

**MANCHESTER UNITED METHODIST CHURCH
PERMANENT ENDOWMENT FUND COMMITTEE
POLICIES AND GUIDELINES**

1. MISSION STATEMENT

The mission and purpose of the endowment fund committee (“Committee”) are to:

- Establish, promote and manage programs of planned giving through wills, trusts, annuities, life insurance policies and current special gifts to support the future financial needs of Manchester United Methodist Church (“MUMC”);
- Prudently invest and manage endowment and quasi-endowment assets to maintain the purchasing power of the funds;
- To annually determine a prudent amount of each fund to allocate for disbursement;
- Ensure that disbursements from the restricted endowment funds are consistent with the donor’s intent; and
- Ensure that disbursements from unrestricted endowment and quasi-endowment funds are consistent with the decisions of the Leadership Board (“Board”).

2. ACTIVITIES IN PURSUIT OF MISSION

The Committee will educate members and constituents of the congregation about the opportunities to participate in the future life of MUMC through endowment fund gifts, both currently and through their individual estate plans. The Committee will actively solicit endowment giving, establish and approve designated purposes for which endowment gifts will be accepted and used, provide for a secure means of investing the gifts and grants received; and approve the release of invested funds consistent with sound principles of stewardship, upon request by the Board, ministry leaders or committees of MUMC. In its activities the Committee, consistent with its mission statement and its governing documents, shall at all times be responsive to the needs of the congregation and the desires of individual donors.

3. ORGANIZATION

The Committee will consist of ten (10) members, nine (9) of whom shall be nominated and elected by the charge conference to serve staggered three-year terms. Members may serve two (2) consecutive three-year terms. One member shall be appointed by the Board from the active membership of the Board to serve a one-year term. An independent committee, the Committee will report directly to the charge conference. The charge conference will appoint a chairperson and vice chairperson of the Committee.

Members of the Committee will serve without compensation. The Committee will meet at scheduled times or at the call of the chairperson. Six (6) members will constitute a quorum at all meetings. A vote of a majority of the Committee members in attendance at a meeting with a quorum present will be sufficient to approve any action except a change to the Committee Policies and Guidelines. A recommendation to change the Policy and Guidelines at a charge conference requires a majority vote of the ten (10) voting members of the Committee. The chairperson will vote only to break a tie.

4. CUSTODY AND INVESTMENT OF ASSETS

- 4.1 The administration of the endowment funds will be the direct responsibility of Committee members. No Committee member or their immediate family will receive compensation in a broker or advisor role and no employer or employee of a Committee member will be eligible to serve as an investment manager, custodian, or broker for endowment fund assets.
- 4.2 The Committee may appoint and discharge investment managers or custodians including, but not limited to, the Missouri United Methodist Foundation, any corporate trust institution, investment management agency, professional fund manager, or consultant. Compensation for investment advisory and custodial services shall be paid from fund assets.
- 4.3 Committee members will not be required to furnish a bond for the proper performance of their duties.
- 4.4 If life insurance policies in which MUMC is the named beneficiary are given to the fund, the committee may elect either to redeem the policy for cash value or to maintain the insurance until the death of the insured. Upon notice of the death of the insured, the Committee will use its best efforts to collect the proceeds of any policy naming MUMC as a beneficiary. All decisions whether or not to litigate to collect sums due and payable under an insurance policy will be within the discretion of the Committee. The Committee will be responsible for the proceeds of any policy only after proceeds are paid to MUMC.
- 4.5 A review of investments will be made at least once each calendar year. Such review will include an examination of the composition of investments measured against the current investment strategy of the fund (i.e., conservative, balanced or aggressive). Changes made as a result of such review will be ratified by a single majority vote of the Committee at a meeting in which a quorum is present.

5. GIFTS AND BEQUESTS

- 5.1 Gifts and bequests may be directed to the following endowment fund accounts:

- A. Unrestricted account for the general purposes of the congregation
 - B. Restricted accounts for specified purposes that support the ministries of MUMC, including, but not limited to:
 - 1. Discipleship
 - 2. Contemporary Worship and Drama
 - 3. Property/Facilities
 - 4. Missions
 - 5. Music
 - 6. Youth
 - 7. Seminary Scholarship
 - 8. Hospitality/New Membership
 - 9. Organ
- 5.2 Gifts and bequests consisting of money or assets that are readily marketable and subject to no restrictions (other than those imposed by or consistent with the restrictions placed on funds being placed in an approved Restricted Account as defined in 5.1.B.) will be accepted with the approval of two Committee members. Marketable securities may be sold for cash at the earliest possible time.
- 5.3 Endowment gifts and bequests which are restricted to particular purposes may be refused if the Committee determines that the restrictions to be imposed are not consistent with the mission and priorities of MUMC. Once accepted, all restricted funds will be managed in accordance with the directions of the donor as described in the gift instrument.
- 5.4 Gifts, total return and disbursements for each endowment fund will be accounted for separately. However the assets of any or all endowment funds may be co-mingled for investment purposes.
- 5.5 Any individual or group contributing a minimum of \$2,500 designated for a specific purpose other than one previously approved by the Committee may request the Committee to establish a new restricted fund. The fund, if approved, will be treated as part of the unrestricted endowment fund until a total of \$20,000 has been contributed. At that time, it will be considered a separate fund and the available total return will be disbursed as provided in section 6.5.

6. USE OF TOTAL RETURN

- 6.1 It is the intent of the MUMC Committee to preserve the purchasing power of all endowment gifts and bequests to maintain a source for the production

of future total return. Therefore, except pursuant to the specific direction of the original donor made at the time of, and as a condition of, a gift or bequest to a fund, the Committee will determine the amount of each fund that is available for disbursement for the current year before January 31st. Factors to be considered in the process include, but are not limited to:

- A. General economic conditions, including the current and potential effects of inflation or deflation;
- B. The effect of recent investment performance and disbursements of the funds; and
- C. The anticipated effect of future performance and disbursements of the funds.

6.2 Monies available for disbursement from the unrestricted endowment will be determined using the following process. Unless the donor has specified a different method, monies available for disbursement from the restricted endowment funds will also be determined using this process.

- A. The trailing three-year average balance of each fund will be calculated by averaging the total market values for the assets of each fund for the 12 quarters of the three (3) calendar years just ended. Monies available for disbursement that are carried over from a prior year in accordance with section 6.6 will be excluded from the quarterly balances for the years from which they were carried over.
- B. The Committee will determine a prudent level of disbursement consistent with the long-term viability of the fund. This level of disbursement (“disbursement percentage”) will be expressed as a percentage, from 0 to 7 percent.
- C. The amount available for disbursement from each fund will be equal to the disbursement percentage determined by the Committee (as described in 6.2.B.) applied to the trailing three-year average balance for each fund (as described in 6.2.A).

6.3 The amount of money available for disbursement from the unrestricted endowment fund will be allocated as follows.

- A. Fifty percent (50%) of the monies available shall be made available to the MUMC Board of Trustees for use in maintenance and repairs of the facility, including property and casualty insurance.
- B. Fifty percent (50%) of the monies available shall be made available to the Board in support of ministry projects that further the mission of MUMC.

- 6.4 By January 31st of each calendar year, the Committee will report to the Board and the director of administration the income from the various accounts to be disbursed.
- 6.5 Monies available in endowment accounts shall be disbursed by the Committee upon written application from any standing committee of MUMC after it is approved by the senior pastor. Review of such requests by the Committee will be to determine whether the request conforms to the intent of the restricted account, not to judge the value of the request to MUMC.
- 6.6 Monies available for disbursement from an endowment fund that are not spent by the end of the year may be carried over from year to year up to a maximum of three (3) years with the approval of the Board. Funds carried over will be kept as a part of that endowment fund account, and a separate record of the amount(s) carried over will be kept by the MUMC treasurer. If unused funds are not carried over, they will be considered as part of the fund balance for determining the amount available for disbursement in subsequent years.

7. QUASI-ENDOWMENT FUNDS

- 7.1 The Board has designated unrestricted gifts of \$10,000 or more as part of the quasi-endowment fund. It has delegated the responsibility for prudent investment and management of this fund to the Committee. As part of this responsibility, the Committee will ensure that the monies in this fund are disbursed in accordance with the Board's direction.
- 7.2 The Board determines the method for calculating the amount available for disbursement from these funds and their allocation. The current method is described in Appendix B.

8. AMENDMENTS AND TERMINATION OF THE ENDOWMENT FUND

- 8.1 The Committee must review the Policies and Guidelines annually, and may propose amendments from time to time. Proposed amendments must be approved by a majority vote of the ten voting Committee members. Following each General Conference, the charge conference shall review and update Committee documents. During this process, they will consider any amendments proposed by the Committee for inclusion.
- 8.2 In the event MUMC is merged into or consolidated with any other body or if its name or organizational structure shall be changed, the MUMC endowment funds shall belong to such successor or continuing organization subject to the policies and guidelines set forth herein. In the event MUMC or such successor organization shall cease to have existence, the endowment funds shall be deemed to be the general assets

of the Annual Conference of the United Methodist Church of which MUMC was affiliated at the time of its demise as an entity.

9. REPORTING

- 9.1 The Committee shall provide an annual, written, financial report of the endowment and quasi-endowment funds to the Board.
- 9.2 The Committee shall report the status of the endowment and quasi-endowment funds to the congregation at least annually by means it considers appropriate.

APPENDIX A

ENDOWMENT GLOSSARY

Endowment Fund – As defined by Missouri law (Chapter 402, R.S.MO), a fund, or part of one, that under the terms of the *gift instrument* is not wholly expendable by MUMC on a current basis, usually in perpetuity. The life of an endowment fund and its purpose are determined by the donor of the funds at the time of and as a condition of, a gift or bequest to the fund.

Corpus – Money and assets that are invested and set aside to produce *total returns*, a portion of which can be disbursed to further the mission of MUMC.

Gift Instrument – A record or records that describe the conditions under which a charitable gift or bequest is made. A *gift instrument* could be a will, a letter signed by the donor or his/her representative, the materials that MUMC distributes to solicit a gift or bequest, an e-mail from the donor or any other paper or electronic document that provides instructions on how the funds are to be maintained and used.

Investment Performance – The total of interest and dividends earned, capital distributions, and both realized and unrealized gains and losses. *Investment performance* is also called *total return*.

Prudent Management of Endowment Funds – To follow the terms of the *gift instruments* with respect to management and use of *endowment funds*; and to maintain their purchasing power. Factors to be considered in the process include:

- MUMC's mission and goals;
- The purpose of each of the endowment funds;
- The duration of the individual endowment funds;
- General economic conditions, including the current and potential effects of inflation or deflation;
- The effect of recent *investment performance* and disbursements of the funds;
- The anticipated effect of future *investment performance* of the funds;
- Other resources available to MUMC

Quasi-Endowment Fund – Unrestricted assets that MUMC has designated to be maintained as if they are *endowment funds*. Currently, such designations and terms for the use of these funds are made by the Board. Past and current decisions about these funds are not binding on future Boards or successor governing boards.

Restricted Endowment Fund -- An *endowment fund* established under a *gift instrument* that does specify how that portion of *total return* that is available for disbursement may be used.

Total Return – See *Investment Performance*.

Unrestricted Endowment Fund – An *endowment fund* established under a *gift instrument* that does not put restrictions on the use of that portion of *total return* that

is available for disbursement. It is available for purposes that further the mission of MUMC, at the discretion of the Board.

APPENDIX B

DETERMINING THE AMOUNT OF THE QUASI-ENDOWMENT FUND AVAILABLE FOR DISBURSEMENT IN THE CURRENT YEAR

1. The Board is responsible for determining when quasi-endowment funds will be disbursed and the specifics of their use to further the mission of MUMC. Because both the corpus and the total return of the quasi endowment fund are unrestricted, the Board may request full or partial disbursement from them at any time.
2. The Board has authorized the following method to determine the amount available for disbursement from the quasi-endowment fund and how it is allocated for disbursement,
 - A. Use the calculations as described in Section 6.2 (page 4) to determine the amount available for the current year disbursement.
 - B. Amounts available for disbursement shall be allocated as follows:
 - i. Fifty percent (50%) of the monies available shall be made available to the MUMC Board of Trustees for use in maintenance and repairs of the facility.
 - ii. Fifty percent (50%) of the monies available shall be made available to the Board in support of ministry projects that further the mission of MUMC.
3. This Appendix should be amended if the Board makes any of the following changes under its authority:
 - How the amount available for disbursement from the quasi-endowment fund is allocated.
 - How the amount available for disbursement from the quasi-endowment fund is calculated.