

MODEL PERMANENT FUND POLICY

I. PURPOSE

The primary purpose of the Permanent Fund (the “Fund”) of First Christian Church 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 by present or future members.

II. TYPES OF GIFTS

First Christian Church may be the recipient of gifts from members or friends of the church. Unless otherwise specified by the donor, all unrestricted gifts received by the church will be added to the church’s Permanent Fund and be governed by this policy.

Donor-restricted gifts will be held and accounted for separately from congregationally-governed Permanent Funds. For purposes of definition, restricted gifts are:

When the donor specifies

- (1) the purpose for which a gift should be used and/or
 - (2) that the gift should be held as endowment or for a time period, or to generate income,
- that gift should be recorded as *donor-restricted* by the congregation. The congregation is legally bound to use or to hold restricted gifts in accordance with the donor’s instructions that are reflected in a will, trust, or other legally-binding gift agreement.

There may be an instance when the church would be well-advised to refuse a gift or bequest or seek legal modification of the donor’s gift. Reasons for this action might include if the purpose of the restricted gift is not in line with the congregation’s mission priorities, if the congregation is unable to use the gift as intended, or if the gift does not seem to be in the best interests of the donor or the church. In such instances, if it is impractical or unwise to seek a modification of the gift restriction, the gift would be returned to the donor or the donor’s estate.

Gifts added to the Fund shall be considered permanent and therefore cannot be spent; only the income generated by the Fund will be spent for ministry. Permanent funds do not generally include memorial funds, reserve funds or building funds. Separate policies govern these gifts.

Gifts to the Permanent Fund may come in a variety of forms, such as bequests, the residual value of charitable trusts and charitable gift annuities, life insurance, beneficiary designations on retirement or investment accounts, and other gift instruments. Assets received in the form of stocks, bonds, real estate, tangible property or in any form other than cash will be converted to cash at its fair market value as soon as practical.

III. PERMANENT FUND TRUSTEES

The Permanent Fund of First Christian Church shall be managed by at least five and no more than seven trustees, elected by the congregation.

Terms of office shall be for three years. Fund Trustees may be re-elected one time, but cannot serve for more than six consecutive years. The senior minister and chair/moderator of the board of the congregation will be ex-officio members without vote.

The responsibilities of Permanent Fund Trustees will be to:

- A. Meet at least quarterly. They shall elect their officers each year from the trustees as needed.
- B. Receive, document, and preserve the original gift language of each gift.
- C. Ensure that adequate record-keeping is maintained for donor-restricted gifts and that all donor restrictions are honored.
- D. Publicize the Permanent Fund to the congregation, sponsor planned giving seminars, contact prospective donors and promote other opportunities which will bring growth in the Permanent Fund.
- E. Recognize donors and honor those faithful stewards who have included the congregation in their end-of-life estate plans.
- F. Review the activity and performance of the Permanent Fund and any donor-restricted gifts and provide a written annual report to the church board and congregation. Such report shall include a list of new gifts received, investment transactions, amount spent for ministry, and total value of the Permanent Fund at year-end.
- G. Distribute Permanent Fund income annually per the Fund's spending policy as outlined in Item IV. B below. The spending policy has been set by the congregation as part of this Permanent Fund policy.
- H. Invest the Permanent Fund, subject to confirmation of the church board, and the donor-restricted endowment fund(s) in accordance with any donor restrictions. It is recommended that the Christian Church Foundation, Inc. be considered to manage all or part of the congregation's Permanent Fund and Donor-Restricted Fund(s).
- I. Faithfully consider making provisions in their own financial planning to provide a gift to the Permanent Fund of First Christian Church.

IV. ANNUAL SPENDING FOR MINISTRY

Each year the income from the Permanent Fund investments will be spent for ministry. Income is defined as a fixed percentage of the total market value of the Permanent Fund. The Board will consider the recommendation of income set by the Christian Church Foundation, typically in the 3-5% range.

- A. Gifts that have a purpose restriction will be spent according to the donor's instructions.
- B. Income from gifts to the Permanent Fund that do not have a donor-specified purpose restriction will be distributed as follows: *

1. 10% will be spent according to the recommendation of the Stewardship Committee with the confirmation of the Church Board.
2. 50% will be designated for outreach causes and transferred to the Outreach Committee for expenditure. These funds will not be considered as part of the regular budget expenditure for outreach causes. The Outreach Committee will report to the Church Board within six months concerning these expenditures.
3. 30% will be designated for retirement of outstanding debt(s) on congregational properties. If the congregation has no debt, then this 30% will be directed to a reserve fund to meet future capital needs. If no reserve fund needs are anticipated, this portion may be distributed according to Items 1 and 2 above.
4. 10% will be given to regional programs and causes, including a direct donation to the regional office.

V. AMENDING PROCEDURES

The policy may be amended by a 3/4 majority vote of the Church Board at two successive meetings, upon published written notice of proposed changes to the congregation at least two weeks prior to the first meeting.

VI. TERMINATION

In the event that First Christian Church should terminate its ministry or cease to be affiliated with the Christian Church (Disciples of Christ), the assets of the Permanent Fund shall be transferred to the Christian Church Foundation, Inc., of the Christian Church (Disciples of Christ) with instructions concerning future spending.

**These percentages are only used as a suggested guide. Your congregation will need to discern the appropriate percentages and distributions.*

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This sample policy was developed for use by congregations of the Christian Church (Disciples of Christ) by the Christian Church Foundation, Inc. For more information, please contact the

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