

### **III. ESTABLISHING A PERMANENT ENDOWMENT PROGRAM**

## **STEPS TO ESTABLISHING A PERMANENT ENDOWMENT PROGRAM**

1. Ask the Church Council to establish an Ad Hoc Committee made up of the pastor, local church Financial and Stewardship officers, and a representation from the Trustees and other active lay members who are supportive of an enhanced stewardship program for the local church.
2. Encourage the Ad Hoc Committee to meet with staff of the Iowa United Methodist Foundation to clarify the role of such a program in the life of the local church and to determine a course of action.

*At each of the following steps, staff of the Iowa United Methodist Foundation is available to act as a resource for additional information and guidance. Please note that at each meeting of the Ad Hoc Committee, an attempt should be made to provide a formal training session on Permanent Endowment options. If the Committee members enter into a solid educational program on Permanent Endowment, the work of the Committee will be that much easier.*

3. The Ad Hoc Committee should develop a statement detailing the reasons for establishing a Permanent Endowment Fund.
4. The Ad Hoc Committee should prepare a Resolution in accordance with Paragraph 2534 of ***The Book of Discipline of The United Methodist Church (2016)***, which can be presented to a regular or called Charge Conference for the purpose of establishing a Permanent Endowment and Planned Giving Ministry Committee and a Permanent Endowment Fund. The body of the Resolution will become the Permanent Endowment Fund document, which will define Committee membership and areas of responsibility, the purpose(s) and operation of the Permanent Endowment Fund, and a Gift Acceptance Policy. Once prepared, the Committee should consider consulting with an attorney in order to ensure that the Fund will conform to all applicable Iowa laws. (*See sample resolution*).

**PLEASE NOTE:** *A Permanent Endowment and Planned Giving Ministry Committee is a Committee subject to all the provisions of **The Book of Discipline (2016)**, which govern the Committees of a local church. It is not an entity separate from the organized local United Methodist church. Its authority is derived from the Charge Conference and it remains accountable to the Charge Conference.*

- a. Within the description of Committee membership, consideration should be given to the number of terms an At-Large Member can serve. There is good reason to consider the possibility that an At-Large Member be allowed to succeed him or herself at least once.
- b. Within the description of the Permanent Endowment Fund, provision should be made for not more than five or six accounts, which would provide for more specific endowments. (*For examples of such accounts or funds, see [page 42](#) in this section*).

- c. The Ad Hoc Committee should create a Gift Acceptance Policy which describes the types of gifts that can be accepted, the manner in which they can be accepted and the manner in which they will be used. This policy should be an attachment to the Permanent Endowment Fund document. This policy will also provide the basis for rejecting inappropriate gifts. (*See sample Gifts Acceptance Policy in this section on pages 36-39*).
5. Prior to being presented to a Charge Conference, the Resolution should be presented to the Administrative Board or Council, the Trustees and the Finance and Stewardship Committees.
6. Once the Permanent Endowment and Planned Giving Ministry Committee is in place, it should determine how the Fund is to be invested based on goals that have been developed by the Committee in consultation with its Foundation representative, and proceed to establish the means by which the Committee will invest the Fund's assets. If an outside fund manager, other than the Iowa United Methodist Foundation, is to be used, an investment strategy should be worked out with the outside manager in order to ensure that United Methodist guidelines on investing are followed and that the investment goals of the Fund are met. For assistance in formulating a local church investment strategy, please refer to the Statement of Investment Guidelines, the Statement of Investment Guidelines Appendix, and the Statement of Investment Guidelines Local Church Addendum of the General Council on Finance and Administration of The United Methodist Church at:  
<http://www.gcfa.org/services/financial-services/statement-of-investment-guidelines/>
7. The Committee should develop the ongoing Permanent Endowment Program, which will keep giving opportunities before the members of the congregation. This should include information events such as wills and charitable estate planning seminars presented on a cyclical basis and the provision of brochures related to Permanent Endowment on a regular basis to all or selected members of the local church. Depending upon local circumstances, the church might develop a campaign seeking endowment gifts from particular individuals and families, or from all church members.
8. A brochure should be created which describes the purpose(s) of the Permanent Endowment Fund and which directs church members to seek additional information. (*Contact the Iowa United Methodist Foundation for samples of brochures*).
9. The Committee should determine the ways by which gifts will be acknowledged. It may be important to establish different ways of acknowledging gifts based on the size of the gift.
10. An inaugural event should be developed which will interpret the purpose of the Fund and define opportunities for making gifts to the Fund.
11. Once the inaugural event is completed, the Committee should make regular reports to the Administrative Board or Council, to the Trustees and to the Charge Conference. The reports should include the results of the program to date, an evaluation of the program to date and any recommendations for changes in the program based on results of the evaluation.

## **THE PERMANENT ENDOWMENT AND PLANNED GIVING MINISTRY COMMITTEE THE PERMANENT ENDOWMENT FUND**

The 1988 General Conference recognized the place of “Planned Giving” in the stewardship program of the local church by enacting legislation which enables a Permanent Endowment and Planned Giving Ministry Committee in every United Methodist Church. This legislation is contained in Paragraph 2534 of ***The Book of Discipline of The United Methodist Church (2016)***. While this Committee is not a part of the required organizational structure, it can be one of the most important Committees in the church.

The first step in establishing such a Committee and Fund is to have the Administrative Board/Council create an Ad Hoc Committee on Permanent Endowment, composed of five to nine people. This Committee should be made up of people who have a dream for their church, who want to see their church’s stewardship vision expand and who want to see their church inspire persons to be good stewards. The greatest qualifications to be possessed by these five to nine people is that they are respected and trusted by the members and friends of the local church. Knowledge of the local church’s finances and property concerns would be a bonus.

The agenda for the first meeting of the Ad Hoc Committee should include a visit from the staff of the Iowa United Methodist Foundation. This person will outline the process to follow in creating an effective Permanent Endowment program for your local church.

While the Ad Hoc Committee will spend much of its time brainstorming new ideas, its primary objective should be to bring to the Administrative Board/Council a Resolution creating a Permanent Endowment and Planned Giving Ministry Committee and a Permanent Endowment Fund. (*See sample Resolution on pages 28-35 of this section*). The Ad Hoc Committee will want to make a strong presentation to the Board/Council that will include:

- ... the personal benefits to members
- ... the financial benefit to the church
- ... an opportunity for questions
- ... opportunities for personal witness and support
- ... a positive response to any negative reactions
- ... an official motion by which the Administrative Board or Council will endorse the creation of a Permanent Endowment and Planned Giving Ministry Committee and a Permanent Endowment Fund, and
- ... a Resolution creating a Permanent Endowment and Planned Giving Ministry Committee and a Permanent Endowment Fund that will be submitted to a Charge Conference of the local church.

## **ESTABLISHING A PERMANENT ENDOWMENT AND PLANNED GIVING MINISTRY COMMITTEE**

There are several issues that must be taken into consideration as the Ad Hoc Committee drafts the Charge Conference Resolution establishing a Permanent Endowment and Planned Giving Ministry Committee. In addition to the following, each church needs to address its own concerns and needs.

### **A. INCORPORATED CHURCHES**

In the case where the local church is incorporated, the laws of the State of Iowa should be carefully considered before a resolution is drafted. Special attention should be given to proper wording of the resolution, especially as it relates to the directors of the corporation, their authority and responsibilities and the authority of the members of the Permanent Endowment and Planned Giving Ministry Committee.

### **B. RELATIONSHIP TO THE BOARD OF TRUSTEES**

Paragraph 2534.1 of *The Book of Discipline of The United Methodist Church (2016)* explains that a Permanent Endowment and Planned Giving Ministry Committee may “provide the services described in Paragraph 2533.5 as designated by the donor or at the direction of the Charge Conference.” Those services are:

1. To receive and administer all bequests made to the local church;
2. To receive and administer all trusts; and
3. To invest all trust funds of the local church in conformity with the laws of the country, state or like political unit in which the church is located.

Although this permissive legislation may transfer an area of responsibility from the Board of Trustees to the Permanent Endowment and Planned Giving Ministry Committee, the Committee remains subject to the designation of the donor and/or the direction of the Charge Conference. In addition, it should be noted that in the case of gifts of real property the Trustees and the Charge Conference retain their responsibilities relating to that property as stated in *The Book of Discipline (2016)*.

It is clearly in the best interest of the Board of Trustees and of the local church to transfer this specific authority and these specific responsibilities to a Permanent Endowment and Planned Giving Ministry Committee who can focus exclusively on these stewardship matters. The Board of Trustees thereby can be freed to pursue other duties associated with the care and maintenance of church property. In many churches, the Board of Trustees has discovered that once it has fulfilled its responsibilities to church property, the Board has little time or energy remaining to consider the matters related to creating and promoting a Permanent Endowment Fund.

### C. COMMITTEE MEMBERSHIP

The Committee membership listed in italics in the sample Resolution that immediately follows this section is only a suggestion; however, there is a good reason for the presence of each member suggested:

1. The commitment of the *Pastor* is crucial to the success of the Permanent Endowment program.
2. The *Chairperson or specified representative of the Committee on Finance* will bring to the Permanent Endowment and Planned Giving Ministry Committee knowledge of finances within the church that will be beneficial in designing the church's total stewardship program, of which Permanent Endowment is one part.
3. The *Local Church Treasurer* as a financial officer of the church is familiar with the day-to-day needs and commitments of the church.
4. A *Representative from the Board of Trustees* will provide valuable expertise and will help to preserve a good working relationship between the Committee and the Board of Trustees. Property matters, which demand the most time and attention from the Trustees, are often a major focus of donors in making a planned gift to an endowment program.
5. A *Representative of the Stewardship Committee* will help provide continuity in how the church communicates its short-term and long-term financial goals.
6. Naming *an additional three to five Members by the Committee on Nominations and Leadership Development*, in accordance with Paragraph 258.1 of *The Book of Discipline (2016)*, permits the inclusion of persons with special expertise. Since the other suggested Committee Members will bring a working knowledge of current programs and finances of the church, the additional three to five members should be persons who might be characterized as visionaries, and as those who are considered trustworthy leaders by the congregation, and as those with a previous record of generosity to the church and its institutions. Their support of the program will lead others to have confidence in the Permanent Endowment program as well.

Naming the Chairperson at the same time the Committee is elected creates several advantages:

1. Someone will be in place to convene the Committee;
2. Special expertise and other leadership qualifications necessary in a Chairperson can be carefully considered as a part of the nominations process; and

3. Committee members will be given added confidence that the Committee is ready to begin its work immediately.

#### **D. RESPONSIBILITIES**

Paragraph 2534 of *The Book of Discipline (2016)* provides for the Permanent Endowment and Planned Giving Ministry Committee to have the opportunities, the responsibilities and the authority to provide leadership for the local church in all matters relating to Planned Giving and endowments. While it is best in most churches to give the Committee the full authority found in Paragraph 2534, there might be some situations where modifications should be considered if failure to do so might prevent or delay the creation of or the effectiveness of the Permanent Endowment and Planned Giving Ministry Committee.

#### **E. THE PERMANENT ENDOWMENT FUND**

The Ad Hoc Committee should take into consideration the unique circumstances of the church when determining the purposes for which endowments are being established. Do they reflect future programs and ministries as well as current programs and ministries? Are they defined broadly enough to allow the church some flexibility in the use of earnings? Are they described succinctly enough to capture the interest of church members and friends?

#### **F. FINAL DRAFT**

Once the final document is drafted, it is suggested that the church's attorney review it. Additionally, the Iowa United Methodist Foundation is willing to provide suggestions and also to review the final document before it is presented to a Charge Conference.

#### **G. CHARGE CONFERENCE**

The Resolution may be presented in the Charge Conference session by the Chairperson or a Member of the Ad Hoc Committee; or it may be presented as a recommendation from the Administrative Board/Council. (If the Ad Hoc Committee presents the Resolution, it is preferable to have the prior endorsement of the Administrative Board/Council). Once the Charge Conference votes to create a Permanent Endowment and Planned Giving Ministry Committee and a Permanent Endowment Fund and elects membership to it, the Ad Hoc Committee is terminated.

## SAMPLE CHARGE CONFERENCE RESOLUTION

### ESTABLISHING A PERMANENT ENDOWMENT AND PLANNED GIVING MINISTRY COMMITTEE AND A PERMANENT ENDOWMENT FUND

(NAME) UNITED METHODIST CHURCH OF (CITY, STATE)  
CHARGE CONFERENCE RESOLUTION  
PERMANENT ENDOWMENT AND PLANNED GIVING MINISTRY COMMITTEE  
AND PERMANENT ENDOWMENT FUND

#### DESIGNATION OF FUND

This Fund shall be known as the **(Church Name)**, Permanent Endowment Fund, hereafter referred to in this document as “the Fund.”

The Fund and its administration will conform to all applicable Georgia laws and regulations, any applicable Federal laws and regulations including the provisions of the Internal Revenue Code, and *The Book of Discipline of The United Methodist Church (2016)*, particularly pertaining to Paragraph 2534.

#### PURPOSE OF FUND

The Fund is established and shall be operated exclusively for religious purposes.

The Fund is established to provide members and friends the opportunity to make charitable gifts to **(Church Name)** (hereafter referred to as “the Church”) that will become a permanent endowment for financial support and a living memorial.

The Fund is intended for Church purposes which are not funded through the annual operating budget; however, gifts which intend to supplement programs and ministries are appropriate. Gifts may be designated to the following purposes through the corresponding funds of the Permanent Endowment Fund:

Undesignated:

- General Endowment Fund  
(For special needs and ministries identified by the Church Council)

Designated:

- *(List funds here. See fund examples on page 42).*
- Any other Fund that shall be designated from time to time by the Permanent Endowment and Planned Giving Ministry Committee and approved by the Board of Trustees

#### ADMINISTRATION OF THE FUND

No part of the Fund (neither principal nor income) shall be used to the benefit of any member of the Permanent Endowment and Planned Giving Ministry Committee.

Notwithstanding any other provision hereof, this Fund shall be used to conduct or carry on only those activities permitted to be conducted or carried on by an organization which is tax exempt or by an organization, donations to which are deductible from taxable income, pursuant to the



provisions of the Internal Revenue Code and other applicable legislation and regulations as they exist or may hereafter be amended.

The Fund shall be administered by the Church Permanent Endowment and Planned Giving Ministry Committee (hereafter referred to as “the Committee”) under the authority granted to the Committee by the Charge Conference.

## **THE PERMANENT ENDOWMENT AND PLANNED GIVING MINISTRY COMMITTEE**

The Committee shall be comprised of the following members:

*(List Committee members here. Committee might include such members as):*

- 1. The Senior Pastor (Non-voting Member)*
- 2. The Church Administrator*
- 3. A representative of the Finance Committee named by the Finance Committee*
- 4. A representative of the Board of Trustees named by the Board of Trustees*
- 5. A representative of the Stewardship Committee named by the Stewardship Committee*
- 6. Up to six persons nominated by the Committee on Nominations and Leadership Development (the “At-Large Members”)*

All members of the Committee shall serve until their successors are duly appointed.

*(List term limits here. Possible term limits):*

*The At-Large Members shall be elected by the Charge Conference for a term of three years and may serve for a second three-year term. Upon completion of two terms, an At-Large Member may serve another two terms after a one-year absence from the Committee. The initial terms of the At-Large Members shall be staggered with two members elected for a one-year initial term, two members elected for a two-year initial term, and two members elected for a three-year initial term).*

The members of the Committee shall be succeeded by members appointed or elected as provided above. Any interim vacancies may be filled by action of the Church Council.

The Chairperson of the Committee shall be nominated by the Committee on Nominations and Leadership Development from the At-Large Members established above and elected by the Charge Conference. The Committee shall elect a secretary and such other officers and appoint such sub-committees as it deems necessary and shall define their duties

*(Optional: The Committee shall appoint a Fund Administrator. The Fund Administrator shall have the responsibility of handling the day to day activities associated with the Funds, i.e. correspondence, acknowledgments, receipts, deposits, disbursements, etc.)*

The Committee shall make a full report no less frequently than once a year to the Church Council.

The Committee, in cooperation with the Church Committee on Finance, shall ensure that the annual audit or review is performed.

The Committee shall act by a vote of the majority of the Committee members authorized herein to vote, excepting amendments to this agreement as described on [page 34](#) under the section “Amendment of Agreement.”

The term “majority” as used in this agreement is constituted by at least 50 percent plus one of the Committee members present and voting at a duly called meeting. Any instrument required to be executed by this agreement (except amendments to this agreement described under the Section “Amendment of Permanent Endowment Fund Agreement”) shall be valid if executed in the name of the Fund by a majority of the Committee. All actions of the Committee shall be taken by resolution at a published meeting. The vote shall be recorded when the vote is not unanimous. A copy of any Resolution or action taken by the Committee, certified by any one of the Committee members, may be relied upon by any person or entity dealing with this Permanent Endowment Fund Agreement.

### **INVESTMENT OF PERMANENT ENDOWMENT FUNDS**

The Fund’s investment objectives are:

1. Conservation of principal for the effective maintenance of purchasing power.
2. Regular income at a reasonable rate.
3. Investment of assets in institutions, companies, corporations, or funds approved by the Permanent Endowment and Planned Giving Ministry Committee.

*(Optional: The Iowa United Methodist Foundation shall be used to serve as primary custodian of the assets received by the Fund).*

*(The Iowa United Methodist Foundation, through a Money Management Agreement with the Committee, will invest all permanent Funds received by the Fund).*

Donors will be encouraged to consider the Iowa United Methodist Foundation as Trustee in the management of revocable or irrevocable Charitable Trusts established to benefit the Church. The donor may designate otherwise.

An appropriate investment strategy for all the Fund’s assets will be determined by the Committee and primary custodian. The specific purpose of each Fund authorized by the Committee shall be stated in order to fulfill the wishes of the donor and thereby to segregate and maintain gifts for their stated purposes. Earnings from each Fund shall be available for distribution by the Committee in a manner consistent with the designated category.

### **CHANGES IN PRIMARY CUSTODIAN**

Any transfer of the Fund’s assets from the primary custodian or Trustee to any other agency must be approved by a majority vote of the Committee.

*(Optional: on the recommendation of a majority vote of the Church Council of said Church).*

## **LIMITATIONS ON USE OF PRINCIPAL**

The objectives of the Fund are to conserve principal corpus and make use of only the income from the Fund unless the donor specifically designates the use of principal in the Gift Agreement. Only in extreme and overwhelming circumstances bordering on the survival of the Church itself may principal be withdrawn; and, then, only if use of the principal to be withdrawn has not been restricted by the donor(s).

Any withdrawal of principal (as long as it does not violate the donor's intentions as described in the gift agreement) must be approved by a three-fourths (3/4) vote of the members present and voting at duly called meetings of both the Committee and the Charge Conference of the **(Church Name)**.

*(Optional: Gifts placed into the General Fund may be withdrawn and may be used for any purpose that is not specifically prohibited in another section of this Agreement and that is designated by a majority of the Church Council).*

## **DISTRIBUTION OF INCOME**

The income of each of the sub-funds shall be distributed as the donor has directed by will or other gift document provided such direction is in conformity with the purposes set forth herein.

Each sub-fund shall be considered as a designated Fund and therefore the income from said account shall only be distributed for the purpose associated with said designated Fund.

## **DISTRIBUTABLE INCOME**

Distributable income can be described as follows:

- A.** The net income earned on the investment, exclusive of capital gains.
- B.** An amount determined each year by applying a percentage against a rolling three-year average of the fair market value of the Fund as determined on the first business day of each calendar year. The percentage applied against the fair market value shall be 50 percent of the applicable federal rate as defined in the Internal Revenue Code on January 1<sup>st</sup> of every year; however, the percentage shall never be lower than three percent or greater than five percent. In years in which there is excessive growth in the Fund, the Committee reserves the right to make additional distributions of income and capital gain beyond the five percent ceiling by a two-thirds (2/3) approval vote of its members.

## **GIFTS TO THE PERMANENT ENDOWMENT FUND**

A Gifts Acceptance Policy document is included as part of this Agreement. Gifts to the Fund that are classified as designated will be assigned to the corresponding sub-fund.

A gift to the Fund that is not designated to a specific sub-fund will be placed in the General Endowment Fund.

*(Optional: Any gift in excess of \$(Amount to be determined) which is made to the Church, and which is not designated as a permanent gift shall be assigned to the General Endowment Fund. For a gift to be “designated for a specific sub-fund”, a minimum gift in the amount of (Amount to be determined) shall be required).*

The Committee shall have sole authority to accept or reject any and all gifts to the Fund in keeping with the authority granted by the Charge Conference.

All gifts made to the Fund shall be accepted subject to the terms and limitations set forth in this document.

### **POWERS OF THE PERMANENT ENDOWMENT AND PLANNED GIVING MINISTRY COMMITTEE**

In the administration of the Fund, the Committee shall have the necessary authority to carry out the purpose of the Fund. No power or authority shall be exercised by the committee in any manner or for any purposes whatsoever which may not be exercised by an organization which is tax exempt or by an organization donations to which are deductible from a donor's taxable income to the extent allowed by the provisions of the Internal Revenue Code and other applicable legislation and regulations as they now exist or may hereafter be amended. The acquisition, ownership, sale or transfer of any real or personal property must be consistent with ***The Book of Discipline of The United Methodist Church (2016)*** as amended from time to time.

The Committee shall have the powers and duties authorized by ***The Book of Discipline of The United Methodist Church (2016)*** and granted by this session and future sessions of the Charge Conference:

- A.** To receive and administer all bequests made to the local Church; to receive and administer all trusts; to invest all trust funds of the local Church in conformity with laws of the country, state, or like political unit in which the Church is located.
- B.** To emphasize the need for adults of all ages to have a will and an estate plan; and to provide information on the preparation of these to the members of the congregation.
- C.** To stress the opportunities for church members and constituents to make provisions for giving through United Methodist churches, institutions, agencies, and causes by means of wills, annuities, trusts, life insurance, memorials, and various types of property.
- D.** To arrange for the dissemination of information that will be helpful in preretirement planning, including such considerations as establishing a living will, a living trust, and the need for each person to designate someone to serve as a responsible advocate should independent decision-making ability be lost.
- E.** To update the committee rules and regulations after each General Conference as needed.
- F.** Other responsibilities as determined by the charge conference.

**G.** To collect, receive, and receipt for the income, profits, rents, and proceeds of the Fund.

**H.** To purchase, subscribe for, retain, invest, and reinvest in securities or other property, wherever situated, and whether or not productive or of a wasting nature and without any requirement for diversification as to kind or amount. The intent is that the Fund's investments shall be made independently by the Committee or their contracted manager. These may include investments in bonds, notes, or other securities of the Georgia United Methodist Foundation. The terms "securities or other properties" as used in this document shall be deemed to include real or personal property, corporate shares, common or preferred stock, or any other interest in any corporation, association, investment trust, or investment company, bonds, notes, mortgages, debentures or other evidences of indebtedness or ownership, secured or unsecured.

**I.** To sell for cash or credit, convert, redeem, exchange for other securities or other property, or otherwise dispose of any securities or other property at any time held by the Committee.

**J.** To hold part or all of the Fund uninvested; however, such uninvested Fund shall be deposited in an account with the Iowa United Methodist Foundation, or a federally insured commercial bank, savings bank, savings and loan association, or broker that is a member SIPC pursuant to specific authority of the Committee.

**K.** To employ suitable accountants, agents, legal counsel, and custodians, and to pay their reasonable expenses and compensations. Each separate Fund shall bear its pro rata share of such reasonable expenses.

**L.** Any other provisions of this agreement notwithstanding, the Committee shall not engage in any act of self-dealing as defined in the Internal Revenue Code; nor retain any excess business holdings as defined in the Internal Revenue Code; nor make any investments in such manner as to incur tax liability under the Internal Revenue Code; nor make any taxable expenditures as defined in the Internal Revenue Code or corresponding provisions of any subsequent Federal tax law.

**M.** The Committee shall determine all matters regarding management of the Fund, expenditures, and investment by a majority vote present at a duly called meeting (except amendments discussed under "Amendment of Agreement").

## **BOND AND COMPENSATION**

No Committee member shall be required to furnish any bond or surety. Each Committee member shall serve without compensation for their services hereunder, but all expenses of these Funds or of any Committee member acting hereunder shall be paid by the Fund. Accounting, receipts, deposits, and disbursements for all Permanent Endowment Funds shall be handled by the bonded designee(s) of the Church as assigned.

## **ACCOUNTING BY PERMANENT ENDOWMENT AND PLANNED GIVING MINISTRY COMMITTEE**

The Committee shall render a statement of their transactions regarding the **(Church Name)** Permanent Endowment Fund. At no time shall the amount of individual gifts nor the identity of donors to the Fund be published unless written permission to do so is obtained. The Church, or any member, or any donor to the Funds may file an objection to the accounting in writing within sixty (60) days of the date of the accounting. In the absence of such objection, the Committee shall be released, relieved, and discharged with respect to all matters and things set forth in such accounting as though such accounting had been settled by judicial decree of a court of competent jurisdiction.

## **LIABILITY OF THE PERMANENT ENDOWMENT AND PLANNED GIVING MINISTRY COMMITTEE**

No Permanent Endowment and Planned Giving Ministry Committee Member (hereafter referred to as "Member") shall be responsible for loss in investments made in good faith. No Member shall be liable for the acts or omissions of any other Member, or of any accountant, agent, legal counsel or custodian selected with reasonable care. Each Member shall be fully protected in acting upon any instrument, certificate, or paper believed by him to be genuine and to be signed or presented by the proper person or persons. No Member shall be under any duty to make any investigation or inquiry as to any statement obtained in such writing but may accept the same as conclusive evidence of the truth and accuracy of the statements therein contained. The Board of Trustees shall include the Committee as part of the Trustees indemnification insurance.

## **MERGER, CONSOLIDATION, OR DISSOLUTION OF (CHURCH NAME)**

If at any time **(Church Name)** is lawfully merged or consolidated with any other United Methodist church, all the provisions hereof in respect to the Fund shall be deemed to have been made on 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.

*(Optional: If **(Church Name)** should ever be dissolved without any lawful successor thereto, the Fund, including both principal and interest to date, shall be entrusted to the Iowa United Methodist Foundation to direct the distribution of principal and accumulated income as it determines to the **(Church District)** of The United Methodist Church or its successors to use for the purposes for which the gift (or gifts) was intended. In the event of such dissolution as set forth above, and in the case that the Iowa United Methodist Foundation should not then be in existence, the Fund, both principal and interest, shall be paid over and entrusted to a bona fide local charity selected by the surviving members of the last duly qualified Permanent Endowment and Planned Giving Ministry Committee which shall most closely resemble the purposes of the **(Church Name)** Permanent Endowment Fund. Such charity must be a charity duly qualified under Sections 170© and 501(c)(3) of the Internal Revenue Code).*

## **AMENDMENT OF PERMANENT ENDOWMENT FUND AGREEMENT**

This agreement may be amended or modified from time to time only after recommendation by a two-thirds (2/3) vote of the Committee members present at a duly called meeting and voting and by a two-thirds (2/3) vote of a duly announced Charge Conference of **(Church Name)**. No amendment or modification shall (1) alter the intention that the Fund be operated exclusively for

religious purposes; (2) alter or eliminate the stated fund purposes found under purpose of the Fund herein, or (3) alter the intent of any donor to the Fund. Every amendment or modification of this agreement shall be in writing and signed by the Committee who voted to approve same and by the Recording Secretary of the Charge Conference, the District Superintendent, and the Senior Pastor.

**SEVERABILITY**

If any provisions or application of any provisions of this Fund shall be held or deemed to be illegal, inoperative, or unenforceable, the same shall not affect any other provisions or any applications of any provisions herein contained or render the same invalid, inoperative, or unenforceable.

This Permanent Endowment Fund Agreement was adopted the **(Day)** day of **(Month)**, **(Year)**, in a duly authorized Charge Conference of **(Church Name)** meeting in **(City, State)** by a vote of **(Number of Votes For)** for, **(Number of Votes Against)** against, and **(Number of Votes Abstained)** abstained.

\_\_\_\_\_  
**(Name of Recording Secretary)**, Recording Secretary

\_\_\_\_\_  
**(Name of District Superintendent)**, District Superintendent

\_\_\_\_\_  
**(Name of Senior Pastor)**, Senior Pastor

## **GIFT ACCEPTANCE POLICY**

### **PURPOSE**

The purpose of this Gift Acceptance Policy is to describe the type of gifts that can be accepted and the manner in which they can be accepted. Where a Permanent Endowment and Planned Giving Ministry Committee (hereinafter referred to as the Committee) does not exist, the Board of Trustees (hereinafter referred to as the Trustees) is instructed by the Charge Conference to receive and distribute gifts received under the Gift Acceptance Policy of the Church.

### **INTRODUCTION**

In order to protect the interests of **(Church Corporate Name)** (hereinafter referred to as the Church) and the persons and other entities who support its programs, these policies are designed to assure that all gifts to the Church, or for the use of the Church, are structured to provide maximum benefit to both parties.

This document focuses on both current and deferred gifts, with special emphasis on various types of deferred gifts and gifts of non-cash property. The goal is to encourage funding of the Permanent Endowment Fund (hereafter referred to as the Fund) without encumbering the organization with gifts which may prove to generate more cost than benefit, or which are restricted in a manner that is not in keeping with the goals of the Church.

To optimize funding from individuals and other entities, the Church must be capable of responding quickly, and in the affirmative where possible, to all gifts offered by prospective donors. Except where stated otherwise, these policies are intended as guidelines only. Flexibility must be maintained since some gift situations can be complex and decisions only made after careful consideration of a number of interrelated factors. Therefore, these policies may in some instances require that the merits of a particular gift be considered by the Committee and a final decision be made only after a recommendation by that Board.

The Committee reserves the right to decline or otherwise refuse any gift offered to the church, with or without cause. Reasons for which a gift may be declined include, but are not limited to the following:

1. The Committee does not believe it is in the best interest of the Church or the Fund to abide by the restrictions placed on the gift by the donor.
2. The costs to maintain the gift or to meet the restrictions placed on the gift by the donor are considered to be excessive for the Fund.
3. The gift is considered to be inappropriate or unrelated to the tax-exempt purposes of the Church or the Fund.
4. The gift is designated to benefit or to be channeled to a specific individual.

### **GIFT ACCEPTANCE TERMS AND CONDITIONS**

All gifts will be acknowledged by written confirmation of the gift and of any terms and conditions of the gift acceptance. All information concerning donors and prospective donors, including their names, names of beneficiaries, the amount and type of the gift, aspects relating to their estates, etc., shall be kept strictly confidential except when donors permit the release of such information.



## **I. OUTRIGHT GIFTS**

### **A. CASH**

1. Gifts in the form of cash and checks shall be accepted in any amount.
2. All checks must be payable to **(Church Name)** and in no event shall they be made payable to an employee, agent, or volunteer for credit to the Church.

### **B. PUBLICLY TRADED SECURITIES**

Securities that are traded on the exchanges shall be accepted by the Church. The Permanent Endowment and Planned Giving Ministry Committee shall make the decision to keep or sell the security.

### **C. CLOSELY HELD SECURITIES**

Non-publicly traded securities may be accepted upon approval by the Trustees. The Committee shall make the decision to keep or sell the security.

### **D. REAL PROPERTY**

1. All gifts of real property must have the approval of the Trustees and a fair market value in excess of *(for example, \$10,000)*.
2. Prior to approval, the Committee shall make a recommendation for accepting the real estate and shall include a report on (but not limited to) the following:
  - a. Current title and ownership
  - b. Current zoning
  - c. Any and all restrictions
  - d. Any encumbrances, including an Affidavit of Lien signed by the Donor
  - e. An independent qualified third party appraisal
  - f. At least a Phase I environmental audit
  - g. A recommendation on marketability
3. Upon recommendation from the Committee, the Board of Trustees shall make the final decision to keep or sell the property.

### **E. TANGIBLE PERSONAL PROPERTY**

1. All gifts of personal property must have the approval of the Committee and a cash value in excess of *(for example, \$1,000)*.
2. Prior to approval, the Committee shall make a recommendation for accepting the personal property and shall include a report on (but not limited to) the following:
  - a. Current title and ownership
  - b. An independent qualified third party appraisal
  - c. A recommendation on marketability
3. The Committee shall make the decision to keep or sell the property.

### **F. OTHER PROPERTY**

The Committee shall make the decision to accept and to keep or sell any other property that it may deem to be in the interest of the Church.

## **II. PLANNED (DEFERRED) GIFTS**

### **A. BEQUESTS**

1. Gifts through wills (bequests) shall be actively encouraged by the Church.
2. Upon inquiry by a prospective donor, all representations as to the future acceptability of various properties to be left to the Church in a will or other deferred gift shall be made in accordance with the terms and provisions of Paragraph I (A-F) of this document.
3. Gifts of property that are not acceptable from estates shall be rejected by the Committee and that decision shall be communicated to the legal representatives of the estate.

### **B. REVOCABLE LIVING TRUSTS AND CHARITABLE TRUSTS**

1. The Committee will recommend as fiduciary the Iowa United Methodist Foundation.
2. The fees for management of a Charitable Remainder Trust will not normally be paid by the Church, however, upon approval by a majority of the Committee, these fees may be paid by the Church. The fees for management of a Revocable Living Trust will not be paid by the Church under any circumstances.
3. Revocable Living Trusts and Charitable Remainder Trusts and all other deferred gifts shall be encouraged as a method of making gifts to the Church while retaining income which may be needed by the donor for personal purposes. Such trusts shall not be marketed as tax avoidance devices or as investment vehicles and it is understood that no activity will be conducted that will violate Federal and/or State security regulations.
4. No representations as to the manner in which trust assets will be managed or invested shall be made by any employee or other persons acting on behalf of the Church.

### **C. LIFE ESTATE GIFTS**

The Committee may accept such gifts provided that there has been a full disclosure of the possible ramifications of the transaction to the donor.

### **D. LIFE INSURANCE POLICIES**

1. The Church will encourage donors to name the Church as beneficiary of life insurance policies that they have purchased.
2. The Church will not accept gifts from donors for the purpose of purchasing life insurance on the donor's life. Exceptions to this policy may be made only when the Church has an insurable interest and is in compliance with all State and Federal statutes.
3. No insurance products will be endorsed for use in funding gifts to the Church.
4. In no event shall lists of Church donors' names be furnished to anyone for the purpose of marketing life insurance for the benefit of donors and/or the Church.

### **E. GIFT ANNUITIES**

The Church will accept Charitable Gift Annuities purchased from the Iowa United Methodist Foundation.

### **III. PAYMENT OF FEES RELATED TO GIFTS TO THE CHURCH**

#### **A. FINDER'S FEES OR COMMISSIONS**

No fees shall be paid to anyone as consideration for directing a gift to the Church.

#### **B. PROFESSIONAL FEES**

1. In general, the donor shall pay any fees associated with the gift.
2. No fees shall be paid to anyone as compensation for any sale of any products to the donor.

### **IV. RESTRICTIONS**

- A. Any restriction on the use of any gift must be approved by the Committee prior to acceptance of the gift.
- B. A designated permanent sub-fund, other than those identified, may be established with a minimum gift of *(for example, \$50,000)* or such minimum to be determined appropriate and approved by the Committee.

### **V. GIFT USE**

- A. The use of undesignated gifts to the Church, other than those gifts intended for undesignated use within the operating budget of the Church, shall be determined by the Church Council. *(Optional: If the gift is \$1,000 dollars or less, the Wills and Legacies Committee, if one exists, shall make recommendation to the Church Council on the use of the gift).* If the gift is more than \$1,000, the Church Council will entertain suggestions on the use of the gift from local church bodies prior to making a decision on its use.
- B. The Church should maintain a "wish list" of projects and items that can be supported or purchased with undesignated gifts.
- C. The Church may direct that a percentage of all undesignated gifts to the church be placed automatically in a Permanent Endowment Fund.

## INVESTMENT GUIDELINES

The General Conference has assigned responsibility for investment policy to the General Council on Finance and Administration (GCFA), as noted in ***The Book of Discipline of The United Methodist Church (2016)*** Paragraph 806.12. The Statement of Investment Guidelines, the Statement of Investment Guidelines Appendix, and the Statement of Investment Guidelines Local Church Addendum of the General Council on Finance and Administration of The United Methodist Church may be found on their website at:

<http://www.gcfa.org/services/financial-services/statement-of-investment-guidelines/>

## **SAMPLE SPENDING POLICY**

The percentage used to calculate the \_\_\_\_\_ United Methodist Church's Endowment Fund annual payout is 50 percent of the applicable federal rate as defined in the Internal Revenue Code on January 1<sup>st</sup> of every year; however, the percentage shall never be lower than three percent or greater than five percent. In years in which there is excessive growth in the fund, the Committee reserves the right to make additional distributions of income and capital gain beyond the five percent ceiling by a two-thirds (2/3) approval vote of its members.

The percentage determined shall be applied against a rolling three-year average of the fair market value of the fund as determined on the first business day of each calendar year.

## **SAMPLE FUNDS**

*Most Permanent Endowment and Planned Giving Ministry Committees will set up “designated” and “undesignated” funds. The former can be used only for specific ministries or programs. Undesignated funds can be used according to the particular needs of the church. Each church should create funds according to its needs and/or vision for ministry. The following list is intended to serve as an example of types of funds that some churches use:*

1. General Undesignated
2. Capital Improvements and Unbudgeted Property Maintenance
3. Scholarships
4. Mission Projects (Particular Local, State, National and International Projects that have had a history of support in the local church)
5. Children’s Ministries
6. Worship Ministries
7. Music Ministries
8. Senior Ministries
9. Community Day Care
10. Youth Ministries
11. Scholarships for the Pastor’s Continuing Education
12. Adult Day Care Project