

Steps to Establishing a Permanent Endowment Program

1. Ask the Church Council to establish an Ad Hoc Committee made up of the pastor, local church Financial and Stewardship officers, and a representation from the Trustees and other active lay members who are supportive of an enhanced stewardship program for the local church.
2. Encourage the Ad Hoc Committee to meet with the president or with an expert representative of the UMFNIC 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 president or an expert representative of the UMFNIC 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.

3. The Ad Hoc Committee should develop a statement detailing the reasons for establishing a Permanent Endowment Fund.
4. The Ad Hoc Committee should prepare a resolution in accordance with ***The Book of Discipline of The United Methodist Church***, 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 Illinois 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.*)
5. 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.
6. 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 Foundation 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 UMFNIC – 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. For assistance in formulating a local church investment strategy, please refer to the Investment Guidelines of the General Council on Finance and Administration of the United Methodist Church at <http://www.gcfa.org/statement-of-investment-guidelines>.
7. 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.
8. 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 UMFNIC for samples of brochures.*)
9. 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.

10. An inaugural event should be developed which will interpret the purpose of the Fund and define opportunities for making gifts to the Fund.
11. 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 Committee 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 president or an expert representative of the UMFNIC. 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 Illinois 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

The Book of Discipline explains that a Permanent Endowment Fund Committee may provide the following services:

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*.

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 *The Book of Discipline*, 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

The Book of Discipline 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, 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 UMFNIC 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.