

## **PURPOSE**

The primary purpose of the Permanent Endowment Funds of First Christian Church, Medford, Oregon is to expand the witness and mission of Jesus Christ in the world, serving human needs in our community and around the world. It is not intended to compete with the regular annual giving of members or to diminish the opportunities for responsible stewardship be present or future members, but rather to afford members of this congregation an opportunity to exercise faithful stewardship of their accumulated resources.

All assets received by the Permanent Endowment Funds shall be considered permanent and therefore cannot be spent. Income from the Funds as described in the Spending Policy will be spent for ministry as defined in Income Distribution.

Gifts to the Permanent Endowment Funds may come in a variety of forms, including stocks, bonds, real estate, tangible property and cash. All bequests and gifts received in any form other than cash shall be converted to cash at its fair market value as soon as practicable. (It should be here noted that gifts of real estate must come with all appropriate environmental concerns having been satisfied). The church may on some rare occasions wish to refuse a gift or bequest. This should be done by the General Board upon the recommendation of the Permanent Endowment Funds Trustees.

## **PERMANENT ENDOWMENT FUNDS TRUSTEES:**

The Permanent Endowment Funds of Medford First Christian Church shall be managed by five trustees elected by the congregation at the regular annual election of officers. The senior minister and the chairperson of the General Board shall also serve and all members shall have the power of a vote. Trustees' terms of office shall be for three years. They may be reelected one time, but cannot serve more than six consecutive years. No more than two trustees shall be elected in any one year.

### **Responsibilities of Permanent Endowment Funds Trustees will be to:**

- A.** Ensure a total return necessary to at least preserve and, it is hoped, enhance in real dollar terms the principal of the Permanent Endowment Funds.
  - B.** Annually provide a written report to the Church Board and Congregation which shall include a list of new gifts received, income received and total value of the Permanent Endowment Funds.
  - C.** Meet at regularly scheduled quarterly intervals. They shall elect their officers each year, Chairman, Vice-Chairman, Secretary/Treasurer, from the trustees as needed.
  - D.** Trustees shall not have the responsibility for the expenditure of income from the Permanent Endowment Funds.
  - E.** Trustees shall publicize the Fund to the congregation, sponsor "wills emphasis seminars", contact prospective donors and promote other activities which will bring about growth in the Permanent Endowment corpus.
  - G.** Trustees shall have responsibility for investing the corpus of the Permanent Endowment Funds using the services of the Christian Church Foundation of the Christian Church (Disciples of Christ).
- Though not required, trustees shall be encouraged to make provisions in their own financial planning to provide a gift to the Permanent Endowment Funds of Medford First Christian Church.

### **SPENDING POLICY:**

The Endowment spending policy reflects the blending of these objectives and the balancing of the present and the future. The policy is based on an understanding of defined needs of Medford First Christian Church and the financial response in the best interest of the church.

The spending policy relates endowment income spending to the long-term investment objective of maximizing total real rate of return on the funds and of maintaining or increasing the real portfolio value. It utilizes portfolio market value only for the purpose of determining prudent spending limits. The policy ensures, to the degree possible, the amount taken from the funds will increase in a modest and controlled way each year and still allow the real corpus of the fund to remain or increase over time.

The Total Return Approach considers the earnings on endowment investments to include interest, dividends, rents, royalties, other distributions and realized and unrealized gains and losses.

The Trustees will look back at the value of the Fund over the past twenty months. They will then compute an amount no more than 5% of the current Fund value as an amount they may recommend to the Board for use in the upcoming year. The percentage offered is at the discretion of the Trustees, and will be determined by the percentage of Total Return (increased value from all sources) during the past twenty months. They will bring the amount decided to the Board in August or September for their approval. The Stewardship committee will then incorporate the amount into the budget for the following year. All gifts made to the Permanent Funds become a part of the principle amount of the and are preserved. They may not be considered as part of the Total Return of the Fund.

The Trustees shall inform the Christian Church Foundation how they wish funds to be paid the following year by December 31 (whether quarterly, lump sum or some other alternative).

The Permanent Funds should be accessible to the Church in a structured manner so that we are good stewards. Neither an unused nor an exploited asset is good stewardship.

### **ACKNOWLEDGMENT OF GIFTS AND SERVICE OR REMEMBRANCE**

A special observance with the regular worship services of the Sunday following All Saints Day shall be utilized to remember all who have died with the past year and to dedicate new Permanent Endowment Funds, Named Funds and current year Memorial gifts.

### **AMENDING PROCEDURES:**

Changing times, unusual circumstances and new thoughts and ideas may dictate desirable changes in the Permanent Endowment Funds Policy at some future time. However, the Permanent Endowment Funds Policy shall be designated as inviolate for a period of three years from the date of its establishment or amendment. The policy may be amended by a  $\frac{3}{4}$  majority vote of the Church Board meeting, upon published written notice of proposed changes to the Board members at least two weeks prior to the meeting and  $\frac{2}{3}$  majority vote of the Congregation.

## **INCOME DISTRIBUTION**

While this policy specifically encourages undesignated bequests, if a testator's will designates a particular purpose for which a gift is to be used, the gift will, so far as is practicable, be used in accordance with such designation, subject to approval of the Church Board. All dispositions of such designated gifts shall be recommended by the trustees and approved by the Church Board. If the designated purpose has already been achieved or is otherwise not a practicable use of the gift, then the trustees will, upon advice of legal counsel, take whatever action is deemed necessary in that situation in bringing a recommendation to the Church Board. The church always reserves the right to refuse a gift or bequest as stated above.

Unrestricted funds will be distributed as follows:

1. 25% will be spent according to the recommendation of the Stewardship Department with the confirmation of the Church Board, including support of the regular operational budget of the congregation. Such support shall never represent an amount greater than 20% of the total operational budget.
2. 25% will be designated for outreach causes and be directed by the Outreach Department with General Board approval. These funds will not be considered as part of the regular budget expenditure for outreach causes.
3. 50% will be designated for retirement of outstanding debt(s) on congregational properties. If the congregation has no debt, then this 50% will be utilized for major capital equipment needs, or directed to a "reserve fund" to meet future capital needs. The funds may also be directed to items 1 and 2 above in the event the church has no debt or major capital needs.
4. All unrestricted funds allocated by the spending policy shall be expended by the end of the following calendar year.

## **MEMORIAL FUNDS:**

Certain gifts received from donors may be given as Memorial Funds. Unless otherwise stated, these gifts shall be considered as separate funds from Permanent Endowment Funds and shall be handled in accordance with the guidelines as set up in the bylaws for Medford First Christian Church.

## **NAMED FUNDS:**

Named funds can be established with the initial contribution of \$10,000. Income will be used in the next fiscal year after the fund is established, the amount determined in accordance with policy set in the Spending Policy and applied to each named fund. Named funds may be either designated or accompanied by a pledge to bring the total fund corpus to \$10,000 in a period not to exceed four years. Earnings will accrue to the fund during this period and income will be used after the corpus reaches \$10,000. If at the end of four years from the initial gift, the fund has not reach \$10,000, the fund will be liquidated and the balance either added to the Permanent Endowment Funds, or if the donor desires, distributed according to the directions expressed at the time of the initial gift. In either case the donor will be recognized in the year of the award, unless the donor wishes to remain anonymous. The names of permanently endowed funds shall be recognized each year as set forth below.

## **TERMINATION**

In the event that Medford Christian Church should terminate its ministry or would no longer continue a congregation of the Christian Church (Disciples of Christ) or of a new denomination including that body, the assets of the Permanent Endowment Funds shall be transferred to the Christian Church Foundation of the Christian Church (Disciples of Christ) or its successor and assigns with instructions concerning distribution of future income.

Revised November 2013  
at Congregational meeting

ADDITIONAL RESPONSIBILITIES OF THE PERMANENT FUNDS TRUSTEES:

- A. The Trustees shall also oversee the funds for the Memorial Garden.
- B. The purpose for these funds shall be to financially support the management, upkeep, and integrity of the Memorial Garden.
- C. As in other Endowment Funds, the trustees shall not have the responsibility for the expenditure of these funds.
- D. The Memorial Garden funds shall be maintained separately and shall be designated for the Memorial Garden only.

Proposed changes to the Permanent Funds Bylaws November, 2013

The Trustees of the Permanent Funds are proposing a change to the bylaws of the Permanent Funds. They are suggesting a simplified formula for computing distributions from the Fund to be used on an annual basis by the Church. That formula is this:

The Trustees will look back at the value of the Fund over the past twenty months . They will then compute an amount no more than 5% of the current Fund value as an amount they will recommend to the Board for use in the upcoming year. They will bring that amount to the Board in August or September for their approval. The Stewardship committee will then incorporate the amount into the budget for the following year. The percentage of the distribution will depend on the growth of the Fund during the past twenty months. All gifts made to the Permanent Funds become the principle amount of the Fund and are preserved.

The Trustees feel that the Permanent Funds should be accessible to the Church in a structured manner so that we are good stewards. Neither an unused nor an exploited asset is good stewardship.

Another change requested by the Trustees is that only one vote by the Board is necessary to ratify a change to the Permanent Funds bylaws, rather than two consecutive votes. Any changes to the bylaws will always come to the congregation for a vote.

These changes have been recommended by the Christian Church Foundation, a ministry of our General Church which manages our Permanent Funds. We have patterned these changes on the models they use for other congregations.

Example:

Total value of General Permanent Fund as of August	\$90,000
Total value twenty months prior (December of previous year)	\$80,000
Growth of Fund's value	\$10,000
Trustees recommend 4% of current Fund value as distribution to the Church	\$ 3,600

Trustees for 2013

Sharon Fox

Nancy Mason

Alan Gatchel

Chris Redding

Cathy Dorsey