

An aerial photograph of a rural landscape. In the foreground, there are large, golden-brown fields. In the middle ground, a small town or village is visible, featuring a prominent red brick church with a tall, pointed steeple. The church is surrounded by green trees and other buildings. In the background, more fields and a distant horizon are visible under a clear sky.

# OUR *catholic* JOURNEY

2023 Volume 129, Issue 2 | Annual Report Edition

*Photo submitted by Member  
Ann Wendinger of New Ulm, Minn.*

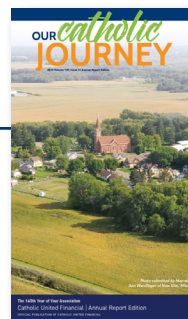
The 145th Year of Your Association

Catholic United Financial | Annual Report Edition

OFFICIAL PUBLICATION OF CATHOLIC UNITED FINANCIAL

## CONTENTS

## A MESSAGE FROM MIKE



## INVESTING FOR YOU, FOR THE **LONG TERM**

Across Catholic United Financial, we routinely invest for the long term, which is an investment philosophy that is present throughout many facets of our organization. We offer insurance products for your lifetime to protect your family from the impact of an untimely death. We provide annuities with a stable rate of return, low investment minimums, and flexible payout options made to last for decades. We invest in new systems, technology, and processes which propel our employees' ability to know and serve you. We conservatively invest the dollars you entrust with us to ensure our funds are there to meet the financial commitments we have made to you. We invest in your ability to connect with schools and parishes in our Catholic community to bring our mission of faith-filled, joyful service to fruition. We invest in our affiliated Foundation and Credit Union to diversify our financial products and services we offer you. And most importantly, we invest in sharing our compelling story through you and all of our key constituents in order to maintain and grow our membership.

This is a lot of investing, and each of these outlays is intended to produce a favorable return. As outlined in our Strategic Plan, 2022 was another year in which we continued to invest in each of these areas. While many of these investments delivered positive results, not all had favorable outcomes due to a challenging environment for our industry and Catholic United Financial.

The success of the new Associate Membership was made possible by opening our doors to a broader universe of Catholics via the Credit Union, Foundation and General Agency, propelling growth in total

membership and record levels of new business for each. Our Credit Union wrote \$9.2 million in new loans in 2022 while completing upgrades to our suite of online and mobile banking tools to drive opportunities for future growth. Our Foundation achieved new highs in total membership and assets by raising \$10.3 million in new donor assets while continuing to invest in the future of our Catholic faith via grants for 171 seminarians and 138 schools. Plus, early in 2022, our growing General Agency affiliate added two new fixed annuity products for sale via partner carriers, bringing dozens of new members and \$12 million in new premiums.

Our positive returns for the Catholic community continued via our Raffle which raised \$1.4 million in 2022, plus another \$1.4 million was raised in our just-completed 2023 event. This proud achievement, coupled with the Foundation's fundraising success, increased our 2022 missional impact to \$16 million—a whopping 36% increase over our 2021 total!

Though we are proud of these many achievements, the decade-long era of low interest rates continued its negative impact on our investment spread. While the dramatic rise in inflation and interest rates during 2022 brought some relief along with our decision to suspend new deposits on our higher crediting rate annuities, we still experienced losses on our fixed annuity business. Although very conservative and small, our portfolio of equity mutual fund investments experienced negative returns given the stock market decline experienced throughout the year. For 145 years, we have invested in life insurance products as a staple of our business to protect

*Continued on pg 4*

### PRESIDENT'S MESSAGE

**Investing for You** | 3  
Michael Ahles

### MEMBER ENGAGEMENT

**Missional Impact Explained** | 4  
Director of Member Engagement & Business Intelligence, Nate Lamusga

### FINANCES

**2022 Financial Report** | 9  
Senior Vice President and Secretary/  
Treasurer, Paul Zastrow

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

### FOUNDATION

**Finding the Joy in Giving** | 11  
Foundation Executive Director,  
Robert Heuermann

### CREDIT UNION

**An Update From Your Credit Union** | 14  
President, Andrea Ferkingstad

**Catholic United Financial is a member-owned, not-for-profit financial services company, connecting people of faith, protecting their future and generously impacting parishes, schools and communities.**

Official Publication of  
**Catholic United Financial**

#### Magazine Staff:

Publisher: Michael M. Ahles  
Editor: Kayla Ince  
Staff: Susan Detlefsen,  
Gabby Japke

#### Office of the Publication:

Catholic United Financial  
3499 Lexington Avenue N.  
Arden Hills, MN 55126

#### Officers:

President:  
Michael M. Ahles,  
*Chisago City, Minn.*

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

#### Board of Directors:

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

Our Catholic Journey  
(USPS 093500) (ISSN 21641617)  
published bi-monthly by Catholic  
United Financial, 3499 Lexington  
Avenue N., STE 200, St. Paul,  
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. St. Paul, MN 55126-  
7055



A MESSAGE FROM MIKE

Continued from pg 3

members. Yet in 2022, our results were severely impacted by rising claims due to the continued impact of the pandemic coupled with our trend of aging membership. As you will see later in this Annual Report, these negative trends produced a \$3.4 million net operating loss in 2022.

In 2022 we continued our multi-year, joint venture investment in new technology solutions as the foundation for new products and systems to serve you and our member prospects. Unfortunately, due to increased project expenses from vendor delays and unexpected staffing transition, we elected to take a \$3.3 million charge in 2022 as a write down of a small portion of our investment in this joint venture.

In all, I believe many of the challenges and negative outcomes of 2022 are behind us. What will the future hold for us? It will

look like many other times in our past 145 years where we kept investing for the long term and pushed through pandemics, recessions, a depression, and a myriad of other challenges by creating new opportunities to connect and protect people. Growing membership and sales solves these challenges in the short term and long term. As a membership organization, growing our business takes all of us, and I look forward to seeing the positive returns of our push to grow with each of you!

Thank you for allowing me to serve you this past year and in the years to come.

God bless.

Mike

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



MISSIONAL IMPACT EXPLAINED

In 2020, Catholic United Financial leaders developed ambitious goals to double membership, assets and missional impact by our 150th birthday. To meet this goal, it was clear to us that we needed to do things differently. In other sections of this report, you'll read about the exciting projects in the

works to double membership and assets, as those metrics are easily defined, but what is this thing called Missional Impact?

To calculate missional impact, we tallied up all the expenses related to community impact including scholarships paid, funds

raised and hours worked by local Volunteer Teams and Councils, plus the great work of our Foundation and Credit Union. Our baseline is \$9 million, which means our goal to double is \$18 million by 2028. I'm excited to share that we have increased our missional impact by 36% to over \$16 million! This is a very meaningful number, especially when I think of what that means for local communities.

Like many of you, my family is very invested in our parish community; I currently serve on the parish council, my wife is a Catholic school teacher and all five of my kids attend Catholic school. As a member, I find it incredibly gratifying to know that simply by choosing Catholic United Financial for financial services, I contribute to the missional impact that is funneled right back into the community in which I live. That's the beauty of choosing a not-for-profit financial services company! My life insurance premiums, interest I pay on my loans at the Credit Union, and the funds I donate to our Foundation all support a broader mission to protect and connect members in faith and service.

Let's dig a little deeper into one aspect of our missional impact—the service work of our members in their local communities. I'm often inspired by the stories of our members who make a difference in the community. This is where you can help us achieve our ambitious goals. If you're wondering how you can benefit your local parish, the absolute best way is to first understand how Catholic United Financial impacts local communities. At Catholic United, we care very much about creating

a strong community within our Catholic parishes, but we first must be a strong financial services company in order to fuel those efforts. First, think of five households that would benefit from meeting with one of our Member Advisors. Contact your local Advisor at [www.catholicunitedfinancial.org/rep-finder](http://www.catholicunitedfinancial.org/rep-finder) and let them know. Second, contact our Member Engagement Manager, Kristina Sherrett. She'll tell you about the many grant opportunities and service programs you can implement TODAY. You can reach Kristina by phone at 1-800-568-6670 or email at [ksherrett@catholicunited.org](mailto:ksherrett@catholicunited.org).

2022 was an important year for Catholic United Financial as we continued to execute our plan for how we intend to double membership, assets and missional impact. One way we will double missional impact is through the release of an expanded grant program. Any parish can apply for funding by having a parish representative create an account, log onto our website and fill out the grant request form. In addition, we've consolidated this application with our Foundation's Education Technology and Chastity Education grant programs so that all are available in the same place.

We are very excited for what's ahead in 2023, namely our regional member gatherings. The events this year will be a forum to visualize and discuss improvements for our councils, volunteer teams and member responsibilities. Watch your email, Catholic United social media channels and our website for updates on dates and locations. See you there!

God bless.



Nate Lamusga

Director of Member Engagement



2022 Catholic United Financial  
**FINANCIAL REPORT**

**HERE FOR THE LONG HAUL**

Catholic United Financial, as a member-owned, not-for-profit financial services company, enjoys the benefits of one of the most advantageous business models possible for our Membership. As a membership-based organization, we focus on those who share our common Catholic faith to provide a wide range of financial products and services we all need, and to generously fund worthy causes supporting the Catholic communities we serve.

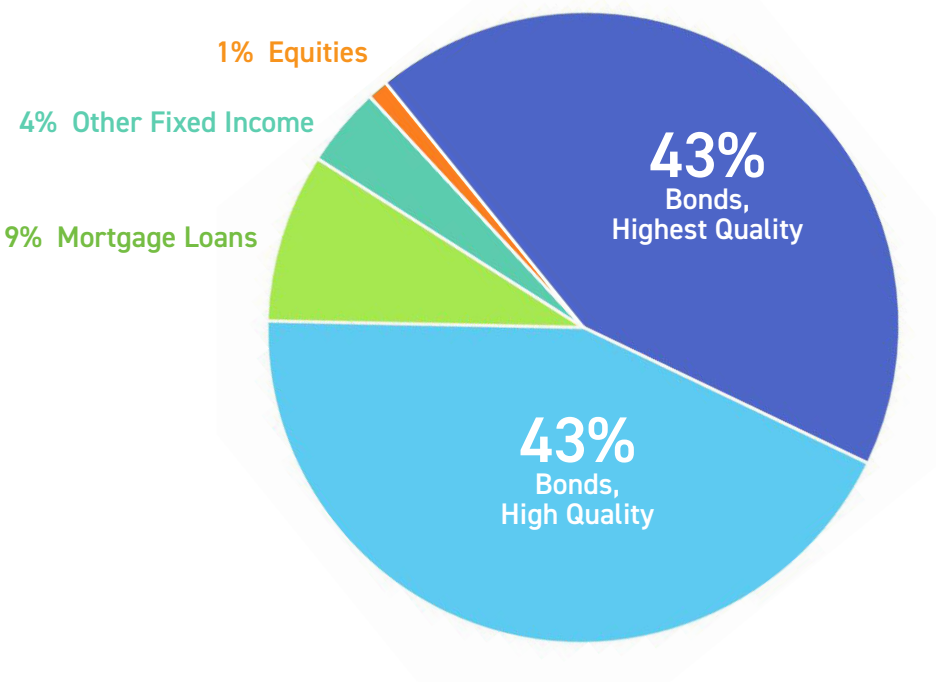
This business model, 145 years young, remains just as relevant in the 21st century as it was at our founding. Because we are owned by our Members, we are able to manage our business over the long-term, making investments and decisions to ensure our future growth, while continuing to serve our Members each and every day. The volatility of the capital markets in 2022 and thus far in 2023 cause many to be anxious, but at Catholic United Financial, we remain focused on the needs of our Members today and the decades to come. This long-term view is the right way to fulfill the promises we make every time we sell another insurance contract and serve our Members for the entirety of their lifetime.

**INVESTMENTS**

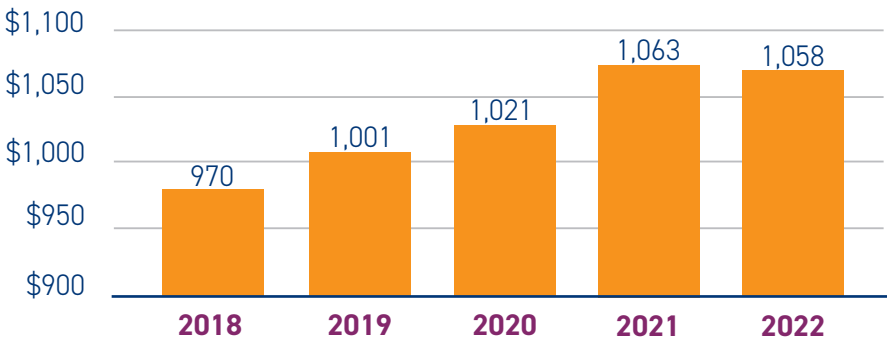
The importance of an intentional investment strategy to support the promises made within our life, annuity and health contracts cannot be overstated. Selecting the right investments to provide a competitive return while maintaining appropriate investment risk characteristics is a foundation of financial strength. The importance of this is never more visible than over the past decade as interest rates have declined to historic lows, followed by the economic uncertainty driving fluctuations in interest rates in the past year. This economic reality, which all financial service organizations like ours face, has made it necessary to sharpen our focus even more and look for value within our portfolio.

Working with our investment partners Wellington Management Company and Securian Asset Management, over the past five years our portfolio has become more diversified as we seek to earn additional yield without taking imprudent risks. We have expanded our bond portfolio to include more privately placed bonds as well as higher levels of commercial mortgages to achieve a higher return without taking on additional credit risk. We believe the portfolio we have constructed serves our Members well, and we will continue to explore strategies to remain financially strong and deliver on the commitment within every contract we issue.

Investments



Assets (in Millions)



Continued on pg 8

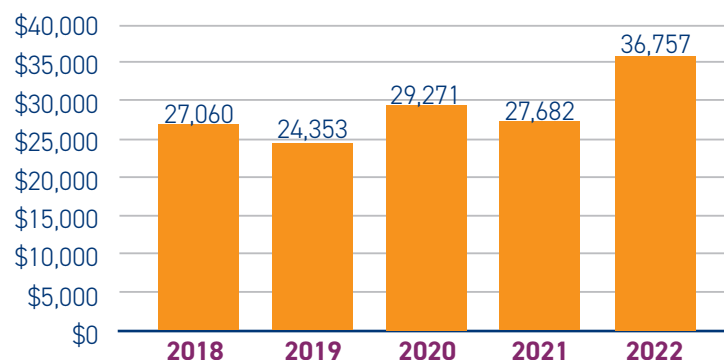
## FINANCIAL STRENGTH SUPPORTS OPERATING PERFORMANCE

A strong capital base provides the necessary support to weather the challenging economic environment we have operated within over the past several years. That base also provides the necessary foundation for profitable growth as we continue to execute on our growth strategies to bring our incredible value proposition to ever more Catholics. Our current total capital of \$39.8 million provides the necessary capital strength to accomplish both of these objectives. Growth in our capital base will depend on our ability to expand the number of our Member Advisors serving our Members; provide even more product offerings to assist our Members with financial solutions; and also adjust our expense structure to ensure we are getting the most value from all actions to serve our Membership. During 2022, we faced operating earnings pressures, posting an operating loss of \$3.4 million. This disappointing result emerged from the confluence of several factors:

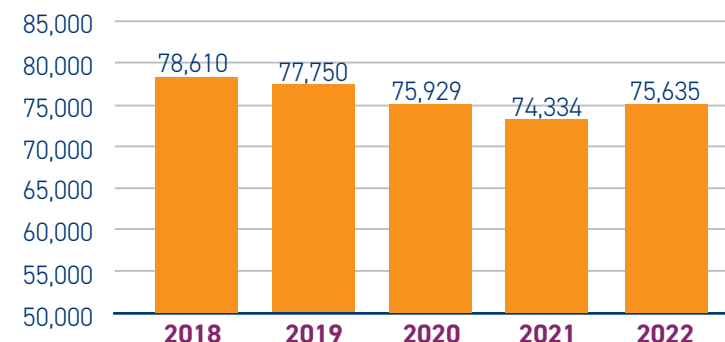
- a) lower investment portfolio yields built up from many years of declining interest rates;
- b) higher than normal claims experience including ongoing claims associated with Covid-19;
- c) slightly higher expense levels as we continue our multi-year investments in strategies to bring about long-term growth in our membership.

In addition, we recognized investment capital losses totaling \$3.3 million. These losses included a charge associated with our joint venture, Conventus Now. We and our joint venture partner, Catholic Financial Life, determined the acceleration of recognizing a portion of the costs to build the technology platform was advantageous in 2022 given project delays caused by resourcing challenges from a key software vendor. Recognizing these costs in 2022 allows us to put these costs behind us and avoid them in future years, improving future operating results as we begin to enjoy the benefits of a new modern technology platform serving our Members. Our operating loss and investment loss combine to produce a total net loss of \$6.7 million for the year. This disappointing number will certainly not repeat as the investment write-down is non-recurring in nature and our growth strategies will improve the operating results. Our total capital position has the strength to absorb this result in 2022 and we will continue to invest in growth to improve our capital position going forward.

### Death Benefits Paid (in Thousands)



### Membership



## LOOKING FORWARD

As we turn the page into 2023, we are focused on two important strategies—continuing to invest in initiatives to grow our organization while also making necessary adjustments to return us to profitability in the near-term. We will continue to invest in growing the number of Member Advisors who work with our Members to ensure we are fully protecting them with our products and services. We will also continue to invest in updating our new technology platform through our Conventus partnership for our policy recordkeeping system—a necessary tool to compete with new products in the financial service industry. While the returns on these investments will emerge over time, we are seeing promising early results from the creation of an Associate Member class to open our organization up more fully to Catholics. With the inclusion of our Associate Members, our total membership grew in 2022 from 74,334 to 75,635 after many years of gradual decline. We anticipate seeing this positive momentum continue.

2023 will be a year of focus for us as we continue to meet the challenge of the low interest rate environment, by proactively adjusting our investment strategy within appropriate risk parameters to take advantage of the recent rise in interest rates and managing our expenses to ensure we are adding value for our Membership every day. We are confident in our strategy to grow our organization and share its incredible value proposition with our fellow Catholics across the upper Midwest. We are confident in our people, our most valuable resource, in our ability to serve you and bring about our vision of protecting and connecting our Members. I look forward to meeting with you and discussing our bright future together in the year to come.

Yours in faith,

**Paul Zastrow**

Senior Vice President and Secretary/Treasurer



Statement of Operations (\$ in Thousands)	2022	2021
Premiums and Deposits	\$31,912	\$43,073
Net Investment Income	40,884	41,734
Other Revenues	652	608
Total Revenues	73,448	85,415
Benefits to Members	49,160	41,713
Commissions and Expenses	15,353	14,918
Change in Reserves and Interest on Ceded Business	12,363	30,567
Total Benefits and Expenses	76,876	87,198
Operating Gain (Loss)	(3,428)	(1,783)
Investment Gains (Losses)	(3,278)	2,235
Net Income (Loss)	\$(6,706)	\$452

Balance Sheet (\$ in Thousands)	2022	2021
Invested Assets	\$1,041,376	\$1,047,943
Other Assets	13,837	12,709
Total Assets	1,055,213	1,060,652
Policy Reserves	1,012,226	1,003,939
Other Liabilities	3,212	10,093
Total Liabilities and Reserves	1,015,438	1,014,032
Surplus	29,765	36,499
Asset Valuation and Other Reserves	10,010	10,121
Total Adjusted Capital	39,775	46,620
Total Liabilities and Capital	\$1,055,213	\$1,060,652

## JOIN OUR BOARD OF DIRECTORS!

Three seats on the Catholic United Financial Board of Directors will be up for election in August 2023. Consistent with the 2022 Board election, voting will be carried out electronically. Incumbents Jean Hart and Marty Seifert are seeking re-election. To run for a seat on the Board of Directors, please declare your candidacy in writing to:

Catholic United Financial  
President Mike Ahles  
3499 Lexington Ave. N., Arden Hills, MN 55126

**\*Must be postmarked by June 1, 2023.**

## Finding the Joy in GIVING



*In all things I have shown you that by working hard in this way we must help the weak and remember the words of the Lord Jesus, how he himself said, 'It is more blessed to give than to receive.' -Acts 20:35*

The joy of giving is strong in us because it takes courage to give something from our life to others. It is not easy to do something for someone else, especially when we may not know the person receiving our gift personally. But if we have the heart to do something for others without expecting anything in return, we can make a profound difference in the world around us.

The best part of giving is the sense of satisfaction you receive after giving of yourself. We have a strong example in Saint Mother Teresa. She held every person she met as having a life more precious than her own and did her best to support them. She was not concerned for her own well-being but took every person's pain and suffering, giving them hope and courage.

Catholic United Financial Foundation continues to assist our members like you in creating your own personal legacy of giving. As a steward of the many gifts God entrusts us with during our lives, our task is to provide these gifts for use

by the next generation. The Foundation shares in the stewardship of your gifts to protect more than \$40 million of your charitable funds while connecting them to provide significant support for charitable organizations like our Church. The Foundation also protects over \$16 million in additional future donations through Charitable Life Insurance. This is a great way to provide a small initial tax-deductible donation that can truly become a substantial future contribution to establish your legacy.

Even in a time of global financial stress, the Foundation remains strong and will continue to provide for the charitable needs of our members and donors. Millions of dollars were raised and distributed through the Catholic United Financial Foundation in 2022. These gifts provided for the charities of the donor's choice including their home parishes, Catholic schools, cemeteries and other organizations like Catholic Relief Services, Sharing and Caring Hands homeless shelter and many religious orders and missions.

*Continued on pg 12*



Continued from pg 11

These gifts have been entrusted to the Foundation and 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 the donors like you.

During 2022, 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 connected our young men called to the priesthood through your contributions to Vocations. Since 1998, you have granted more than 2,300 awards to Seminarians who have received more than \$1 million to continue their training to lead our Church and serve God. Thanks to your donations, we have increased the amount provided to each seminarian to support their education and living expenses.

*In 2022 alone...*

- » 88 Major Seminarians received grants totaling \$44,000.
- » 83 Minor Seminarians received grants totaling \$24,900.

- You have protected our Church and religious education during a time of greater need. Since 2001, you provided 2,456 grants totaling more than \$1.2 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.

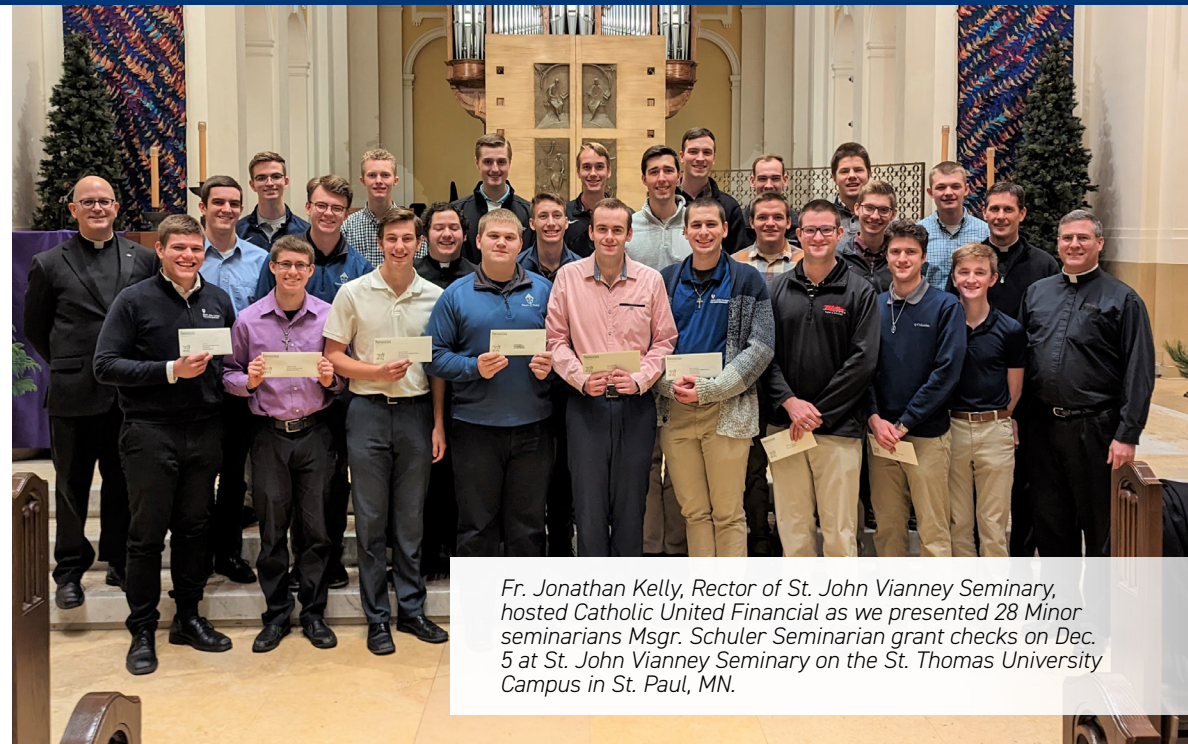
*In 2022 alone...*

- » 97 grants were made to Catholic schools and parishes **(including Nativity of Our Lord in Rhinelander, WI to purchase a Smart Board to facilitate the presentation of their new Faith Alive curriculum)** receiving \$45,965 in technology assistance.
- » 41 grants were made to parishes and schools **(including the Holy Trinity Catholic Church in Royalton, MN to have the speaker Leah Jacobson and other speakers for their Mother and Daughter retreat day)** receiving \$38,388 in support of chastity education.

- Your contributions to our community inspire others to give freely of their time, treasures, and talents. You and other volunteers gratefully have given by aiding our neighbors affected by natural disaster and strengthening our Church.

*In 2022 alone...*

- » Catholic United Financial Councils and Volunteer Teams raised funds to support the Gather4Good® program providing thousands of personal care kits for the homeless and needy in our local communities.



Fr. Jonathan Kelly, Rector of St. John Vianney Seminary, hosted Catholic United Financial as we presented 28 Minor seminarians Msgr. Schuler Seminarian grant checks on Dec. 5 at St. John Vianney Seminary on the St. Thomas University Campus in St. Paul, MN.

- » Many cemetery boards, parishes, and building funds invested their funds in the Foundation to help them maintain our cemeteries and build our 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 award or priority grants to strengthen Catholic parishes and schools.

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 your community, Vocation and 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**  
Foundation Executive Director



Focused on  
Your Financial  
WELL-BEING



Having a trusted financial institution available as your partner during unprecedented times is vital to weathering any financial storm. Following several years of uncertainty, notably marked by a global pandemic—one of the most challenging events in history—capped by subsequent economic pressures and record inflation, there is hardly a household or organization not feeling some impact in their day-to-day finances.

Throughout 2022, Catholic United Financial Credit Union continued to focus on delivering reliable banking services that give you, our Members, peace of mind, so you can focus on what really matters.

- We focused on improvements and efficiencies when opening new accounts and loans. With our members' valuable time in mind, we decreased the time to open a new membership or loan while simultaneously engaging in consultative conversations to better understand your overall wants and needs. In fact, we had a record year

*granting loans to fulfill dreams and support borrower's needs – more than \$9.2 million in vehicle, personal and home loans in 2022.*

- We upgraded our online and mobile banking platforms, which laid the foundation for future enhancements to our products and services. These upgrades showcase our commitment to make it easier, faster, and safer for you to manage and access your money, no matter where you live.
- We helped Members increase their savings by offering certificates of deposit at higher interest rates. We also made it easier for Members to access their money with a debit card at more than 40,000 MoneyPass ATMs nationwide, surcharge-free.
- We added 217 new members in 2022 – family and friends of current members as well as Catholics located throughout the Midwest. It's never been easier to switch to Catholic United Financial Credit Union for all

*your banking needs! You can open your account online in less than 10 minutes. Or, if you prefer to meet in person to review all your options, our staff is ready to assist!*

I'm honored to be a part of this Credit Union with you. The work we accomplished in 2022 is making a difference now and laying the foundation to make us stronger long into the future.

Catholic United Financial Credit Union also remains financially sound, providing both safety and stability for our Members. This is a result of strong leadership, prudent investments, moderate lending practices, efficiency in operations and a loyal membership. We finished the year well capitalized and continued to grow, with total assets over \$33 million.

Join me in celebrating our success! Thank you to our Members for your ongoing support and thank you to our team for demonstrating what it means to put our Members and Catholic communities first, every day. 2023 will be our best year yet.

2022 FINANCIAL HIGHLIGHTS

MEMBERSHIP	TOTAL ASSETS	LOANS
New Members: <b>217</b> Total Members: <b>3,330</b>	Total Assets: <b>\$33,471,960</b>	Funded <b>450</b> loans in 2022 for <b>\$9,273,418</b>

*Andrea Feringstad*

**Andrea Feringstad**  
Credit Union President





////////////////////////////////////

# Drive into spring with a new loan.

Catholic United Financial Credit Union can  
help you save even more on your next loan  
with a 1.00% APR\* Discount.

Call us at 1-877-871-8313 or apply online  
today at [www.catholicunitedCU.org](http://www.catholicunitedCU.org).



\*Mention this ad and receive a 1.00% Annual Percentage Rate (APR) discount on the published rate when you apply for a car, truck, boat, motorcycle, personal recreational vehicle or personal loan. Discount cannot be used to refinance an existing Catholic United Financial Credit Union loan and cannot be used with any other discount. Loan is subject to credit approval. Offer expires May 31, 2023.

