

## SAMPLE: Permanent Funds Policy

1. Establishment of Fund: A planned giving program for the [Name] Presbyterian Church of [Location] (hereinafter referred to as "Church") is hereby established. The adoption of this program will cause the creation of four (4) separate funds within which gifts may be made. The plan and the four funds collectively will be referred to as the "[Name] Presbyterian Church of [Location] Permanent Funds Ministry" (hereinafter referred to as the "Program") and will be administered by the Session. The day-to-day administration of the program may be delegated by the Session to one or more committees.
2. Objectives: The objectives of the Program are as follows:
  - A. To offer an extra dimension of stewardship to the congregation to make special gifts to the church. To actively encourage and invite gifts to the church through a system of education and support to prospective donors.
  - B. To establish a system for management of the assets contributed in accordance with a set of guidelines to be established. Such guidelines will be reviewed from time to time by the Session, as circumstances require.
  - C. To provide definite directions for the use to which the principal and/or income of special or deferred gifts will be applied and to make decisions regarding the application of such funds.
  - D. To administer the outright and deferred gifts of assets which require special administration and processing so as to fully carry forth the intent of the donor.
  - E. To protect the mission of the church by reviewing and analyzing the subject matter of any intended gift, and, if necessary, to decline the acceptance of any gift, deemed as not being in the best interest of the Church.
3. Operational Structure: The Program will set up four (4) separate funds:
  - A. The General Endowment Fund
  - B. The Designated Endowment Fund(s)
  - C. The Capital Facilities Fund
  - D. The Programs, Mission, and Benevolence Fund

It is intended that the amount of money represented by the annual spending rate from the *General Endowment Fund* and the *Designated Endowment Fund(s)*, and the principal and income accruing to the Church from the *Capital Facilities Fund* and the *Programs, Mission and Benevolence Fund* will be used for needs beyond either the normal operating budget of the Church or other special programs for which temporary special funds or other budgets have been established. In all cases, the donor may provide reasonable written directions for use of his, her or their gifts. Every attempt will be made to comply with

the donors' wishes, subject to the church's existing policies and its commitment to further the work of Jesus Christ.

If a gift is offered to the Program that Session deems it not within the existing policies of the Church and its commitment to further the work of Jesus Christ, and the Session is unable to convince the donor to bring the purpose of the gift within said policies and commitment of the church, the Session may decline the gift and return same, without interest or accruals.

If, in the opinion of the Session, the purpose for which a gift was made has over the years become inconsistent with the policies of the Church and its commitment to further the work of Jesus Christ, the Session may recommend that the gift be turned over to another charitable organization that would seek to comply with the donors' request.

4. Permanent Funds: The four (4) funds provided for under the program are as follows:

- A. The General Endowment Fund: The principal of the *General Endowment Fund* will be invested in perpetuity. The annual spending rate shall be five percent (5%) of the total value of the fund (preferably based on a rolling three-year average of the amount in the fund.) The Session will cause the distributions from this fund to be distributed one-half into the *Capital Facilities Fund*, and one-half into the *Program, Mission, and Benevolence Fund*. The Session has the authority to adjust/modify the spending rate.
- B. The Designated Endowment Funds: The principal in each of the *Designated Endowment Funds* will be invested in perpetuity. The annual spending rate shall be five percent (5%) of the total value of each individual *Designated Endowment Fund*, and the Session will cause distributions from each individual Designated Endowment Fund to be used only for the specific purpose for which the gift was intended. The Session may request written instructions, which may include utilization of principal, as concerns the specific purpose for which gifts are made into a *Designated Endowment Fund*. The Session has the authority to adjust or modify the spending rate in order to meet the desired goals of the donors.
- C. The Capital Facilities Fund: The principal and income from this fund are available to be used for special projects and capital projects that enhance the physical facilities and overall esthetics and safety of the church building(s) and improvements extending beyond the annual operational budget or other budget programs.
- D. The Programs, Mission, and Benevolence Fund: The principal and income from this fund are available to be applied to special programs, extended missions and extraordinary benevolence.

5. Allocation of Funds: It is anticipated that two types of gifts will be received into the program, that being restricted and unrestricted.

- A. Restricted Gifts: A donor may designate the specific fund (identified above) into which his, her or their gift will be placed. The donor may indicate a preference as to the specific uses to which the gift will be applied. In all cases, every attempt will be made to honor the wishes of the donor.

B. Unrestricted Gifts: Each gift which has not been designated to a specific fund (identified above) will be allocated as follows:

1. One-fourth (1/4) to the Capital Facilities Fund
2. One-fourth (1/4) to the Programs, Mission and Benevolence Fund; and,
3. One-half (1/2) to the General Endowment Fund

C. In the event that an unrestricted bequest is greater than the average of the previous three-year's church operating budget then that bequest will be divided 50% into the General Endowment and 50% into a new Quasi Endowment Fund. The purpose of the Quasi Endowment Fund is to provide a period of up to three years during which time the congregation and Session can plan, pray and make the best long-term decisions regarding an unusual blessing. Ultimately, the Session has the authority to determine the distribution of the Quasi Endowment Fund.

6. "Gift": As used herein, the term "gift" shall extend to and include inter vivos transfers, and testamentary dispositions.
7. Gift Review By Session: Although it is contemplated that the majority of gifts made through the Program will be in the form of cash or other liquid assets, the Session realizes that some gifts may be in the form of real property, or an interest in real property. The Session reserves the right to determine if such real property, or an interest in real property, may carry with it liability which may include, but not necessarily be limited to, environmental issues, lien issues, property tax issues or other matters which might or could create liability for the Church. For these reasons, and possibly others, the Session reserves the right to decline any such gift which might or could present liability or other detrimental issues for the Church.
8. Administration: This Program will be administered by the Session. The Permanent Funds Ministry Committee shall have oversight responsibility for the Program. Both the Pastor and the Treasurer are designated as ex officio members of the *Permanent Funds Ministry Committee*. The Session may designate one of its members as liaison to the *Permanent Funds Ministry*. The Treasurer will cause financial reports of the Program to be presented to the Session at any time, and from time to time, but not less than quarterly.
9. Church Consolidation, Merger or Dissolution: If at any time the [Name] Presbyterian Church of [Location], a non-profit corporation, shall be lawfully merged or consolidated with any other church, all of the provisions hereof in respect to the Program shall be deemed to have been made for and in behalf of such merged or consolidated church which shall be entitled to receive all of the benefits of said funds and shall be obligated to administer the same in all respects in accordance with the terms hereof. In the event of the dissolution of the [Name] Presbyterian Church of [Location], a non-profit corporation, the Session shall have the responsibility for the final disposition of all assets of the Program in keeping with all rules, policies and guidelines of the Presbyterian Church (U.S.A.).
10. Amendments: The provisions of this Plan may be amended by a majority of the *Permanent Funds Ministry Committee* with a quorum present, subject to final review and approval by the Session. Amendments will be affected by such vote after two readings of the proposed amendments. The first



reading shall be conducted at its regularly scheduled (stated) meeting. The second reading and vote thereon shall be conducted at the next regularly scheduled (stated) meeting. Any amendments shall not affect any gifts made to the Program prior to such amendment. All such gifts made to the Plan will be administered in accordance with the provision of this Program in effect at the time the gift was made.

ADOPTED:

\_\_\_\_\_

Chairperson, Permanent Funds Ministry Committee

Date: \_\_\_\_\_

ACCEPTED:

\_\_\_\_\_

Clerk of Session

Date: \_\_\_\_\_

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