

ENDOWMENT FUND HANDBOOK

FOR
LOCAL CHURCHES

Endowments and the Local Church



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January 2006

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This Handbook began as a project of the Committee on Resources and Marketing of the National Association of United Methodist Foundations to develop a resource which could be adapted to meet the needs of all United Methodist churches. Recognition is given below to the Committee on Resources and Marketing of the National Association of United Methodist Foundations (NAUMF) which was responsible for the original Handbook in 1991.

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TABLE OF CONTENTS

Chapter I	The Place of Permanent Endowment Funds in the Local Church
Chapter II	The Role of United Methodist Foundations In Planned Giving and Endowments
Chapter III	Where Do We Go From Here?



United Methodist Foundation of Northern Illinois Conference, Inc.

CHAPTER I

The Place of Permanent Endowment Funds In the Local Church

"Dearly beloved, the Church is of God, and will be preserved to the end of time..."¹ We heard these words when we knelt at the altar and were confirmed as members of the Church, and we have heard them in our church as countless others have taken this important step in faith.

If there was ever an organization that ought to think, talk, and plan in terms of permanency, it is the Church. If there was ever an institution that ought to be committed to long-range planning, it is the Church. Yet, when we realistically look at the way the mission and ministry of the Church is planned and funded, we must confess that we are far too shortsighted. In fact, the Church may well be one of the most shortsighted institutions in our society.

In many local churches when we are planning for the mission and ministry which the members and constituents are asked to support with their giving, we often look out no further than one year. When we are considering a major step forward which calls for "long term" commitments through a capital funds campaign (such as a building program), we are willing to "stretch" ourselves out three years. "Our church sometimes acts as if it is just another neighborhood business which may go out-of-business any day," one layman lamented.

In the early years, the Church was always on the frontier in our nation ... striving for its place in the future. Certainly the frontiers of today call for us to be committed to the Church that "will be preserved to the end of time..."

Webster defines "endowment" as "the act or process of furnishing with an income". If the church is to remain on the frontier, it must plan for future as well as present mission and ministry; but unless these plans include ways of funding this mission and ministry, they may be only empty dreams. The concept of endowment funding says to the church and to the community that the church is here to stay ... that it is both planning and funding for the future.

One thoughtful church member reasoned, "Those persons who preceded me in this church left a rich heritage. What will I leave as a heritage for future generations?" Is it possible that a part of that answer might be found in a carefully thought-out and designed funding plan that will address the future as well as present needs and opportunities of the church?

¹ The United Methodist Hymnal, Baptismal Covenant III, page 45

An Endowment Fund is a good way for your church to say:

- We believe in the future of this church.
- We want to be guided in our stewardship by the belief that all we have is a trust from God.
- We want to build a sense of permanence in what we do.
- We want to be good stewards as a "church family" even as we expect each member to be a good steward.
- We want to "go the extra mile" in providing services and programs that formerly (due to budget constraints) were only dreams.
- We want to create a heritage that future generations can celebrate as joyfully as we celebrate our rich heritage today.

An elderly member was discussing her "stewardship philosophy" with a planned giving counselor. "My church has always been an important part of my life, and I want to always be a part of my church." One of the ways she accomplished this during her lifetime was through her generous and faithful contributions from her current income, but she gave her stewardship conviction permanence as she established an endowment with the remainder of a life income gift. "Now," she said with a great deal of satisfaction, "I will be a part of this church every year even after I am no longer here to make my contributions."

Endowments have provided a major source of funding for many institutions in our society for years, helping to insure present and future financial stability. Yet, there are those who say that churches should not have endowments ... that endowments become disincentives for current giving by the congregation. But, in churches where such disincentives exist, the problem is not the existence of an endowment; instead, it is how the endowment was set up and how the income from the endowment has been used.

Endowments for local churches can be compared to inheritances for individuals. Some individuals have been "spoiled" by an inheritance ... others have been greatly blessed and have become better stewards because of their inheritance. The problem is not with the inheritance, but with how it is left and how it is used. So it is with endowments in the local church. To say that there is no place for endowments in the funding plans of the local church would be as unthinkable as saying that no one should ever be left an inheritance because some have abused their gifts.

One model for an endowment program in the local church allows for endowments to operate in three designated areas:

1. Missions Endowments (for missions in and beyond the local community)
2. Church Property Endowments (for maintenance, care, improvements, and construction of physical facilities)
3. General Endowments (for special needs and ministries determined by the church leadership)

While endowments will benefit from both current and deferred gifts, their existence will especially encourage deferred gifts to the church that might otherwise have been given to other charities which have endowment funds in place. While on the particular occasion Jesus was talking specifically about prayer, could this perhaps be another modern-day and practical application of His words, "You have not, because you ask not."

Endowments also provide opportunities for donors to honor the life and special contributions of others. Gifts given in honor and in memory of family and friends are a major source of assets with which to build endowment funds for the local church. Donors see this as a meaningful way to honor special persons while investing in the present and future of their church.

A vital component of any planned giving program is donor recognition. While our motive for giving should not be to receive recognition; we must admit that there is a desire, yes a need, within each of us to be recognized, to be appreciated. Donor recognition, properly given, becomes a reinforcement of one's faithful stewardship and also offers encouragement to others.

The celebration of its 200th anniversary was a joyful experience the members of "Wesley Church" will long remember, but it was also a "disturbing" experience as their planning and preparation for celebration led to some rather significant discoveries.

As they reviewed the financial stewardship of their church through the years, they discovered that over 25% of the total money contributed each year to their church was being spent to maintain their church's physical facilities. Many of the church leaders expressed a concern that even though theirs was a beautiful edifice which was on the historic registry, this was a disproportionate part of their annual budget to be spent this way. Their concern heightened when they listed the many worthwhile projects and programs that had been reduced, deferred, or eliminated because of a shortage of funds.

"Wesley Church" seized this opportunity to chart its entry into a third century of life and service with a clearer vision of its mission and a long-range plan that would open new doors of opportunity for ministry and service. One part of this plan was the creation of an endowment program to be funded with a variety of gifts from members and friends.

Today, the causes supported by the annual income from their new Endowment Program tells the story of how one church began charting a future even brighter with promise than its past.

- Special mission projects and new ministries that members had only dared to dream about are now a part of their church's program and life.
- Funds to maintain the church's physical facilities are now available in a way that allows for preventive maintenance and even capital improvements as well as emergency repairs.
- Perhaps the most exciting fact is that the church is now seeing annual operating budget funds freed up for improving and even expanding the ministries they have carried out so well over the years.

But, what about the questions raised earlier -- "Has giving to endowments had a negative impact on giving in support of the annual operating budget? Has the person in the pew responded by saying 'the church has all of this money invested...it doesn't need my contributions?'" No. The opposite has been the case.

Members and friends have seen their church do a quality job of long-range planning. They have seen stewardship plans that look beyond the current year and include opportunities to give from accumulated resources as well as from current income. There is a new sense of excitement and expectation; and in response to these "good feelings" more and more members are including their church in their present and future financial plans.

Upon hearing about the "new life" being experienced in "Wesley Church" a member of a neighboring church asked, "Why doesn't that happen in my church?" It can, and it will, as church leadership catches a vision of what it means to plan for and to fund for the future as well as the present.

David L. Heetland in his book, *FUNDAMENTALS OF FUND RAISING*, lifts Christian stewardship to the highest level when he writes that "giving is an opportunity to respond,

freely and joyfully, to one's wholehearted commitment to Christ." ² Is it possible that an endowment fund might help provide opportunities for persons of faith to make that response in and through your church?

When a church opens the doors of endowment giving and funding, at least five things happen:

1. The church receives increased gifts to funds its various causes.
2. Members begin to examine their Christian stewardship concepts and understanding in a broader context and begin including planned gifts as well as current gifts in their stewardship response. Robert F. Sharpe, who passed away in early January 2000, was one of the founders of the Planned Giving movement that has been a part of the "Stewardship Industry" for decades. He described this as "giving from two pockets" – the first being the pocket from which current gifts are given from current income and the second being the pocket from which gifts are made from accumulated assets.
3. Members are educated as to many expanded gift opportunities for mission and ministry through their church.
4. Current contributions given in support of the ongoing annual budget are freed up to strengthen and even expand existing programs.
5. The church and its various ministries and institutions begin to receive major planned gifts that have previously been directed to other causes where endowments are already in place.

Will these things happen in a church that does not have an intentional program of planned giving? Will they happen in a church that does not have endowments as a part of its total stewardship program? Possibly, in a limited way; but not likely as a major thrust of Christian stewardship.

Will these things happen in a church that does have a program of planned giving and endowment funds? Yes! They may happen sooner in some than in others, but they will happen!

Remember, "The Church is of God and will be preserved to the end of time..."

² David L. Heetland, FUNDAMENTALS OF FUND RAISING (Nashville: Discipleship Resources, 1989)

CHAPTER II

**The Role of
The United Methodist Foundation
In Planned Giving
and Endowments**

"I didn't know the Church had someone to help me do this." This statement is heard often by United Methodist Foundation staff members from donors who have been assisted in making gifts to benefit their church. These foundations often operate "behind the scenes" due to the confidential nature of working with donors, and therefore they may not be well known to many persons. Yet, the stewardship services provided by these foundations are of significant value to local churches and causes of the Church as well as to individual donors.

The United Methodist Men of "Trinity Church" invited the executive director of their Conference United Methodist foundation to make a presentation on "planned giving" at their monthly dinner meeting. In response to the strong interest expressed by their group, the United Methodist Men suggested to the Administrative Board that the speaker be invited to return and provide leadership for an "Estate and Gift Planning Workshop". The Men sponsored the workshop to which all adult members of the church were invited.

In response to ideas that surfaced in the workshop, the Work Area on Stewardship began to investigate the possibility of making "planned giving" an ongoing part of their church's stewardship program. The Work Area selected an Ad Hoc Committee which pursued the idea further and reported to the Administrative Board. The Board then requested that a Charge Conference be called to create a Permanent Endowment Fund Committee.

The Permanent Endowment Fund Committee, with assistance and resources from the Conference United Methodist foundation, was organized and began designing a long-range plan which included the dissemination of information and ideas about special stewardship opportunities for giving from accumulated assets as well as from current income. The plans included the establishment of a Charter for the *Endowment Program of "Trinity Church"*, patterned after the model described in the guidelines manual they secured from the Foundation. The Committee chose their Conference United Methodist foundation to invest the assets of their Endowment Program and thus insured the highest level of professional funds management.

The Executive Director of the Conference United Methodist foundation was invited to preach one Sunday at "Trinity Church". The sermon centered on the broader dimension of Christian stewardship which involves "all" of that which God has entrusted with us -- including our accumulated possessions.

Only a few weeks passed before the first gift was given to The Endowment Program -- a rather significant gift of appreciated stock. The Foundation staff was requested to assist the donor and was able to provide valuable information and counsel which resulted in significant tax savings for the donor.

In the months that followed numerous other gifts were made to benefit "Trinity Church" through The Endowment Program. Several members chose to establish life income gifts to benefit The Endowment Program of their church with their Conference United Methodist foundation serving as trustee.

Today, "planned giving" and The Endowment Program are a vital part of the stewardship program of "Trinity Church" -- and best of all some new and exciting ministries are taking place that once were only dreams. The Conference United Methodist foundation played a vital role in helping "Trinity Church" begin this new and exciting stewardship adventure, and it continues to provide assistance, resources, and support to the church and its members.

- The Foundation provided leadership in planting the seed for a planned giving program through presentations in the church and consultation with church leaders.
- The Foundation provided ideas and resources as well as on-hand assistance in the creation and organization of the Permanent Endowment Fund Committee, helping to ensure the best structure and procedures.
- The Foundation provided technical assistance both to the prospective donors and to the Permanent Endowment Fund Committee in the form of gift planning ideas and projections, tax deduction calculations, and estate analyses.
- The Foundation provided professional funds management/investment services through its investment partnership for The Endowment Program assets as requested by the church.
- The Foundation provided a wealth of planned giving ideas and resources for on-going stewardship education.

What the conference United Methodist foundation did for “Trinity Church can be done for your church. The purposes of the United Methodist Foundation of northern

Illinois include providing the services described above for "Trinity Church³" in addition to many other valuable stewardship services. A call to the Foundation office will start your church on "a new and exciting stewardship adventure" that will strengthen your church for mission and ministry today and tomorrow.

The vision of the United Methodist Foundation of Northern Illinois is to be a leader within the Northern Illinois Conference in multiplying resources for ministry in the name of Jesus Christ.

The Foundation's mission is

- **To encourage United Methodists to exercise creative giving with their accumulated assets as a part of lifelong financial stewardship.**
 - Promote planned giving within local churches and agencies and
 - Provide counsel and assistance to individuals wishing to make gifts.

- **To comply with fiduciary responsibility for funds entrusted to the Foundation's care.**

- **To assist local churches in their on-going work of encouraging faithful financial stewardship.**

- **To offer a grants program to encourage creative ministries within the churches and agencies of the Conference.**
 - To encourage individuals to invest in the Grants Program.

The United Methodist Foundation of Northern Illinois
Encouraging lifelong generosity with God's abundance

³ The "Trinity Church" example is a composite which includes many of the various services available through your United Methodist Foundation.



United Methodist Foundation of Northern Illinois Conference, Inc.

CHAPTER III

Where do we go

From here?

Recognizing the place of "planned giving" in the stewardship program of the local church, the 1988 General Conference enacted legislation enabling a **Permanent Endowment Fund Committee** in every United Methodist Church. This legislation was up-dated in 1992, 1996, 2000 and again in 2004. 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 Book of Discipline - 2004* sets forth this permissive legislation in Paragraph 2533.

Paragraph 2533. "PERMANENT ENDOWMENT FUND COMMITTEE.

A charge conference may establish a local church "Permanent Endowment Fund Committee." (*The Book of Discipline – 2004*)

The Charge Conference, which elects other officers and leaders of the local church, can elect and empower a Permanent Endowment Fund Committee, and this Committee can provide vital leadership to this important aspect of the local church's stewardship program

While Paragraph 2534 of *The Book of Discipline – 2004* permits the organization of local church foundations, in most cases the organization of a Permanent Endowment Fund Committee and the establishment of a Planned Giving and Endowment Program in the local church, which works cooperatively with the United Methodist Foundation, is preferred as a simpler and more effective approach.

STEP ONE

THE AD HOC COMMITTEE

"A journey of a thousand miles begins with the first step" – This familiar quotation certainly applies to an effective program of planned giving and endowment funding in the local church. A good "first step" begins with an Ad Hoc Committee made up of people who have a dream for their church, who want to see their church's stewardship vision grow, and who want to see their church in the role of inspiring persons to be good stewards.

The Ad Hoc Committee should include the pastor and other staff related to the stewardship program along with several lay persons whose interest in planned giving and endowment funding has already surfaced or who would be open to considering some new and different stewardship concepts and procedures. In some churches the Work Area or Committee on Stewardship might serve as the Ad Hoc Committee; or, at the prompting of the Work Area or Committee Chairperson of Stewardship, a separate committee might be convened.

The agenda for the first meeting might well include a visit from the Executive Director of your Conference/Area United Methodist foundation. This resource person is skilled in matters related to gift planning, has assisted other churches in the establishment of endowment programs, and can provide valuable information, guidance, and resources for your church.

While the Ad Hoc Committee will spend much of its time brainstorming new ideas, its primary objective should be to prepare for presentation to the Administrative Board/Council a recommendation that a Permanent Endowment Fund Committee be elected and empowered. The Ad Hoc Committee will want to make a strong presentation to the Board/Council which should include:

- the personal benefits to members
- the financial benefits to the church
- an opportunity for questions
- opportunities for personal witness and support
- a positive response to any negative reactions

- an official motion to endorse the creation of a Permanent Endowment Fund Committee and authorization to the Ad Hoc Committee to draw up a resolution creating this Committee for presentation to the Charge Conference

Note: The Permanent Endowment Fund Committee must be created and members elected by the Charge Conference. The Administrative Board/Council is simply asked for its support and endorsement.

STEP TWO

CREATION OF THE PERMANENT ENDOWMENT FUND COMMITTEE

The Ad Hoc Committee should prepare a resolution to be presented to a regular or called Charge Conference for the purpose of creating the Permanent Endowment Fund Committee as described in Paragraph 2533 of *The Book of Discipline - 2004*. The procedure to be followed for a Charge Conference is given in Paragraph 246-249 (*The Book of Discipline - 2004*) and should be carefully followed.

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 resolution is presented by the Ad Hoc Committee, it is preferable to have the prior endorsement of the Administrative Board/Council.*) Once the Charge Conference votes to create a Permanent Endowment Fund Committee and elects members to this Committee, the Ad Hoc Committee is dissolved.

The draft on the following pages will provide valuable assistance to the Ad Hoc Committee as the resolution is prepared.

(The resolution that follows is a sample provided for consideration. It may be reproduced and/or modified by the local church to meet its specific needs, but attention should be given to assurance that the organization of the Permanent Endowment Fund Committee and the authority given to the Committee be in compliance with the *Book of Discipline of the United Methodist Church*)

DRAFT
CHARGE CONFERENCE RESOLUTION

BE IT RESOLVED THAT the Charge Conference of _____ United Methodist Church, _____, _____ in session on this _____ day of _____, 19____:

- I. Create a **Permanent Endowment Fund Committee** in keeping with Paragraph 2533 of *The Book of Discipline of The United Methodist Church – 2004*
- II. Elect the following persons to membership on the Permanent Endowment Fund Committee:
 - A. The Pastor
 - B. The Chairperson of the Committee on Finance
 - C. The Local Church Treasurer
 - D. A Representative from the Board of Trustees named by the Board of Trustees
 - E. Three to Five Persons Nominated by the Committee on Nominations and Personnel
- III. Said members of the Committee shall serve until their successors are elected by The Charge Conference.
- IV. The Chairperson of the Committee shall be nominated by the Committee on Lay Leadership from the Committee membership established in II above and shall be elected by the Charge Conference.
- V. The Committee shall have the powers and duties authorized by *The Book of Discipline of The United Methodist Church* and granted by this session and future sessions of the Charge Conference.

- A. Provide the services described in Paragraph 2532.5 (*The Book of Discipline 2004*) as designated by the donor or at the direction of the Charge Conference upon notice to the Board of Trustees.
- B. Emphasize the need for adults of all ages to have a will and an estate plan and provide information on the preparation of these to the members of the congregation.
- C. 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. Arrange for the dissemination of information that will be helpful in pre-retirement 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 is lost.
- E. Comply with directives of the Charge Conference and to carry out such other responsibilities as determined by the Charge Conference.

THIS RESOLUTION WAS APPROVED BY A VOTE OF:

_____ For _____ Against _____ Abstained

CHARGE CONFERENCE _____ United Methodist Church

Address

Recording Secretary

District Superintendent

Pastor

There are several matters that need to be taken into consideration as this Charge Conference resolution is drafted. (Some of the pertinent concerns are discussed in the following paragraphs, but each church needs to address its own concerns and needs.)

- A. Incorporated Churches
- B. Relationship to the Board of Trustees
- C. Committee Membership
- D. Scope of Responsibilities

A. **INCORPORATED CHURCHES.** In cases where the local church is incorporated, the laws of the State relating to corporations 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.

B. **RELATIONSHIP TO THE BOARD OF TRUSTEES.** Paragraph 2533.1 of *The Book of Discipline – 2004* explains that a Permanent Endowment Fund Committee “may provide the services described in Paragraph 2532.5 as designated by the donor or at the direction of the Charge Conference...”

This permissive legislation may transfer areas of responsibility from the Board of Trustees to the Permanent Endowment Fund Committee.

1. to receive and administer all bequests made to the local church
2. to receive and administer all trusts
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. But, it should be noted that the Committee (as was the case prior to this transfer of responsibility) is subject to the designation of the donor and/or direction of the Charge Conference.

It should be noted that in the case of gifts of real property the Charge Conference retains its responsibilities relating to that property as stated in *The Book of Discipline of the United Methodist Church*.

While this is a transfer of specific responsibilities and authority, it is clearly in the best interest of the Board of Trustees and the local church to have these responsibilities delegated to a special committee which can focus exclusively on these stewardship matters. The Board of Trustees can thereby be freed up to pursue other duties such as the care and maintenance of church property, providing adequate insurance coverage, establishment of policies for use of church facilities, etc. In many churches the Board of Trustees has discovered that once it fulfilled its responsibilities related to church property,

little time, energy, or funds remained to consider matters related to gift planning and endowments.

C. COMMITTEE MEMBERSHIP. The committee membership in the resolution draft presented earlier is only a suggestion, yet there is good rationale for each member suggested.

1. The participation and involvement of the **Pastor** is crucial to the success of the planned giving program.
2. The **Chairperson of the Committee on Finance** will bring to the Permanent Endowment Fund Committee knowledge of finances within the church that will be beneficial in designing the total stewardship program (current and planned giving).
3. The **Local Church Treasurer** as a financial officer of the church is quite familiar with the day-to-day needs and commitments of the church.
4. A **representative from the Board of Trustees** will provide valuable expertise while helping to preserve a good working relationship between the Committee and the Board of Trustees. (The area of concern that demands the major attention of the Board of Trustees, i.e. property matters, is often a major beneficiary of a planned giving and endowment program.)
5. The inclusion of **three to five members nominated by the Committee on Nominations and Personnel** allows for persons with special expertise to serve on the Permanent Endowment Fund Committee. (Professional persons should be named for their interest and expertise, *not in an effort to secure free professional services*.) Since the other members will bring to the Committee knowledge of current programs and finances of the church, the Committee on Nominations and Personnel should also give special consideration to persons who might be characterized as visionaries and who can provide strong leadership in expanding the church's concepts of Christian stewardship to include the wider and deeper dimensions of planned giving along with the opportunities afforded through creative endowment funding.

Several advantages are realized by the chairperson being named at the time the Committee is elected –

1. Someone is already in place to convene the Committee.

2. Special expertise and other qualifications can be carefully considered as a part of the nomination process.
3. Committee members are given added confidence that the Committee is ready to begin work.

D. SCOPE OF RESPONSIBILITIES. Paragraph 2533 of *The Book of Discipline 2004* – provides for the Permanent Endowment Fund Committee to have the opportunities, the responsibilities, and the authority to provide leadership for the local church in all matters relating to gift planning and endowments. While it is considered best in most churches to give the Committee the full authority permitted in Paragraph 2533, there may be some situations where modifications could be considered if failure to do so might prevent or delay the creation of and/or the effectiveness of the Permanent Endowment Fund Committee.

STEP THREE

THE WORK OF THE PERMANENT ENDOWMENT FUND COMMITTEE

A meeting of the Permanent Endowment Fund Committee should be called by the chairperson within 30 days following the Charge Conference session which created the Committee. A call or letter to the United Methodist Foundation by the committee chairperson prior to this meeting can provide some distinct benefits:

- The Foundation will be informed about the new Committee.
- The staff schedule of the Foundation might permit someone meeting with the Committee for its organizational meeting.
- The Committee can benefit from a wealth of resources and expertise available through the Foundation office.

The first opportunity facing the Permanent Endowment Fund Committee will be the creation of a *Charter* for the local church Endowment Program. This opportunity will enable the Committee to lead the church in organizing the Endowment Program in an orderly and effective manner.

The draft on the following pages is offered for the Committee as it seeks to develop a document which will be presented to a regular or special Charge Conference to effect the creation of a *Charter* for the local church Endowment Program.

(This document is intended only as a working draft. Once the Committee has drafted its own Charter, it is suggested that the staff of the United Methodist Foundation and the District Superintendent be requested to review the document before its presentation to the Charge Conference for adoption.)

DRAFT
CHARTER

(NAME) UNITED METHODIST CHURCH
(CITY), ILLINOIS
THE ENDOWMENT PROGRAM

THE PURPOSE

The Endowment Program of (NAME) United Methodist Church, (CITY), (STATE), hereafter referred to in this document as "the Endowment Program", is established for the purpose of providing members and friends opportunities to make charitable gifts to (NAME) United Methodist Church that will become a permanent endowment of financial support and a living memorial. The Endowment Program is intended for purposes that are not a part of the church's established programs which are funded through the annual operating budget of the church and the regular giving of its members.

ADMINISTRATION

The Endowment Program will be administered by the Permanent Endowment Fund Committee of (NAME) United Methodist Church, hereinafter in this document referred to as the "Committee", under authority granted by the Charge Conference. The members of the Committee and its chairperson shall be elected by the Charge Conference and shall serve until their successors have been elected.

(NOTE: Some churches may prefer a system of rotation that limits tenure of Committee members. If so, this system should be clearly explained at this point in the document.)

The Committee shall elect a Secretary and such other officers and sub-committees as it deems necessary.

The Committee shall cooperate with the Committee on Finance in assuring that the annual audit process (as stated in Paragraph 248.4c of *The Book of Discipline - 2004*) is followed. The Committee shall make a full report no less frequently than once each year to the Administrative Board/Council.

INVESTMENT OF ENDOWMENT FUNDS

The Endowment Program's investment objectives are:

1. Conservation of principal for the effective maintenance of purchasing power.
2. Regular income at a reasonable rate.
3. Growth of income and principal over and above that necessary to offset cost of living increases.
4. Investment of assets in institutions, companies, corporations, or funds which make a positive contribution toward the realization of the goals outlined in the Social Principles of the Church.

All gifts received by the Endowment Program shall be invested through the establishment of one or more accounts with (the Conference/Area United Methodist foundation) with the investment approval of the Committee. The specific purpose of each account 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.

(NOTE: *These services are available at the United Methodist Foundation. Please note that THE BOOK OF DISCIPLINE - 2004, Paragraph 2533.1 states*

"... Consideration shall be given to the placement of funds with the conference or area United Methodist Foundation for administration and investment." *Special attention also needs to be given to Paragraph 2532.5 - "... The Board of Trustees [Permanent Endowment Fund Committee if this committee has been so authorized] is encouraged to invest in institutions, companies, corporations, or funds which make a positive contribution*

toward the realization of the goals outlined in the Social Principles of our Church."

The investment services of the United Methodist Foundation can help assure professional management of the Fund's assets.)

CHANGE IN INVESTMENT POLICY

Any transfer of the Endowment Program assets for investment with another institution, other than the United Methodist Foundation, must be approved by a majority vote of the Charge Conference, at which a quorum is present, upon recommendation of the Committee and the Administrative Board of said church.

LIMITATION ON USE OF PRINCIPAL

The objectives of the Endowment Program are to conserve principal and make use of only the distributions determined by the Committee. Any part of the principal may be withdrawn only in extreme and overwhelming circumstances, bordering on the survival of (Name) United Methodist Church. Any withdrawal of principal must be approved by a two-thirds (2/3) vote of the Charge Conference of (Name) United Methodist Church at which a quorum is present.

DISTRIBUTIONS FROM THE ENDOWMENT PROGRAM

Distributions from accounts in the Endowment Program shall be made by the Committee as directed by the donors at the time of their gift or as directed by will or other gift document if such direction is in conformity with the general purposes set forth herein. In the case of undesignated gift accounts, the amount of all distributions shall be determined by the Committee which shall keep in mind the Endowment Program investment objectives stated above in this document. The purposes and causes to which distributions from undesignated gift accounts are to be made shall be approved by the Administrative Board/Council upon recommendation of the Committee.

GIFTS TO THE FUND

Gifts to the Endowment Program shall be classified as "designated" or "undesignated" and then assigned to one of the following categories:

1. Mission Funds (for missions in and beyond the local church and community)
2. Property Funds (for maintenance, care, improvements or additions to, or construction of physical facilities)
3. General Endowment Funds (for special needs and ministries determined by the church leadership)

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

(NOTE: Consideration might be given for administrative reasons to a minimum amount when a gift is designated to create a permanent endowment.

Consideration might also be given to allowing a specific time period in which such an endowment might reach a pre-set minimum amount. If the endowment does not reach that goal by the stated time period, then provision can be made for (1) transfer of the gifts to a General Endowment, or (2) for the endowment not to make any distributions until the corpus reaches a certain amount. Once a designated permanent endowment has been created, gifts of any size can be accepted. If such a policy is desired, it should be incorporated in this document.)

All provisions of the Endowment Program as to investment of funds, administration of funds, and limitation of use of distributions shall be applicable to both designated and undesignated gifts, and all gifts made to the Fund shall be accepted subject to the terms and limitations set forth in this document.

LIABILITY OF TRUSTEES AND MEMBERS OF THE COMMITTEE

In the absence of gross negligence or fraud, no member of the Board of Trustees of (Name) United Methodist Church or of the Committee of said church shall be personally liable for any action made or omission with respect to the Endowment Program.

MERGER, CONSOLIDATION, OR DISSOLUTION OF (NAME) CHURCH

If at any time (Name) United Methodist Church is lawfully merged or consolidated with any other church, all the provisions hereof in respect to the Endowment Program shall be deemed to have been made in behalf of the merged or consolidated church which shall be authorized to administer the same in all respects and in accordance with the terms thereto. If (Name) United Methodist Church should ever be dissolved without any lawful successor thereto, the Fund, including both principal and interest to date, shall

(NOTE: *At this point in the document direction should be given as to disposition of the Endowment Program assets in the event the local church is dissolved.*

Ideas might include:

- *Entrusting the United Methodist Foundation with making distributions while maintaining the principal as an endowment;*
- *Directing the distribution of principal and accumulated income to one of the Church's institutions.)*

AMENDMENTS

Technical corrections and amendments to the Endowment Program which do not alter the stated purpose of the Endowment Program may be made by a two-thirds (2/3) affirmative vote at a duly called Charge Conference of (Name) United Methodist Church at which a quorum is present.

SEVERABILITY

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

This Endowment Program Charter was adopted this _____ day of

_____, _____

_____ For

_____ Against

_____ Abstained

CHARGE CONFERENCE

_____ United Methodist Church

_____, _____

Recording Secretary

District Superintendent

Pastor

While the creation of an Endowment Program is not a prerequisite for a local church promoting and receiving planned gifts, it is a useful tool, and it helps to develop confidence among members who want to see that the church has "*A PLAN*" before they consider significant planned gifts. An Endowment Program will also open doors of opportunity for donors to make larger gifts from their accumulated assets than they might make as current gifts from their income.