

## Planned Giving

One of the greatest missing teachings in the American church today is the reminder to men and women that nothing we have belongs to us.

—Gordon MacDonald

An important element of a comprehensive financial management plan for faith communities is planned giving. A well-conceived planned giving program encourages congregants to give financial support for the long-term fiscal stability of a faith community. The gifts given to a planned giving program establish and maintain an endowment fund, the part of a faith community's income derived from donations. By providing investment income, the endowment fund becomes the vehicle through which long-term fiscal stability is assured.

There can be little doubt about the importance of a planned giving program. The Investment Company Institute, the national association of U.S. investment companies ([www.ici.org](http://www.ici.org)), estimates that people currently 55 years or older will bequeath more than \$8 trillion of accumulated wealth to noncharitable and charitable heirs by 2008. Barlow T. Mann, chief operations manager of the Sharpe Company ([www.rfsc.com](http://www.rfsc.com)), writing in a 1997 article for *Give and Take*, estimates the intergenerational transfer of wealth at \$10 trillion to \$11 trillion between 1990 and 2040.

Conventional wisdom indicates that planned gifts are most often made by people between the ages of 55 and 75. By the year 2010, almost 14 percent of the U.S. population will be 65 years or older. In 2004 the median adult age of Unitar-

ian Universalist members was 54 years, and their average household net worth was estimated to exceed \$232,000.

Planned giving can be accomplished by several means. For example, a person could name the church as a beneficiary of a life insurance policy or retirement plan. Charitable bequests, however, are the most commonly used form of planned giving. A *charitable bequest* is a gift given to charity through the provisions of a legal will or living trust. From the donor's standpoint, bequests have several advantages that make them popular. They are relatively inexpensive to arrange and save one dollar in estate tax liability for every dollar given. They are also easy for a congregation to promote. However, it is estimated that 70 percent of all Americans die without a will. It is also estimated that fewer than 10 percent of those capable of making a charitable estate gift have ever been asked.

Several books on planned giving are included in the list of resources for further reading that begins on page 159. The rest of this chapter summarizes tasks involved in creating or revitalizing a planned giving program. The tasks do not necessarily need to be completed in the order discussed. For example, some congregations create a bequest recognition society (page 77) as one of the first steps.

## **Approve the Enabling Resolution**

An enabling resolution defines the purpose, governance, and operating procedures of an endowment fund and should be attached to the congregational bylaws. It must be approved by the congregation before an endowment fund is established and before a planned giving program is developed. The resolution should reflect timeless features, policies that the congregation wants to keep in place indefinitely. See page 141 for a sample enabling resolution.

Include a stipulation that endowment funds can be used only as designated by donors. Any exceptions are subject to a congregational vote, with a significant majority required to approve any exception.

## **Establish the Committee Structure**

The size of a congregation determines how planned giving is approached. Ideally, two standing committees are formed. The planned giving committee establishes planned giving guidelines and seeks donations. The endowment fund committee develops and manages the endowment fund by:

- Encouraging, accepting, and acknowledging gifts (if there is no planned giving committee).
- Ensuring that restricted gifts are honored and properly recorded.
- Arranging for professional accounting of the funds.
- Reporting on fund activities to the governing body.
- Making prudent investment decisions.
- Administering the distribution of funds.
- Ensuring appropriate checks and balances regarding control of the funds.

Small congregations may not have enough human resources to create two committees. In that case, the planned giving committee is responsible for all the tasks identified above. In a congrega-

tion of seventy-five members, for example, a few committed and knowledgeable volunteers may be able to both create and implement a planned giving program and manage an endowment fund.

When forming a planned giving committee, five to seven volunteers are sufficient. Ideally, each volunteer serves a three-year term, using a staggered appointment schedule that guarantees continuity from one year to the next. Good candidates are those who have been active congregants long enough to know potential donors. They also need a working knowledge of planned giving.

Planned giving is a form of stewardship. The planned giving committee is the fiscal agent for assuring a healthy long-term financial future. These volunteers are obligated to develop a plan that will protect the financial security of the next generation of congregants. It is also imperative that all planned giving committee members lead by example and make their own planned giving commitment to the endowment fund.

A sample endowment document is located on page 145.

## **Clarify Checks and Balances**

Whatever organizational structure is created, using one committee or two, develop specific lines of responsibility and accountability. Provide for a clear and simple separation of power. Create and implement controls that demand more than one set of eyes and hands for accepting gifts, managing investments, recording donations, and spending endowment funds.

Define the interaction of the planned giving committee (and endowment fund committee, if there is one) with the governing body, the treasurer, the finance committee, the annual budget drive committee, and any other relevant standing committees of the church. It would be wonderful if congenial relationships could be guaranteed among these groups. But at some point, conflicts are almost certain to arise. The most common situations are ones in which the governing body wants the endowment fund committee to release funds to balance the annual operating budget or to solve a pressing facility-related, deferred-

maintenance need. Personal relationships can be strained when the endowment fund committee objects to or even refuses the request.

Ask the planned giving committee and endowment fund committee to report once each quarter to the finance committee, the governing body, or both. They should also report to the congregation at least once a year.

## Develop a Mission Statement

Before any planned giving activity begins, develop a mission statement that makes a clear and compelling case for the importance of the planned giving program. Although the planned giving committee develops the mission statement, as in all mission statement processes, widespread acceptance must be gained. Depending on the size of the congregation and the specifics of the bylaws, the entire congregation may need to approve the mission statement, or it may be sufficient for the governing body to adopt it without congregational approval.

## Create an Endowment Document

An endowment document provides specific written policies for a planned giving program. It assures that donated gifts will be responsibly managed. Create the document before any potential donors are approached. Here are some policy matters that the document should address:

**Procedure for receiving unrestricted gifts.** Will they be placed in the endowment fund? Will they be distributed among several different funds?

**Types of acceptable gifts.** Many congregations accept cash and stocks, and some congregations also accept gifts of personal property.

**Reviewing and approving gifts.** Write guidelines that clearly describe what types of gifts can be accepted without review and which gifts require approval of the governing body or the entire congregation. It is especially helpful to outline a procedure for reviewing gifts of real estate or other personal assets that may be difficult to sell. Does

the congregation really want to be in the business of managing a piece of real estate or assessing the value of Aunt Maude's priceless bric-a-brac? It is perfectly acceptable, and even advisable, to refuse a gift if it will distract the congregation from its primary vision and mission. It is also advisable to decline acceptance of a gift that might expose the congregation to expenses or liabilities that could pose a hardship on the financial resources of the congregation.

**Procedure for liquidating stocks.** Faith communities are not in the business of playing the stock market. There are horror stories of congregational volunteers who held onto a gift of stock while waiting for the market to improve, only to find that the market went down instead, forcing them to sell the stock for less than the initial value of the gift. In all cases, a gift of stock must be immediately liquidated when received.

A sample endowment document is found on page 145.

## Define the Endowment Fund

Developing a planned giving program requires defining the destination of money donated to the faith community. Develop a clear, unique definition of the endowment fund that indicates how much of the fund may be spent, for what purposes, and with whose authorization.

The question of how much of an endowment fund may be spent is addressed under "Distributions" later in this chapter. The purposes for which it may be spent are defined by each congregation. Depending on the defined purpose of a particular endowment fund, it could provide funding for emergency assistance, building maintenance, social justice projects, a permanent arts program, student scholarships, or any number of other possibilities.

Once the endowment fund is defined and implemented, maintain it as separate and distinct from all other funds, such as the annual operating budget or a capital reserve fund. The endowment fund is a financial resource in perpetuity, extend-

ing and enhancing the congregation's capacity to fulfill its vision, mission, and goals.

### **Legal Definitions**

The Uniform Management of Institutional Funds Act was written in 1972 and is now law in most states. It defines an endowment fund as "an institutional fund, or any part of such a fund, not wholly expendable by the institution on a current basis under the terms of the applicable gift instrument."

Most endowment funds are known as classic or true endowments. By definition, the principal (or corpus) is never spent. Income from investment earnings may be spent, subject to the policies adopted by the congregation.

Of course, this raises the question of how to define principal and income. At a minimum, principal is defined as the original value of any gift made to the endowment fund. Traditionally, income has been defined as including interest and dividends, but not capital appreciation. However, according to the Uniform Management of Institutional Funds Act, each institution is relatively free to define income and principal as it wishes, as long as three rules are followed: Faithfully observe restrictions made by the donor, follow sound accounting practices, and comply with state law regarding endowments and fiduciaries. So if, for example, a gift appreciates by 2 to 5 percent each year due to inflation, make sure the endowment document guidelines indicate whether that growth is considered principal or income.

### **Manage the Endowment Fund**

The best investment strategy depends on a combination of the current value of the fund and the vision and mission of the congregation. In general, a prudent investment strategy for an endowment fund is a balanced portfolio with low to moderate risk.

Achieve a balance between the desire for growth and the need for income. *Growth* is defined as the increase (or appreciation) in the value of the fund. Historically, growth is greatest when funds are invested in corporate stock. *Income* is a combina-

tion of dividend payments from corporate earnings and the interest on bonds, money market funds, certificates of deposit, and interest-bearing savings accounts. *Total return* represents growth plus income. A minimum investment goal for an endowment fund is for total return to match the rate of inflation.

*Asset allocation*, the placement of endowment money, is a key factor in implementing a balanced portfolio. Often 40 to 60 percent of an endowment fund is invested in bonds. The other 40 to 60 percent is invested in stocks. The more money invested in stocks, the higher the risk. However, risk can be reduced through diversification—investing in many different stocks rather than those of just a few companies. A simple way to diversify is to invest in mutual funds.

Most congregations have members who are competent to review investment options. If there is no one who feels competent, seek an outside person to advise the congregation when needed. It is likely that an external advisor can be found in a local community foundation or charitable organization. A pro bono advisor can help point the congregation in a financially responsible direction.

If the congregation already has an endowment fund greater than \$500,000, it is time to hire an investment agent and establish the congregation's own brokerage account. In this scenario, the endowment fund committee guides the direction of the agent, who suggests specific stocks in the various market sectors. Of course, the committee, not the investment agent, makes all of the final decisions.

### **Distributions**

A common question asked by congregational leaders is, "How much of our endowment earnings should be spent each year?" Many congregations adopt what is sometimes referred to as the Harvard Model: Record the quarterly fair market value of the endowment fund. Once a year, calculate the average fair market value over the past thirteen quarters. Make between 4 and 6 percent of that amount available to spend each year. The Harvard Model is considered to be a sound and safe policy that:

- Ensures the continued growth of the fund.
- Provides a hedge against inflation.
- Yields a reasonable amount of money for specific purposes.
- Allows for a total return on investment strategy.
- Makes possible the distributions from capital gains, dividends, and interest.

Also consider establishing a minimum dollar amount that the fund must achieve before any distributions can occur. A sound and safe policy is that the endowment fund should reach the equivalent of at least twice the annual operating budget before distributions are considered. Even then, expend money in rare and extreme circumstances, always subject to approval by a majority of the congregants.

### ***Endowment Fund Guidelines***

In addition to the enabling resolutions that are added to congregational bylaws, create a separate set of guidelines for managing the fund. While the resolutions should reflect timeless features, the guidelines can indicate issues that the congregation might want to adjust at some time. The guidelines might include:

- Descriptions of socially responsible investments that the congregation wishes to maintain.
- Target ranges for growth, income, and total return.
- Degree of tolerable risk.
- Description of the asset allocation strategy.
- Benchmarks indicating when the strategy might change.
- Model for distribution of funds.

A sample Endowment Investment and Distribution Policy is provided on page 145. This sample policy is intended to reduce use of earnings from the endowment for the general operations of the church over a five-year time period. It also

provides for continued growth of the endowment principal by limiting the amounts available for distribution to a small portion of the total assets over a three-year average.

A combination of enabling resolutions and endowment document guidelines will help to maintain a balanced portfolio and prevent any one person or committee from taking great risks. Let a general concept of prudence clarify the responsibilities of the people who manage the endowment fund. Check your own state laws for their definition of prudence. The following excerpt is taken from the laws of Massachusetts, Chapter 203C, Section 11. Endowment fund managers are expected to use

. . . judgment and care under the circumstances prevailing that any persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not in regard to the permanent disposition of the funds, considering the probable income as well as the probable safety of their capital.

The Massachusetts law continues: “Decisions respecting individual assets shall be considered in the context of the trust portfolio as part of an overall investment strategy reasonably suited to the trust” or endowment fund.

### **Market the Planned Giving Program**

Once the planned giving and endowment fund policies and guidelines have been established, turn attention to marketing the program. There are a number of ways to create momentum through marketing. The following techniques are especially effective.

- Include a short (three-minute) testimonial in the worship service once a month. Invite a different person to give each testimonial. Congregants who can speak from their heart will be more effective than those who are accomplished public speakers but don’t have a deep-seated passion for the faith community.

- Present one aspect of planned giving at an after-worship service forum every month. Offer the same information in the monthly newsletter.
- Create a literature rack and a bulletin board for planned giving publications and announcements. The Unitarian Universalist Association offers the planned giving marketing brochures listed on page 148. Additional materials are available from the sources listed on page 149.
- Develop opportunities to recognize and honor elders for their service to the church.

### ***Provide Information About Financial Planning Options***

As part of marketing the planned giving program, provide congregants with information about financial planning and charitable giving options that they may want to consider, such as:

- *Life insurance.* An especially flexible planning tool, life insurance can be used to meet a variety of personal financial needs. Many people have discovered that their life insurance can offer a convenient way to fund meaningful charitable gifts as well.
- *Charitable remainder trust.* A charitable remainder trust may allow a person to increase income from low-yielding assets; reduce or eliminate income, estate, and gift taxes; diversify investment assets; or create a source of income for children, parents, or other loved ones.
- *A valid will.* Without a valid will, a person's estate falls under the domain of the person's state of residence. In that situation the state must create a written, impersonal will that may not accurately reflect the unwritten wishes of the deceased.
- *Retirement plans.* There are a number of ways to enhance retirement plans. Through thoughtful planning it may be possible to assure a healthy financial future, benefit from significant tax savings, and increase income, asset management, and other economic advantages.

Also consider providing congregants with information about sources of reputable and reasonably priced legal and professional planning services. Ask professionals within the congregation to prepare a list of such resources, including attorneys, real estate brokers, bankers, accountants, stockbrokers, financial planners, and life insurance agents. They may include their own names on the list. Whatever fees they arrange with their clients can be determined by their own discretion and personal ethics. The faith community must not, however, offer free or reduced legal services to congregants. A contested estate could come back to haunt the congregation and could cost a great deal of time and money.

Offer a series of workshops on issues relevant for congregants who are planning their retirement years. Topics might include probate basics, federal and state estate taxes, revocable trusts, living wills, Medicaid, Medicare, Social Security benefits, extended health care, and powers of attorney. Consider co-sponsoring the workshops with other local religious organizations. For each workshop, ask three qualified professionals to speak briefly and answer questions from the guests. Make sure these professionals understand their role; they have been invited to share their expertise, not to solicit business. In addition to providing an important service, these workshops help identify people who are planning the ultimate use of their life estate.

### **Identify Planned Giving Prospects**

While mass marketing of the planned giving program is important, identifying and cultivating specific planned giving prospects is even more crucial. Review the list of current congregants to identify people who might be interested in giving a gift through a charitable bequest or other form of planned giving.

Generally speaking, the profile of a planned giving prospect is someone over fifty years of age who has already met family obligations, is deeply committed to and already contributes to the church, and has both the means and the inclination to make additional financial contributions.

Don't, however, make the mistake of ignoring congregants who don't fit this generalization. It's impossible to know about their ability and willingness to make a planned gift without engaging them in meaningful conversation about their relationship to the faith community.

Get to know potential donors. Discover what they really like about the faith community. Visit them regularly. Find ways for them to get involved in the church community. Most important of all, ask potential donors to consider making a charitable gift to the church. Do not conduct this conversation by telephone. Asking a person to consider making a gift to the church must always be done in person.

### **Create a Bequest Recognition Society**

Those who have made a charitable gift should be thanked and, with their permission, publicly recognized for their generosity. One way to do so is by creating a bequest recognition society. When starting a planned giving program, ask those who have previously made a charitable gift, and others who agree to do so, to become charter members of the society.

Create opportunities to acknowledge bequest recognition society members and keep them involved in the life of the church. For example:

- Publish a list of charter members.
- Create a banner with the names of the members, or start a permanent recognition wall.
- Offer special events and programs for society members.
- Invite a couple of them to be honorary members of the annual budget drive team.
- Ask the religious education youth group to interview society members and write a biography of each member.
- Create a buddy program by matching willing society members with young members of the religious education program.

- Invite society members to make guest presentations to religious education classes.

The possibilities for acknowledging the bequest recognition society members are almost limitless. A thorough recognition program dramatically increases the likelihood of convincing other people to make a charitable gift to the faith community.

Members of the bequest recognition society can also serve as ambassadors to the planned giving program. Ask society members if they know of other people who might be interested in joining the society. Encourage them to speak to others about their passion for the church and their stewardship. Some of the society members may be willing to help develop a brochure promoting planned giving. Distribute the brochure to potential society members and follow up with a phone call and a personal visit.

### **Evaluate the Program**

Undertake a thorough review of the planned giving program and the endowment fund every three years. Use a variety of approaches to gather information that can help guide the planned giving program for the next few years.

- Study the gifts that have been received to determine patterns.
- Ask the bequest recognition society members for feedback.
- Compare the planned giving program with similar programs in other local faith communities. Check their websites for information, or call their church offices for guidance.
- Measure the success of the program in relation to others in your denomination. Unitarian Universalist congregations can ask their district executive for the names of congregations that have developed successful planned giving programs. They can also contact the Stewardship and Development staff group at 888-792-5885.

Put all of the gathered information together, and then use an Appreciative Inquiry approach (see page 17). Build on those components of the planned giving program that have already been successful. Determine whether there are components of planned giving that have yet to be emphasized. Create a plan, with measurable goals, for the next three years. This is the best way to ensure that the planned giving program remains alive, vital, and relevant.

# Sample Enabling Resolutions for an Endowment Fund

## Amendment to Congregational Bylaws

An endowment fund, whose purpose, governance, and operational procedures shall be defined by special resolution adopted by the congregation, shall be established.

### A. Resolution to Implement the Endowment Fund

WHEREAS, stewardship involves the faithful management of the gifts of time, talent, and money, including accumulated, inherited, and appreciated resources; and

WHEREAS, we can support the religious mission and work of this congregation through transfers of property (cash, stocks, bonds, real estate), charitable bequests in wills, charitable remainder and other trusts, pooled income funds, charitable gift annuities, and assignment of life insurance and retirement plans; and

WHEREAS, it is the desire of the congregation to encourage, receive, and administer these gifts in a manner consistent with the loyalty and devotion expressed by the grantors and in accord with the policies of this congregation:

THEREFORE BE IT RESOLVED, that this congregation in an annual [*or other*] meeting assembled on [*date*], approve and establish on the records of the congregation a new and separate fund to be known as THE [*name of your endowment fund in all caps*] (hereafter called the “FUND”);

BE IT FURTHER RESOLVED, that the purpose of this FUND is to enhance the mission of [*name of congregation*] apart from the general operation of the congregation; [*choose one of the following options*]

[*Option A*] that no portion of distributions from the FUND shall be used for the annual operating budget of the congregation;

[*Option B*] that only in particular, temporary, difficult circumstances, and where integrity of gift restrictions permit, may this congregation, by action in meeting assembled, use FUND distributions for its own operating or support services;

[*Option C*] that no more than 10 percent of the annual operating budget of the congregation may be funded by distributions from the FUND, except in particular, temporary, difficult circumstances, authorized by action of the congregation in meeting assembled, and where integrity of gift restrictions permit;

and that, except where specifically authorized otherwise in the terms of a gift, distributions from the FUND will be made annually, in amounts not to exceed 5 percent of the average fair market value of the FUND over the previous thirteen quarters;

BE IT FURTHER RESOLVED, that the endowment fund committee (hereinafter called the “COMMITTEE”) shall be the custodian of the FUND;

BE IT FURTHER RESOLVED, that the following Plan of Operation sets forth the administration and management of the FUND.

### B. Plan of Operation

#### 1. The Endowment Fund Committee

The Endowment Fund Committee (hereafter, the “COMMITTEE”) shall consist of five (5) members, all of whom shall be voting members of [*name of congregation*]. Except as herein limited, the term of each member shall be three (3) years. The minister and the president or vice president of the church governing body shall be advisory members of the COMMITTEE.

Upon adoption of this resolution by the congregation, it shall elect five (5) members of the COM-

MITTEE: two (2) for a term of three (3) years; two (2) for a term of two (2) years; and one (1) for a term of one (1) year. Thereafter, at each annual meeting, the congregation shall elect the necessary number for a term of three (3) years.

No member shall serve more than two consecutive three-year terms. After a lapse of one (1) year, former COMMITTEE members may be reelected.

The governing body of the church shall nominate new members for the COMMITTEE and report at the annual congregational meeting in the same manner as for other offices and committees. No member may serve on the COMMITTEE while also serving on the governing body of the church.

In the event of a vacancy on the COMMITTEE, the governing body shall appoint a member to fill the vacancy until the next annual meeting of the congregation, at which time the congregation shall elect a member to fulfill the term of the vacancy.

The COMMITTEE shall meet at least quarterly, or more frequently as deemed by it in the best interest of the FUND. A quorum shall consist of three (3) members. A majority present and voting shall carry any motion or resolution. The COMMITTEE shall elect from its membership a chairperson, financial secretary, and recording secretary. The chairperson, or member designated by the chairperson, shall preside at all meetings of the COMMITTEE.

The recording secretary shall maintain complete and accurate minutes of all meetings of the COMMITTEE and supply a copy thereof to each member of the COMMITTEE, as well as the chair of the governing body. Each COMMITTEE member shall keep a complete copy of minutes to be delivered to her or his successor. [*Choose one of the following two options*]

[*Option A*] The financial secretary shall assist the congregation's treasurer in maintaining complete and accurate books of accounts for the FUND and shall submit to the treasurer on behalf of the COMMITTEE written

requests for checks payable from the FUND and shall sign all necessary documents on behalf of the congregation in furtherance of the purposes of the FUND.

[*Option B*] The financial secretary shall sign all checks payable from the FUND in amounts no greater than \$250.00. Two authorized signatures are required for greater amount.

A certified public accountant or other appropriate person who is not a member of the COMMITTEE will annually audit the books. The COMMITTEE shall report on a quarterly basis to the governing body and, at each annual or special meeting of the congregation, shall render a complete audited account of the administration of the FUND during the preceding year.

The COMMITTEE may request that other members of the congregation serve as advisory members and, at the expense of the FUND (taken from the annual distribution amount OR undistributed capital appreciation), may provide for such professional counseling on investments or legal matters as it deems to be in the best interest of the FUND.

Members of the COMMITTEE shall not be liable for any losses that may be incurred upon the investments of the assets of the FUND except to the extent that such losses shall have been caused by bad faith or gross negligence. No member shall be personally liable as long as she or he acts in good faith and with ordinary prudence. Each member shall be liable for only her or his own willful misconduct or omissions and shall not be liable for the acts or omissions of any other member. No member shall engage in any self-dealing or transactions with the FUND in which the member has direct or indirect financial interest and shall at all times refrain from any conduct in which her or his personal interests would conflict with the interest of the FUND.

All assets are to be held in the name of the [*name of congregation*] [*name of the endowment fund*].

Recommendations to hold, sell, exchange, rent, lease, transfer, convert, invest, reinvest, and in all other respects to manage and control the assets of the FUND, including stocks, bonds, debentures, mortgages, notes, or other securities, as in their judgment and discretion they deem wise and prudent, are to be made by the COMMITTEE for approval by the governing body of the church, with subsequent execution by the delegated member of the COMMITTEE.

## 2. Distributions

The COMMITTEE shall abide by and keep a record of the terms and restrictions of all gifts to the FUND and shall determine what is principal and income according to accepted accounting procedures. *[Choose one of the following options.]*

*[Option A]* Lifetime and testamentary unrestricted gifts to the FUND shall accumulate until a fair market value of \$*[amount]* is achieved, after which annual distributions may commence. However, should the fair market value of the FUND subsequently decline to less than \$*[amount]*, distributions shall be made only upon a 2/3 majority vote of approval from the congregation.

*[Option B]* Lifetime and testamentary gifts to the FUND shall accumulate for *[number]* years, after which annual distributions may commence.

*[Option C]* Distributions from the FUND shall be made annually and at such other times as deemed necessary and/or feasible to accomplish the following purposes: *[Choose one of the following options, then see Continuation of Option C below.]*

*[Option C-1]* One-third (1/3) for the building reserve fund of *[name of congregation]*, such as but not limited to major capital expenditures and significant improvement projects related to the buildings and real property of the church, including grounds and landscaping, over and above regular maintenance;

In addition to the permitted distribution, the COMMITTEE may, from time to time, recommend lending money from this building reserve fund to the church to help advance a particular improvement project on such terms and at such rates of interest and in such amounts as the congregation deems appropriate;

One-third (1/3) for outreach into the greater community at large, including, but not limited to, grants to *[name of denomination]* camps and conferences, theological schools, local service agencies, or institutions to which this congregation relates, and to special programs designed for those persons in our local community who are in spiritual and/or economic need; and

One-third (1/3) for the wider mission of *[name of denomination]*, including, but not limited to, grants for new church development; leadership training; educational ministries; world mission; denominational capital financing; scholarships or grants to members of *[name of congregation]* for the purpose of attending college, theological, nursing, or medical school; for denomination-related camping or leadership conferences; or such other training which enables members of this congregation to grow in faith and service to *[name of denomination]*.

*[Option C-2]* One-fourth (1/4) to provide seed money to develop new programming and/or to increase professional staffing in *[name of congregation]*, distributed over a three (3)-year period of time in which a maximum of 60 percent of the total cost of new programming or professional staffing can be distributed in the first year, a maximum of 40 percent in the second year, and a maximum of 20 percent in the third year. In the fourth year the total cost of the new program-

ming and/or staffing must come from the annual operating budget;

One-fourth (1/4) for scholarships and grants to members of [name of congregation] for the purpose of attending college, theological, nursing or medical school; for [name of denomination]-related camping or leadership conferences; or such training that enables members of this congregation to grow in faith and service to [name of denomination];

One-fourth (1/4) for outreach into the community, including, but not limited to, grants to [name of denomination] camps and conference centers, theological schools, social service agencies or institutions to which this congregation relates, and to special programs designed for those persons in the community who are in spiritual and/or economic need; and

One-fourth (1/4) for the wider mission of [name of denomination] at home and overseas, including, but not limited to, grants to [name of denomination] for new church development, professional leadership, educational ministries, world mission, and capital financing.

[Continuation of Option C] Programs for support shall be recommended by the COMMITTEE and approved by the governing body for funding. Suggestions or requests for funding must be submitted to the COMMITTEE by [month and date] of each year.

### 3. Amending the Resolution

BE IT FURTHER RESOLVED, that any amendment to this resolution which will change, alter, or amend the purpose for which the FUND is established shall be adopted by a two-thirds (2/3) vote of the members present at an annual meeting called specifically for the purpose of amending this resolution.

### 4. Disposition or Transfer of FUND

BE IT FURTHER RESOLVED, that in the event [name of congregation] ceases to exist through either merger or dissolution, disposition or transfer of the FUND shall be at the discretion of the governing body in conformity with the approved congregational bylaws and in consultation with [name of denomination]. Consultation with [name of denomination] may also be desirable for continuation of FUND obligations to grantors of gifts.

### C. Adoption of Resolution

This resolution, recommended by the governing body and accepted by the congregation at a legally called congregational meeting, is hereby adopted.

\_\_\_\_\_  
[Name of Congregation]

By \_\_\_\_\_  
President

and \_\_\_\_\_  
Secretary

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

## Sample Endowment Document

- I. The Church shall have a separate endowment fund to assure the long-range financial future of the Church, to help manage financial emergencies, and to fund capital needs and special projects that all support the vision and mission of the church.
- II. An Endowment Fund Committee shall govern the endowment fund and shall serve as the custodian of the Endowment Investment and Distribution Policy passed by a vote of two-thirds of the members of the congregation. This policy shall provide for the protection of the income (corpus) of the endowment over the long term and shall require the Committee to exercise the utmost of care to respect the integrity of restrictions placed on any gift to the endowment.
- III. The Endowment Fund Committee shall consist of three members of the congregation. Except in the initial election, when shortened terms will enable a staggered rotation of members, the term of each committee member shall be three years. No member may serve more than two consecutive three-year terms. After a lapse of one year, former committee members can be reelected. No member may serve on the Endowment Fund Committee while also serving on the Church governing body or as an elected officer of the congregation.
- IV. A unanimous vote of the members of the Endowment Fund Committee is needed to carry any motion or resolution. The Committee shall elect its own chairperson. The Committee shall report to the governing body on a quarterly basis and provide a written report to the congregation at the annual meeting of the congregation.
- V. The Endowment Fund Committee is empowered, acting through its elected chair, to hold, sell, exchange, rent, lease, transfer, convert, invest, and in all other respects manage and control the assets of the endowment pursuant to the Endowment Investment and Distribution Policy. The Committee shall act in its sole judgment and discretion, as it deems wise and prudent, without further approvals.
- VI. Committee members shall not be liable for any losses incurred by the endowment fund except to the extent that such losses arise out of acts or omissions of willful misconduct or gross negligence. Each member shall be liable for his or her own acts and omissions of willful misconduct or gross negligence and not for the acts or omissions of other members. No member of the Committee shall engage in any self-dealing or transactions with the endowment fund in which the member has a direct or indirect financial interest. Members shall refrain at all times from conduct in which his or her personal interests would conflict with the interest of the endowment fund.

# Sample Endowment Investment and Distribution Policy

## General

1. The Endowment Fund Committee shall invest the assets of the endowment with the objective of earning an average annual total return of 8 to 12 percent consistent with moderate risk. The Committee shall endeavor to invest the assets of the endowment in a socially responsible manner. It is intended that reasonable restrictions placed on any gift by the donor will be faithfully followed, subject to the Committee's determination of the integrity and best interests of the endowment.
2. In order to protect and preserve the corpus of the endowment over the long term, the Committee shall distribute no more than 4 percent per year of the total market value of the assets, as determined by the average total market value on the last business day of each of the four immediately preceding calendar quarters. If less than 4 percent is distributed in one year, the Committee may distribute more than 4 percent in a subsequent year, as long as the distributions do not exceed 4 percent on a cumulative basis.
3. The Committee may provide for such professional counsel on investments or legal matters as it deems best and may incur reasonable expenses in the execution of its duties. The expenses shall be paid from the endowment.
4. All members of the congregation are encouraged to consider leaving a bequest of at least five times their annual financial commitment to the endowment in their wills.
5. This Endowment Investment and Distribution Policy may be amended only by a two-thirds majority vote of the congregation.

## Three Funds

The endowment shall be composed of three funds, which may be commingled for ease of investment management. The Committee shall separately account for each of these funds, attributing to each its proportionate share of changes in investment values, as well as recording gifts to and distributions from each of the funds. The distribution limit outlined above shall be applied on a fund-by-fund basis. The use to be made of the allowed distribution from each of the three funds is determined by the congregation as part of its customary budgeting process. Gifts and bequests to the endowment may be designated for any of the three funds. Undesignated gifts shall be deposited to the Unrestricted Reserve Fund. The three funds are established as follows:

- 50 percent of the initial assets of the endowment shall be allocated to the Unrestricted Reserve Fund.
- 30 percent of the initial assets of the endowment shall be allocated to the Building Reserve Fund.
- 20 percent of the initial assets of the endowment shall be allocated to the Social Outreach and Service Fund.

## Unrestricted Fund

1. Distributions from the Unrestricted Reserve Fund may be used for any purpose to further the work of the church, but shall not be used for the ordinary and customary operating expenses of the church, except as provided below.

2. Distributions from the Unrestricted Reserve Fund may be used for the ordinary and customary operating expenses of the church only as follows:

- \$10,000 maximum distribution in the first year of this policy
- \$8,000 maximum distribution in the second year of this policy
- \$6,000 maximum distribution in the third year of this policy
- \$4,000 maximum distribution in the fourth year of this policy
- \$2,000 maximum distribution on the fifth year of this policy

In subsequent years, any distribution from the Unrestricted Reserve Fund for the ordinary and customary operating expenses of the Church will require a two-thirds majority vote of the congregation.

3. In addition to the distributions provided above, and upon the request of the Treasurer, the Committee may from time to time loan money from the Unrestricted Reserve Fund to the Church to help manage temporary cash-flow needs caused by month-to-month variations in the collection of pledges and other gifts. This should be done on such terms and at such rates of interest and in such amounts as the Committee deems appropriate.

### **Building Reserve Fund**

1. Distributions from the Building Reserve Fund shall be used only to help pay for major capital expenditures and significant improvement projects related to the buildings and real property of the Church, including grounds and landscaping, over and above regular maintenance.
2. In addition to the permitted distribution, the Committee may from time to time loan money from the Building Reserve Fund to the

Church to help advance a particular improvement project on such terms and at such rates of interest and in such amounts as the Committee deems appropriate.

### **The Social Outreach and Service Fund**

1. Distribution from the Social Outreach and Service Fund shall be used only to further the Church's mission of supporting individual and collective service to the larger community. The fund is not intended to support activities for the Church community itself, but is intended for social-responsibility efforts in the broader community at large.
2. In addition to the permitted distribution and with the approval of the congregation, the Committee may make direct investment of not more than 20 percent of the assets in the Social Outreach and Service Fund in housing, social service, or community or economic development activities in furtherance of the mission of the Church and purpose of this fund.

# UUA Planned Giving Marketing Brochures

These brochures are available for \$1 each, except where otherwise noted. All fit in a #10 envelope or a display rack. Please allow 10 working days for delivery. Order from:

Office of Charitable Gifts and Estate Planning  
Unitarian Universalist Association of Congregations  
25 Beacon Street, Boston, MA 02108-2800  
Phone: 617-742-2100, extension 509  
Fax: 617-725-4979  
E-mail: [giftplans@uua.org](mailto:giftplans@uua.org)

- Funding Our Faith: The UUA Pooled Income Fund**  
Introduction to a popular life-income gift arrangement. Donors receive quarterly payments for life; ultimate gift goes to the local church and/or the UUA. (50 cents each)
- Legacies of Hope: The UUA Charitable Gift Annuity**  
Introduction to a life-income gift arrangement that pays a guaranteed fixed dollar amount to one or two people. Ultimately, the annuity becomes a gift to the local church and/or the UUA. (50 cents each)
- Giving Through Charitable Remainder Trusts**  
Basic introduction to trusts, a gifting opportunity for donor prospects who wish to give \$100,000 or more to a local UU church and/or the UUA. Includes summary of benefits and tax considerations.
- Giving Through Life-Income Plans**  
Summarizes life-income gift arrangements as part of an effective estate plan.
- Better Estate Planning**  
General description of estate planning challenges and techniques, including federal gift and estate tax considerations.
- Reflecting on Tomorrow**  
Presents nine specific charitable goals and the gift options to accomplish them.
- How to Make a Will That Works**  
Answers very practical questions about structuring and revising a will. Touches on the probate process and how to plan for it most effectively.
- Use Your Will to Give to Unitarian Universalism**  
Introduction to the basics about bequests. Includes a reply form and sample language for testamentary giving to UU organizations. (50 cents each)
- Taking Stock . . . and Giving It**  
Describes benefits and tax considerations of making a charitable gift of stock. Includes Internal Revenue Code citations and narrative examples of gifting options.
- Giving Through Life Insurance**  
Describes benefits and tax considerations of using life insurance to make a charitable gift. Includes Internal Revenue Code citations and narrative examples of gifting options.
- Giving Through Retirement Plans**  
Describes benefits and tax considerations of using retirement plans to make a charitable gift. Includes Internal Revenue Code citations and narrative examples of gifting options.
- Giving Real Estate**  
Describes benefits and tax considerations of using real estate to make a charitable gift. Includes Internal Revenue Code citations and narrative examples of gifting options.

## Sources of Planned Giving Materials

The following companies or organizations publish and sell promotional and educational materials about how to make charitable gifts of stock, real estate, life insurance, and retirement or pension plans, as well as how gift arrangements such as wills, bequests, charitable trusts, charitable gift annuities, and pooled income funds work. Contact these providers directly to request a catalog and free samples of their materials.

UUA Office of Charitable Gift and Estate Planning  
25 Beacon Street  
Boston, MA 02108-2800  
Tel: 617-742-2100, ext. 509, 648, or 511  
Toll-free: (888) 792-5885  
Fax: (617) 725-4979  
E-mail: [giftplans@uua.org](mailto:giftplans@uua.org)

Robert F. Sharpe and Co., Inc.  
6410 Poplar Ave., Suite 700  
Memphis, TN 38119  
Toll-free: 800-238-3253  
Fax: 901-761-4268  
E-mail: [info@rfsco.com](mailto:info@rfsco.com)  
Web: [www.rfsco.com](http://www.rfsco.com)

Taxwise Giving & Philanthropy Tax Institute  
13 Arcadia Road  
Old Greenwich, CT 06870  
Toll-free: 800-243-9122  
Fax: 203-637-4572  
E-mail: [info@taxwisegiving.com](mailto:info@taxwisegiving.com)  
Web: [www.taxwisegiving.com](http://www.taxwisegiving.com)

Planned Giving Today  
100 Second Avenue South, Suite 180  
Edmonds, WA 98020-3551  
Toll-free: 800-525-5748  
Fax: 425-744-3838  
Web: [www.pgtoday.com](http://www.pgtoday.com)

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8695 South Archer, #10  
Willow Springs, IL 60480  
Toll-free: 800-342-2375  
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E-mail: [inquiries@rrnewkirk.com](mailto:inquiries@rrnewkirk.com)  
Web: [www.rrnewkirk.com](http://www.rrnewkirk.com)

Endowment Development Services  
5546 Shorewood Dr.  
Indianapolis, IN 46220  
317-542-9829  
Fax: 317-549-9470  
E-mail: [eds@pgiresources.com](mailto:eds@pgiresources.com)

Ecumenical Stewardship Center  
1100 West 42nd Street, Suite 225  
Indianapolis, IN 46208  
317-926-3524  
Toll-free: 800-835-5671  
Fax: (317) 926-3521  
E-mail: [stewardshipcenter@ameritech.net](mailto:stewardshipcenter@ameritech.net)  
Web: [www.stewardshipresources.org](http://www.stewardshipresources.org)

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301 North Fourth Street  
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E-mail: [info@emptytomb.org](mailto:info@emptytomb.org)  
Web: [www.emptytomb.org](http://www.emptytomb.org)

National Committee on Planned Giving  
233 McCrea Street, Suite 400  
Indianapolis, IN 46225  
317-269-6274  
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E-mail: [ncpg@ncpg.org](mailto:ncpg@ncpg.org)  
Web: [www.ncpg.org](http://www.ncpg.org)

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Fax: 317-875-0912  
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Web: [www.pentera.com](http://www.pentera.com)

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Web: [www.reninc.com](http://www.reninc.com)

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Foundation  
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Web: [www.plannedgivingedu.com](http://www.plannedgivingedu.com)

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550 West North Street, Suite 301  
Indianapolis, IN 46202-3272  
317-274-4200  
Fax: 317-684-8900  
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Web: [www.philanthropy.iupui.edu](http://www.philanthropy.iupui.edu)

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1307 New York Avenue NW, Suite 1000  
Washington, DC 20005-4701  
202-387-2273  
Fax: 202-387-4973  
E-mail: [MemberServiceCenter@case.org](mailto:MemberServiceCenter@case.org)  
Web: [www.case.org](http://www.case.org)

American Council on Gift Annuities  
233 McCrea Street, Suite 400  
Indianapolis, IN 46225  
317-269-6271  
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Web: [www.acga-web.org](http://www.acga-web.org)

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