

Standard Operating Procedure
For St. Matthew United Methodist Church's
Endowment Committee

1.0 General:

1.1 Purpose:

To establish a procedure which defines St. Matthew United Methodist Church (St. Matthew) Endowment Committee's:

- Membership.
- Duties and responsibilities.
- Services that are to be provided by St. Matthew's Endowment Program,

1.2 Administration:

The Endowment Committee of St. Matthew, here-after called "Committee" in this document, under the authority granted by the Charge Conference will administer the Endowment Program. The members of the Committee and its chairperson shall be elected by the Charge Conference and shall serve until their successors have been elected.

1.3 The Committee shall operate within the guide lines defined by "The Book of Discipline" of the United Methodist Church.

1.4 Membership of the Committee shall consist of the following members:

- The Senior Pastor,
- The Chairperson of the Finance Committee,
- The Church Treasurer,
- A representative from the Board of Trustees (chosen by the Trustees),
- A chairperson who is nominated by Lay Leadership Committee (Nominations).
- Three persons nominated by the Lay Leadership Committee (Nominations).
These persons should have expertise in one of the following areas: Real Estate Brokerage, Wills/Estate Planning, or Wills/Estate Lawyer.

2.0 Duties and Responsibilities:

2.1 The Committee shall provide the services as defined in Paragraph 3.0 of this document.

2.2 The Committee shall be responsible for:

- Receiving and administering all bequests made to St. Matthew.
- Receiving and administering all gifts to St. Matthew's Endowment Program.
- Investing all St. Matthew's endowment funds in compliance with the laws of the Federal and State governments and the requests of the donor and/or direction of the Charge Conference.

2.3 The Committee shall be responsible for educating St. Matthew members in the following areas:

- Emphasize the need for adults of all ages to have a will and estate plan. The Committee shall provide information on the preparation of wills and estate plans to St. Matthew members.
- Stress the opportunities for members and constituents to make provisions for giving to St. Matthew or any other agency(s) or cause(s) through provisions in wills and trusts, through life income gifts such as charitable gift annuities and charitable trusts and through outright gifts of appreciated securities, life insurance, memorials, and various types of properties.

- 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 become lost.
- 2.4 The Committee shall comply with the directives of the Charge Conference and carry out such other responsibilities as determined by the Charge Conference.
- 2.5 The Committee shall elect a Secretary and such other officers and sub-committees, as it deems necessary
- 2.6 The Committee shall cooperate with the Finance Committee to ensure that the annual audit process is in accordance with the requirements of the Book of Discipline. The Committee shall make a full report no less frequently than once each year to the Church Council.
- 2.7 The Committee shall meet a minimum of 4 times each year.
- 3.0 Fund Management:
- 3.1 Gifts to the St. Matthew's Endowment Fund shall be classified as "Designated" or "Undesignated" and assigned to one of the following funds
- 3.2 Available Endowment Funds:
- Mission Endowments for mission programs in and beyond the local community.
 - Church Property Endowments for maintenance, care, improvements and new construction.
 - Youth Endowments for sustaining youth oriented programs.
 - Scholarship Endowments for scholarships for student wishing to add to their current level of education.
 - General Endowments for special needs and ministries defined by church leadership.
- 3.3 The Committee shall have the authority and responsibility to accept or reject any and all gifts. Reasons for rejecting gifts shall include, but not be limited by the following:
- Donor requests that are not consistent with church policies.
 - Gifts that require church funding in order to accept the gift.
- 3.4 Investment of Endowment Funds:
The Endowment Program's investment objectives are:
- Conservation of principal for the effective maintenance of purchasing power.
 - Regular income at a reasonable rate.
 - Growth of income and principal over and above that necessary to offset cost of living increases.
 - Investment of assets in institutions, companies, corporations, or funds that make a positive contribution toward the realization of the goals outlined in the Social Principles of the Church.

See Addendum 1 for the types of gifts that are acceptable to St. Matthew's Endowment Program.

All gifts received by the Endowment program may be invested through the establishment of one or more accounts with the Desert Southwest United Methodist Foundation, DSUMF, with the investment approval of the Committee. The specified purpose of each account authorized by the Committee shall be stated in order to fulfill the best wishes of the donor and thereby to segregate and maintain gifts for their stated purposes.

3.5 Change in Investment Policy:

Any transfer of the Endowment Program assets for investment with another institution, other than DSUMF, must be approved by a majority vote of the Charge Conference, at which a quorum is present, upon recommendation of the Committee and the Church Council of St. Matthew.

3.6 Limitation on use of Principle:

The objectives of the Endowment Program are to conserve principle 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 St. Matthew. Any withdrawal of principal must be approved by two-thirds (2/3) vote of the Charge Conference of St. Matthew at which a quorum is present, upon recommendation of the Committee and the Church Council of St. Matthew.

3.7 Distributions from the Endowment Program:

The Committee as directed by the donors shall make distributions from accounts in the Endowment Program at the time of their gifts 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 adhere to the Endowment Program investment objectives stated above in this document. The Church Council upon recommendation of the Committee shall approve the purposes and causes to which distributions from undesignated gift accounts are to be made. It shall be the policy of the Committee to distribute no more than 85% of income from any account, with the remaining 15% being held back as reserves so we do not diminish principal during down-market periods.

3.8 All provisions of St. Matthew's 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.

4.0 Liability of Trustees and Members of the Committee:

In the absence of gross negligence or fraud, no member of the Board of Trustees of St. Matthew UMC or the Committee shall be personally liable for any omission or action made with respect to the Endowment Program. With regard to investing funds, it is assumed that the responsible fiduciaries within DSUMF are well versed in the 27 Prudent Investment Practices (a Fiduciary Standard for Financial Advisers, Trustees, and Plan Sponsors) required by three acts of Congress.

5.0 Merger, Consolidation, or Dissolution of St. Matthew UMC:

If at any time, St. Matthew is lawfully merged, consolidated with any other church, all the provisions 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. The Endowment Program shall be continued, in its entirety, by the successor organization. If St. Matthew should ever be dissolved without any lawful successor thereto, the Fund, including both principal and interest to date shall be turned over to the Conference Endowment Fund (DSUMF) for distribution, and investment.

6.0 Amendments:

Technical corrections and amendments to the Endowment Program which do alter the stated purpose of the Endowment Program may be made by two-thirds (2/3) affirmative vote at a duly called Charge Conference of St. Matthew at which a quorum is present.

7.0 Severability:

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

Addendum 1

Types of Gifts acceptable to St. Matthew's Endowment Program:

- **Direct Gift:** Life Insurance, Funds, stock or real estate that are given to the church at any time. **(Cash, Stocks, Bonds, Mutual Funds, and Real Estate)**
- **"I Can Give" Gift:** A bequest of a future gift.
 1. **How it works:** Members can provide now for a future gift of cash, stock or real estate to the church by including a bequest provision in their wills or revocable trusts.
 2. **Benefits:** The member's assets remain in their control during their lifetime and they can modify the bequest as circumstances change. There is no upper limit on the estate tax deductions that can be taken for charitable bequests. The member has immediate satisfaction by knowing that their bequest will support the church.
- **"Charitable Annuity" Gift:**
 1. **How it works:** Members transfer cash or securities to the church's **Endowment** fund. Members receive back fixed income (interest generated from the principal) for the rest of their lives. Upon the end of the contract, the principal is given to the church.
 2. **Benefits:** The member receives an immediate income tax reduction for a portion of the gift and the member receive fixed income for the duration of the contract. The member has immediate satisfaction by knowing that their bequest will support the church.
- **"Deferred Charitable Annuity" Gift:**
 1. **How it works:** Same as the Charitable Annuity gift, except that the member may defer the start date of the fixed income payments to a future date.
 2. **Benefits:** The member receives an immediate income tax reduction for a portion of the gift and the member receive(s) fixed income when they need it (upon retirement). The member has immediate satisfaction by knowing that their bequest will support the church.
- **"Retained Life Estates" Gift:**
 1. **How it works:** Member transfers title of their residence, farm or vacation home to the church. They continue living in the property for the life of the contract retaining responsibility for paying mortgage, taxes and upkeep.
 2. **Benefits:** The member receives an immediate income tax reduction for a portion of the gift. The member can terminate the contract at any time or give the property immediately to the church to receive the balance of the income tax reduction. Again, there is an immediate satisfaction by knowing that their bequest will support the church.