

CREATING A PERMANENT ENDOWMENT FUND

A Resource from the Mississippi United Methodist Foundation

Our Mission: The Mississippi United Methodist Foundation resources the Church for effective ministry and fruitful generosity.



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Requirements of *The Book of Discipline, 2016* for the Formation and Ministry of a Permanent Endowment Fund

(Paragraphs 2529.3, 2533.5, 2534)

A Charge Conference may establish a permanent endowment fund committee for the purpose of receiving, administering and investing gifts, bequests and trust funds in conformity with the laws of the State of Mississippi and in keeping with Guidelines approved by the Charge Conference.

In carrying out its duties and responsibilities the permanent endowment fund committee shall:

1. Follow the Guidelines adopted by the Charge Conference. Following each General Conference the Charge Conference shall make any required changes in the planned giving and/or endowment fund documents.
2. Give consideration to the placement of endowment funds with a United Methodist Foundation for administration and investment.
3. Invest in institutions, companies, corporations or funds in accordance with the Social Principles of the United Methodist Church and report annually to the Charge Conference regarding the carrying out of this responsibility.
4. Emphasize the need for adults of all ages to have a will and estate plan and provide information on the preparation of these to the members of the congregation.
5. Stress the opportunities for church members and constituents to give to United Methodist churches, institutions, agencies and causes through wills, annuities, trusts, life insurance, memorials, and various types of property.
6. Make available information on living wills, trusts and powers of attorney.
7. Give careful attention to the election of trustees to ensure that there is no conflict of interest.

PLEASE NOTE: *A Permanent Endowment Fund Committee is a Committee subject to all the provisions of **The Discipline**, 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.*

GUIDELINES
PERMANENT ENDOWMENT FUND

[] **UNITED METHODIST CHURCH**

INTRODUCTION

The [] United Methodist Church Endowment Fund of [city] is a duly organized Permanent Endowment Fund through the authority of the Charge Conference of [] United Methodist Church and in accordance with *The Book of Discipline*, 2016 of The United Methodist Church (paragraphs 2529.3, 2533.5, 2534) and as revised.

PURPOSE

The Permanent Endowment Fund of [] United Methodist Church (Endowment Fund) is established to provide members and friends the opportunity to make charitable gifts to [] United Methodist Church (Church) that will become a permanent endowment of financial support and a living memorial. The Fund is intended for church purposes which are not funded through the annual operating budget; however, gifts intended to supplement programs and ministries are appropriate.

Gifts may be designated for the following purposes through the corresponding sub-funds of the Permanent Endowment Fund:

Undesignated:

General Endowment Fund

(for special needs and ministries identified by the Administrative Council)

Designated:

List sub-funds here such as:

The Mission Outreach Endowment Fund;

The Building and Property Maintenance Endowment Fund;

The Scholarship Endowment Fund.

ADMINISTRATION

The Endowment Fund will be administered by the Endowment Fund Committee (Committee) at the direction of the Charge Conference. The Committee is accountable to the Administrative Council and ultimately to the Charge Conference. The membership of the Committee shall consist of nine voting members, three of whom are ex officio members, as follows:

- Chair of the Administrative Council
- Chair of the Board of Trustees
- Chair of the Finance Committee

The six members-at-large shall be nominated by the Committee on Nominations and Leadership Development and elected for three-year terms. The first group will have staggered terms of one, two and three year terms. No member shall serve more than two consecutive three-year terms (maximum of six years). The Senior Pastor shall not be a voting member of the Committee unless elected as an at-large member. Each year at its first meeting, the Endowment Fund Committee shall elect two officers: Chair and Secretary.

No person serving on the Committee shall profit personally or through any business entity with which they may be involved from any transaction or investment made by the Endowment Fund. All questions of applicability of this paragraph should be submitted to the Committee for review.

DUTIES AND RESPONSIBILITIES OF THE ENDOWMENT FUND COMMITTEE

1. Provide all services described in paragraph 2533.5 of the *The Book of Discipline*, 2016 of the United Methodist Church.
2. Provide information to the congregation on the mission and purpose of the Endowment Fund.
3. Conduct work sessions and disseminate information on planned giving and pre-retirement planning.
4. Mount a campaign to encourage giving to the Endowment Fund.
5. Accept or reject gifts based on the appropriateness of the gift relative to its type, purpose, and possible liability.
6. Carry out responsibility for the investment and management of the Endowment Fund.
7. Prepare and make a written report to the Charge Conference to include: beginning and ending balances; gifts received, how invested, distributions, a list of officers and committee members and plans for the coming year.

INVESTMENT OF ENDOWMENT FUNDS

The Endowment Fund is required to place its funds in prudent investments. The Endowment Fund's investment objectives are:

1. To provide a predictable stream of funding to ministries and programs supported by this endowment while seeking to maintain the purchasing power of the endowment assets.
2. To invest the assets according to the goals outlined in the Social Principles of the United Methodist Church.

The Committee will determine an appropriate investment strategy for all the Fund's assets. The specific purpose of each sub-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 sub-fund shall be available for distribution by the Committee in a manner consistent with the designated category. All gains and losses realized by the Fund must be applied against the Fund and not against any other assets of the church.

DISBURSEMENT METHOD

The Committee shall determine the dollar amount available for annual distribution from the Fund based on a spending rate adopted by the Committee. This distribution will be calculated as a percentage not to exceed 5% of the average Fund balance of the previous twelve quarters.

Annually this spending rate shall be reviewed by the Committee and adjusted as needed [optional] with consideration given to the current spending rate adopted by Mississippi United Methodist Foundation for its permanent endowment funds.

The Committee shall set the amount available for distribution no more frequently than annually. The Administrative Council may determine the timing of disbursements of the annual distribution amount. Only the amount available for distribution shall be transferred for disbursement, except as provided herein.

The Fund objectives are to grow the fund in perpetuity and make use only of the distributions determined by the Committee. Should a financial crisis exist, additional amounts over and above the set distribution amount may be expended from the fund, but any such withdrawal must be approved by a two-thirds (2/3) majority vote of a Charge Conference at which a quorum is present. [optional] In years in which there is excessive growth in the fund, the Committee may recommend an additional one-time distribution beyond the 5% ceiling, but any such withdrawal must be approved by a 2/3 vote at a duly called charge conference.

Gifts accepted into the Fund pursuant to gift instruments that either specifically require use of principal or impose further restrictions shall be accounted for and used in keeping with the terms of the respective gift instruments.

No distribution will occur until the Fund balance reaches \$[10,000]. *Optional statement*

GIFTS TO THE FUND

Gifts to the Fund that are classified as designated will be assigned to the corresponding sub-fund.

For a gift to be “designated as a specific sub-fund”, a minimum gift in the amount of [] shall be required. (*amount to be determined by the Committee; for example, \$5000*) The designation must also be in keeping with the Social Principles of the United Methodist Church.

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

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. The Committee shall maintain a separate Gift Acceptance Policy.

DONOR RECOGNITION

The Committee shall acknowledge all gifts to the fund in an appropriate and timely manner. It is the goal of the Committee to celebrate the gift, the giver and the ministry being supported through personal expressions of thanks and public recognition. Where appropriate, the Committee shall find ways to provide ongoing memorial recognition. By such actions the Committee intends to enhance the satisfaction of the giver, encourage others to give and lift up the ministries of the church to greater public awareness.

LIABILITY

In the absence of gross negligence or fraud, no member of the Administrative Council, the Endowment Fund Committee, or Board of Trustees shall be personally liable for any action taken or omission made with respect to the Endowment Fund.

MERGER, CONSOLIDATION OR DISSOLUTION OF CHURCH

If at any time the Church is lawfully merged or consolidated with any other church, all provisions hereof in respect to the Endowment 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 hereof. If the Church should ever be dissolved without a lawful successor, the Endowment Fund, including both principal and interest to date, shall be transferred to the [] Conference of the United Methodist Church to be used as a permanent endowment fund in its ministry in accordance with *The Book of Discipline*, 2016 and with particular reference to paragraph 2549.5.

AMENDMENTS

The terms and conditions of the Endowment Fund may be amended only by majority vote at a duly announced Charge Conference of the Church. [optional: $\frac{3}{4}$ majority vote or 75% majority vote]

SEVERABILITY

If any provisions or any application of any provisions of these Guidelines 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.

**TRUSTEE RESOLUTION FOR
THE ESTABLISHMENT OF
A PERMANENT ENDOWMENT COMMITTEE**

AUTHORITY: Paragraphs 2533.1, 2533.5, and 2534 *The Book of Discipline of the United Methodist Church, 2016.*

WHEREAS, [] United Methodist Church receives gifts from person and organizations; and

WHEREAS, a Permanent Endowment Fund Committee may be organized to receive and manage certain gifts; now therefore

BE IT RESOLVED, that the members of this Board of Trustees recommend the establishment of a Permanent Endowment Fund committee, and be it

FURTHER RESOLVED, that the Administrative Council and the Committee on Nominations and Leadership Development of [] United Methodist Church be asked to take all necessary steps for the approval and establishment of a Permanent Endowment Fund and Committee.

This Resolution approved by The Board of Trustees at a regular scheduled meeting of the board on _____, 20__, at [] United Methodist Church.

Chair, Board of Trustees
[] United Methodist Church

Pastor
[] United Methodist Church

**CALL AND NOTICE
FOR
A CHARGE CONFERENCE
OF
[] UNITED METHODIST CHURCH**

The Charge Conference of [] United Methodist Church is called in a Special Session to meet in the church on _____ at _____ P.M.

TO CONSIDER:

1. Authorizing the formation of a Permanent Endowment Fund Committee under the authority of *The Book of Discipline 2016* of the United Methodist Church, paragraph 2533.5, and 2534 to receive and manage permanent gifts for the church.

2. Electing and confirming six (6) members-at-large and three (3) ex-officio members of the Endowment Fund Committee

3. Adopting Guidelines to be followed by the Permanent Endowment Fund Committee for accepting gifts and for administering the Permanent Endowment Fund.

**RESOLUTION FOR
THE ESTABLISHMENT OF
A PERMANENT ENDOWMENT FUND COMMITTEE
FOR [] UNITED METHODIST CHURCH**

WHEREAS, the Board of Trustees, by Resolution approved on _____, 20__, at a regular meeting of the Board recommended to the Administrative Council the establishment of a Permanent Endowment Fund Committee, and

WHEREAS, the Administrative Council, at a regular meeting on _____, 20__, did agree to take the necessary steps to proceed with the establishment of a Permanent Endowment Fund Committee, and

WHEREAS, a Charge Conference has been called by the District Superintendent of the _____ District of the _____ Conference of the United Methodist Church for the purpose of authorizing the establishment of a Permanent Endowment Fund Committee for the [] United Methodist Church, now therefore

BE IT RESOLVED, that the Charge Conference of [] United Methodist Church does authorize the formation of a Permanent Endowment Fund Committee and delegates to said committee the power, duty, and authority to receive, administer, and invest all gifts, bequests and trusts made to the Permanent Endowment Fund of the church. Said committee shall report to the Administrative Council from time to time and shall submit a written report annually to the Charge Conference and be it,

FURTHER RESOLVED, that the Committee on Nominations and Leadership Development submit the nomination of at least six (6) members-at-large and three (3) ex-officio members to be elected by the Charge Conference as the original Endowment Fund Committee of [] United Methodist Church.

This Resolution approved by the Charge Conference action on this _____ day of _____, 20__ at [] United Methodist Church.

By _____
District Superintendent
_____ District

Pastor

**RESOLUTION FOR
ELECTION OF MEMBERS OF
THE PERMANENT ENDOWMENT FUND COMMITTEE**

RESOLVED, that the report of the Committee on Nominations and Leadership Development be accepted and that a Permanent Endowment Fund Committee is hereby appointed to consist of:

MEMBERS AT-LARGE:

_____ Term to expire December 31, _____

_____ Term to expire December 31, _____

_____ Term to expire December 31, _____

_____ Term to expire December 31, _____

_____ Term to expire December 31, _____

_____ Term to expire December 31, _____

EX-OFFICIO MEMBERS:

_____ Chair, Administrative Council

_____ Chair, Board of Trustees

_____ Chair, Finance Committee

This resolution approved by the Charge Conference action on this _____ day of _____, 20__ at [] United Methodist Church.

By _____
District Superintendent

Pastor

AGENDA
ENDOWMENT FUND COMMITTEE

- I. Opening Prayer
- II. Election of Officers
 - 1. Chair
 - 2. Vice Chair (optional)
 - 3. Secretary
- III. Elected Chair shall conduct the meeting from this point
- IV. Discuss Guidelines
- V. Discussion of basic endowment fundamentals
 - 1. What is our purpose for this endowment?
 - 2. How will we launch it to the congregation?
 - 3. What other policies need to be adopted this year?
 - 4. Placement of funds at the Mississippi United Methodist Foundation
- VI. Set a meeting date(s).
- VII. Other Business
- VIII. Adjournment