

**Guidelines and Policies Governing the
Permanent Endowment Fund
of
First United Methodist – Los Alamos NM**



First United Methodist Church

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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/Church 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 New Mexico and in keeping with Guidelines approved by the Charge/Church Conference.

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

1. Follow the Guidelines adopted by the Charge/Church Conference. Following each General Conference, the Charge/Church 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/Church 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 members of the Endowment Committee 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/Church Conference and it remains accountable to the Charge/Church Conference.*

GUIDELINES for the PERMANENT ENDOWMENT FUND

FIRST UNITED METHODIST CHURCH, LOS ALAMOS, NEW MEXICO

INTRODUCTION

The Endowment Fund of the First United Methodist Church, Los Alamos, New Mexico, is a duly organized Permanent Endowment Fund through the authority of the Charge/Church Conference of the First United Methodist Church, Los Alamos, New Mexico, 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 the First United Methodist Church, Los Alamos, New Mexico (Endowment Fund) is established to provide members and friends the opportunity to make charitable gifts to the First United Methodist Church (the Church) that will become a permanent endowment of financial support and a living memorial. The Fund is intended for church purposes that 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 Church Council)

Designated: (examples)

The Mission/Outreach Endowment Fund

The Building and Property Maintenance Endowment Fund

The Scholarship Endowment Fund

The Youth and Children Ministries Endowment Fund

The Worship Arts Ministry Endowment Fund

ADMINISTRATION

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

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

The six members-at-large shall be nominated by the Lay Leadership Selection Committee 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 at least 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 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. Encourage giving to the Endowment Fund as part of charitable giving, estate planning or any other manner allowed by the Committee.
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/Church 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 stream of supplementary funding to ministries and programs supported by this endowment (not normal operating expenses) 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 funds distribution from the General Fund and each sub-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 balance of the General Fund and of each sub-fund of the previous twelve quarters.

Annually this spending rate shall be reviewed by the Committee and adjusted as needed with consideration given to the current spending rate adopted by TMF for its permanent endowment funds.

The Committee shall set the amount available for distribution no more frequently than annually. The Church 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 Church Council shall decide which projects or activities to fund based on recommendations from the Committee, though the Council is not bound by those recommendations.

The Endowment 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/Church Conference at which a quorum is present. 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/Church 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.

It is recommended that no distribution will occur until the General Fund or a sub-fund balance reaches a level of \$10,000.

When the purpose of a sub-fund has been accomplished, any remaining funds in the sub-fund may be transferred to the General Fund and the sub-fund closed.

GIFTS TO THE FUND

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

New sub-funds may be created by the Endowment Committee after consultation with donors requesting the new sub-fund. The purpose of a new sub-fund must 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/Church 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 Church 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 New Mexico 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 paragraphs 2549.5 and 2549.6.

AMENDMENTS

The terms and conditions of the Endowment Fund may be amended only by two-thirds (2/3) vote at a duly announced Charge/Church Conference of the Church.

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.

These Guidelines have been prepared in multiple original parts so that one fully executed original may be a part of the minute book records of the Endowment Fund Committee and another original may be retained for the records of the Charge/Church Conference.

Ratified by Charge/Church Conference action this _____ day of _____, 20____.

First United Methodist Church, Los Alamos, New Mexico Charge/Church Conference

By: _____
District Superintendent
Albuquerque District
New Mexico Annual Conference

By: _____
Senior Pastor
First United Methodist Church, Los Alamos