

Sample Planned Giving Policy Document for Nonprofits

(The naming of the funds are important, permanent funds may hold the meaning for some that the funds will always be there, while endowment holds a legal meaning that may not be meant by the organization. Some arrive at names, such as Forever Fund, Over and Above, Sustaining Mission, or Stepping Stones, etc.)

Of _____

(Name and Location of Organization)

- Establishment of Fund:** A planned giving program for the (Name and Location of Organization) (hereinafter referred to as "Organization" is hereby established. The adoption of this program will cause the creation of (# of funds which the organization wishes to establish, these need to be broad based to give some latitude to the Board on their use) separate funds within which gifts may be made. The plan and the funds collectively will be referred to as the "Name and Location of the Organization Fund" and will be administered by the Board. The day-to-day administration of the program may be delegated by the Board to one or more committees.
- Objectives:** The objectives of the Program are as follows: This section does not have to be included, but many organizations choose to state the purpose of this phase of funds development. The section can aid the organization in stating clearly the purpose of the establishment of additional funds over and above the regular annual or Capital Campaign (an example below)
 - To provide a vehicle that enables inclined individuals to make specific over and above gifts or estate gifts to the organization to further its mission. These gifts may be designated for certain programs that the organization presently operates or proposed programs for the future.
- Operational Structure:** The Program will set up (see above) separate funds: (It is critical that this structure be established from the beginning to avoid any misunderstanding that might arise later. Consideration should be given to the number of funds you wish to establish. The description of the use of the funds should be broad rather than narrow to allow more latitude in the intended use of said funds, which might include General Endowment, Designated Gifts/Memorial Gifts, Programming, Capital Improvement, etc.)

It is intended that funds will be used for needs beyond either the normal operating budget of the Organization or other special programs for which temporary special funds or other budgets have been established. In all cases, the donor(s) may provide reasonable written directions for use of his/her/their gifts. Every attempt will be made to comply with the donors' wishes.

If a gift is offered to the Program that Board deems is not within the existing policies of

Organization and the Board is unable to convince the donor to bring the purpose of the gift within said policies, the Board may decline the gift and return same, without interest or accruals. Should the donor be deceased, the Board will reach out to the family for further direction.

4. **Permanent** (As previously mentioned, exact name and language here are critical.) **Funds:** The (number of actual established) funds provided for under the program are as follows: The sample language used below describes each of the funds, use, distribution and permanence. A spend rate is set to allow for a percentage of the return from the investments, money market, savings or certificate of deposits to be used for a specific purpose while allowing for growth in the funds at a small level.

A. The General Endowment Fund: The principal of the General Endowment Fund will be invested in perpetuity. The annual spend rate shall be (the Board sets the amount and has the authority to change that rate should it become necessary) of the total value of the fund (based on a rolling three-year average of the amount in the fund, which would allow for fluctuations in the financial markets as well as help in planning for future financial needs). The Board will cause the distributions from this fund to be distributed. (The distribution may be made to other funds as well as used by the congregation for needs above and beyond the budget)

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: Donor(s) 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 if they are consistent with the mission of the organization.

B. Unrestricted Gifts: Each gift which has not been designated to a specific fund (identified above) will be allocated as follows: (Some organizations choose to state that any undesignated gift of above a certain amount will be divided in such a way. Organizations also have chosen a certain amount which must be given to have a named endowment account established.)

Each organization should decide how unrestricted gifts are handled, one example is listed below.

1. One-fourth (1/4) to the Capital Facilities Fund
2. One-fourth (1/4) to the Programing Fund
3. One-half (1/2) to the General Endowment Fund

The language below is negotiable and pertains to gifts that might come from a large estate. The concern is that the Endowment would grow to such a level that it would be unhealthy for the continued mission of the Organization.

C. If an unrestricted bequest is greater than the average of the previous three-year's 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 Board can plan and make the best long-term decisions regarding an unusual blessing. Ultimately, the Board 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 donations from living donors and from estates of individuals.
7. **Gift Review by The Board:** Although it is contemplated that most gifts made through the Program will be in the form of cash or other liquid assets, the Board realizes that some gifts may be in the form of real property, or an interest in real property. The Board 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 Organization. For these reasons, and possibly others, the Board reserves the right to decline any such gift which might or could present liability or other detrimental issues for the Organization. The Board shall also review any gifts of not easily liquidated assets, i.e. artwork, coin/stamp collections, etc.
8. **Administration:** This Program will be administered by the Board. The _____ shall have oversight responsibility for the Program. Both the Director/President and the Treasurer are designated as ex officio members of the _____ Committee. The Board may designate one of its members as liaison to the _____ Committee. The Treasurer will present financial reports of the Program to the Board at any time, and from time to time, but not less than quarterly.
9. **Organization Consolidation, Merger or Dissolution:** If at any time the (Name and Location of the Organization), a non-profit corporation, shall be lawfully merged or consolidated with any other institution, 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 organization 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 and Location of the Organization), a non-profit corporation, the Board shall have the responsibility for the final disposition of all assets of the Program in keeping with all rules, policies, and guidelines.
10. **Amendments:** The provisions of this Plan may be amended by a majority of the _____ Committee with a quorum present, subject to final review and approval by the Board. (If the Board decides to not have a special committee to administer the funds, this responsibility will be lodged with the Board.) 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. (These should be adjusted by each organization, they need to be somewhat stringent as the organization does not want regular or insignificant changes to be made to the program. This is a trust issue and once the trust is broken, or even perceived to be broken, it is hard to recover.)

ACCEPTED AND ADOPTED:

Chair of the Board of Directors

Date: _____