

## SAMPLE CHARGE CONFERENCE POLICY

### ESTABLISHING A PERMANENT ENDOWMENT FUND COMMITTEE AND A PERMANENT ENDOWMENT FUND

(NAME) UNITED METHODIST CHURCH OF (CITY, STATE)  
CHARGE CONFERENCE POLICY  
PERMANENT ENDOWMENT FUND COMMITTEE  
AND PERMANENT ENDOWMENT FUND

#### DESIGNATION OF FUND

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

The Fund and its administration will conform to all applicable Arkansas laws and regulations, any applicable Federal laws and regulations including the provisions of the Internal Revenue Code, and *The Book of Discipline of The United Methodist Church (2012)*, particularly pertaining to Paragraph 2534.

#### PURPOSE OF FUND

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

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

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

##### Undesignated:

- General Endowment Fund  
(For special needs and ministries identified by The Church Council)

##### Designated:

- *(List funds here. See fund examples that follow this document.)*
- Any other Fund that shall be designated from time to time by the Permanent Endowment Fund Committee and approved by the Board of Trustees.

#### ADMINISTRATION OF THE FUND

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

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

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

## **THE PERMANENT ENDOWMENT FUND COMMITTEE**

The Committee shall be comprised of the following members:

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

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

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

*(List term limits here. Possible term limits:*

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

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

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

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

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

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

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

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

## **INVESTMENT OF PERMANENT ENDOWMENT FUNDS**

The Fund's investment objectives are:

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

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

The United Methodist Foundation of Arkansas, through an Agency Agreement (see sample) with the Committee, will invest all permanent Funds received by the Fund.

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

An appropriate investment strategy for all the Fund's assets will be determined by the Committee and primary custodian. The specific purpose of each fund authorized by the Committee shall be stated in order to fulfill the wishes of the donor and thereby to segregate and maintain gifts for their stated purposes. Earnings from each fund shall be available for distribution by the Committee in a manner consistent with the designated category.

## CHANGES IN PRIMARY CUSTODIAN

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

## LIMITATIONS ON USE OF PRINCIPAL

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

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

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

## DISTRIBUTION OF INCOME

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

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

## DISTRIBUTABLE INCOME

Distributable income can be described as follows:

- A. The net income earned on the investment, exclusive of capital gains.
- B. An amount determined each year by applying 4 percent (4%) against a rolling three-year average of the fair market value of the fund as determined on the first business day of each calendar year. The percentage applied against the fair market value may be changed by a 2/3 vote of the committee members, but shall never be lower than 3% or greater than 5%.

## GIFTS TO THE PERMANENT ENDOWMENT FUND

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

Testamentary gifts to the local church that are not designated for a specific purpose shall be added to the General Endowment Fund as a principle contribution.

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

The Committee shall have sole authority to accept or reject any and all gifts to the Fund in keeping with the authority granted by the Charge Conference.

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

## POWERS OF THE PERMANENT ENDOWMENT FUND COMMITTEE

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

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

- A. To receive and administer all bequests made to the local church; to receive and administer all trusts; to invest all trust funds of the local church in conformity with laws of the country, state, or like political unit in which the church is located.
- B. To emphasize the need for adults of all ages to have a will and an estate plan; and to provide information on the preparation of these to the members of the congregation.
- C. To stress the opportunities for church members and constituents to make provisions for giving through United Methodist Churches, institutions, agencies,

and causes by means of wills, annuities, trusts, life insurance, memorials, and various types of property.

D. To arrange for the dissemination of information that will be helpful in pre-retirement planning, including such considerations as establishing a living will and a living trust, and the need to designate someone to serve as a responsible advocate should independent decision making be lost.

E. To update the committee rules and regulations after each General Conference as needed.

F. Other responsibilities as determined by the Charge Conference.

G. To collect, receive, and receipt for the income, profits, rents, and proceeds of the Fund.

H. To purchase, subscribe for, retain, invest, and reinvest in securities or other property, wherever situated, and whether or not productive or of a wasting nature and without any requirement for diversification as to kind or amount. The intent is that the Fund's investments shall be made independently by the Committee or their contracted manager. These may include investments in bonds, notes, or other securities of the United Methodist Foundation of Arkansas. The terms "securities or other properties" as used in this document shall be deemed to include real or personal property, corporate shares, common or preferred stock, or any other interest in any corporation, association, investment trust, or investment company, bonds, notes, mortgages, debentures or other evidences of indebtedness or ownership, secured or unsecured.

I. To sell for cash or credit, convert, redeem, exchange for other securities or other property, or otherwise dispose of any securities or other property at any time held by the Committee.

J. To hold part or all of the Fund uninvested; however, such uninvested Fund shall be deposited in an account with the United Methodist Foundation of Arkansas, or a federally insured commercial bank, savings bank, savings and loan association, or broker that is a member SIPC pursuant to specific authority of the Committee.

K. To employ suitable accountants, agents, legal counsel, and custodians, and to pay their reasonable expenses and compensations. Each separate Fund shall bear its pro rata share of such reasonable expenses.

L. Any other provisions of this agreement notwithstanding, the Committee shall not engage in any act of self dealing as defined in the Internal Revenue Code; nor retain any excess business holdings as defined in the Internal Revenue Code; nor make any investments in such manner as to incur tax liability under the Internal

Revenue Code; nor make any taxable expenditures as defined in the Internal Revenue Code or corresponding provisions of any subsequent Federal tax law.

M. The Committee shall determine all matters regarding management of the Fund, expenditures, and investment by a majority vote present at a duly called meeting (except amendments discussed under "Amendment of Agreement").

## **BOND AND COMPENSATION**

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

## **ACCOUNTING BY PERMANENT ENDOWMENT FUND COMMITTEE**

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

## **LIABILITY OF THE PERMANENT ENDOWMENT FUND COMMITTEE**

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

## **MERGER, CONSOLIDATION, OR DISSOLUTION OF (CHURCH NAME)**

If at any time **(Church Name)** is lawfully merged or consolidated with any other United Methodist church, all the provisions hereof in respect to the Fund shall be deemed to have been made on behalf of the merged or consolidated Church which shall be obligated to administer the same in all respects and in accordance with the terms thereto.

*(Optional: If **(Church Name)** should ever be dissolved without any lawful successor thereto, the Fund, including both principal and interest to date, shall be entrusted to the United Methodist Foundation of Arkansas to direct the distribution of principal and accumulated income as it determines.)*

**AMENDMENT OF PERMANENT ENDOWMENT FUND AGREEMENT**

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

**SEVERABILITY**

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

This Permanent Endowment Fund Agreement was adopted the **(Day)** day of **(Month)**, **(Year)**, in a duly authorized Charge Conference of **(Church Name)** meeting in **(City, State)** by a vote of **(Number of Votes For)** for, **(Number of Votes Against)** against, and **(Number of Votes Abstained)** abstained.

\_\_\_\_\_  
**(Name of Recording Secretary)**, Recording Secretary

\_\_\_\_\_  
**(Name of District Superintendent)**, District Superintendent

\_\_\_\_\_  
**(Name of Senior Pastor)**, Senior Pastor

## SAMPLE FUNDS

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

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