

## **Eastminster Presbyterian Church of East Lansing, Michigan Policy on Endowments, Bequests, and Other Enduring Gifts**

“According to the grace of God given to me, like a skilled master builder I laid a foundation and someone else is building on it. Each builder must choose with care how to build-on it. For no one can lay any foundation other than the one that has been laid; that foundation is Jesus Christ.” I Corinthians 3:10-11

As a community of faithful believers, the members of Eastminster Presbyterian Church of East Lansing established the Endowment Fund as an expression of faith, acknowledging all that has been conferred upon us and is divinely given as a tangible expression of God's grace. We, the people of God, share the responsibility to use these gifts wisely and prudently to maintain, improve, and preserve the church of Jesus Christ and, through our responsive gratitude, give glory to God.

**Statement of Purpose:** The Endowment Fund of Eastminster Presbyterian Church of East Lansing was established in October 2013 to provide a stronger financial base for the ministry, program, operations, and facilities management of the congregation. The primary objective for the management of these gifts is to provide resources to further the mission of the church.

Just as annual stewardship giving is an opportunity to return to God a portion of our yearly income for the day-to-day ministry and operation of the church, gifts to the Endowment Fund provide income to create new program initiatives for a changing world, to increase outreach and ministry, and to provide a legacy for future generations.

It is the intention of this policy that these gifts will be handled with care and prudence. The guidelines in this policy are to be followed in the receipt, investment and distribution of financial gifts, bequests and contributions to Eastminster Presbyterian Church of East Lansing (Church).

### **Sections:**

- 1. Endowment Administration and Management**
- 2. Investment Guidelines and Objectives**
- 3. List of endowment funds**
- 4. Receipt of gifts**
- 5. Withdrawal and use of funds**
- 6. Requesting funds**
- 7. Definition of terms**

## **1. Endowment Administration and Management**

The endowment and restricted investment funds are managed by the Endowment Committee (Committee), a standing committee which is accountable to the session. The session shall have sole responsibility for decisions regarding distribution of the income of these funds.

### **Endowment Committee Membership and Meetings**

The committee shall consist of not fewer than three (3) and no more than five (5) members recommended by the committee and approved by the session. Terms of office shall be for three years. Members may be reappointed once, but cannot serve for more than six consecutive years. The pastor and treasurer will be ex-officio members without vote. Retiring members must wait an interval of one (1) year before resuming service on the committee. A chairperson appointed by the session will conduct the meetings. A secretary will be chosen annually from among the committee members to record the proceedings of the committee. A quorum shall consist of one-half of the committee being present. A quorum must be present for the approval of any transaction or request.

### **Endowment Committee Responsibilities:**

- Meet at least once annually, recording minutes of each meeting and reporting to the session.
- Provide in the congregation's annual report information to include a list:
  - of new gifts received
  - total return generated by the fund (dividends, interest, capital gains, appreciation)
  - requests for funds
  - amounts spent for ministry
  - total value of the Endowment Fund at year-end
- Monitor and evaluate the endowment investment performance of funds, meeting at least annually with a representative of the Presbyterian Foundation (or successor investment manager), usually in February or March.
- Ensure that adequate records are maintained for donor-restricted gifts and that all donor restrictions are honored.
- Publicize the Endowment Fund to the congregation and how they can contribute.
- Develop and administer a review process for use of Endowment income and make recommendations to session regarding specific uses of income funds.
- Monitor and report outcomes of efforts funded with Endowment income. Ensure all communication about efforts funded use the phrase "supported by the Eastminster Endowment Fund."

- Grant exceptions as permitted in these policies and recommend changes in approved policy, guidelines, and objectives as needed
- Execute such other duties as may be delegated by the session

### **Session Responsibilities:**

- Ensure regular review of this policy and reporting on Endowment fund activities.
- Act on Endowment Committee recommendations.
- Assure an annual financial review of Endowment funds.

### **Liability of Committee Members**

Having made a good faith effort to comply with the terms of this policy, the Endowment Committee members shall be released from liabilities incurred in such a good faith effort. Individual committee members shall not be liable for the acts or omissions of any other committee member. Any member having a direct or indirect personal interest in any dealings or transactions involving these funds shall refrain, at all times, from any conduct in which personal interests would conflict with the interest of the church.

### **Book of Order**

With regard to all property, real and personal, of Eastminster Presbyterian Church of East Lansing, the following statutes in the Book of Order of the Presbyterian Church (U.S.A.) apply. See G-8.0201 and G-8.0401

### **Regular Review of Policy**

This document shall be reviewed every three (3) years by the committee to ensure that the administration and endowment investment policies reflect the current needs and investment goals of the church, with any recommendations for changes taken to the session for approval and adoption.

## **2. Investment Objectives and Guidelines**

In order to meet its needs, the investment strategy of the Endowment Fund is to emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income. Specifically, the primary objective in the investment management of the Endowment Fund shall be:

- Long-term growth of capital – To emphasize the Long-term growth of principal while avoiding excessive risk. Short-term volatility consistent with the volatility of a comparable market index is anticipated, though management should strive to contain it.
- Preservation of purchasing power – To activate returns in excess of the rate of inflation plus spending over the investment time horizon in order to preserve purchasing power of agency and Trust assets. Risk control is an important element in the investment of Trust assets.

### **Investment Guidelines**

- Investments shall be made solely in the interest of the Eastminster Presbyterian Church Endowment Fund.
- Since 2013 the EPC Endowment Fund has been managed by New Covenant Trust through the Presbyterian Foundation
- The assets shall be invested with care, skill, prudence, and diligence.
- Over the investment time horizon established it is the goal of the Endowment Fund assets to realize a minimum total return in excess of the rate of inflation plus 3% as measured by the Consumer Price Index.

### **Diversification**

Investment management of the assets of the Endowment Fund shall be in accordance with the following asset allocation guidelines:

<b>Asset Class</b>	<b>Minimum</b>	<b>Maximum</b>
<b>Equities</b>	<b>40%</b>	<b>65%</b>
<b>Fixed Income</b>	<b>30%</b>	<b>50%</b>
<b>Cash Equivalents</b>	<b>0%</b>	<b>20%</b>

### **3. List of Endowment Funds**

We believe that endowment funds should be used to support the mission of our church as described in the Great Ends of the Church (FG - 1.0200, The Book of Order): "The proclamation of the gospel for the salvation of humankind; the shelter, nurture and spiritual fellowship of the children of God; the maintenance of divine worship; the preservation of the truth; the promotion of social righteousness; and, the exhibition of the Kingdom of Heaven to the world." We do not, therefore, restrict the use of the Endowment income to one or another area of ministry unless we are requested to do so by the donor. We encourage donors to leave the use of their gifts to the discretion of Session. Nevertheless, we recognize that some gifts will be restricted. We highly encourage donors who wish to leave a restricted gift to designate such gift to one of the existing restricted funds.

The Session of Eastminster established the following funds in October 2013. At present, only the unrestricted fund is active.

**Eastminster Unrestricted Fund** - If a donor does not specify a restricted fund, the Session shall add the gift to this fund. Session designates the income from the Unrestricted Fund for use wherever the need is greatest at a particular time based on requests that originate with an Eastminster committee and that have been reviewed and recommended to session by the Endowment committee.

**Building and Grounds Restricted Fund** - to be activated when funded. Income is available to support the improvement and maintenance of the church's physical plant, grounds and other real property.

**Education and Ministry Restricted Fund** - to be activated when funded. Income is available to support the church's educational mission and programs that minister to the needs of the people of God.

**Mission and Evangelism Restricted Fund** - to be activated when funded. Income is available to support the church's outreach in connection with its international, national, and local mission initiatives

**Worship and the Arts Restricted Fund** - to be activated when funded. Income is available to enhance the worship life of the congregation through music, dance, theatre, the visual arts and technology.

#### **4. Receipt of Gifts**

**Types of Gifts:** Gifts of an enduring nature may be given to the church directly or as bequests, in such forms as

- wills or through other governing documents
- charitable remainder trusts
- charitable gift annuities and other life income agreements
- assignment of life insurance.
- transfers of property (cash, stocks, bonds, real estate, personal property)

Properties transferred to the church will ordinarily be sold promptly and the proceeds placed in the unrestricted endowment fund.

**Acceptance of Gifts:** The session shall have the responsibility for the acceptance or rejection of all gifts. Gifts which are unwieldy to manage or not in keeping with the Christian mission of the church will be carefully reviewed and may be defined accordingly. Undesignated gifts will be accepted by the session and may be added to the Endowment Fund at the discretion of the session.

Donors of restricted gifts will be asked to include language such as the following: "Should a time come when the purpose of this gift no longer meets the mission and objectives of the Eastminster Presbyterian Church of East Lansing, the donor gives Session permission to use these resources in a manner consistent with its objectives."

## **5. Withdrawal and Use of Funds**

Up to four percent (4%) of the 12 month average principle of the endowment fund may be withdrawn annually to support the designated programs. The distributions shall be made on a quarterly basis. Fund withdrawals shall be credited to Eastminster's "Endowment Income Balance fund", with all disbursements and transfers made from that fund.

### **Use of Funds**

The primary purpose of the Eastminster endowment fund is to provide special funding for ministries or initiatives that would not otherwise be funded from traditional sources such as annual operating revenue or capital campaigns.

When considering a request for funding, the endowment committee and session will give priority to activities that accomplish one or more of the following:

- create new program initiatives for a changing world
- increase outreach and ministry
- provide a legacy for future generations

For new initiatives that are planned to last multiple years or permanently, it is desired that the endowment fund be used to only provide "seed" money to get the new initiative off the ground until such a program can become self-sustaining. For this reason, no initiative shall receive funding for more than three (3) years from the endowment.

While the session can use the unrestricted endowment fund for any purpose, it is strongly encouraged never to use the endowment for supplementing annual church operating expenses. Should a situation develop that requires using endowment income for operating expenses, the endowment committee shall request that session develop a plan to eliminate the need for such use of endowment funds within a three year period.

## **6. Requesting Funds**

All requests must be submitted in writing and must originate from an Eastminster committee. The written request shall be submitted to the endowment committee chair using the request form provided by the committee.

Questions on the request form include:

- Name of Eastminster committee submitting request
- Name of person who will be responsible
- Amount requested
- Date needed (must allow adequate review time)
- What issue(s) does the request address?
- What outcome/impact do you project?
- How will you measure/evaluate success?
- How will the funds be used (provide a specific budget)
- Why should this work not be funded through Eastminster's regular annual operating budget?
- How will information about this work be shared with the congregation and (when appropriate) beyond?
- How will this work be documented?
- Date when requester will report results to Session along with a written report.

All requests will be reviewed by Eastminster's Endowment committee, which will make a recommendation to Session. The Endowment committee may request additional information before making its recommendation. The recommendation may be to approve, to approve with modifications or not to approve. Session will make the final decision.

## **7. Definition of Terms**



**Endowment funds:** Funds whose principal is invested with intent to increase in value and that are intended to provide income for the church's use. The dividends and interest generated by the endowment funds shall be reinvested.

**Endowment income:** The earnings received from a direct gift, to include interest, dividends, appreciation and capital gains of the funds.

**Endowment Investment income:** Consists of interest earned on bond funds and dividends paid on equity funds.

**Other Endowment Income:** Consists of capital gains (appreciation in the value of equity and bond funds)

**Unrestricted gift:** Monies or other property given to the church which may be used for any church purpose or expenditure. Such monies would become a part of the Endowment Fund at the discretion of the session.

**Restricted gift:** Monies or other property given to the church which may be used only for a particular purpose as specified by the donor.

Policy Adopted November 2013  
by Session of Eastminster Presbyterian Church

Revised: October 2021  
by Session of Eastminster Presbyterian Church

To be reviewed: November 2024