



# **SAMPLE**

**UNITED METHODIST CHURCH OF {YOUR CHURCH'S NAME}**

**{Address}**

**{Your Church's Name, State Zip}**

## **PERMANENT ENDOWMENT FUND** **POLICY**

### **RESOLUTION**

We, the Endowment Committee of the Board of Trustees (hereinafter referred to as "The Endowment Committee") move to establish the United Methodist Church of {Your Church's Name} Endowment Fund (hereinafter referred to as "The Endowment Fund" classified as restricted funds of the United Methodist Church, {Your city here}, California (hereinafter referred to as "The Church."))

#### **I. The Church Mission & Goals**

"The mission of the (United Methodist) Church is to make disciples of Jesus Christ. Local churches provide the most significant arena through which disciple-making occurs". *The Book of Discipline of the United Methodist Church 2008, page 87, paragraph 120*

The United Methodist Church of {Your Church's Name} is... *Statement adopted by the UMC of {Your Church's Name, Year}.*

Our Goals are to:

- A. Promote spiritual growth
- B. Foster comprehensive discipleship
- C. Increase positive impact in the community

*Adopted February 2002 by the Administrative Church Council.*

#### **Statement of Welcome:**

As a congregation, we actively express God's message of love for all by addressing the needs of one another, our neighbors, our community, and the world. *Core Spiritual Value #5 Revised & Adopted November 19, 2003 by the Administrative Church Council.*

## **II. The Endowment Fund Mission Statement and Structure**

The Endowment Fund is a fund maintained to provide income in perpetuity, or for a designated term, for general or restricted use by The Church. The fund objectives are to conserve the principal and utilize the investment income in accordance with the Endowment Spending Policy. The income, from undesignated gifts to The Endowment Fund, may be used for any purpose consistent with the mission of The Church. This would include, but not be limited to, such projects as the following:

- A. Areas of need beyond the local church, such as community services, mission projects, or covenant support of missionaries.
- B. Major improvements to space and facilities
- C. Unbudgeted maintenance of buildings and grounds.
- D. Program initiatives for children, youth or adult ministries.
- E. Music program for special enhancements or additions
- F. Scholarships for student members of the congregation.

The Endowment Fund shall be subject to the laws of the State of California, the Articles of Incorporation of The Church, the Discipline of the United Methodist Church, and the actions of The Church Conference of The Church.

## **III. Purpose of Endowment Committee**

It is understood that special gifts and bequests should not take the place of faithful stewardship of current income, but should be made to enable The Church to accomplish areas of work it might otherwise be unable to undertake. In order to accomplish this, we seek accumulated, inherited and appreciated resources from congregants and friends wishing to contribute during their lifetime or to leave a legacy enriching and enhancing the mission of the church.

The purpose is to establish a regular policy and procedure for the effective management and disposition of funds or other properties, which are contributed to The Church and received by the Endowment Committee as endowed funds through such vehicles as, but not limited to:

- A. Bequest by will/living trust
- B. Charitable gift annuity
- C. Charitable remainder trust
- D. Transfer of property (e.g., cash, stocks, bonds, real estate)
- E. Gift of retirement plan proceeds
- D. Assignment of life insurance

All provisions of the Church's endowment program pertaining to the investment of funds, administration of funds, and limitations of use of distributions shall be applicable to both designated and undesignated contributions, and all gifts made to the Fund shall be accepted subject to the terms and limitations set forth herein in Appendix A, Gift Acceptance Policy.

#### **IV. The Endowment Committee**

The Endowment Committee shall exist under the authority of The Charge Conference and shall report via the Board of Trustees and Administrative Council.

The Endowment Committee shall be composed of a minimum of 7 members, including a minimum of 3 members-at-large. The members at large shall be elected for a three (3) year term by The Church's Lay Leadership Committee process, with one member rotating on and one rotating off each January. One of these members at large shall be elected to serve as Chairperson-elect the first year, Chairperson the second year and Past Chairperson the third year. Other voting members are Chairperson of Trustees, Church Treasurer, Finance Chairperson, and Church Financial Secretary. All members shall serve as long as they are elected or appointed to those positions. Non-voting ex-officio members may include the Pastor and Lay Leader. The initial length of terms of the members-at-large shall be determined by draw after the new members are elected.

The Church Treasurer shall act as the Fund's Treasurer; the Financial Secretary shall act as the Fund's Financial Secretary.

The Endowment Committee shall be responsible for:

- A. Emphasizing the value for adults of all ages to have a will and/or estate plan and provide information on the preparation of these to members of the congregation.
- B. Encouraging church members and constituents to support God's work in the world, by giving through United Methodist Churches, institutions, agencies and causes by means of their wills, annuities, life insurance, memorials, special gifts, and various types of property as methods they can use to extend their Christian stewardship.
- C. Maintaining a record of all gifts to The Endowment Fund: the value (Initial and current) the donor, the date and the type of each gift, as well as any formal expression by the donor(s) of the use to which the gift might be put.
- D. Investing and managing appropriately all assets of The Endowment Fund as specified in Spending Policy, Appendix B.
- E. Reporting to the Charge Conference, via the Board of Trustees and Administrative Council, annually, the status of The Endowment Fund, acceptance and rejection of gifts, the income available for distributions, and the distributions made to date.

- F. Promoting and publicizing The Endowment Fund frequently and consistently throughout The Church and its membership. Expenses for this activity may be charged to The Endowment Fund.
- G. The Board of Trustees is given the authority by the Book of Discipline to be the legal recipient of gifts and bequests on behalf of The Church.

**V. Gifts of Property**

Normally, gifts received in forms of property other than cash will be converted to cash at their market value as soon as practicable. However, there may be occasions when the Endowment Committee will decide that it is consistent with the purpose of The Endowment Fund to retain a gift of property in the form in which it is received and treat the income from the investment as part of The Endowment Fund's income.

**VI. Designated or Restricted Gifts**

The Endowment Committee shall review all gifts. The Board of Trustees, with the recommendation of the Endowment Committee, is charged with the responsibility to accept or decline a gift for investment in The Endowment Fund. No gift shall be accepted that comes with restrictions inconsistent with the mission of The Church.

If a donor's will, trust or other planned gift, or the instructions accompanying other special gifts, directs that the principal be preserved and income be used for a designated and acceptable purpose, the gift shall be added to the Endowment Fund and its related income used in accordance with the donor's designation.

**Investment of Assets**

In determining the investment of assets of The Endowment Fund, the Committee may assign this responsibility to the California-Nevada United Methodist Foundation, a bank trust department or a professional investment management service. The Endowment Committee's investment objectives shall be as follows:

- A. Conservation of principal for the effective maintenance of purchasing power;
- B. Regular income at a reasonable rate;
- C. Growth of income and principal over and above that necessary to offset cost of living increases (inflation); and
- D. Investment of assets in institutions, companies, corporations, or funds that make a positive contribution toward the realization of goals outlined in the social principles of the church.

The Endowment Committee is charged with the responsibility to develop specific investment and spending policy guidelines for the investment and management of The Endowment Fund's assets, which will be reviewed annually by the Board of Trustees and the Finance Ministry as specified in Appendix B, Spending Policy.

## **VII. Use of Earnings**

All The Endowment Fund income or earnings shall be deposited in an interest-bearing or other investment account as received, pending distribution. Distributions from The Endowment Fund shall be made on the basis of the following procedures.

- A. **Designated Funds:** The Endowment Committee shall instruct the Investment Service to distribute the Endowment Fund designated earnings at least annually, in accordance with the Endowment Spending Policy, Appendix B.
- B. **Undesignated Funds:** Each Church Committee/Group may put in writing their requests for funds and the Endowment Committee shall determine their allocation and shall instruct the Investment Service to distribute the Endowment Fund undesignated earnings at least annually, in accordance with the Endowment Spending Policy.
- C. A moderate sum may be kept in a non-interest bearing demand account to satisfy administrative and cash flow needs only if interest earnings checks are not reasonably available.
- D. The amount of earnings distributed should be calculated to ensure that the Endowment Fund principal and income keep pace with the rate of inflation.

## **VIII. Limitations on Use of Principal**

The fund objectives are to preserve the purchasing power of the principal and utilize the investment income as defined in the Endowment Spending Policy. Any part of the principal (*subject to the operation of the Spending Policy, Appendix B*) may be withdrawn only in extreme and overwhelming circumstances bordering on the survival of The Church, providing that use of the principal has not been restricted by a donor(s). Any withdrawal of principal must be approved by a three-fourths (3/4) vote of those present at an official Charge Conference with a declaration to pay back the funds in accordance with a pre-arranged payment schedule.

## **IX. Accountability and Audit**

The Endowment Committee shall make a completed financial report annually to The Charge Conference, including all funds received by The Endowment Fund during the year, the total amount in each type of fund at the end of the year, how the investment of the funds is being handled, all disbursements, and the income or earnings received during the year.

An Auditor or an Audit Committee elected by The Charge Conference, outside the Endowment Committee, shall conduct a financial review annually to ensure that standard accounting procedures are being followed and to protect the interests of the donors, the Endowment Committee and The Church.

**X. Merger, Consolidation or Dissolution of the United Methodist Church of {Your Church's Name}:**

If at any time the United Methodist Church of {Your Church's Name} is lawfully merged or consolidated with any other church, all the provisions hereof in respect to the Fund shall be deemed to have been made in behalf of the merged or consolidated church, which shall be obligated to administer the same in all respects and in accordance with the terms thereto. If the United Methodist Church of {Your Church's Name} should ever be dissolved without any lawful successor thereof, the Fund, including both the principals and interest to date, shall empower the California-Nevada United Methodist Foundation with the continued distribution of earnings while maintaining the preservation of endowment principal and authorizing that 15% be maintained by the Foundation for its use and that the Foundation work with the conference to find an appropriate United Methodist Church or institutional recipient for the balance, authorizing it the powers afforded to the United Methodist Church of {Your Church's Name}.

**XI. Effective Date and Modification**

This policy will become effective when adopted by The Charge Conference of The Church.

Changing times, unusual circumstances and new ideas or practices may lead to desirable changes in this policy statement at some future date. Any change or amendment must be approved by a three-fourths (3/4) vote of those present at The Charge Conference.

**SIGNED THIS \_\_\_\_ Day of \_\_\_\_\_, 20\_\_**

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**Chairperson, Endowment Committee**

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**Chairperson, Administrative Council**

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**Chairperson, Board of Trustees**

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**Presiding Officer, Charge Conference**