

**St. Swithin's Episcopal Church**  
**AnyTown, USA**  
**Endowment and Investment Fund Policies and Guidelines**

[Please contact the Episcopal Church Foundation (ECF) to obtain a Word file of this document that you can edit. ECF staff will work directly with your church to explain the endowment management concepts embedded in this document and help you customize it for your church. Please contact Carsten Sierck ([csierck@episcopalchurchfoundation.org](mailto:csierck@episcopalchurchfoundation.org)) or Josh Anderson ([janderson@episcopalchurchfoundation.org](mailto:janderson@episcopalchurchfoundation.org)) at the Foundation.]

[Date of Adoption]

**St. Swithin’s Episcopal Church  
Endowment and Investment Fund  
Policies and Guidelines**

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**(to be adopted by the Vestry)**

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# ENABLING RESOLUTION

## ESTABLISHING AN ENDOWMENT & INVESTMENT FUND FOR ST. SWITHIN’S EPISCOPAL CHURCH ANYTOWN, USA

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1 WHEREAS, Christian stewardship involves the faithful management of all of God’s gifts – time,  
2 talent, the created world, and money, including accumulated, inherited, and appreciated assets.

3 WHEREAS, Christians can give to the work of the Episcopal Church through a variety of gift  
4 vehicles in addition to cash, including bequests in wills, life income gifts, annuities, trusts, life  
5 insurance policies, real estate, securities, and other assets.

6 WHEREAS, it is the desire of this Parish to encourage, receive, and administer these gifts in a  
7 manner faithful to the loyalty and devotion to God expressed by the donors and in accord with  
8 the canons of the Episcopal Church and the Diocese of Western New York and the policies of  
9 this Parish.

10 THEREFORE, BE IT RESOLVED that this Parish, through action of its Vestry, establish a new  
11 and separate fund to be known as “The Endowment and Investment Fund” (hereafter called the  
12 “FUND”) of St. Swithin’s Episcopal Church, 100 Main Street, AnyTown, USA. *[If not needed,*  
13 *delete the following sentence.]* This document replaces the Vestry Resolution creating the St.  
14 Swithin’s Fund dated \_\_\_\_\_ and all subsequent amendments.

*[If the church has multiple funds within their endowment, this would be the place to include a list and a brief description of each fund with reference to the Appendix, which provides details on the nature and purpose of each fund. For example:]*

15 The FUND includes the following sub-funds:

16

17 Permanent Endowment Fund (true) – Gifts to this fund will be held in perpetuity and  
18 used for the purposes described below. The corpus is protected by a state law called  
19 UPMIFA (Uniform Prudent Management of Institutional Funds Act).

20 General Endowment Fund (quasi) – Gifts to this fund will be managed as if they were  
21 permanent endowment funds. However, the Vestry, in times of an emergency, can draw  
22 down from the corpus following special votes. It will be used for the same purposes as  
23 the Permanent Endowment Fund.

24 Investment Fund – Money invested by the Vestry to be used at their discretion.

*[The following description pertains to the Endowment Funds.]*

25 BE IT FURTHER RESOLVED that the purpose of the FUND is to enable the Parish to fulfill its  
26 mission more completely by developing ministries beyond what is possible through its annual  
27 operating funds. Distributions from the FUND therefore shall be limited to: (i) capital  
28 improvements of the Parish; (ii) outreach ministries and grants; (iii) seed money for new  
29 ministries and special one-time projects; and (iv) and such other purposes that are specifically  
30 designated by donors to the Parish whose gifts are included in the FUND.

*[The purposes can be adapted to your church's particular circumstances; however, you want to be specific enough to give donors a clear sense of how the funds will be used, but at the same time general enough to allow future vestries to respond to the needs of their time.]*

31 BE IT FURTHER RESOLVED that the distributions from the FUND shall not be made to the  
32 operating budget of the Parish except to fulfill the purposes described above.

*[Using the return from endowment funds for annual operating expenses can cause a number of problems. If the only purpose of the endowment fund is to supplement the annual operating budget of the church, it often has a corrosive influence on annual stewardship and saps the vitality of the church's mission. If the annual budget depends upon the endowment to make ends meet, in years of market decline there will be budget shortfalls or a strong temptation to withdraw more than amounts authorized under the spending policy.]*

33 BE IT FURTHER RESOLVED that an ENDOWMENT COMMITTEE (hereafter called the  
34 "COMMITTEE") is hereby established. The COMMITTEE shall have oversight responsibility  
35 of the FUND, and its composition and duties are described in the following "Plan of Operation,"  
36 which may be amended from time to time (see paragraph 15).

## **PLAN OF OPERATION**

### **1. Composition of the COMMITTEE**

37 The COMMITTEE shall consist of a minimum of three *[or five]* regular members, or more in  
38 increments of odd numbers, all of whom shall be members in good standing of St. Swithin's  
39 Episcopal Church. They shall be appointed by the Vestry. Additionally, the Rector and Senior  
40 Warden shall be ex-officio members of the COMMITTEE without votes. No member of the  
41 COMMITTEE shall be a current member of the Vestry or employed by the Parish. Except as  
42 herein limited, the term of each appointed member shall be three years. The Vestry will stagger  
43 the terms of members to maximize continuity over time. No member shall serve more than two  
44 consecutive three-year terms. After a lapse of one year, former COMMITTEE members may be  
45 reappointed. In the event of a vacancy on the COMMITTEE, the Vestry shall appoint a member  
46 to complete the unfulfilled term. Upon the completion of the term, that person would be eligible  
47 for reappointment to a standard three-year term.

*[Smaller churches may have a COMMITTEE of three members. The important principle embedded in the suggested COMMITTEE composition is to appoint members who do not*

*have the responsibility of balancing the annual budget. There is an intentional check and balance between short-term and long-term interests built into this structure.]*

## **2. Resignation, Removal of Committee Member**

48 Any regular member of the COMMITTEE may resign at any time by written notice to the Rector  
49 and Vestry. A member ceases to be a member of the COMMITTEE when he or she is no longer  
50 a member in good standing of the Parish. A member who fails to attend three consecutive  
51 committee meetings without reason may be asked to resign.

## **3. Roles of the COMMITTEE**

52 The COMMITTEE will oversee the management of the invested funds and monitor the  
53 distributions from the FUND in compliance with the approved Spending Policy (*Section B*) and in  
54 accordance with the purposes and distribution policies set out in this Resolution.

*[The Endowment Committee manages the investments, oversees distribution of the funds for the purposes agreed upon, and makes sure that the rules are followed, but does not determine specifically how the funds will be used. That is a Vestry decision.]*

55 The COMMITTEE will also develop a comprehensive planned giving program to encourage  
56 persons, trusts, and estates to consider making gifts, grants, bequests, or other legacy gifts to St.  
57 Swithin's Church.

*[This Planned Giving role is best delegated to an individual or small committee with skills in communication and relationship building, not necessarily part of the Endowment Committee. However, the Endowment Committee should be an important advocate on behalf of Legacy Gifts.]*

## **4. Frequency of Meetings**

58 The COMMITTEE shall meet at least semiannually, or more frequently as deemed by it in the  
59 best interest of the FUND.

## **5. Quorum**

60 A quorum shall consist of a majority of the regular members of the COMMITTEE. The  
61 affirmative vote of a majority of all committee members shall be necessary to carry any motion  
62 or resolution. Ex-officio members are not credited to the above requirement for a quorum.

63 The secretary shall give reasonable notice of the time and place of each meeting to members by  
64 email, mail, or phone.

## **6. Officers and Duties**

65 The COMMITTEE shall elect from its membership a chairperson and a secretary. The  
66 chairperson, or member designated by the chairperson, shall preside at all COMMITTEE  
67 meetings. The secretary shall maintain complete and accurate minutes of all meetings of the

68 COMMITTEE and supply a copy of the minutes to each member of the COMMITTEE. The  
69 secretary shall also supply a copy of the minutes to the Vestry in a timely manner. The Treasurer  
70 of the church shall maintain complete and accurate books of account for the FUND. The books  
71 will be audited as part of the Parish annual audit.

## **7. Reports**

72 The COMMITTEE shall report on a semiannual basis to the Vestry and, at each annual meeting  
73 of the congregation, shall provide a full and complete account of the administration of the FUND  
74 during the preceding year.

75 The Vestry shall report on the uses and purposes of expenditures from the FUND each year at  
76 the annual meeting of the Parish.

*[Reporting on how the funds were used helps to highlight the purpose and value of the  
Endowment Funds and encourages additional gifts.]*

## **8. Professional Counsel and Other Expenses**

77 The COMMITTEE, at the expense of the FUND, may provide for such auditing and for  
78 professional counseling on investments or legal matters as it deems to be in the best interests of  
79 the FUND. Committee members shall serve without compensation, but reasonable expenses  
80 related to the execution of their duties may be paid from the funds available for expenditure prior  
81 to distribution with Vestry approval.

## **9. Investments**

82 All funds will be invested in accordance with the investment guidelines established in the  
83 Investment Policy Statement (*Section A*).

## **10. Funds for Specific Purposes**

84 At the discretion of the Vestry, the COMMITTEE may establish additional sub-funds within the  
85 FUND for specific purposes.

86 Also, donors may designate their gifts for a specific purpose. Any donor-restricted gifts must be  
87 approved by the COMMITTEE and the Vestry. They must meet the requirements of the Donor-  
88 Restricted Fund Policy (*Section D*).

*[Some churches establish sub-accounts within the endowment to encourage donor  
interest, such as funds for outreach, scholarships, music, Christian education, etc. While  
these may encourage donor interest, they also restrict the use of the funds for specific  
purposes which, over time, may or may not conform to the current needs of the church.]*

## 11. Liability of Members of the COMMITTEE

89 Each member of the COMMITTEE shall act in good faith regarding the investment of the  
90 assets. Each member shall be liable only for his/her own conduct and shall not be liable for the  
91 acts or omissions of any other members. No member shall engage in self-dealing or transactions  
92 with the FUND in which the member has direct or indirect financial interest and shall at all times  
93 refrain from any conduct in which his/her personal interests would conflict with the interests of  
94 the FUND.

## 12. Holding of Assets, Action to Sell

95 All endowment and investment assets are to be held in the name of The Endowment and  
96 Investment Fund of St. Swithin's Episcopal Church. Actions to hold, sell, exchange, rent, lease,  
97 transfer, convert, invest, reinvest, and in all other respects, to manage and control the assets of  
98 the FUND, including stocks, bonds, mortgages, notes, and warrants of other securities, are to be  
99 made by a designated member of the COMMITTEE on behalf of the COMMITTEE.

## 13. Acceptance of Gifts to the FUND

100 The COMMITTEE will establish a Gift Acceptance Policy (*Section E*) through which decisions  
101 will be made as to whether a gift to the FUND or to the Parish shall be accepted.

## 14. Distributions from the FUND

102 It is the *intent* of this Resolution that all funds within the FUND shall be managed in perpetuity  
103 as if they were *true* endowments. Distributions from the FUND shall not be made to the  
104 operating budget of the Parish unless authorized by this Resolution. Distributions from the  
105 FUND shall be made using a "Total Return Policy," with a designated percentage of the FUND  
106 available for expenditure annually.

107  
108 In the event of an emergency, as defined by the Vestry, the Vestry may authorize additional  
109 distributions from the *quasi* endowment following a two-thirds vote of the Vestry at two  
110 consecutive regularly scheduled meetings and informing the congregation prior to taking action.

111  
112 The COMMITTEE shall formulate a policy defining the spending rules and protocols (*Section B*)  
113 with the approval of the Vestry. The policy will provide for the withdrawal and use of funds  
114 consistent with the stated purposes of the FUND as defined in the first section of this Resolution.  
115 No portion of the FUND shall be "borrowed" including any "temporary usage" for other needs  
116 of the Parish.

## 15. Amendment of this Resolution

117 Any amendment to this Resolution shall be adopted by a vote of at least two-thirds of the  
118 membership of the Vestry at two consecutive, regularly scheduled meetings. Any amendment  
119 regarding the use of the *quasi* endowment shall be handled within the above-established  
120 distribution rules.

121

**16. Disposition or transfer of the FUND**

122 In the event the Parish ceases to exist, whether through merger, dissolution, or some other event,  
123 disposition or transfer of the FUND shall be at the discretion of the Vestry in conformity with the  
124 approved congregational constitution and in accord with diocesan canons and the Bishop of the  
125 Diocese of Anywhere, USA. It may be appropriate to consult with the Episcopal Church  
126 Foundation to determine the manner in which FUND obligations will be met after the Parish  
127 ceases to exist.

128 The foregoing resolution is hereby adopted by the Vestry this \_\_\_ day of \_\_\_\_\_, 2018.

129 St. Swithin's Episcopal Church  
130 AnyTown, USA

Attest:

131 \_\_\_\_\_ (print name) \_\_\_\_\_

132 \_\_\_\_\_ (signature) \_\_\_\_\_

133 Senior Warden

Clerk

**ENDOWMENT AND INVESTMENT FUND  
POLICIES AND GUIDELINES  
FOR  
ST. SWITHIN’S EPISCOPAL CHURCH  
ANYTOWN, USA**

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**SECTION A**  
*Investment Policy Statement*

If the parish chooses to invest through the Diocese of Western New York Investment Trust its Investment Policies and Guidelines will be determined by the policies of the DIT. (*See IPS in Overview.*) If the parish invests through another investment manager, the following IPS can be used as a starting point in conversation with the manager.

**Purpose**

134 This Investment Policy Statement establishes the philosophy, guidelines and investment  
135 objectives for managing the investments of the FUND.

**Responsibility**

136 The ultimate responsibility for managing the FUND resides with the Vestry, which has chosen to  
137 delegate portions of its responsibility to the COMMITTEE, which will administer the portfolio  
138 of the FUND in accordance with these guidelines, as adopted and amended from time to time.  
139 These guidelines shall be reviewed at least annually by the COMMITTEE to determine whether  
140 they should be amended or remain unchanged. The COMMITTEE may choose to employ an  
141 outside investment manager.

**Objectives**

142 The assets of the FUND are to be invested with the same care, skill and diligence that a prudent  
143 investor would exercise in investing institutional endowment funds. The primary objective will  
144 be to provide long-term growth of principal and income without undue exposure to risk.

**INVESTMENT GUIDELINES**

***Time Horizon***

145 The FUND’S investment objectives and strategic asset allocation are based on a long-term time  
146 horizon.

***Risk Tolerance***

147 Because of its long-term time horizon, the FUND can tolerate some interim fluctuation in market  
148 value and rates of return in order to achieve its objectives. High level risk, high volatility and low  
149 quality rated securities, however, are to be avoided.

***Prohibited Investments***

150 The COMMITTEE shall not invest in private placements, restricted stock or other illiquid issues,  
151 commodities, futures, arbitrage and other uncovered options, and shall not engage in short sales,  
152 margin transactions or other similar specialized investment activities; however, the use of funds  
153 that use these investment activities in a constructive manner are permitted.

***Portfolio Diversification***

154 The investment objectives should be achieved through a diversified portfolio, which may include  
155 but is not limited to large-cap, mid-cap, small-cap U.S equities, international equities (both  
156 developed and emerging markets), bonds and cash. Mutual funds, common trust funds, exchange  
157 traded funds, and notes representing any of these asset classes may be used.

***Investment Discretion***

158 These guidelines are not intended to restrict or impede the efforts of the COMMITTEE to attain  
159 the FUND’s objectives, nor are they intended to exclude the COMMITTEE from taking  
160 advantage of appropriate opportunities as they arise. The COMMITTEE shall have discretion  
161 and flexibility to implement the objectives and policies herein set forth.

***Asset Allocation***

162 Because securities markets may vary greatly throughout a market cycle, the COMMITTEE may  
163 change the asset mix of the FUND within the following ranges as long as that mix meets the  
164 overall objectives and is consistent with the policy guidelines herein set forth. The FUND shall  
165 be allocated between equity investments and bonds and/or other fixed income securities.

166 The strategic target allocation shall be within the following ranges:

	<u>Low</u>	<u>Target</u>	<u>High</u>	
167				
168	EQUITIES:	40%	60%	70%
169	FIXED INCOME:	30%	40%	60%
170	CASH:	0%	0%	20%

171 The target allocation among equity classes shall be determined periodically (and at least  
172 annually) by the COMMITTEE in consultation with the investment manager(s) to reflect a  
173 prudent response to current market conditions.

*[The targets and ranges noted here are for example only. Please consult with your investment manager about the best allocation for your portfolio considering your planned draw, expected inflation, risk tolerance and fees. A more detailed breakdown of sub-asset classes within equities and fixed income, with targets and ranges, can be added.]*

***Investment Goals***

174 While maintaining the asset mix within the above guidelines, the COMMITTEE accepts a risk  
175 level for the FUND’s overall investment program that is intended to produce a total annual return  
176 adequate to cover these components: expenditures from the FUND (as determined annually by  
177 the COMMITTEE under the Spending Policy), inflation, and fees.

## **Reporting**

178 The quarterly report provided by the COMMITTEE to the Vestry will include the fund value,  
179 any changes in the asset allocation strategy, and the investment performance. The report shall  
180 reflect compliance with the objectives, policies, and guidelines set forth herein.

*[For accounts that have more than \$1 million to invest, or expect to be there shortly, ECF offers a more detailed Investment Policy Statement that includes sub-asset class strategic targets and ranges and defines the respective roles of the committee, custodian, and investment manager in more detail.]*

## **SECTION B** **Spending Policy**

181 Money will be distributed from the FUND upon written request of the Vestry and with the  
182 approval of the COMMITTEE for those uses which conform to the purposes and restrictions  
183 established by donors or incorporated in the Enabling Resolution.

184 Funds available for distribution will be determined by using a total return principle, i.e., return  
185 derived from dividends and interest *as well as* realized and unrealized capital gains. The funds  
186 available for distribution during any one year will be limited to a percentage of the market value  
187 of the FUND that is based on a three-year rolling average, with measures taken at the end of each  
188 of the preceding three years. The market value for this purpose will be taken net of the fees for  
189 investment management.

190 The percentage of the FUND made available for distribution shall be determined each year by  
191 the COMMITTEE and will normally fall in the range of 3% to 5%. In so doing, market  
192 performance of the portfolio will be an important consideration. It will be the goal of the  
193 COMMITTEE to grow, or at least maintain, the purchasing power of the FUND taking into  
194 account the impact of inflation and fees.

*[A disagreement between the Vestry and the Endowment Committee about the spending rate – should it be 3% of a rolling three-year average value or 5% – is not a dire emergency. Ultimately the Vestry decides if they will accept the Committee’s recommendation or not. Note, however, that in some states the Uniform Prudent Management of Institutional Funds Act (UPMIFA) says that spending 7% is considered “imprudent.” The goal of the Committee is to maintain the spending power of the endowment over time considering factors such as the spending rate, inflation, fees, and what other non-profits are spending. The Committee then invests in such a way as to achieve a rate of return equal to or greater than the annual draw plus inflation plus fees.]*

*[Some churches use a five-year rolling average to smooth out the ups and downs of the market. Churches just starting out that do not have a multi-year average can apply the spending rate to one year’s average value in the first year, then two years, and finally three (or five) years.]*

Any unexpended funds from those available for distribution in a given year will be accrued and will continue to be considered available for distribution in subsequent years unless otherwise designated by action of the COMMITTEE with the approval of the Vestry. Expenses related to the management and administration of the FUND will be deducted from the funds available for distribution.

### **SECTION C** *Disposition of Bequests Policy*

195 This policy governs the disposition of *bequests* which, for purposes of this statement, will mean  
196 any type of gift in which the assets are transferred upon the death of the donor. The assets may  
197 be in any form, such as cash, securities, personal property, real property, etc.

198 The bequest usually identifies the beneficiary in one of two ways: *St. Swithin's Episcopal*  
199 *Church or the Endowment Fund of St. Swithin's Episcopal Church.*

200 Bequests with **St. Swithin's Episcopal Church** as beneficiary can be spent in the current year or  
201 placed in the endowment as part of the General Endowment Fund (quasi). The default position of  
202 the church will be that all such bequests go into the General Endowment Fund unless the Rector  
203 and Senior Warden request an exception to the policy. The exception should be judged to be  
204 truly extraordinary and that no other financial resources of the organization are available or are  
205 expected to become available in time to fulfill the urgent need. Final authority for granting such  
206 an exception will rest with the Vestry.

207 If the donor has identified a specific purpose for the gift, the Vestry will guarantee that the funds  
208 will be used according to the donor's wishes. The funds may be directed to their restricted  
209 purpose either as an endowment, in which case they normally would become a restricted fund  
210 within the FUND, or by direct expenditure of the funds through the Treasurer of the  
211 organization.

212 Bequests naming the **Endowment Fund** of the church as beneficiary are automatically  
213 transferred to the Permanent Endowment Fund upon receipt. If the bequest was given for a  
214 specific purpose, the assets will be used to establish a donor-restricted fund within the Permanent  
215 Endowment Fund.

### **SECTION D** *Donor-Restricted Fund Policy*

216 A separate and designated sub-fund within the FUND may be established for gifts in the amount  
217 of \$25,000 or more. The Vestry must vote to accept the gift for the purpose(s) described by the  
218 donor, or it has the responsibility to reject the gift.

*[The minimum gift value required to establish a donor-restricted fund can be higher or lower than the \$25,000 listed here. The purpose of the minimum is to avoid accepting multiple small gifts that are restricted by the donor and require separate accounting in perpetuity.]*

219 If accepted, the assets are merged with other assets of the FUND for investment purposes, but the  
220 identity and designated purpose of each fund is preserved individually.

221 The fund is established effective the last day of the quarter in which the gift is received. The  
222 value is determined either by the actual value, if received by the FUND in cash, or the market  
223 value of the assets determined on the date the fund is established.

224 Income, realized gains or losses, and unrealized gains or losses are allocated quarterly to each  
225 fund based on its market value relative to the total market value of the FUND at the end of the  
226 previous quarter. New gifts are then added and withdrawals are subtracted to arrive at the new  
227 value of the restricted fund on the last day of the quarter. Expenditures are limited to the  
228 purposes specified in the restriction and are governed by the FUND's Spending Policy.

## **SECTION E**

### ***Gift Acceptance Policy***

#### ***Purpose***

229 This gift acceptance policy will provide guidelines to representatives of the Parish who may be  
230 involved in the acceptance of gifts, to outside advisors who may assist in the gift planning  
231 process, and to prospective donors who may wish to make gifts to the Parish. However,  
232 individual donors are encouraged to seek their own legal, tax and financial advice before  
233 completing a gift. This Gift Acceptance Policy is not meant to be relied on as professional advice  
234 to an individual. This policy is intended only as a guide and allows for some flexibility on a case-  
235 by-case basis. The gift review *process* outlined here, however, is intended to be followed closely.

#### ***Gift Review Committee***

236 Any questions which may arise in the review and acceptance of gifts to the Parish will be  
237 referred to the Gift Review Committee. The Committee, unless otherwise designated by the  
238 Vestry, will be comprised of the full Endowment Fund COMMITTEE.

#### ***Cash***

- 239 1) All gifts by check shall be accepted by the Vestry on behalf of the Parish regardless of  
240 amount.
- 241 2) Checks shall be made payable to the Parish. In no event shall a check be made payable to an  
242 individual who represents the Parish in any capacity.

#### ***Publicly Traded Securities***

- 243 1) Readily marketable securities, such as those traded on a stock exchange, can be accepted by  
244 the Vestry on behalf of the Parish.
- 245 2) The value of the gift of securities is the average of the high and low prices on the date of the  
246 gift.
- 247 3) A gift of securities to the Parish is usually liquidated immediately.

#### ***Closely-Held Securities***

- 248 1) Non-publicly traded securities may be accepted after consultation with the Gift Review  
249 Committee. The fair market value will be the value used by the donor in the preparation of  
250 the donor's tax return.

- 251 2) The Gift Review Committee will explore methods for liquidation of the securities through  
252 redemption or sale **prior to acceptance**. The Gift Review Committee will try to determine:  
253 a) Any restrictions on transfer  
254 b) Whether and when an initial public offering might be anticipated.  
255 3) No commitment for repurchase of closely-held securities shall be made prior to completion  
256 of the gift of the securities.

### ***Real Estate***

- 257 1) Any gift of real estate must be reviewed by the Gift Review Committee.  
258 2) Normally, the donor is responsible for obtaining and paying for an appraisal of the property.  
259 The appraisal will be performed by an independent and professional agent.  
260 3) The appraisal must be based upon a personal visitation and internal inspection of the property  
261 by the appraiser. Also, whenever possible, the appraisal must include documented valuation  
262 of comparable properties located in the same area.  
263 4) The formal appraisal should contain photographs of the property, the tax map number, the  
264 assessed value, the current asking price, a legal description of the property, the zoning status,  
265 and complete information regarding all mortgages, liens, litigation, or title disputes.  
266 5) The Parish reserves the right to require an environmental assessment of any potential real  
267 estate gift.  
268 6) The property must be transferred to the Parish prior to any formal offer or contract for  
269 purchase being made.  
270 7) The donor may be asked to pay for all or a portion of the following:  
271 a) Maintenance costs  
272 b) Real estate taxes  
273 c) Insurance  
274 d) Real estate broker's commission and other costs of sale  
275 e) Appraisal costs.  
276 8) For gift crediting and accounting purposes, the value of the gift is the appraised value of the  
277 real estate. This value may be reduced, however, by the costs of maintenance, insurance, real  
278 estate taxes, broker's commission, and other expenses of sale.

### ***Life Insurance***

- 279 1) A gift of a life insurance policy must be referred to the Gift Review Committee.  
280 2) The Parish can be named a contingent beneficiary or the beneficiary of a percentage of a life  
281 insurance policy.  
282 3) The Vestry will accept **ownership** of a life insurance policy as a gift only if the Parish is  
283 named as the owner and beneficiary of 100% of the policy.  
284 4) If the gift is a paid-up policy, the value for gift crediting and accounting purposes is the  
285 policy's replacement cost.  
286 5) If the policy is partially paid-up, the value for gift crediting and accounting purposes is the  
287 policy's cash surrender value. (For IRS purposes, the donor's charitable income tax  
288 deduction is equal to the interpolated terminal reserve, which is an amount slightly in excess  
289 of the cash surrender value.)

### ***Tangible Personal Property***

- 290 1) Any gift of tangible personal property shall be referred to the Gift Review Committee prior  
291 to acceptance.

- 292 2) Gifts of jewelry, artwork, collections, equipment, and software shall be assessed for their  
293 value to the Parish. Their value may be realized either by being sold or used in connection  
294 with the Parish's exempt purpose.
- 295 3) Depending upon the anticipated value of the gift, a qualified outside appraiser may be asked  
296 to determine its value.
- 297 4) The Parish shall adhere to all IRS requirements relating to valuation and disposition of gifts  
298 of tangible personal property and will provide appropriate forms to the donor and IRS.

### ***Deferred Gifts***

- 299 1) The Parish encourages deferred gifts in its favor through any of a variety of vehicles:  
300 a) Charitable gift annuity (or deferred gift annuity)  
301 b) Pooled income fund  
302 c) Charitable remainder trust  
303 d) Charitable lead trust  
304 e) Bequest  
305 f) Retained life estate  
306 g) Donor advised fund
- 307 2) The Parish (or its agent) shall not act as an executor (personal representative) for a donor's  
308 estate. A member of the Parish staff serving as personal representative for a member of the  
309 Parish does so in a personal capacity and not as an agent of the Parish.
- 310 3) The Parish (or its agent) shall not act as trustee of any charitable remainder trust.
- 311 4) The Parish may invite prospective donors to consider gift vehicles offered by The Episcopal  
312 Church Foundation (ECF) (specifically, Donor Advised Funds, Charitable Remainder Trusts,  
313 Charitable Gift Annuities, and the Pooled Income Fund).
- 314 5) When donors are provided planned gift illustrations or form documents by ECF, these will be  
315 provided free of charge. For any planned gift related documents, materials, illustrations,  
316 letters, or other correspondence, the following disclaimer should be included:

317 ***St. Swithin's strongly urges you to consult with your attorney, financial and/or tax***  
318 ***advisor to review this information provided to you without charge or obligation. This***  
319 ***information in no way constitutes legal or financial advice.***

- 320 6) All information obtained from or about donors/prospects shall be held in the strictest  
321 confidence by Parish staff and volunteers. Neither the name, the amount, nor the conditions  
322 of any gift shall be published without the express written or oral approval of the donor and/or  
323 beneficiary.
- 324 7) The Parish will seek qualified professional counsel in the exploration and execution of all  
325 planned gift agreements. The Parish recognizes the right of fair and just remuneration for  
326 professional services.
- 327 8) The Vestry, upon the advice of the Gift Review Committee, reserves the right to  
328 decline any gift that does not further the mission of the Parish. Also, any gifts that would  
329 create an administrative burden or cause the Parish to incur excessive expenses may be  
330 declined.

## **APPENDIX A: FUNDS WITHIN THE ENDOWMENT**

### **1. PERMANENT ENDOWMENT FUND**

331 *Type of Fund:* True, donor-restricted

332 *Purpose:* Capital improvements, outreach ministries and grants, seed money for new ministries,  
333 and special one-time projects

334 *Spending Policy:* Total return, normally 3% to 5% of a rolling three-year average fund value

335 *Protection of Corpus:* To be held in perpetuity, protected by UPMIFA

### **2. GENERAL ENDOWMENT FUND**

336 *Type of Fund:* Quasi, Vestry-designated

337 *Purpose:* Capital improvements, outreach ministries and grants, seed money for new ministries,  
338 and special one-time projects

339 *Spending Policy:* Total return, normally 3% to 5% of a rolling three-year average fund value

340 *Protection of Corpus:* In the event of an emergency as defined by the Vestry, additional  
341 distributions may be made following a two-thirds vote of the Vestry at two consecutive,  
342 regularly-scheduled meetings and informing the congregation prior to taking action

### **3. INVESTMENT FUND**

343 *Type of Fund:* Investment Fund

344 *Purpose:* As needed

345 *Spending Policy:* At the discretion of the Vestry

346 *Protection of Corpus:* None

## APPENDIX B: DEFINITION OF TRUE AND QUASI ENDOWMENTS

A **true** endowment is established when a **donor** makes a gift directly to the **Endowment Fund**, or uses words such as “spend income only” or “to be held in perpetuity” in the gift instrument in defining how spending may occur. The donor may further restrict the gift as to purpose.

In addition, if the church promotes its Endowment Fund as a **true** or **permanent** endowment and receives gifts of any size for the Fund, those funds are equally restricted. If a purpose is announced and donors give to an Endowment Fund for a named purpose, those gifts are restricted as to purpose as well. A state law called the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which has been passed in every state except Pennsylvania, defines the terms of prudent investment and prudent spending for **true** endowments for all non-profits, including churches.

If the **Vestry** decides to place funds in the Endowment that could have been spent otherwise, such as an unrestricted bequest to the church (not the endowment fund of the church), money from the sale of property, or excess cash, those funds create a **quasi** endowment. This part of the Endowment Fund can be spent down by the Vestry within whatever rules have been enacted by the church. UPMIFA has no jurisdiction regarding quasi endowments.

It is important for the church to keep permanent records of gifts to the endowment fund in order to identify the nature of the gifts—whether they are restricted as to spending, restricted as to purpose, restricted by a donor, or designated by the Vestry. These differences will determine how much of the endowment current and future Vestries can spend and for what purpose.