

GUIDELINES
PERMANENT ENDOWMENT FUND
BUDA UNITED METHODIST CHURCH

INTRODUCTION

The Buda United Methodist Church Endowment Fund is a duly organized Permanent Endowment Fund through the authority of the Charge Conference of Buda United Methodist Church and in accordance with The Book of Discipline, 2004 of The United Methodist Church (paragraphs 2528.3, 2532.5, 2533) and as revised.

PURPOSE

The Permanent Endowment Fund of Buda United Methodist Church (Endowment Fund) is established for the purpose of providing members and friends the opportunity to make charitable gifts to Buda United Methodist Church (Church) that will become a permanent endowment of financial support and a living memorial. The Endowment Fund will ~~not~~ be used for those parts of the Church's established programs which are normally included in the operating budget and which are funded through the regular giving of its members. ~~The earnings of the Endowment Fund will be used exclusively for the support of the following:~~

- ~~1. Special mission projects locally and beyond the local church,~~
- ~~2. Experimental ministries, new outreach, creative services for all types of persons,~~
- ~~3. Scholarships,~~
- ~~4. Unusual expenses of any kind for the maintenance, repair, alteration, and replacement of the real and personal property owned by the Church.~~

ADMINISTRATION

The Endowment Fund will be administered by the ~~Endowment Fund~~ Finance Committee (Committee) ~~at the direction of the Charge Conference. The Committee is accountable to the Administrative Council and ultimately to the Charge Conference. The membership of the Committee shall consist of seven voting members, four of whom are ex officio members, as follows:~~

- ~~• Chair of the Administrative Council~~
- ~~• Chair of the Board of Trustees~~
- ~~• Chair of the Finance Committee~~
- ~~• Senior Pastor~~

~~The three members at large shall be nominated by the Committee on Lay Leadership and elected for three year terms. The first group will have staggered terms of one, two and three year terms. No member shall serve more than two consecutive three year terms (maximum of six years).~~

~~Each year at its first meeting, the Endowment Fund Committee shall elect two officers: Chair and Secretary.~~

No person serving on the Committee shall profit personally or through any business entity with which they may be involved from any transaction or investment made by the Endowment Fund. All questions of applicability of this paragraph should be submitted to the Committee for review.

DUTIES AND RESPONSIBILITIES OF THE ~~ENDOWMENT FUND~~ COMMITTEE

1. Provide all services described in paragraph 2532.5 of the The Book of Discipline 2004 of the United Methodist Church.
2. Provide information to the congregation on the mission and purpose of the Endowment Fund.
3. ~~Conduct work sessions and disseminate information on planned giving and preretirement planning.~~
4. Mount a campaign to encourage giving to the Endowment Fund.
5. Accept or reject gifts based on the appropriateness of the gift relative to its type, purpose, and possible liability.
6. Carry out responsibility for the investment and management of the Endowment Fund.
7. Prepare and make a written report to the **Church Charge Conference** to include: beginning and ending balances; gifts received, how invested, distributions, a list of officers and committee members and plans for the coming year.

INVESTMENT OF ENDOWMENT FUNDS

The Endowment Fund is required to place its funds in prudent investments. The Endowment Fund's investment objectives are:

1. **Grow the fund above the target distribution rate while attempting to minimize risk.** ~~Preserve principal for the perpetuation of the fund~~
2. ~~Generate income at a reasonable rate.~~
3. ~~Grow income and principal over and above that necessary to offset rises in the cost of living~~
4. Uphold the Social Principles of the United Methodist Church

The Committee shall invest all gifts received for the Endowment Fund. ~~The specific purpose of each account authorized by the Committee shall be stated and recorded in order to fulfill the wishes of donors to the Endowment Fund and thereby to segregate and maintain gifts for their stated purpose.~~ All gains and losses realized by the Fund must be applied against the Fund and not against any other assets of the church.

DISTRIBUTION OF INCOME AND PRINCIPAL

~~The Committee will use the three year rolling average of portfolio market value to determine year to year spending in order to smooth distributions from the aggregate portfolio.~~ The Committee will determine annually the amount of money from the Fund to be distributed based upon a **target of 4%** ~~minimum of 3% and a maximum of 5%~~ spending rate. The Committee has the right to recommend against expenditure of earnings or capital gain in any given year due to factors such as financial market conditions or poor investment performance. The ~~Endowment Fund~~ **Finance** Committee shall periodically review the distribution percentage and may adjust said percentage upward or downward as it determines to be advisable in order to meet the investment objectives of the Endowment Fund.

The objectives of the Endowment Fund are to ~~conserve principal and~~ make use only of the distributions determined by the Committee. Any additional **funds beyond the target distribution** ~~principal~~ may be withdrawn only in extreme and overwhelming circumstances, bordering on the survival of the church itself. Any such **additional** withdrawal of **funds beyond the target distribution** ~~principal~~ must be approved by a majority vote of the Charge Conference.

~~If the purpose of an endowment gift is designated, the designation of the donor must be honored. The designation must also be in keeping with the Social Principles of the United Methodist Church. If gifts are undesignated, the earnings from the gifts can be distributed as provided above and within the purpose of this Endowment Fund.~~

No distribution of earnings will occur until the corpus reaches \$10,000.

GIFTS TO THE FUND

- ~~1. Undesignated Gifts: Donors may make gifts, bequests or devises to the Endowment Fund. without designating a special purpose for the gift. All gifts not designated for a specific purpose~~ made to the Endowment Fund may be used in accordance with these Guidelines.
- ~~2. Designated Gifts: Donors or groups of donors may make gifts, bequests or devises with designation. The minimum for establishing a new designated fund is \$10,000. The designation should be in keeping with the stated purposes of these Guidelines. The earnings from designated gifts will be used only as directed by the donor. The purpose of the gift should be in keeping with these Guidelines and in accordance with the Social Principles of the United Methodist Church.~~

If designated gifts are offered that do not comply with the purposes of these Guidelines, the gifts may still be accepted at the discretion of the Endowment Fund Committee. The amount of the gift should be in an amount that will reasonably assure that the designated purpose can be carried out.
3. All provisions of the Endowment Fund as to investment of funds, administration of funds, and limitation of use of funds shall be applicable to both designated and undesignated gifts, and all gifts shall be made to the Endowment Fund and accepted and are subject to the terms and limitations set herein.

LIABILITY

In the absence of gross negligence or fraud, no member of the Administrative Council, the ~~Endowment Fund~~ Finance Committee, or Board of Trustees shall be personally liable for any action taken or omission made with respect to the Endowment Fund.

MERGER, CONSOLIDATION OR DISSOLUTION OF CHURCH

If at any time the Church is lawfully merged or consolidated with any other church, all provisions hereof in respect to the Endowment 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 hereof. If the Church should ever be dissolved without a lawful successor, the Endowment Fund, including both principal, capital gains and interest to date, shall be transferred to the Southwest Conference of the United Methodist Church to be used as a permanent endowment fund in its ministry in accordance with The Book of Discipline, 2004 and with particular reference to paragraph 2548.5.

AMENDMENTS

The terms and conditions of the Endowment Fund may be amended only by majority vote at a duly announced Charge Conference of the Church.

SEVERABILITY

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

These Guidelines have been prepared in multiple original parts so that one fully executed original may be a part of the minute book records of the ~~Endowment Fund~~ Finance Committee and another original may be retained for the records of the Charge Conference.

Ratified by Charge Conference action this 17th day of March, 2008.

Buda United Methodist Church Charge Conference

By _____

District Superintendent

~~Austin~~ Hill Country District

Senior Pastor