established a disciplined investment policy to guide our investment selections and continually monitor the portfolio's performance with our professional investment partners at Securian Asset Management and Wellington Management Company. Nearly 80% of our investment portfolio is made up of investment grade bonds, while an additional 10% of the portfolio is invested in commercial mortgages to provide broader diversification, predictable cash flows and a strong return. The balance of our invested assets resides in cash and short-term investments to provide liquidity to meet our policyholder needs; certificate loans; and a small portfolio of equity type investments to provide for enhanced investment returns.

4.5% Cash, Certificate Loans & Real Estate
10.3% Mortgage Loans
1.3% Bonds, Other
0.1% Preferred Stocks
0.8% Equity ETFs & Mutual Funds
3.2% Bonds, Medium Quality



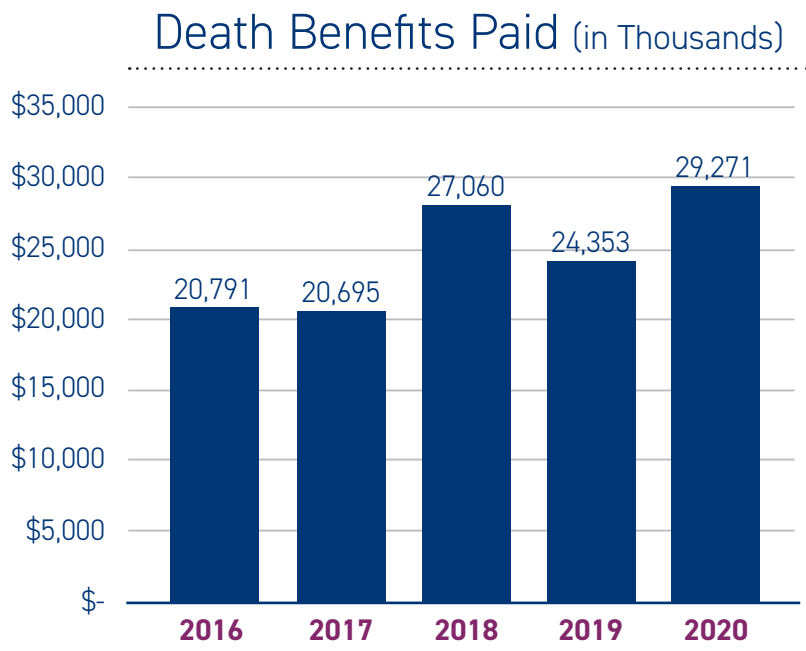
Financial Strength

Our balance sheet strength is what we rely on to see us through difficult environments. The impact of the global COVID-19 pandemic certainly made 2020 a challenging year for the Association financially. Falling interest rates, volatile capital markets, shuttered businesses, restrictions on meeting with our members, inability to host community events, illness and loss of loved ones – all had negative impacts on our financial results. The importance of maintaining financial strength was never more evident than this past year. Our financial strength supported us as a membership.



Total premiums for the year were \$36 million, down from the prior year as the global pandemic curtailed our ability to meet with members and write new business. As the pandemic continued, we have pivoted and deployed new electronic tools to create more options to meet with our members and their friends and families. We are optimistic that these new tools, and the allaying conditions of the pandemic, will improve our ability to connect with our membership and begin growing at a more rapid pace in 2021.

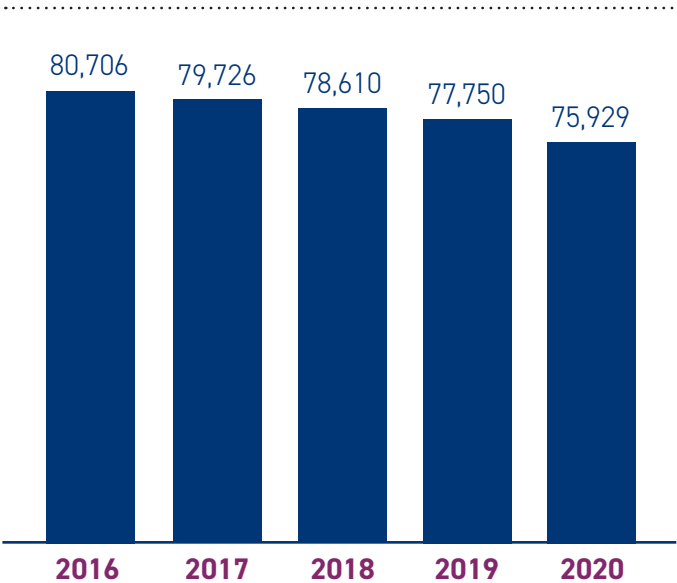
This past year also called on us to fulfill the promises of our contracts. We paid out \$29 million in death benefits, more than ever before. We fulfilled our promises to you in the most caring, respectful manner our shared faith expects of us. The combination of lower premiums, lower interest rates and higher claims all contributed to a net loss in 2020 of \$1.7 million. The net loss for the year, combined with additional reserves set aside for our closed defined benefit employee pension plan due to the low interest rate environment caused total surplus to decline from \$48.4 million at December 31, 2019, to \$44.4 million at December 31, 2020. Our balance sheet strength enables us to absorb the financial impact of years like 2020 and continue to remain strong, so we can continue to keep our promises to our membership for decades to come.



Looking Forward

Even with the disappointing results of 2020, we feel we are positioned well for the future. Conventus NOW, our joint venture initiative with Catholic Financial Life of Milwaukee, pressed forward in 2020, solving many challenges of working together on this important project as a remote team. This initiative will modernize our operating processes and technology so we are positioned to serve our membership with the latest capabilities we are all becoming accustomed to, while still providing friendly, caring and faithful service we challenge ourselves to provide every day.

Membership



This past year seemed much longer than any other year of my working career. So much happened and yet, so much did not happen. We all have a shared experience of having important events delayed or canceled, learning new ways to interact with friends, family and colleagues and finding ways to practice and strengthen our faith in very different ways. Even though we fell short of achieving the financial results we expected, our Association was still able to accomplish so many things: successfully moving to serving you as a remote workforce; a change in leadership as Mike Ahles succeeded Harald Borrmann as our eleventh President; and creating a new strategic plan focusing us on growing our membership; bringing our proud history and mission to life to serve each of our members, their friends, their families as we widen our circle of impact by asking each of you to share with someone you know, the Catholic United story. Once you know our story, why would you trust your financial assets with any organization other than one that shares your faith, values and purpose?

We believe the challenges of 2020 have made us stronger and more determined than ever to serve you with passion.

May this report find you healthy as we all prepare for a much better 2021.

Yours in faith,

Paul Zastrow
Senior Vice President and Secretary/Treasurer



FINANCES



Statement of Operations	2020	2019
Total Income	\$77,727,618	\$73,823,985
Total Claims & Expenses	79,260,498	73,643,766
Net Gain from Operations	(1,532,880)	180,219
Refunds to Members	112,509	111,515
Net Gain after Refunds to Members	(1,645,389)	68,704
Net Realized Capital Gain (Loss)	(66,828)	(654,799)
Net Income (Loss)	(\$1,712,217)	(586,095)

Change in Surplus	2020	2019
Surplus, Beginning of Year	\$39,786,468	\$40,671,459
Net Income (Loss) from Operations	(1,712,217)	(586,095)
Change in Net Unrealized Capital Gain (Loss)	786,672	2,337,399
Change in Non-admitted Assets	(353,191)	(272,716)
Change in Asset Valuation Reserve	(866,087)	(2,552,847)
Change as a Result of Reinsurance	(294,438)	(131,746)
Change in Pension Liability	(2,341,749)	321,014
Surplus, End of Year	\$35,005,458	\$39,786,468

Balance Sheet	2020	2019
Assets	\$1,021,400,851	\$1,001,195,407
Liabilities	976,917,413	952,797,046
Asset Valuation Reserve	9,477,980	8,611,893
Surplus	35,005,458	39,786,468
Total Liabilities and Surplus	\$1,021,400,851	\$1,001,195,407

REJUVENATE, REFLECT AND RECONNECT

Triennial Business Conference and Leadership Symposium

August 6-8, 2021



At the time of press, we, like many businesses and individuals, are beginning to see a glimmer of hope as the doors of society crack open and let in the sun. COVID-19 vaccination rates are rising daily as infections plummet. So, it is with great excitement and qualified hope that we announce our plan for the 2021 Triennial Business Conference.

This is no simple morning meeting, but a reimagining of the social, leadership and governance conventions of eras past. We invite ALL members and ALL Catholics with an interest in growing their parish or volunteer service corps to consider attending.

Our first-ever Triennial Conference will be the 136th convening of delegates from the Councils and Volunteer Teams of the Association. Our last meeting took place in August, 2018.

As currently set forth – barring a resurgence in the coronavirus or other government-mandated social distancing – the weekend will begin on Friday, August 6, with a hosted social hour, Mass and a catered dinner.

Saturday morning, August 7, the business sessions regarding the Association's governance will be conducted. But Saturday afternoon is where the real fun begins. We have contracted with keynote speakers and thought leaders to kick off the **Catholic United Leadership Symposium**. Mini-workshops and discussion on parish preservation, volunteer leadership, multigenerational service and more will run throughout the day and into Sunday. Dinner and other social events will conclude Saturday night, before the symposium concludes with more breakouts and prize drawings on Sunday, August 8.

It is a renewed format harkening back to the expansive social connecting we enjoy, and we have high hopes to have our best attendance in years. Volunteer Teams and Councils will still need to elect delegates, but members and non-members are highly encouraged to attend and participate if space allows. Attendees will overnight at the friendly and air-conditioned dorm rooms at the University of St. Thomas, where the event will take place.

Look for more information in the coming months, but feel free to contact Member Engagement at engage@catholicunited.org to reserve your spot early or if you have any questions. **We truly hope to see you there!**

Conference schedule, further information and registration can be found at www.catholicunited.org/triennial-conference. Or scan this code with your phone's camera.



THE HOPE *for a New Spring*



“Hope is not pretending that troubles don’t exist. It is the trust that they will not last forever, that hurts will be healed, and difficulties overcome. It is faith that a source of strength and renewal lies within to lead us through the dark into the sunshine.” - Elizabeth Chase

The last year started off with uncertainty, fear, and our Faith was tested. Quickly, many of us looked to a sense of hope in our society to find a vaccine, protect our neighbors, and assist our friends and family in need. Our Faith led many of us to give generously this last year as donations to support food shelves, homelessness and basic human needs increased. Your charitable contributions through the Foundation provided well over \$500,000 in distributions, grants and awards to help our neighbors while strengthening our Catholic Faith. The donations you made were provided to parishes, cemeteries, seminarians, Catholic schools and hundreds of other Catholic charitable organizations we value so much. As we look forward to the rest of 2021 and beyond, we have Faith in God, our Catholic Community, and our family & friends to fill us with hope for a new spring.

The Catholic United Financial Foundation remains strong and will continue to provide for the charitable needs of our members and donors. Nearly \$6.3 million was raised and donated/spent through the Catholic United Financial Foundation in 2020. Donors and Members like you have provided donations that support more than \$12 million in future support from Charitable Life Insurance policies to provide for the charities of their choice, including their home Parishes, Catholic schools, cemeteries and other organizations such as Catholic Relief Services, Sharing and Caring Hands, and many religious orders and missions.

\$23.6 million has been entrusted to the Foundation to support scholarships, cemeteries, parishes, building projects and hundreds of other charitable organizations. These donations are invested in Donor Advised Funds, Organizational Advised Funds, and a Catholic-focused Mutual Fund portfolio managed by the Foundation. These Funds are invested in a strong Catholic-focused manner to provide annual and long-term support for the organizations chosen by donors like you.

Our hope comes strongest from the generosity you as donors have entrusted to our Foundation to give in support of others. Our primary mission through Catholic United Financial Foundation is to be a partner with you in your Christian generosity. Your selfless generosity to God and our Church is evident in the information shared below.

During 2020, the Foundation provided through your contributions, along with distributions from Donor Advised Funds and proceeds from charitable annuities and life insurance policies, significant assistance to strengthen our Catholic community and our Faith.

- You have provided hope through your contributions to Vocations. Since 1998, you have provided scholarship support through more than 2,000 awards to Seminarians who have received more than \$900,000 to continue their training to lead our Church being called to serve God.

>> In 2020 alone...

- 85 Major Seminarians (*including Rev. Scott Miller attending Saint Paul Seminary to become a priest in the Diocese of Sioux Falls*) received grants totaling \$42,500
- 69 Minor Seminarians (*including Alex Peters attending Immaculate Heart of Mary Seminary to become a priest in the Diocese of Winona-Rochester*) received grants totaling \$20,700.
- You have provided hope to our Church. Since 2001, you supported 2,100 grants totaling more than \$1 million to schools and parishes in strengthening educational opportunities and teaching the sanctity of our bodies to thousands of our Catholic School students making faith a keystone of their education.

>> In 2020 alone...

- 142 grants were made to Catholic schools (*including Church of St. Mary's in Willmar, MN, to purchase livestreaming equipment*) receiving \$67,950 in technology assistance.
- 44 grants were made to parishes and schools (*including Our Lady of the Lakes in Ashland, WI, to purchase Theology of the Body teaching materials*) receiving \$28,300 in support of chastity education.
- Your contributions to our community provide hope and mercy. You and other volunteers gratefully have given their time and talents by aiding our neighbors affected by natural disaster and strengthening our Church.

>> In 2020 alone...

- Catholic United Financial Volunteer Teams and Councils raised funds to support the Gather4Good® program providing thousands of personal care kits for the homeless and needy in our local communities.
- The Catholic United Disaster Response program provided support in Minnesota and Wisconsin to help communities during the pandemic with donations, including to food shelves, donation of N95 masks and aid to the Diocese of New Ulm.
- Many parish cemetery boards, parishes, and building funds invested their funds in the Foundation to help maintain their cemeteries and build their parishes and Catholic Schools for our families for many more generations.

Even in these challenging times, please consider making a tax-deductible donation to support the work of the Catholic United Financial Foundation. You can designate your contribution to support the Msgr. Schuler Seminarian Fund, technology & chastity grants to strengthen Catholic parishes & schools, or to assist in the Catholic United Disaster Response.

Let us show you how to use life insurance, annuities and Donor Advised Funds to increase the effect of your generosity to your parish, school or the charity of your choice. The Foundation is here to help you support our community, vocations and our Church. Joining the Foundation to connect your faith, charity and financial planning together is truly a perfect way to answer God's call to share His gifts with others.



Robert Heuermann
Executive Director

Contact your Catholic United Sales Representative or the Foundation
at 1-877-275-7145, rheuermann@catholicunited.org
www.catholicunitedfinancial.org



CREDIT UNION



When everything is going well you probably don't give much thought as to where you are doing your banking. It often takes a disruptive economic event, like the current pandemic, to move this issue to the top of your list. Whether you're a member, parish, organization, or school, it's certainly worth thinking about.

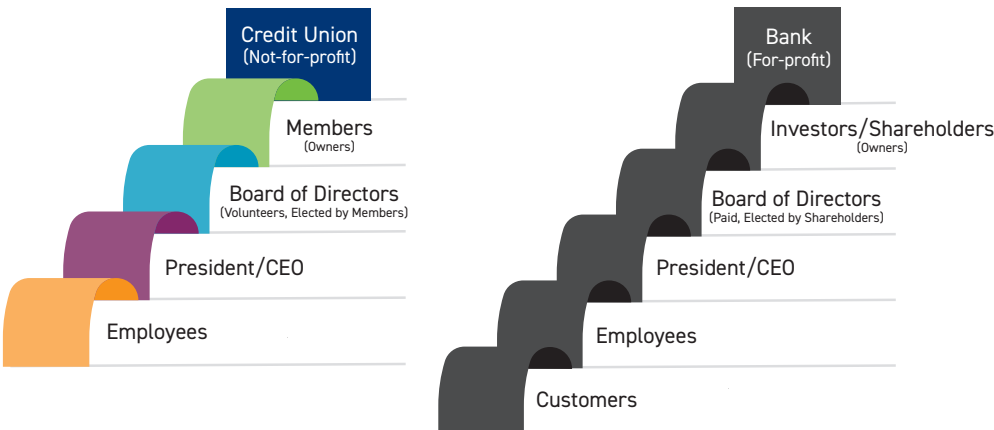
Not all financial institutions are alike. While banks and credit unions both offer the same types of products and services such as checking and savings accounts, loans, mortgages, access to ATMs and online banking services, fundamentally they are very different. Most notably, they have considerably different missions and purposes.

Banks are for-profit businesses that are either privately owned or publicly traded.

They have a fiduciary responsibility to make a profit from their customers to increase value for their investors – called shareholders. As a result, banks may at times prioritize the needs of their shareholders over the needs of their customers.

Credit unions, on the other hand, are not-for-profit, member-owned organizations. They have a responsibility to increase value for their members by reinvesting profits into better products and services, lower rates and fees, and helping the communities in which they serve. Members enjoy many of the same benefits as shareholders including the ability to vote for the credit union's board of directors. This member-owner model ensures that credit unions prioritize the needs of their members above all else.

WHAT'S THE DIFFERENCE? Credit Union vs. Banks





Catholic United Financial CREDIT UNION

At Catholic United Financial Credit Union, we take it one step further. Our mission is to build lifelong relationships that enhance the financial lives of our Catholic members. Here you will find a community of people just like you. People who use their financial resources to live out faith-based lives. And by joining us, you will be among the thousands of other members who turned everyday banking into ways that support our Catholic communities.

We are trusted advocates

We are reliable supporters of our Catholic communities – churches, schools, parishioners and their families.

We are experts

When it comes to banking and lending, you can count on us for guidance and support. We help you succeed – not just with finances, but in life. We can work with you to save money, tackle debt and accomplish your next goal. Tell us about the life you want to live, and we'll help get you there.

We are member-focused

At Catholic United Financial Credit Union, you're more than just a number. You're our reason for being. We are member-owned, we're accountable to you and your needs drive everything we do. We listen with purpose – to understand. And we will help you make choices to fit your budget so you can prepare for the unexpected and pursue opportunities.

We are accessible

We are easy to reach and do business with. Our employees are knowledgeable, friendly and responsive. We also have the technology and tools to help you bank when and where you want. Whether that's banking online, depositing checks on your mobile phone, accessing your money surcharge-free with your debit card, signing loan documents electronically, or just picking up the phone and talking with us, we are here for you.

We support our Catholic communities

Our shared values call us to do more with the resources we are given. Being a part of the Catholic United family means working together to support religious education, Catholic parishes and schools, and other Catholic organizations. Catholic United Financial returns profits to our Catholic communities in the forms of grants, scholarships, and assistance. The better we do, the more we can do.

We hope you will consider joining a credit union that shares your faith and supports your financial future. Join Catholic United Financial Credit Union today! Give us a call at 1-877-871-8313 or visit us online at www.catholicunitedCU.org.

Maureen Daehn
President





3499 Lexington Ave. N.
Arden Hills, MN 55126



Loans for the way you live.

Whether you're purchasing a new car, taking a dream vacation, buying a new home, or road tripping across the country, **Catholic United Financial Credit Union is here to help you through all of life's adventures.**

When you need a loan, we'll work hard to get you the money quickly and at a great rate. Apply today! **Call us toll-free at 1-877-871-8313 or visit us online at [catholicunitedCU.org](https://catholicunitedcu.org).**



1-877-871-8313

www.catholicunitedcu.org