

***SETTING UP
AN
ENDOWMENT
PROGRAM***

STEP ONE

THE AD HOC COMMITTEE

The familiar quotation – "A journey of a thousand miles begins with the first step" – 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 a staff member of the United Methodist Frontier 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.

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 that should include:

- the financial benefits to the church
- the personal benefits to members
- an opportunity for questions
- opportunities for personal witness and support
- positive response to any negative reactions
- an official motion to endorse the creation of a Permanent Endowment Fund Committee and authorization for the Ad Hoc Committee to draw up a resolution creating this Committee for presentation to the Charge Conference

(Note: The Permanent Endowment Committee must be created and members elected by the Charge Conference. The Administrative Board/Council is asked for its endorsement and support of the presentation to the Charge Conference.)

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 2534 of *The Book of Discipline - 2012*. The procedure to be followed for a Charge Conference is given in Paragraph 246 (*The Book of Discipline - 2012*) 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 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 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.

This is a sample resolution 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 and the authority given to the Permanent Endowment Committee be in compliance with The Book of Discipline of The United Methodist Church

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CHARTER THE PERMANENT ENDOWMENT PROGRAM CUPCAKE MEMORIAL UNITED METHODIST CHURCH EAST PARAKEET, NEW YORK

THE PURPOSE

The Endowment Program of Cupcake Memorial United Methodist Church, East Parakeet, NY, 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 Cupcake 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 generally 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. The Endowment Program is meant to help carry out the mission of the church to make Disciples of Christ.

ADMINISTRATION

The Endowment Program will be administered by the Permanent Endowment Fund Committee of Cupcake Memorial UMC, hereinafter in this document referred to as the “Committee”, under authority granted by the Charge Conference. The members of the Committee shall be elected by the Charge Conference and shall serve until their successors have been elected.

The following persons will constitute the 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. The Administrative Council Chair
- F. Four At-Large Persons nominated by the Committee on Lay Leadership

The four At-Large members are elected by the Charge Conference to serve two-year terms. (Initially two of the At-Large members will serve a one-year term.)

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

The Committee shall cooperate with the Finance Committee in assuring that the annual audit process (as stated in Paragraph 258.4d of *The Book of Discipline – 2012*) is followed. The Committee shall make a full report no less frequently than once a year to the Administrative Board/Council.

INVESTMENT OF ENDOWMENT FUNDS

The purpose of any endowment is to provide a stable and secure source of financial support in order to facilitate the mission of the organization. To that end, the policy that governs the management of the Endowment will be the total return concept. This is essential to provide current income and growth of income for future needs to carry out the mission and to ensure the preservation and growth of principal.

The Endowment Fund will seek 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 United Methodist Church.

All gifts received by the Endowment Program shall be invested through the establishment of one or more accounts with the United Methodist Frontier Foundation as determined by the Permanent Endowment Fund 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 purpose.

CHANGE IN INVESTMENT POLICY

Any transfer of the Endowment Program assets for investment with another institution, other than the United Methodist Frontier Foundation, must be approved by a majority vote of the Charge Conference, at which a quorum is present, upon recommendation to the Permanent Endowment Committee and the Administrative Board/Council 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. Should a financial crisis exist, additional amounts including principal may be expended from the Fund. Any withdrawal of principal must be approved by a two-thirds (2/3) vote of the Charge Conference of Cupcake Memorial UMC 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 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:

- A. Mission Funds (for missions in and beyond the local church and community)
- B. Property Funds (for maintenance, care, improvements or additions to, or construction of physical facilities)
- C. 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 authority granted by the Charge Conference.

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 Cupcake Memorial UMC or of the Committee of said church shall be personally liable for any action taken or omitted with respect to the Endowment Program.

MERGER, CONSOLIDATION, OR DISCONTINUANCE OF CUPCAKE MEMORIAL UNITED METHODIST CHURCH

If at any time Cupcake Memorial UMC 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 on 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 Cupcake Memorial UMC should ever be discontinued without any lawful successor, the Fund, including both principal and interest to date, shall be reviewed as part of the discontinuance or abandonment. All such assets shall pass as directed by the annual conference, or, if there is no such direction, to the trustees of the annual conference, unless otherwise directed by the operation of law. (See Paragraph 2549.5 of *The Book of Discipline - 2012*).

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 Cupcake Memorial UMC 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 _____ in a duly authorized Charge Conference of Cupcake Memorial United Methodist Church, East Parakeet, NY, by a vote of:

____ For ____ Against and ____ Abstained. _____

Recording Secretary

District Superintendent

Pastor