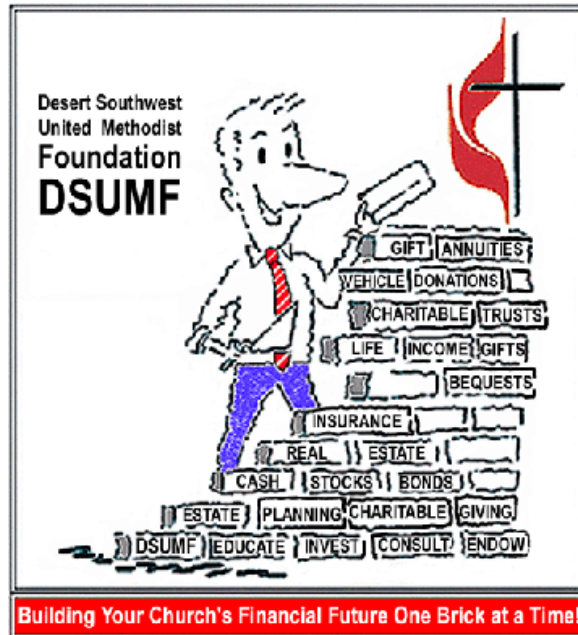


PLANNED GIVING HANDBOOK



**FOR AGENCIES, BOARDS & CHURCHES OF THE
DESERT SOUTHWEST CONFERENCE**

**CHARITABLE GIVING † ENDOWMENTS † ESTATE PLANNING
HONOR GIVING † MEMORIAL GIVING**

Revised January 2011

Desert Southwest United Methodist Foundation
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Your Desert Southwest United Methodist Foundation works with churches throughout the Desert Southwest Conference to establish endowment programs and promote planned giving. As an agency of the Desert Southwest Conference it is the organization best equipped to guide you through this process. For assistance please contact us at foundation@dsumf.org.

The Mission of the [Desert Southwest United Methodist Foundation](#) is to provide educational, investment, and consulting services to the churches, agencies, and boards in the Desert Southwest Conference so they can fulfill their ministries with a secure financial future; and to stimulate planned giving in the congregations of the Desert Southwest Conference so that individuals, couples, and families are faithful stewards of the resources God provides them.



The purposes are to:

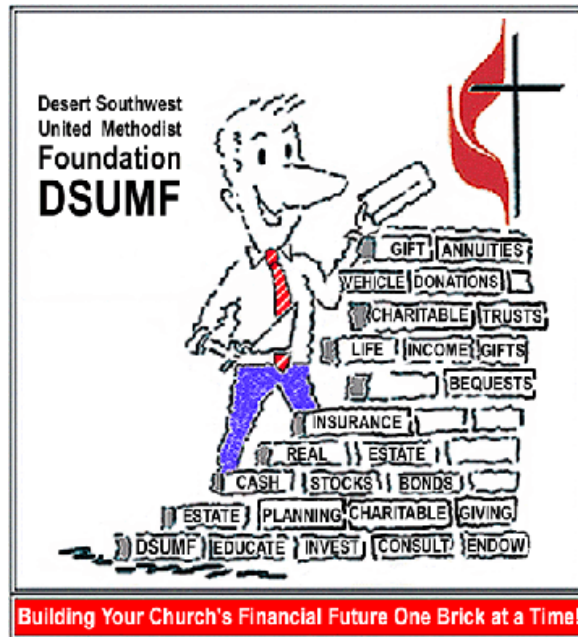
- † Receive, collect, hold and administer in trust, donations, bequests, and other planned giving for any UMC church or program of the Desert Southwest Conference;
- † Promote planned giving (e.g., Charitable Gift Annuities, Trusts, etc);
- † Provide professional investment management of long-term funds to any Church, Board & Agency of DSC.
- † Furnish counsel and guidance to churches on permanent endowments;
- † Other responsibilities as determined by the Desert Southwest Conference.

PLANNED GIVING HANDBOOK

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Part I INTRODUCTION

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THEOLOGY OF GIVING

“Every generous act of giving, with every perfect gift, is from above.” – *James 1:17*

“The church is of God and will be preserved to the end of time.” – *United Methodist Baptismal Covenant*

“You do not have, because you do not ask.” – *James 4:2*

“The gift that keeps on giving.” – *Victor Talking Machines Co., 1926*

“Today is a critical time for stewardship in the church.” True today, and true at nearly any time in the church’s history. Mention the word “stewardship” to an average parishioner, and his or her thoughts are likely to be limited to the offering plate passing by on Sunday morning. But comprehensive Christian stewardship is about much more than that. In this handbook, we hope to challenge you to begin thinking of stewardship as something that goes beyond our usual understanding of the term. We hope to challenge you to think about stewardship as a lifestyle rather than as a check in the offering plate. In particular, we hope to challenge you to create giving programs in your church that allow faithful disciples of Jesus Christ to leave a legacy and ensure that the church indeed “will be preserved to the end of time.”

Take a look at your church’s mission statement. Like every other church mission statement, chances are it *lacks* something: an *expiration date*. The church is of God and of eternity. In other words, we expect our church to be here long after our brief time on earth is over. However, our giving programs too often focus solely on the here and now, not on tomorrow. Think for a moment about the people who preceded you in your church. If not for their vision and commitment to the future, your church probably would not exist. Now think for a moment about the people who will come after you. What will we do in the current generation to ensure that our church will be here for future generations of Christian disciples and disciple-makers?

One answer is an endowment and planned giving program.

With an endowment and planned giving program, your church sends the optimistic message that we will be here tomorrow to reach new disciples, we will be here tomorrow to encourage those disciples to put their gifts to work, we will be here tomorrow to put God’s love into action, we will be here tomorrow to do our part to heal a hurting world. Gifts to endowment programs literally do “keep on giving,” leaving a legacy to our family, our friends, our church.

But you have to ask!

Very few of us have remembered our church in our will or living trust. Why? Because we haven't been asked! As leaders in the local church, it's our job to ask our fellow parishioners to give from our lifetime of accumulated assets to ensure that our church will be here for future generations. By creating an endowment and planned giving program, we create a framework for inviting others into lifelong comprehensive Christian stewardship, reflecting that all that we are and all that we have are from God.

Do you want your church to die when you do? Of course not! Here is the toolbox to help you guide your church into God's abundant future.

WHY ESTABLISH AN ENDOWMENT PROGRAM FOR YOUR CHURCH?

What if we could master plan our churches the way commercial businesses and many non-profit organizations do? What if we could anticipate our needs for ministry and facilities and staff and set aside funds that would earn interest income to support our mission and ministry for the long-term?

The answer is we can.....and many churches do.

Church endowments provide the income to maintain church buildings, generate funds for mission work or enhance other ministries. A properly structured endowment program can help you secure the financial future of your church. Endowments have provided a major source of funding for many institutions in our society for years.

Webster defines endowment as a “permanent fund or source of income.” An endowment fund is made up of money or other financial assets that are donated to charity. The principal is invested and the resulting income may be used for further investments and supplementary expenditures. Most endowments have guidelines that state how much of each year’s investment income can be spent. When properly managed, endowment funds will generate earnings that can enhance the ministry of the church in the years ahead.

Potential Benefits

The difference between endowment funds and other types of funds, such as operating or capital funds, is that assets are invested in perpetuity. The whole point of an endowment is to provide a steady, predictable source of income over time. Endowment funds can be fundamental to the financial stability of an organization. Endowment income can provide a cushion against unforeseen expenses or economic downturns. An endowment fund can be established for anything which serves the mission and ministry needs of a church.

How it affects giving

When members are given opportunities to give from accumulated assets *as well as* from current income, it can lead to increased generosity. It adds a completely separate income stream. An endowment’s existence will encourage deferred gifts to the church that might otherwise have gone to an alternate charity. Endowments also provide opportunities for donors to give gifts in honor and in memory of family and friends.

An endowment fund says that your church:



- Believes in its future
- Wishes to be guided in stewardship by the belief that all we have is from God
- Wants to build a sense of permanence
- Desires *as a church family* to be good stewards even as we expect *each member to be a good steward*
- Wishes to go the extra mile in providing new services and programs
- Wants to create a legacy for future generations

Simply by having an endowment program, a church can signal that it is doing a good job of long-range planning. At the same time, the church is affording its members an opportunity to practice life-long giving, and to include their church in their present and future financial plans.

Five Ways Endowment programs help churches grow

1. The church receives increased gifts to fund its various ministries
2. Members begin including planned gifts as well as current gifts in their stewardship response
3. Members are educated as to many expanded gift opportunities for mission and ministry through their church
4. Current contributions given in support of the on-going annual budget are freed up to strengthen and even expand existing programs
5. The church and its various ministries and institutions begin to receive major planned gifts that have previously been directed to other causes where endowments are already in place

Your Desert Southwest United Methodist Foundation is ready to partner with you to establish a permanent endowment program. This Planned Giving Handbook, provided by the Foundation, is a step-by-step guide through the process. Planning, consultation, educational and training services also are available from the Foundation free of charge. For more information on services available from the Foundation, see section in Part II on the “Role of the Desert Southwest United Methodist Foundation.”

ENDOWMENT/PLANNED GIVING SERVICES AVAILABLE FROM THE FOUNDATION

The Desert Southwest United Methodist Foundation consults with local churches to establish Planned Giving/Endowment ministries in accordance with guidelines set forth in *The Book of Discipline of The United Methodist Church*. Types of services include:



- Leadership in establishing a planned giving program through presentations in the church and consultation with church leaders
- Use of the Foundation's *Planned Giving Handbook*, which provides a step-by-step process and model resolutions for establishing a permanent endowment fund
- Ideas, resources and leadership in interpreting planned giving opportunities
- Planned giving workshops and educational programs
- Resource materials on planned giving and estate planning, including brochures, videos and planning workbooks
- Confidential consultation with individual donors
- Donor recognition programs and ideas
- Professional funds management/investment services
- Trustee/custodial services of charitable gifts benefitting United Methodist churches and/or its related charities
- Ongoing evaluation and consultation services

Planning, consultation, educational and training services are core ministries of the Foundation and are provided free of charge. There is a small fee for professional fund management/investment services. Fees cover accounting, reporting and compensation of professional investment counselors. The Foundation provides an accounting of transactions with respect to each account invested in its common funds on a monthly basis.

FREQUENTLY ASKED QUESTIONS

1. What is an endowment program?

- A. An endowment is a permanent fund that can be invested to establish a long-term source of income to support programs and ministries. In most churches, the income from the investment or a set percentage of the value of the fund is available to spend on an annual basis. A healthy endowment can provide a source of funds – beyond the annual budget – for opportunities in operations and outreach and a hedge against challenging economic times.



2. How do we start one?

- A. The first step is to create an Ad Hoc Committee to draw up a resolution to be presented to a Charge Conference establishing a Permanent Endowment Fund Committee and Permanent Endowment Fund. Once the Permanent Endowment Fund Committee is in place, it determines how the fund will be administered and invested. The committee's duties include:
- determining what types of funds will be included in the endowment program, usually based on the church's needs, goals or long-term vision,
 - determining what types of gifts will be accepted and acting as the authority for receiving planned gifts on behalf of the church and
 - determining how income will be distributed, and general oversight of the endowment program and its invested funds.

The step-by-step process for establishing a Permanent Endowment Fund Committee and fund is outlined in your *Planned Giving Handbook*, in accordance with Paragraph 2533 of ***The Book of Discipline of The United Methodist Church (2008)***.

3. Is it necessary to establish an incorporated foundation?

- A. It is not necessary to incorporate a separate foundation. Your Desert Southwest United Methodist Foundation is an incorporated 501 (c) (3) organization which is fully licensed in accordance with local, state and federal regulations to serve as trustee of charitable gifts to United Methodist churches and other agencies of the Annual Conference. Trustee services include:
- professional management of assets
 - record keeping and reporting
 - accounting and payment of income to a donor or beneficiaries.

The Foundation also is licensed to provide charitable gift annuities to donors who wish to set up an annuity that will benefit a church or church-related institution. Setting up a separate incorporated foundation in a local church could

be problematic in that the corporation would be separate from the incorporated local church and would not be subject to the control of the church Charge Conference.

4. What types of people should be on the committee?

A. The Permanent Endowment Fund Committee should include the pastor, the chair of the Finance Committee, the local church treasurer or business administrator, a representative of the Board of Trustees, a representative of the Stewardship Committee and an additional three to five at-large members who are recognized leaders in the church. Usually the church Nominating and Leadership Development Committee submits its slate of nominees to the Charge Conference.

5. How do the trustees and endowment fund committee work together?

A. In most churches the Permanent Endowment Fund Committee and Trustees work closely together to ensure the financial security of the church. The endowment fund committee should keep the trustees informed through annual or quarterly reports on the state of the endowment funds and how those funds are impacting the mission and ministry of the church.

6. How do we decide what to endow?

A. The Permanent Endowment Fund Committee will typically create a list of funds and sub-funds that are in keeping with the mission, ministry and vision of the church. Most churches create a General Endowment Fund, which is an “undesigned” fund which can be used by the church to cover special needs, including unbudgeted facilities maintenance or capital improvements. In addition, the committee will typically create a list of “designated” funds which may be used to endow specific ministries, such as missions, children’s ministries, scholarships, continuing education for pastors and staff, worship and educational needs and almost anything the committee or congregation can imagine. Some of these endowment funds are established to honor or memorialize a member or members. Some are established to provide for current and future needs.

7. How long will it take for the endowment to grow?

A. It depends on how committed the church and endowment committee is to building a substantial fund and how well the endowment program is communicated and celebrated by the committee and church at large. Guidance on how to promote an endowment program is available in the marketing handbook which accompanies this document.

8. Who decides how the income is spent?

- A. The Permanent Endowment Fund Committee, with approval of the Charge Conference, establishes the funds that make up the endowment and is responsible for administering income distributions to the respective ministries involved. From that point, the committee or agency of the church that is responsible for the ministry or function that is endowed by the fund decides, in consultation with the Church Council and the Finance Committee, how to spend income distributed to it by the Permanent Endowment Fund Committee.

9. Will endowment giving reduce other types of giving?

- A. Typically the addition of an endowment program creates a new stream of income for a church. In most churches, 99.5% of the operating budget is funded by gifts of income (cash, coins and checks) from its members. Likewise, most capital campaign pledges are funded by gifts of income, while planned gifts to the church endowment are given almost 100% from assets. **Without a well-publicized endowment program, church members may designate planned gifts, such as bequests, trusts or charitable gift annuities to other charitable organizations that do.**

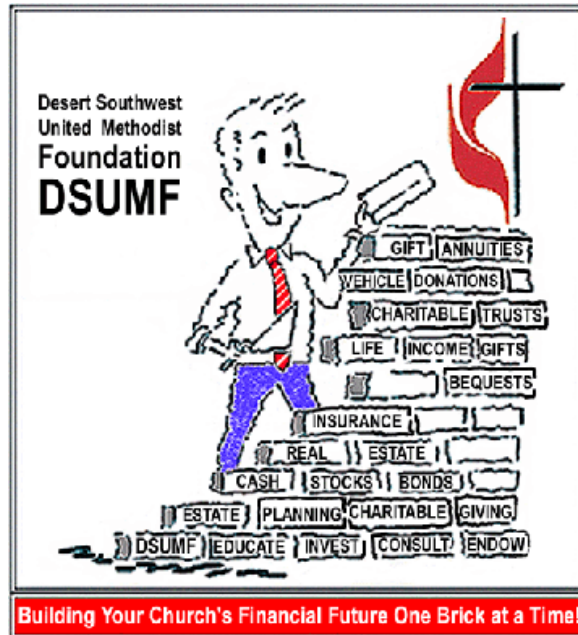
10. Does the leadership need to give?

- A. Absolutely. Members of the Permanent Endowment Fund Committee and other lay leaders should be prepared to “lead by example” when it comes to establishing a church endowment. It is a good practice to recognize and “thank” donors on a regular basis in a special recognition event or service or by printing a listing of gifts and givers in one or more church publications.

11. How does the endowment program relate to the mission and ministry of the church?

- A. The most successful endowment programs are those that are tied to a well thought out and well-communicated vision for ministry. Donors will give if they believe in the mission of the church and if they believe the church, or ministry, is changing people’s lives.

PLANNED GIVING HANDBOOK



Part II ROLES AND RESPONSIBILITIES

FOR AGENCIES, BOARDS & CHURCHES OF THE
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THE ROLE OF THE DESERT SOUTHWEST UNITED METHODIST FOUNDATION IN PLANNED GIVING

The Desert Southwest United Methodist Foundation, Inc. promotes planned giving throughout the Conference and will assist local churches in establishing a Permanent Endowment Fund, a Permanent Endowment Fund Committee and an ongoing Planned Giving Program. In this regard, The Foundation offers the following:



1. The Foundation through its Executive Director provides leadership in planting the seed for a planned giving program through presentations in the church and consultation with church leaders.
2. The Foundation provides step-by-step processes and model resolutions that the local church can use in establishing a Permanent Endowment Fund. This helps to ensure the best structures and procedures are used, by providing ideas and resources, as well as hands-on assistance in the creation and organization of a Permanent Endowment Fund Committee.
3. The Foundation provides ideas, resources and leadership in announcing and interpreting planned giving opportunities.
4. The Foundation provides a wealth of resources, planned giving ideas and leadership for wills or charitable estate planning seminars in the local church, and for on-going stewardship education.
5. The Foundation's Executive Director is available to counsel potential donors privately to help them clarify their charitable gift giving goals.
6. The Foundation can provide technical assistance to both prospective donors and to the Permanent Endowment Fund Committee in the form of gift planning ideas, income projections, tax deduction calculations and estate analyses.
7. The Foundation can provide the resources and materials for an effective ongoing planned giving program in the local church.
8. The Foundation can provide professional funds management/investment services for the Permanent Endowment Fund assets as determined by the local church.
9. The Foundation can act as managing trustee of a charitable trust of which at least 40% of the assets will benefit a United Methodist church or institution.
10. The Foundation can offer gift annuities, which will benefit the local church.
11. The Foundation can provide an annual opportunity to the local church in which the church's planned giving program can be evaluated and adjusted to meet current goals.
12. The Foundation can provide a series of workshops on working creatively with stewardship issues confronting the church today.

ROLE OF THE PERMANENT ENDOWMENT FUND COMMITTEE

Those churches that have established Permanent Endowment Fund Committees either act as a committee of the whole for all purposes or assign the following specific responsibilities to an individual or small sub-committee. The committee as a whole should conduct an annual evaluation.



1. Communications:
 - a. Creates primary church brochures
 - b. Develops library of topical brochures
 - c. Creates annual reports
 - d. Maintains copies of original Permanent Endowment Fund documents, including Gift Acceptance Policies
 - e. Creates newsletter articles about donors and gift opportunities
 - f. Provides general information to estate planning professionals
 - g. Determines method and frequency of distribution of all written materials
 - h. Prepares articles about donors
 - i. Prepares articles about Permanent Endowment Fund giving opportunities
 - j. Determines who will respond to inquiries about the Fund
 - k. Provides informational materials to be used by church office when responding to inquiries about the Permanent Endowment Fund
2. Public Events:
 - a. Develops lists of groups within the church that should be invited to special events
 - b. Develops and hosts workshops on topical events
 - c. Maintains a list of estate planning professionals in the community
 - d. Plans annual celebrations focusing on one endowment area each year.
3. Investment:
 - a. Oversees the investment of all assets described in the Fund documents
 - b. Recommends investment policies to the Committee
 - c. Selects and reviews investment progress of asset manager
 - d. Arranges annual audit.
4. Legal:
 - a. Reviews basic documents in order to keep them in conformity with all laws that apply to such an endowment program and to ensure that the documents represent the best interest of the church.

- b. Provides opinion to the Committee on the acceptability of any particular gift
 - c. Represents the Committee to any attorney, CPA, or other estate planning professionals of a donor who is planning a specific gift.

- 5. Cultivation:
 - a. Identifies congregational groups by age:
 - I. Young Adults
 - II. Middle years
 - III. Pre-Retirement
 - IV. Retirees
 - b. Identifies congregational groups by social orientation:
 - I. Singles
 - II. Young Families
 - III. UMV
 - IV. UMM
 - V. Church School Classes
 - VI. Fellowship Groups
 - c. Maintains a listing of potential donors, based on Permanent Endowment principles.
 - d. Recommends to the Committee those potential donors who should be cultivated.
 - e. Recruits those persons who should cultivate potential donors.

- 6. Donor Recognition:
 - a. Recommends to the Committee the specific way(s) by which donors will be acknowledged.
 - b. Administers the donor recognition program.

- 7. Evaluation
 - a. Sets goals and analyzes progress on an annual basis. (See “Evaluating Your Endowment Program” section of this planned Giving Handbook.)

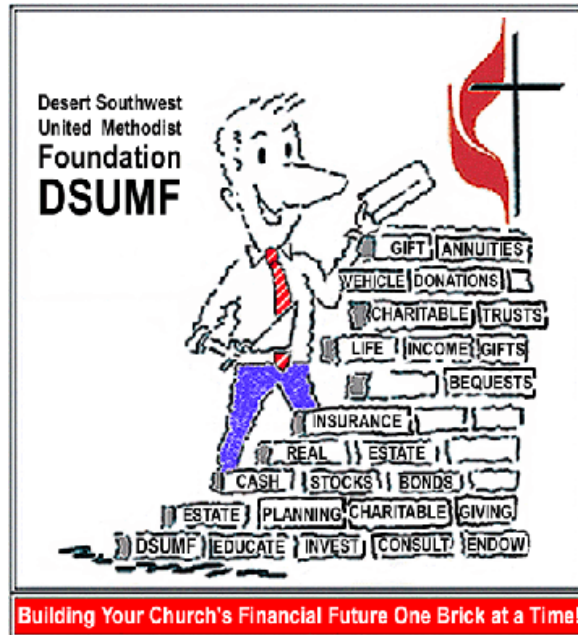
THE PASTOR'S ROLE

As spiritual leader of the congregation, the pastor plays a significant role in creating the vision for the endowment program and in encouraging his or her members to consider planned giving. Here are some of the things a pastor can do to help support and sustain an endowment program:

1. **Preach** on Biblical themes pertaining to being good stewards of one's accumulated assets.
2. **Teach** in adult education settings the subject of responsible Christian stewardship in matters of personal financial planning and estate planning.
3. **Counsel** with persons as part of your pastoral ministry on the importance of wills and estate planning, especially in conjunction with premarital counseling, preparation for baptism of children, counseling at times of health crises or at the death of a spouse, and pre-planning funeral arrangements.
4. **Encourage** the formation of a "Permanent Endowment Fund Committee" which will in turn seek to promote bequests, life incomes gifts and other planned gifts in the life of the congregation.
5. **Educate** yourself about Permanent Endowment opportunities drawing upon basic information available through The Desert Southwest United Methodist Foundation or through The Permanent Endowment Resource Center of The General Board of Discipleship.
6. **Communicate** with church members through the various church media channels about wills and life income gifts.
7. **Promote** as a service to the church membership and the community a wills clinic, gifts and wills workshop, estate planning seminar and/or financial planning seminar.
8. **Develop** a long-range planning process with the congregation culminating in a mission statement for which major funding will be required to minister to future generations.
9. **Acknowledge** personally and publicly the receiving of bequests and life income gifts to encourage others as well as to thank the donor.
10. **Celebrate** with gratitude what faithful friends have made possible through gifts that support the ministry and mission of the church today.
11. **Evaluate** your own estate plan. Have you included the church or other charitable institution in your will?
12. **Minister** patiently and faithfully since this crucial aspect of Christian Stewardship takes time to bear fruit.



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Part III ESTABLISHING A PERMANENT ENDOWMENT PROGRAM

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STEPS TO ESTABLISHING A PERMANENT ENDOWMENT PROGRAM

Ask the Church Council to establish an Ad Hoc Committee made up of the pastor, local church Financial and Stewardship officers, and a representative from the Trustees and other active lay members who are supportive of an enhanced stewardship program for the local church.



1. Encourage the Ad Hoc Committee to meet with the Executive Director of the Desert Southwest United Methodist Foundation to clarify the role of such a program in the life of the local church and to determine a course of action.

At each of the following steps, the Executive Director of The Desert Southwest United Methodist Foundation is available to act as a resource for additional information and guidance. Please note that at each meeting of the Ad Hoc Committee, an attempt should be made to provide a formal training session on Permanent Endowment options. If the Committee members enter into a solid educational program on Permanent Endowment, the work of the Committee will be that much easier.

2. The Ad Hoc Committee should develop a statement detailing the reasons for establishing a Permanent Endowment Fund.
3. The Ad Hoc Committee should prepare a resolution in accordance with Paragraph 2533 of **The Book of Discipline of The United Methodist Church (2008)**, which can be presented to a regular or called charge conference for the purpose of establishing a Permanent Endowment Committee and a Permanent Endowment Fund. The body of the resolution will become the Permanent Endowment Fund document, which will define Committee membership and areas of responsibility, the purpose(s) and operation of the Permanent Endowment Fund, and a Gift Acceptance Policy. Once prepared, the Committee should consider consulting with an attorney in order to ensure that the Fund will conform to all applicable Arizona/Nevada laws. (See *sample resolution*.)

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 Conference and it remains accountable to the Charge Conference.*

- a. Within the description of Committee membership, consideration should be given to the number of terms an at-large member can serve. There is good reason to consider the possibility that an at-large member be allowed to succeed him or herself at least once.
 - b. Within the description of the Permanent Endowment Fund, provision should be made for not more than five or six accounts, which would provide for more specific endowments. (*See section on examples of such accounts or funds.*)
 - c. The Ad Hoc Committee should create a gift acceptance policy which describes the types of gifts that can be accepted, the manner in which they can be accepted and the manner in which they will be used. This policy should be an attachment to the Permanent Endowment Fund document. This policy will also provide the basis for rejecting inappropriate gifts. (*See sample gifts acceptance policy that follows this section.*)
4. Prior to being presented to a Charge Conference, the resolution should be presented to the Administrative Board or Council, the Trustees and the Finance and Stewardship Committees.
5. Once the Permanent Endowment Fund Committee is in place, it should determine how the Fund is to be invested based on goals that have been developed by the Committee in consultation with its Desert Southwest United Methodist representative, and proceed to establish the means by which the Committee will invest the Fund's assets. If an outside fund manager – other than the Desert Southwest United Methodist Foundation – is to be used, an investment strategy should be worked out with the outside manager in order to ensure that United Methodist guidelines on investing are followed and that the investment goals of the Fund are met.
6. The Committee should develop the ongoing Permanent Endowment program, which will keep giving opportunities before the members of the congregation. This should include information events such as wills and charitable estate planning seminars presented on a cyclical basis and the provision of brochures related to Permanent Endowment on a regular basis to all or selected members of the local church. Depending upon local circumstances, the church might develop a campaign seeking endowment gifts from particular individuals and families, or from all church members.
7. A brochure should be created which describes the purpose(s) of the Permanent Endowment Fund and which directs church members to seek additional information. (*Contact the Desert Southwest United Methodist Foundation for assistance with the brochures.*)

8. The Committee should determine the ways by which gifts will be acknowledged. It may be important to establish different ways of acknowledging gifts based on the size of the gift.
9. An inaugural event should be developed which will interpret the purpose of the Fund and define opportunities for making gifts to the Fund.
10. Once the inaugural event is completed, the Committee should make regular reports to the Administrative Board or Council, to the Trustees and to the Charge Conference. The reports should include the results of the program to date, an evaluation of the program to date and any recommendations for changes in the program based on results of the evaluation.

THE PERMANENT ENDOWMENT FUND

The 1988 General Conference recognized the place of “Planned Giving” in the stewardship program of the local church by enacting legislation which enables a Permanent Endowment Fund Committee in every United Methodist Church. This legislation is contained in Paragraph 2533 of ***The Book of Discipline (2008)***.



While this Committee is not a part of the required organizational structure, it can be one of the most important Committees in the church.

The first step in establishing such a Committee and Fund is to have the Administrative Board/Council create an Ad Hoc Committee on Permanent Endowment, composed of five to nine people. This Committee should be made up of people who have a dream for their church, who want to see their church’s stewardship vision expand and who want to see their church inspire persons to be good stewards. The greatest qualifications to be possessed by these five to nine people is that they are respected and trusted by the members and friends of the local church. Knowledge of the local church’s finances and property concerns would be a bonus.

The agenda for the first meeting of the Ad Hoc Committee should include a visit from the Executive Director or representative of The Desert Southwest United Methodist Foundation. This person will outline the process to follow in creating an effective Permanent Endowment program for your local church.

While the Ad Hoc Committee will spend much of its time brainstorming new ideas, its primary objective should be to bring to the Administrative Board/Council a resolution creating a Permanent Endowment Fund Committee and a Permanent Endowment Fund. (*See sample resolution that follows this section.*) The Ad Hoc Committee will want to make a strong presentation to the Board/Council that will include:

- ... the personal benefits to members
- ... the financial benefit to the church
- ... an opportunity for questions
- ... opportunities for personal witness and support
- ... a positive response to any negative reactions
- ... an official motion by which the Administrative Board or Council will endorse the creation of a Permanent Endowment Fund Committee and a Permanent Endowment Fund, and a resolution creating a Permanent Endowment Fund Committee and a Permanent Endowment Fund that will be submitted to a Charge Conference of the local church.

ESTABLISHING A PERMANENT ENDOWMENT FUND COMMITTEE

There are several issues that must be taken into consideration as the Ad Hoc Committee drafts the Charge Conference resolution establishing a Permanent Endowment Fund Committee. In addition to the following, each church needs to address its own concerns and needs.



A. INCORPORATED CHURCHES

In the case where the local church is incorporated, the laws of the State of Arizona/Nevada should be carefully considered before a resolution is drafted. Special attention should be given to proper wording of the resolution, especially as it relates to the directors of the corporation, their authority and responsibilities and the authority of the members of the Permanent Endowment Fund Committee.

B. RELATIONSHIP TO THE BOARD OF TRUSTEES

Paragraph 2533.1 of *The Book of Discipline (2008)* explains that a Permanent Endowment Fund Committee may “provide the services described in Paragraph 2532.5 as designated by the donor or at the direction of the Charge Conference”. Those services are:

1. To receive and administer all bequests made to the local church;
2. To receive and administer all trusts; and
3. To invest all trust funds of the local church in conformity with the laws of the country, state or like political unit in which the church is located.

Although this permissive legislation may transfer an area of responsibility from the Board of Trustees to the Permanent Endowment Fund Committee, the Committee remains subject to the designation of the donor and/or the direction of the Charge Conference. In addition, it should be noted that in the case of gifts of real property the Trustees and the Charge Conference retain their responsibilities relating to that property as stated in *The Book of Discipline (2008)*.

It is clearly in the best interest of the Board of Trustees and of the local church to transfer this specific authority and these specific responsibilities to a Permanent Endowment Fund Committee who can focus exclusively on these stewardship matters. The Board of Trustees thereby can be freed to pursue other duties associated with the care and maintenance of church property. In many churches, the Board of Trustees has discovered that once it has fulfilled its responsibilities to church property, the Board has little time or energy remaining to consider the matters related to creating and promoting a Permanent Endowment Fund.

C. COMMITTEE MEMBERSHIP

The Committee membership listed in italics in the sample resolution that follows this section is only a suggestion; however, there is a good reason for the presence of each member suggested:

1. The commitment of the **Pastor** is crucial to the success of the Permanent Endowment program.
2. The **Chairperson or specified representative of the Committee on Finance** will bring to the Permanent Endowment Fund Committee knowledge of finances within the church that will be beneficial in designing the church's total stewardship program, of which Permanent Endowment is one part.
3. The **Local Church Treasurer** as a financial officer of the church is familiar with the day-to-day needs and commitments of the church.
4. A **Representative from the Board of Trustees** will provide valuable expertise and will help to preserve a good working relationship between the Committee and the Board of Trustees. Property matters, which demand the most time and attention from the Trustees, are often a major focus of donors in making a planned gift to an endowment program.
5. A **Representative of the Stewardship Committee** will help provide continuity in how the church communicates its short-term and long-term financial goals.
6. Naming **an additional Three to Five Members by the Committee on Nominations and Leadership Development**, in accordance with paragraph 258.1 of *The Book of Discipline (2008)*, permits the inclusion of persons with special expertise. Since the other suggested Committee Members will bring a working knowledge of current programs and finances of the church, the additional Three to Five Members should be persons who might be characterized as visionaries, and as those who are considered trustworthy leaders by the congregation, and as those with a previous record of generosity to the church and its institutions. Their support of the program will lead others to have confidence in the Permanent Endowment program as well.

Naming the chairperson at the same time the Committee is elected creates several advantages:

1. Someone will be in place to convene the Committee;

2. Special expertise and other leadership qualifications necessary in a chairperson can be carefully considered as a part of the nominations process; and
3. Committee members will be given added confidence that the Committee is ready to begin its work immediately.

D. RESPONSIBILITIES

Paragraph 2533 of *The Book of Discipline (2008)* provides for the Permanent Endowment Fund Committee to have the opportunities, the responsibilities and the authority to provide leadership for the local church in all matters relating to Planned Giving and endowments. While it is best in most churches to give the Committee the full authority found in Paragraph 2533, there might be some situations where modifications should be considered if failure to do so might prevent or delay the creation of or the effectiveness of the Permanent Endowment Fund Committee.

E. THE PERMANENT ENDOWMENT FUND

The Ad Hoc Committee should take into consideration the unique circumstances of the church when determining the purposes for which endowments are being established. Do they reflect future programs and ministries as well as current programs and ministries? Are they defined broadly enough to allow the church some flexibility in the use of earnings? Are they described succinctly enough to capture the interest of church members and friends?

F. FINAL DRAFT

Once the final document is drafted, it is suggested that the church's attorney review it. Additionally, The Desert Southwest Foundation is willing to provide suggestions and also to review the final document before it is presented to a Charge Conference.

G. CHARGE CONFERENCE

The resolution may be presented in the Charge Conference session by the chairperson or a member of the Ad Hoc Committee; or it may be presented as a recommendation from the Administrative Board/Council. (If the Ad Hoc committee presents the resolution, it is preferable to have the prior endorsement of the Administrative Board/Council.) Once the Charge Conference votes to create a Permanent Endowment Fund Committee and a Permanent Endowment Fund and elects membership to it, the Ad Hoc Committee is terminated.

**SAMPLE CHARGE CONFERENCE RESOLUTION
ESTABLISHING A PERMANENT ENDOWMENT FUND COMMITTEE AND A
PERMANENT ENDOWMENT FUND**

(NAME) UNITED METHODIST CHURCH OF (CITY, STATE)

CHARGE CONFERENCE RESOLUTION

PERMANENT ENDOWMENT FUND COMMITTEE

AND PERMANENT ENDOWMENT FUND

DESIGNATION OF FUND

This Fund shall be known as the **(Church Name)**, Permanent Endowment Fund, hereafter referred to in this document as “the Fund.”

The Fund and its administration will conform to all applicable **(State Name)** laws and regulations, any applicable Federal laws and regulations including the provisions of the Internal Revenue Code, and ***The Book of Discipline of The United Methodist Church (2008)***, particularly pertaining to Paragraph 2533.

PURPOSE OF FUND

The Fund is established and shall be operated exclusively for religious purposes.

The Fund is established to provide members and friends the opportunity to make charitable gifts to **(Church Name)** (hereafter referred to as “the Church”) that will become a permanent endowment for financial support and a living memorial.

The Fund is intended for Church purposes which are not funded through the annual operating budget; however, gifts which intend to supplement programs and ministries are appropriate. Gifts may be designated to the following purposes through the corresponding funds of the Permanent Endowment Fund:

Undesignated:

— General Endowment Fund

(For special needs and ministries identified by The Church Council)

Designated:

— *(List funds here. See fund examples that follow this section.)*

— Any other Fund that shall be designated from time to time by the Permanent Endowment Fund Committee and approved by the Board of Trustees.

ADMINISTRATION OF THE FUND

No part of the Fund (neither principal nor income) shall be used to the benefit of any member of the Permanent Endowment Fund Committee.

Notwithstanding any other provision hereof, this Fund shall be used to conduct or carry on only those activities permitted to be conducted or carried on by an organization which is tax exempt or by an organization, donations to which are deductible from taxable income, pursuant to the provisions of the Internal Revenue Code and other applicable legislation and regulations as they exist or may hereafter be amended.

The Fund shall be administered by the Church Permanent Endowment Fund Committee (hereafter referred to as “the Committee”) under the authority granted to the Committee by the Charge Conference.

THE PERMANENT ENDOWMENT FUND COMMITTEE

The Committee shall be comprised of the following members:

(List Committee members here. Committee might include such members as:

- 1. The Senior Pastor (Non-voting Member)*
- 2. The Church Administrator*
- 3. A representative of the Finance Committee named by the finance Committee*
- 4. A representative of the Board of Trustees named by the Board of Trustees*
- 5. A representative of the Stewardship Committee named by the Stewardship Committee*
- 6. Up to six persons nominated by the Committee on Nominations and Leadership Development (the “At Large Members”)*

All members of the Committee shall serve until their successors are duly appointed.

(List term limits here. Possible term limits:

The At-Large Members shall be elected by the Charge Conference for a term of three years and may serve for a second three-year term. Upon completion of two terms, an At-Large Member may serve another two terms after a one-year absence from the Committee. The initial terms of the At-Large Members shall be staggered with two members elected for a one-year initial term, two members elected for a two-year initial term, and two members elected for a three-year initial term.)

The members of the Committee shall be succeeded by members appointed or elected as provided above. Any interim vacancies may be filled by action of the Church Council.

The Chairperson of the Fund Committee shall be nominated by the Committee on Nominations and Leadership Development from the At-large Members established above and elected by the Charge Conference. The Committee shall elect a secretary and such other officers and appoint such sub-committees as it deems necessary and shall define their duties.

Optional: The Committee shall appoint a Fund Administrator. The Fund Administrator shall have the responsibility of handling the day to day activities associated with the Funds, i.e. correspondence, acknowledgments, receipts, deposits, disbursements, etc...

The Committee shall make a full report no less frequently than once a year to the Church Council.

The Committee, in cooperation with the Church Committee on Finance, shall ensure that the annual audit or review is performed.

The Committee shall act by a vote of the majority of the Committee members authorized herein to vote, excepting amendments to this agreement as described under the Section "Amendment of Agreement."

The term "majority" as used in this agreement is constituted by at least fifty percent plus one of the Committee members present and voting at a duly called meeting. Any instrument required to be executed by this agreement (except amendments to this agreement described under the Section "Amendment of Permanent Endowment Fund Agreement") shall be valid if executed in the name of the Fund by a majority of the Committee. All actions of the Committee shall be taken by resolution at a published meeting. The vote shall be recorded when the vote is not unanimous. A copy of any resolution or action taken by the Committee, certified by any one of the Committee members, may be relied upon by any person or entity dealing with this Permanent Endowment Fund Agreement.

INVESTMENT OF PERMANENT ENDOWMENT FUNDS

The Fund's investment objectives are:

1. Conservation of principal for the effective maintenance of purchasing power.
2. Regular income at a reasonable rate.
3. Investment of assets in institutions, companies, corporations, or funds approved by the Permanent Endowment Fund Committee.

(Optional: The Desert Southwest United Methodist Foundation shall be used to serve as primary custodian of the assets received by the Fund.

and/or

The Desert Southwest United Methodist Foundation, through a Money Management Agreement with the Committee, will invest all permanent Funds received by the Fund.)

Donors will be encouraged to consider The Desert Southwest United Methodist Foundation as Trustee in the management of revocable or irrevocable Charitable Trusts established to benefit the Church. The donor may designate otherwise.

An appropriate investment strategy for all the Fund's assets will be determined by the Committee and primary custodian. The specific purpose of each 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 fund shall be available for distribution by the Committee in a manner consistent with the designated category.

CHANGES IN PRIMARY CUSTODIAN

Any transfer of the Fund's assets from the primary custodian or Trustee to any other agency must be approved by a majority vote of the Committee, *(Optional: on the recommendation of a majority vote of the Church Council of said church.)*

LIMITATIONS ON USE OF PRINCIPAL

The objectives of the Fund are to conserve principal corpus and make use of only the income from the Fund unless the donor specifically designates the use of principal in the Gift Agreement. Only in extreme and overwhelming circumstances bordering on the survival of the Church itself may principal be withdrawn; and, then, only if use of the principal to be withdrawn has not been restricted by the donor(s).

Any withdrawal of principal (as long as it does not violate the donor's intentions as described in the gift agreement) must be approved by a three fourths (3/4) vote of the members present and voting at duly called meetings of both the Committee and the Charge Conference of the **(Church Name)** Church.

(Optional: Gifts placed into the General Fund may be withdrawn and may be used for any purpose that is not specifically prohibited in another section of this Agreement and that is designated by a majority of the Church Council.)

DISTRIBUTION OF INCOME

The income of each of the sub funds shall be distributed as the donor has directed by will or other gift document provided such direction is in conformity with the purposes set forth herein.

Each sub-fund shall be considered as a designated Fund and therefore the income from said account shall only be distributed for the purpose associated with said designated Fund.

DISTRIBUTABLE INCOME

Distributable income can be described as follows:

- A. The net income earned on the investment, exclusive of capital gains.
- B. An amount determined each year by applying a percentage against a rolling three-year average of the fair market value of the fund as determined on the first business day of each calendar year. The percentage applied against the fair market value shall be 50% of the applicable federal rate as defined in the Internal Revenue Code on January 1st of every year; however, the percentage shall never be lower than 3% or greater than 5%. In years in which there is excessive growth in the fund, the Committee reserves the right to make additional distributions of income and capital gain beyond the 5% ceiling by a 2/3 approval vote of its members

GIFTS TO THE PERMANENT ENDOWMENT FUND

A Gifts Acceptance Policy document is included as part of this Agreement. Gifts to the Fund that are classified as designated will be assigned to the corresponding sub-fund.

A gift to the Fund that is not designated to a specific sub fund will be placed in the General Endowment Fund.

(Optional: Any gift in excess of \$(Amount to be determined) which is made to the Church, and which is not designated as a permanent gift shall be assigned to the General Endowment Fund. For a gift to be “designated for a specific sub-fund”, a minimum gift in the amount of (Amount to be determined) shall be required.)

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 Conference.

All gifts made to the Fund shall be accepted subject to the terms and limitations set forth in this document.

POWERS OF THE PERMANENT ENDOWMENT FUND COMMITTEE

In the administration of the Fund, the Committee shall have the necessary authority to carry out the purpose of the Fund. No power or authority shall be exercised by the committee in any manner or for any purposes whatsoever which may not be exercised by an organization which is tax exempt or by an organization donations to which are deductible from a donor's taxable income to the extent allowed by the provisions of the Internal Revenue Code and other applicable legislation and regulations as they now exist or may hereafter be amended. The acquisition, ownership, sale or transfer of any real or personal property must be consistent with **The Book of Discipline Of The United Methodist Church** as amended from time to time.

The Committee shall have the powers and duties authorized by **The Book Of Discipline Of The United Methodist Church** and granted by this session and future sessions of the Charge Conference.

- A. To receive and administer all bequests made to the local church; to receive and administer all trusts; to invest all trust funds of the local church in conformity with laws of the country, state, or like political unit in which the church is located.
- B. To emphasize the need for adults of all ages to have a will and an estate plan; and to provide information on the preparation of these to the members of the congregation.
- C. To stress the opportunities for church members and constituents to make provisions for giving through United Methodist Churches, institutions, agencies, and causes by means of wills, annuities, trusts, life insurance, memorials, and various types of property.
- D. To arrange for the dissemination of information that will be helpful in pre-retirement planning, including such considerations as establishing a living will and a living trust, and the need to designate someone to serve as a responsible advocate should independent decision making be lost.
- E. To update the committee rules and regulations after each General Conference as needed.

- F. Other responsibilities as determined by the Charge Conference.
- G. To collect, receive, and receipt for the income, profits, rents, and proceeds of the Fund.
- H. To purchase, subscribe for, retain, invest, and reinvest in securities or other property, wherever situated, and whether or not productive or of a wasting nature and without any requirement for diversification as to kind or amount. The intent is that the Fund's investments shall be made independently by the Committee or their contracted manager. These may include bonds, securities and any other investments of the Desert Southwest United Methodist Foundation. The terms "securities or other properties" as used in this document shall be deemed to include real or personal property, corporate shares, common or preferred stock, or any other interest in any corporation, association, investment trust, or investment company, bonds, notes, mortgages, debentures or other evidences of indebtedness or ownership, secured or unsecured.
- I. To sell for cash or credit, convert, redeem, exchange for other securities or other property, or otherwise dispose of any securities or other property at any time held by the Committee.
- J. To hold part or all of the Fund uninvested; however, such uninvested Fund shall be deposited in an account with The Desert Southwest United Methodist Foundation, Inc., or a federally insured commercial bank, savings bank, credit union, or broker that is a member SIPC pursuant to specific authority of the Committee.
- K. To employ suitable accountants, agents, legal counsel, and custodians, and to pay their reasonable expenses and compensations. Each separate Fund shall bear its pro rata share of such reasonable expenses.
- L. Any other provisions of this agreement notwithstanding, the Committee shall not engage in any act of self dealing as defined in the Internal Revenue Code; nor retain any excess business holdings as defined in the Internal Revenue Code; nor make any investments in such manner as to incur tax liability under the Internal Revenue Code; nor make any taxable expenditures as defined in the Internal Revenue Code or corresponding provisions of any subsequent Federal tax law.
- M. The Committee shall determine all matters regarding management of the Fund, expenditures, and investment by a majority vote present at a duly called meeting (except amendments discussed under "Amendment of Agreement").

BOND AND COMPENSATION

No Committee member shall be required to furnish any bond or surety. Each Committee member shall serve without compensation for their services hereunder, but all expenses of these Funds or of any Committee member acting hereunder shall be paid by the Fund. Accounting, receipts, deposits, and disbursements for all Permanent Endowment Funds shall be handled by the bonded designee(s) of the Church as assigned.

ACCOUNTING BY PERMANENT ENDOWMENT FUND COMMITTEE

The Committee shall render a statement of their transactions regarding the **(Church Name)** Permanent Endowment Fund. At no time shall the amount of individual gifts nor the identity of donors to the Fund be published unless written permission to do so is obtained. The Church, or any member, or any donor to the Funds may file an objection to the accounting in writing within sixty (60) days of the date of the accounting. In the absence of such objection, the Committee shall be released, relieved, and discharged with respect to all matters and things set forth in such accounting as though such accounting had been settled by judicial decree of a court of competent jurisdiction.

LIABILITY OF THE PERMANENT ENDOWMENT FUND COMMITTEE

No Permanent Endowment Fund Committee Member (hereafter referred to as "Member") shall be responsible for loss in investments made in good faith. No Member shall be liable for the acts or omissions of any other Member, or of any accountant, agent, legal counsel or custodian selected with reasonable care. Each Member shall be fully protected in acting upon any instrument, certificate, or paper believed by him to be genuine and to be signed or presented by the proper person or persons. No Member shall be under any duty to make any investigation or inquiry as to any statement obtained in such writing but may accept the same as conclusive evidence of the truth and accuracy of the statements therein contained. The Board of Trustees shall include the Committee as part of the Trustees indemnification insurance.

MERGER, CONSOLIDATION, OR DISSOLUTION OF (CHURCH NAME)

If at any time **(Church Name)** is lawfully merged or consolidated with any other United Methodist church, all the provisions hereof in respect to the 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 thereto.

*(Optional: If **(Church Name)** should ever be dissolved without any lawful successor thereto, the Fund, including both principal and interest to date, shall be entrusted to The Desert Southwest United Methodist Foundation to direct the distribution of principal and accumulated income as it determines to the **(Church District)** of the United Methodist Church or its successors to use for the purposes for which the gift (or gifts) was intended. In the event of such dissolution as set forth above, and in the case that The Desert Southwest United Methodist Foundation should not then be in existence, the Fund, both principal and interest, shall be paid over and entrusted to a bona fide local charity selected by the surviving members of the last duly qualified Permanent Endowment Fund Committee which shall most closely resemble the purposes of the **(Church Name)** Permanent Endowment Fund. Such charity must be a charity duly qualified under Sections 170© and 501(c) (3) of the Internal Revenue Code.)*

AMENDMENT OF PERMANENT ENDOWMENT FUND AGREEMENT

This agreement may be amended or modified from time to time only after recommendation by a two-thirds (2/3) vote of the Committee members present at a duly called meeting and voting and by a two-thirds (2/3) vote of a duly announced Charge Conference of **(Church Name)**. No amendment or modification shall (1) alter the intention that the Fund be operated exclusively for religious purposes; (2) alter or eliminate the stated fund purposes found under purpose of the Fund herein, or (3) alter the intent of any donor to the Fund. Every amendment or modification of this agreement shall be in writing and signed by the Committee who voted to approve same and by the Recording Secretary of the Charge Conference, the District Superintendent, and the Senior Pastor.

SEVERABILITY

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

This Permanent Endowment Fund Agreement was adopted the **(Day)** day of **(Month)**, **(Year)**, in a duly authorized Charge Conference of **(Church Name)** meeting in **(City)**,

State) by a vote of **(Number of Votes For)** for, **(Number of Votes Against)** against, and **(Number of Votes Abstained)** abstained.

(Name of Recording Secretary), Recording Secretary

(Name of District Superintendent), District Superintendent

(Name of Senior Pastor), Senior Pastor

GIFT ACCEPTANCE POLICY

PURPOSE

The purpose of this Gift Acceptance Policy is to describe the type of gifts that can be accepted and the manner in which they can be accepted. Where a Permanent Endowment Committee (hereinafter referred to as The Committee) does not exist, The Board of Trustees (hereinafter referred to as The Trustees) is instructed by the Charge Conference to receive and distribute gifts received under the Gift Acceptance Policy of the Church.



INTRODUCTION

In order to protect the interests of (Church Corporate Name) (hereinafter referred to as The Church) and the persons and other entities who support its programs, these policies are designed to assure that all gifts to the Church, or for the use of the Church, are structured to provide maximum benefit to both parties.

This document focuses on both current and deferred gifts, with special emphasis on various types of deferred gifts and gifts of non-cash property. The goal is to encourage funding of the Permanent Endowment Fund (hereafter referred to as The Fund) without encumbering the organization with gifts which may prove to generate more cost than benefit, or which are restricted in a manner that is not in keeping with the goals of the Church.

To optimize funding from individuals and other entities, the Church must be capable of responding quickly, and in the affirmative where possible, to all gifts offered by prospective donors. Except where stated otherwise, these policies are intended as guidelines only. Flexibility must be maintained since some gift situations can be complex and decisions only made after careful consideration of a number of interrelated factors. Therefore, these policies may in some instances require that the merits of a particular gift be considered by the Committee and a final decision be made only after a recommendation by that Board.

The Committee reserves the right to decline or otherwise refuse any gift offered to the church, with or without cause. Reasons for which a gift may be declined include, but are not limited to the following:

1. The Committee does not believe it is in the best interest of the church or the Fund to abide by the restrictions placed on the gift by the donor.
2. The costs to maintain the gift or to meet the restrictions placed on the gift by the donor are considered to be excessive for the Fund.

3. The gift is considered to be inappropriate or unrelated to the tax-exempt purposes of the Church or the Fund.
4. The gift is designated to benefit or to be channeled to a specific individual.

GIFT ACCEPTANCE TERMS AND CONDITIONS

All gifts will be acknowledged by written confirmation of the gift and of any terms and conditions of the gift acceptance. All information concerning donors and prospective donors, including their names, names of beneficiaries, the amount and type of the gift, aspects relating to their estates, etc., shall be kept strictly confidential except when donors permit the release of such information.

I. OUTRIGHT GIFTS

A. CASH

1. Gifts in the form of cash and checks shall be accepted in any amount.
2. All checks must be payable to **(Church Name)** and in no event shall they be made payable to an employee, agent, or volunteer for credit to the Church.

B. PUBLICLY TRADED SECURITIES

Securities that are traded on the exchanges shall be accepted by the Church. The Permanent Endowment Fund Committee shall make the decision to keep or sell the security. If the decision is made to sell, contact The Desert Southwest United Methodist Foundation for NO FEE selling instructions.

C. CLOSELY HELD SECURITIES

Non-publicly traded securities may be accepted upon approval by the Trustees. The Committee shall make the decision to keep or sell the security.

D. REAL PROPERTY

1. All gifts of real property must have the approval of the Trustees and a fair market value in excess of *(for example, \$10,000)*
2. Prior to approval, the Committee shall make a recommendation for accepting the real estate and shall include a report on (but not limited to) the following:
 - a. current title and ownership

- b. current zoning
 - c. any and all restrictions
 - d. any encumbrances, including an Affidavit of Lien signed by the Donor
 - e. an independent qualified third party appraisal
 - f. at least a Phase I environmental audit
 - g. a recommendation on marketability
3. Upon recommendation from the Committee, the Board of Trustees shall make the final decision to keep or sell the property.

E. TANGIBLE PERSONAL PROPERTY

1. All gifts of personal property must have the approval of the Committee and a cash value in excess of (*for example, \$1,000*).
2. Prior to approval, the Committee shall make a recommendation for accepting the personal property and shall include a report on (but not limited to) the following:
 - a. current title and ownership
 - b. an independent qualified third party appraisal
 - c. a recommendation on marketability
3. The Committee shall make the decision to keep or sell the property.

F. OTHER PROPERTY

The Committee shall make the decision to accept and to keep or sell any other property that it may deem to be in the interest of the Church.

II. PLANNED (DEFERRED) GIFTS

A. BEQUESTS

1. Gifts through wills (bequests) shall be actively encouraged by the Church.
2. Upon inquiry by a prospective donor, all representations as to the future acceptability of various properties to be left to the Church in a will or other

deferred gift shall be made in accordance with the terms and provisions of Paragraph I (A-F) of this document.

3. Gifts of property that are not acceptable from estates shall be rejected by the Committee and that decision shall be communicated to the legal representatives of the estate.

B. REVOCABLE LIVING TRUSTS AND CHARITABLE TRUSTS

1. The Committee will recommend as fiduciary The Desert Southwest United Methodist Foundation.
2. The fees for management of a Charitable Remainder Trust will not normally be paid by the Church, however, upon approval by a majority of the Committee, these fees may be paid by the Church. The fees for management of a Revocable Living Trust will not be paid by the Church under any circumstances.
3. Revocable Living Trusts and Charitable Remainder Trusts and all other deferred gifts shall be encouraged as a method of making gifts to the Church while retaining income which may be needed by the donor for personal purposes. Such trusts shall not be marketed as tax avoidance devices or as investment vehicles and it is understood that no activity will be conducted that will violate Federal and/or State security regulations.
4. No representations as to the manner in which trust assets will be managed or invested shall be made by any employee or other persons acting on behalf of the Church.

C. LIFE ESTATE GIFTS

The Committee may accept such gifts provided that there has been a full disclosure of the possible ramifications of the transaction to the donor.

D. LIFE INSURANCE POLICIES

1. The Church will encourage donors to name the Church as beneficiary of life insurance policies that they have purchased.
2. The Church will not accept gifts from donors for the purpose of purchasing life insurance on the donor's life. Exceptions to this policy may be made only when the Church has an insurable interest and is in compliance with all State and Federal statutes.

3. No insurance products will be endorsed for use in funding gifts to the Church.
4. In no event shall lists of Church donors' names be furnished to anyone for the purpose of marketing life insurance for the benefit of donors and/or the Church.

E. GIFT ANNUITIES

The Church will accept Charitable Gift Annuities purchased from The Desert Southwest United Methodist Foundation.

III. PAYMENT OF FEES RELATED TO GIFTS TO THE CHURCH

A. FINDER'S FEES OR COMMISSIONS

No fees shall be paid to anyone as consideration for directing a gift to the Church.

B. PROFESSIONAL FEES

1. In general, the donor shall pay any fees associated with the gift.
2. No fees shall be paid to anyone as compensation for any sale of any products to the donor.

IV. RESTRICTIONS

- A. Any restriction on the use of any gift must be approved by the Committee prior to acceptance of the gift.
- B. A designated permanent sub fund, other than those identified, may be established with a minimum gift of (*for example, \$50,000*) or such minimum to be determined appropriate and approved by the Committee.

V. GIFT USE

- A. The use of undesignated gifts to the church, other than those gifts intended for undesignated use within the operating budget of the church, shall be determined by the Church Council. (Optional: If the gift is \$1,000 dollars or less, the Wills and Legacies Committee, if one exists, shall make recommendation to the Church Council on the use of the gift.) If the gift is more than \$1,000, the Church Council will entertain suggestions on the use of the gift from local church bodies prior to making a decision on its

use.

The church should maintain a "wish" list of projects and items that can be supported or purchased with undesignated gifts.

- B. The church may direct that a percentage of all undesignated gifts to the church be placed automatically in a Permanent Endowment Fund.

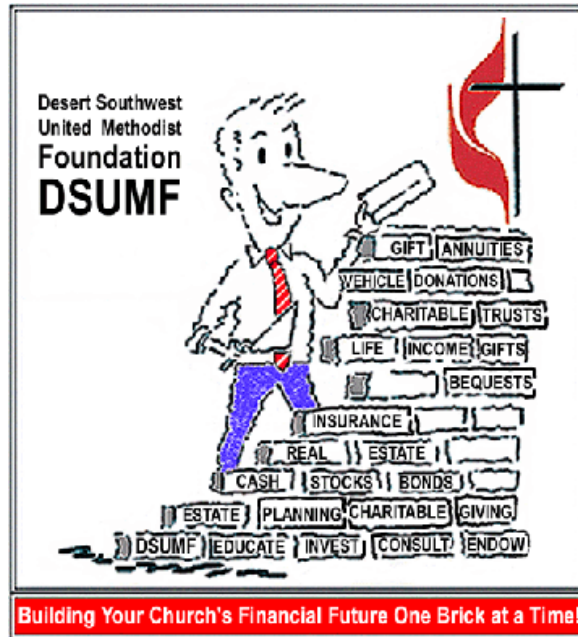
SAMPLE FUNDS

Most Permanent Endowment Fund Committees will set up “designated” and “undesignated” funds. The former can be used only for specific ministries or programs. Undesignated funds can be used according to the particular needs of the church. Each church should create funds according to its needs and/or vision for ministry. The following list is intended to serve as an example of types of funds that some churches use.



1. General Undesignated
2. Capital Improvements and Unbudgeted Property Maintenance
3. Scholarships
4. Mission Projects (Particular Local, State, National and International Projects that have had a history of support in the local church).
5. Children's Ministries
6. Worship Ministries
7. Music Ministries
8. Senior Ministries
9. Community Day Care
10. Youth Ministries
11. Scholarships for the Pastor's Continuing Education
12. Adult Day Care Project

PLANNED GIVING HANDBOOK



Part IV PROMOTING YOUR PROGRAM

FOR AGENCIES, BOARDS & CHURCHES OF THE
DESERT SOUTHWEST CONFERENCE

Revised January 2011

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WHY MARKET YOUR ENDOWMENT PROGRAM?

Setting up . . .

an endowment program is a big step for most churches. It requires vision, hard work and dedication. However, once the program is set up, many of us adopt a *Field of Dreams* mentality. To paraphrase a famous line from the popular 1989 movie, we naively assume “if we build it, they will give.” If that were true, every church endowment would have all the funds it needs. The reality is that creating an endowment program is only the first step. Marketing the program is what makes the endowment grow. In simple terms, your marketing plan should have three major areas of emphasis: communication, education and celebration.



Communicate

Do let people know what you are doing and why. Don't just mention the endowment program once in a while. Remind people of what it can do for them and for the church. Endowment giving should be part of the overall stewardship or giving emphasis of the church, and, as such, should be mentioned in any communication—spoken or written—about giving. Let people know that there are creative ways to give to the church; ways that may help stretch their “giving dollars.” Omitting planned giving as an option from your ongoing stewardship communications materials only translates into lost opportunities.

Educate

Planned Giving is a complex topic. Don't assume that everyone automatically knows what it is. Your marketing materials and/or presentations or workshops must clearly explain the benefits of planned giving. They also should attempt to dispel any myths or misperceptions about planned giving. For example, many people believe that planned gifts are just for the most affluent church members. Truthfully, planned giving is an option that everyone should consider. Plan at least one educational workshop a year. Estate planning and/or end of life planning are essential elements of financial planning. Let people know why it is important—if not imperative—to have a will. Foundation staff members are available on a pro bono basis to talk about planned giving and estate planning, and many churches have members who are financial and estate planning experts as well. Some churches offer faith-based financial literacy programs. Learning to manage one's assets and to care and plan for one's heirs is a vital part of comprehensive Christian stewardship.

Celebrate

Let church members know how the endowment program is doing. When new gifts come in, thank donors publicly, if possible, but respect the privacy of those donors who prefer

to make anonymous gifts. You can acknowledge the gift and thank the donor without necessarily revealing the person's identity. There are many ways to report on the annual growth of your endowment program. Many churches plan a special event honoring donors. Some churches publish an annual report. Some do a combination of both.

We encourage every church to develop an annual recognition event. Invite anyone who has set up a planned gift for the church through a bequest, charitable gift annuity, donor advised fund or trust. Report to them on how their gifts are growing and being used. If you are using a portion of your endowment income to fund certain ministries, let donors—and the general membership—know how these gifts are making a difference. Nothing encourages giving like success.

In summary:

1. Constantly look for ways to let the congregation see your endowment program at work.
2. Don't forget to say "thank you."

What is your vision?

The most successful endowment programs—or any giving program for that matter—happen in an environment where clear long-range plans and goals are established, well-communicated and understood. People want to give to ministry. They are attracted to causes and ideas that make a difference in people's lives. Churches that tell stories of mission and ministry through testimony, offering meditations, newsletter articles, videos, email blasts, special events, direct mail and web site content are more likely to excite people about giving.

Look for stories to tell. If you have a donor who is delighted to be leaving a legacy to the church, have the donor tell his or her story. Use the story in a newsletter or church video, or have the donor give a brief talk during worship or at a church event. The Foundation has developed a series of 90-second video spots that tell a story of a particular type of planned gift and what motivated the donor to give.

What is planned giving?

Planned giving is all about giving for the long term. Endowment funds are invested to help ensure that the church can continue its mission and ministry beyond our lifetimes. When we make a planned gift, we are giving to something that will continue in perpetuity. Part of the sense of satisfaction that comes from making a planned gift lies in the knowledge that we can make a lasting impact; we can leave a legacy for generations yet to come.

Most church members think of giving in terms of plate offerings. Typically they make a pledge to a stewardship or capital campaign based on anticipated annual income. By contrast, a planned gift typically comes from accumulated assets rather than annual income.

A planned gift can be a once-in-a-lifetime gift. In many cases, it may require the assistance of an attorney or other professional financial advisor. Planned gifts can be as varied as the interests of the donor. They can include such items as stocks and bonds or other appreciated securities, insurance policies, retirement plans, art or antique collections, real estate or other assets. The gifts may be made through such vehicles as trusts, charitable gift annuities, a donor advised fund or a bequest in a will. Often a donor will meet with a financial planner or a representative of the Desert Southwest United Methodist Foundation to decide how to fund the gift.

Certain types of planned gifts provide added benefits to donors. For example, some provide tax benefits. Some provide a life income arrangement.

Educating your congregation about planned giving can be daunting. The Foundation's *Planned Giving Guide* can be helpful in explaining the benefits of various types of planned gifts. Again, a planned giving or estate planning seminar can be very informative for members who are just learning the language of planned giving. It is a good idea to offer educational workshops on a regular basis.

How to communicate

In the world of marketing, most professionals believe that the most effective plans involve "integrated marketing." That is, you communicate your message through every means possible: through editorial coverage, through advertising, through promotions and special events. When it comes to marketing your planned giving program, your strategy should be similar. Use every means at your disposal.

Talk about planned giving from the pulpit, in church newsletters, at congregational gatherings, in workshops, in brochures, in bulletin inserts, pew cards and other publications. Again, to borrow a principle from the world of marketing, most people don't get the "message" you are trying to convey the first time they hear it. Think about the most successful marketing campaigns you know. You probably remember such corporate slogans as "the real thing" or "you're in good hands" because you have heard them so often and in so many different ways.

Some marketing experts say that consumers have to hear a message at least seven times before they begin to get it. If you are introducing a new idea, communicate it often. People won't automatically remember it; you have to remind them.

Get your leadership on board

When you first begin your endowment program, make sure to educate your lay leaders. Share the vision with them. Use them to help spread the gospel of planned giving. Meet with your trustees, your finance committee and Church Council. Work with other small groups to help build excitement and support for your program. People who understand the vision will help you keep it alive.

Challenge your donors

Faithful stewards are inspired stewards. If you want to inspire your prospective donors, look to the familiar. The Bible is perhaps the best source of inspiration when it comes to giving. It is filled with references to giving back to God. The story of the widow's mite and the parable of the talents teach us to give sacrificially and to make the most of our resources. In Matthew 6:19-21, Jesus challenges us to forgo the treasures of this world and seek heavenly treasure for *"where your treasure is, there will your heart be also."*

In his letters to the early Christians, the Apostle Paul encourages us to be generous and cheerful givers. He teaches us to give as we have decided in our heart to give. Moreover, Paul equates giving with "thanksgiving."

"You will be made rich in every way so that you can be generous on every occasion, and through us your generosity will result in thanksgiving to God." 2 Corinthians 9:12

Likewise, John Wesley, the founder of Methodism, is famous for his teachings on stewardship. His sermons on *The Use of Money* and *The Good Steward* offer excellent insight into the Wesleyan tradition of giving. Wesley admonished his followers to "earn all you can, save all you can and give all you can." His teachings still resonate with Christians today.

The theology of stewardship is based on the concept that all we have comes from God. Stewardship is about giving back to God in response to His grace in our lives.

Make it easy to give

The number one reason people do not leave a bequest or other type of planned gift to the church is that they are never asked. Please remind your congregation about leaving a final tithe to the church. Include reminders in the bulletin. Place cards, brochures or envelopes in the pews. Explain how to make a planned gift to the church. Make it easy to give. Someone may be waiting to be asked.

Memorial and Honor Giving

Memorial and honor giving are among the most important and meaningful ways to give to a church endowment program. This type of giving allows donors to help sustain the church or favorite ministry, and at the same time, pay tribute to a friend or family member, living or deceased. Often the honoree has been an active and long-time member of the church family.

Permanent Endowment Fund Committees should make sure that members of the congregation understand that tribute gifts are encouraged and accepted. Moreover, they should emphasize how both the gift and the tribute can be lasting. Many churches have created memorial walls to perpetuate the memory of members of the congregation who have been honored. Others have published annual reports highlighting special gifts that have been made "in memory of " or "in honor of " a friend or loved one. Others have placed plaques in appropriate areas of the campus to recognize the contribution

of someone who has been honored or memorialized. Still others organize special events to recognize these special contributions.

Honor and memorial gifts may be made to honor a special occasion, such as a birthday or anniversary or some other family milestone. There may be times when persons choose to make a memorial contribution in lieu of flowers at the time of a funeral. There may be a desire to commemorate the anniversary of the birth or death of someone who died some time ago.

Honor gifts are often considered “living memorials” and a way of saying “thank you” to a friend or loved one who has made a significant impact on the donor’s life. Likewise, memorial gifts often translate into a legacy for future generations. Both allow donors to give from the heart. What better way to express such deep feelings of gratitude, remembrance and celebration than through the church that is involved in spreading the good news of Jesus Christ throughout the world?

EVALUATING YOUR ENDOWMENT PROGRAM

Your Desert Southwest United Methodist Foundation encourages you to evaluate your endowment program on a regular basis. Frequency may depend on where you are in the process, but once the program is up and running, we recommend that you set goals and analyze your progress on an annual basis. The evaluation process should help you fine tune your strategic plan and set goals for the following year.

To help with this process, here are some points to consider:

- Measure your annual growth in terms of
 - new gifts received
 - growth of investment income
 - new donors identified
- Have you asked donors within the congregation to self identify? Do you know who is planning to remember the church in their will or living trust? Are you regularly reminding members of the congregation to include the church in their estate planning?
- How well have you communicated with the congregation on the benefits of planned giving?
- What events or educational seminars have been most successful this year?
- How has income from the permanent endowment been used to support or enhance the mission and ministry of the church? How well have you reported the disbursements to the congregation?
- How have you thanked and recognized your donors? Do you have a meaningful recognition program in place?
- Has your core leadership helped promote the program through their example of giving?
- How successfully have you linked the church endowment to the church's mission and/or long range vision for ministry?



SOME FACTS TO CONSIDER

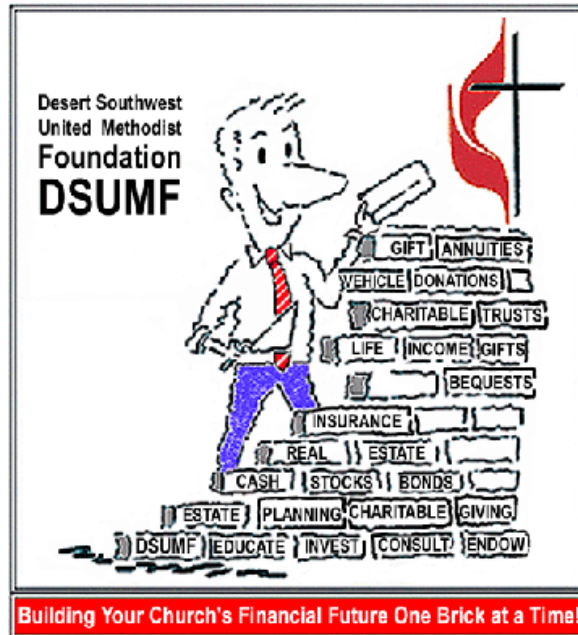
1. While the Desert Southwest United Methodist Foundation is positioned to provide assistance in consultation and planning with donors and in the administration and management of the gift plan options discussed in this handbook, the donor should always be advised to consult his or her own legal and financial advisors.

2. Churches, and all other charitable organizations, are advised to make an intentional effort to fully understand all facts and implications as to gifts which are offered and should take prompt and appropriate action to accept or reject those gifts to avoid potential problems. For example: Present state and federal environmental regulations and laws make it absolutely critical that a church investigate thoroughly any real property for environmental concerns before the property is accepted. Once the church has accepted a gift of real estate, the environmental liabilities pertaining to that property rest with the church. Always consult with your attorney and other professional advisors before real property gifts are accepted.

3. The purpose of this publication is to provide accurate and authoritative information of a general character only. The Desert Southwest United Methodist Foundation, Inc. is not engaged in rendering legal or tax advisory services. For advice or assistance in specific cases, the services of an attorney or other professional advisor should be obtained.



PLANNED GIVING HANDBOOK



Part V OTHER RESOURCES

FOR AGENCIES, BOARDS & CHURCHES OF THE
DESERT SOUTHWEST CONFERENCE

Revised January 2011

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SELECTED READINGS

1. Revolution in Generosity by Wesley K. Willmer
2. More Give to Live by Douglas M. Lawson Ph.D.
3. The Spirituality of Fund-Raising by Henri J. M. Norwen
4. God & Your Stuff by Wesley K. Millmer
5. The Passionate Steward by Michael O'Hurley-Pitts
6. Not Your Parents Offering Plate by J. Clif Christopher
7. Whose Offering Plate Is It by J. Clif Christopher