

SAMPLE POLICY: A Congregation's Permanent Fund

I. PURPOSE:

The primary purpose of the Permanent Fund of (name of congregation) is to expand the witness and mission of Jesus Christ in the world, serving human needs in our community and around the world. It is not intended to compete with the regular annual giving of members, nor to diminish the opportunities for responsible stewardship by present or future members.

All assets received by the Permanent Fund shall be considered permanent. Each year an amount will be spent from the Permanent Fund for ministry. For purposes of this document, the amount to be spent annually shall be:

1) An annual withdrawal of ___% of the market value of the Permanent Fund's investment portfolio. This percentage amount shall be reviewed periodically to determine that the buying power of the original gift is not being deflated

OR

2) The fund's income.

II. TYPES OF GIFTS:

Permanent funds are usually not memorial funds, reserve funds or building funds. A separate policy governs these gifts.

Gifts to a congregation's permanent fund come in a variety of forms, including stocks, bonds, real estate, tangible property and cash. All bequests and gifts received in any form other than cash will be converted to cash at its fair market value as soon as practical. On some rare occasions, the church may want to refuse a gift or bequest to its Permanent Fund. This should be done by the Church Board upon the recommendation of the Permanent Fund Trustees.

[1]

Income, as defined in the Christian Church Foundation's Joint Investment Trust, represents a fixed percentage of the month-end total market value of an investment account. This income rate (typically 4 - 6% for long-term investments) represents only a portion of projected long-term total return for investment accounts. The non-distributed portion of the expected total return is retained by the fund to maintain the purchasing power of the investment by growing the investment to match anticipated long-term inflation. The Foundation's established percentage for distributable income is reviewed annually by the Foundation's Board of Directors in conjunction with their review of predicted *long-term* asset class returns and *long-term* inflation rates to ensure that the stated income portion of total return will continue to meet an endowment's dual long-term objectives: providing maximum funds for ministry while also ensuring that the retained endowment balance grows at or above the long-term rate of inflation. A congregation may choose to set its own payout rate and establish its own internal methodology for adjusting that payout rate within this permanent fund policy.

All gifts designated for the Permanent Fund shall be considered permanent and therefore cannot be spent.

Undesignated gifts in the form of bequests, the residual value of charitable trusts and charitable gift annuities, and life insurance shall be the property of the Permanent Fund.

III. PERMANENT FUND TRUSTEES:

The Permanent Fund of (name of congregation) shall be managed by at least five (5), and no more than seven (7) trustees, elected by the congregation.

Terms of office shall be for three years. They may be re-elected one time, but cannot serve for more than six (6) consecutive years. The senior minister and chair of the board of the congregation will be ex-officio members without vote.

The Responsibilities of Permanent Fund Trustees Will be to:

A. Meet quarterly (e.g., on the second Monday of the months of February, May, August and November). They shall elect their officers each year (President, Vice President, Secretary/Treasurer) from the trustees as needed.

B. Publicize the fund to the congregation, sponsor “planned giving seminars,” contact prospective donors and promote other activities which will bring growth in the Permanent Fund.

C. Provide a written annual report to the Church Board and Congregation which shall include a list of new gifts received, investment transactions, amount spent for ministry, and total value of the Permanent Fund at year end.

D. Allocate Permanent Fund spending to the Stewardship and Finance Department of the congregation annually for expenditure according to Item IV. Annual Spending for Ministry. Trustees shall not have the responsibility for the spending policy of the Permanent Fund.

E. Invest the corpus of the Permanent Fund, subject to confirmation of the Church Board. It is recommended that an agency of the Christian Church (Disciples of Christ) such as the Christian Church Foundation, Inc., or the Board of Church Extension, be considered to manage all or part of the Permanent Fund.

Although it is not required, trustees are encouraged to make provisions in their own financial planning to provide a gift to the Permanent Fund of (name of congregation).

IV. ANNUAL SPENDING FOR MINISTRY:

A. Spending from designated gifts will be according to the donor’s instructions.

B. Spending from unrestricted funds will be as follows*:

1. 10% will be spent according to the recommendation of the Stewardship Committee with the confirmation of the Church Board. However, support to the operational budget may never represent an amount greater than 20% of the total operational budget.

2. 50% will be designated for outreach causes and transferred to the Outreach Committee for expenditure. These funds will not be considered as part of the regular budget expenditure for outreach causes. The Outreach Committee will report to the Church Board within six months concerning these expenditures.

3. 30% will be designated for retirement of outstanding debt(s) on congregational properties. If the congregation has no debt, then this 30% will be distributed according to Items 1 and 2 above, or directed to a “reserve fund” to meet future capital needs.

4. 10% will be given to regional programs and causes, including a direct donation to the regional office.

V. AMENDING PROCEDURES:

The policy may be amended by a 3/4 majority vote of the Church Board at two successive meetings, upon published written notice of proposed changes to the board members at least two weeks prior to the first meeting. Reasons to amend may include catastrophic events such as earthquakes, fires or floods.

VI. TERMINATION:

In the event that (name of congregation) should terminate its ministry, the assets of the Permanent Fund shall be transferred to the Christian Church Foundation, Inc., of the Christian Church (Disciples of Christ) with instructions concerning future spending.

This sample policy was developed for use by congregations of the Christian Church (Disciples of Christ) by the Christian Church Foundation, Inc. For more information, please contact the

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* The percentages in each category are only examples and they may be changed to fit the needs and goals of any local congregation. The Christian Church Foundation recommends a local congregation allocate no more than 10-20% of Permanent Fund spending to meet local expenses; the example in Item IV is a way for a local congregation to do this.