

The Pension Boards
United Church of Christ

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April 7, 2006

Ms. Nancy M. Morris
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-9303

**RE: SEC File No. S7-03-06 Executive Compensation and Related Party
Disclosures**

Dear Ms. Morris:

The Pension Boards – United Church of Christ provides a defined contribution retirement plan and benefits programs for ordained ministers and lay employees of the United Church of Christ and its predecessor religious denominations. The United Church Board for Ministerial Assistance, Inc. manages and distributes funds for the assistance and relief of the servants of the Church who are critically in need. Together these religious, not-for-profit organizations manage over \$2.7 billion of investment assets that have been entrusted to us by our members, annuitants and donors. As part of our commitment to socially responsible investing, we believe that vigorous corporate governance practices can help maximize shareholder value and provide for enhanced long-term investment performance, which in turn enables us to protect and provide for those who have served the Church.

We believe that transparency of disclosure is critical in selecting investments that will best serve our missions.

We strongly support the Securities and Exchange Commission's proposed rule to improve the clarity and transparency of executive pay disclosures and we commend the staff of the SEC for its comprehensive work that is so clearly evidenced in the proposed rule. We also wish to provide the Commission with suggestions to enhance the proposed rule.

Specifically, we support the following proposed changes to the Commission's disclosure rule:

- The inclusion of a new "Compensation Discussion and Analysis" section patterned after the Management Discussion & Analysis disclosure. This section would replace the Compensation Committee Report and would focus on the most important factors underlying each company's compensation policies and decisions.
- The inclusion of Total Compensation figures and a dollar value for all stock-based awards, measured at grant date fair value in accordance with FAS 123R in the Summary Compensation Table.
- The reorganization of executive compensation into three categories: compensation over the last three years; holdings of outstanding equity-related interests received as compensation that are the source of future gains; and, retirement plan and other post-employment payments and benefits.
- The inclusion of supplemental tables to report grants of performance-based awards and grants of all other equity awards.
- We also agree with the Commission's proposal that companies disclose the number of shares pledged as collateral for any loans taken by a corporation's directors and its five highest-paid officers. Executives increasingly use company stock as collateral for personal loans or to minimize paying income taxes. We agree that such pledges have the potential to influence directors' and management's performance and decisions and should be disclosed to shareholders.

In addition, we respectfully suggest that the Commission consider the following enhancements to its proposed compensation disclosure rule:

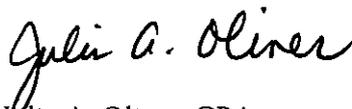
- We strongly support the proposal under which the disclosure will be considered "filed" with the Commission as opposed to the current "furnished" status. We agree that CEO's and CFO's should be responsible for the report under the certification requirements of the Sarbanes-Oxley Act. However, we further suggest that the Compensation Discussion and Analysis report should also be signed by the Compensation Committee so that its members are also responsible for the information disclosed.
- Remove the \$10,000 minimum threshold before requiring disclosure of executive perquisites. While the proposed rule is a significant improvement in that it would reduce the reporting threshold from \$50,000 to \$10,000 and it would provide interpretive guidance for determining what a perquisite is, we believe that having a \$10,000 minimum threshold would allow companies to continue to avoid disclosure of inappropriate perquisites. The small monetary value of inappropriate perquisites can belie their significance. Inappropriate perquisites, even in small dollar amounts, can be an indicator that there are larger problems with governance of a company. Disclosure of all perquisites will help minimize abuses.
- Require disclosure of all related-person transactions. The Commission's proposal to increase the minimum threshold for reporting related-person transactions from \$60,000 to \$120,000 will exclude smaller transactions that in total may be material enough to warrant shareholder concern. We suggest that the Commission require disclosure of all related-person transactions and not set a minimum threshold. Any related-person transaction

could be potentially problematic, and could be indicative of nepotism. Transactions could be listed in tabular form in descending dollar order.

- We suggest that the Commission retain the performance graph that is available to shareholders under current rules. Information that is helpful to shareholders and that should remain as disclosed include: five-year performance graph, ten-year option repricing table, and the percent of total options granted column in the Grants of All Other Equity Awards table.
- As investors, we are concerned about pay-for-performance and excessive executive compensation that can reduce our overall returns. In the Commission's proposed rule, companies are not required to disclose target levels with respect to specific quantitative or qualitative performance related facts involving confidential business information. Disclosure should be provided regarding performance targets, whether executives have met these performance targets, whether there have been any downward revisions made after the fact to performance targets and what amount of executive compensation is contingent upon achieving performance targets. Peer group comparisons should be provided. Companies who do not utilize peer group comparisons should be required to report the reasons that such peer group comparisons have not been used.

The Pension Boards – United Church of Christ and The United Church Board for Ministerial Assistance, Inc. appreciate the Commission's efforts and your willingness to listen to our comments about this critical disclosure and corporate governance matter. Should you have any questions, please do not hesitate to contact me at (212) 729-2630.

Very Truly Yours,



Julia A. Oliver, CPA
Treasurer and Chief Financial Officer
Office of Corporate Social Responsibility