

# **Planned Giving and Endowment Fund Policy**

## **Endowment Fund of the Rocky Mountain Conference of the United Church of Christ**



# Planned Giving and Endowment Fund Policy

## A. Introduction:

1. **Names:** This document is the “Planned Giving and Endowment Fund Policy,” hereafter called the POLICY. Companion documents are: “Investment Policy,” and “Gift Acceptance Policy.” These are policies of a corporate entity and endowment fund whose name is ENDOWMENT FUND OF THE ROCKY MOUNTAIN CONFERENCE OF THE UNITED CHURCH OF CHRIST, Inc. This entity, which has applied for or has been granted an IRS 501 (c) (3) designation, is a non-profit affiliate of the Rocky Mountain Conference of the United Church of Christ.
2. **Purpose:** The purpose of this POLICY is to
  - Provide for the ongoing execution of a Rocky Mountain Conference planned giving effort (education, solicitation)
  - Provide for the management and administration of the Endowment Fund of the Rocky Mountain Conference of the United Church of Christ, hereafter called the FUND.
  - Provide for distributions from this FUND to enhance the mission and ministry of the Rocky Mountain Conference of the United Church of Christ, hereafter called RMC.
3. **Financial Stewardship:** Christian stewardship involves the faithful management of all the gifts God has given to humankind – time, talents, treasure, including accumulated assets. At the local church level, the Conference, and the national UCC, comprehensive stewardship incorporates all types of giving consisting of:
  - Annual giving from individuals and churches for support of the RMC
  - Capital giving for the one-time purpose of specifically identified capital improvement or new programs
  - Special offerings appeals for mission and service purposes
  - Memorial giving made in memory of a family member or friend upon their death
  - Planned giving through bequests in wills, trusts, charitable gift annuities, assignment of life insurance, transfers of property and current gifts

At the Conference level of the UCC, Planned Giving is essential to complement and support multiple types of giving by providing education, management processes and the establishment and management of an endowment fund.

## B. The Board of Trustees

1. The TRUSTEES shall be elected and serve as described in the Bylaws.

## C. TRUSTEE STANDARD OF CONDUCT

1. TRUSTEES shall act in good faith and with the care an ordinarily prudent investor in a like position would exercise under similar circumstances.<sup>1</sup>

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<sup>1</sup> See UPMIFA § 3 (b). Also see Comments in **Purpose and Scope of Revisions** page 13 for discussion of prudence standard for investment decision making.



2. No TRUSTEE shall engage in any self dealing or transactions with the FUND in which the TRUSTEE has direct or indirect financial interest and shall at all times refrain from any conduct in which the TRUSTEE's personal interests would conflict with the interest of the FUND.
3. In managing the FUND, the TRUSTEES shall:
  - a. Incur only costs that are appropriate and proportional to the assets, the purpose of the POLICY, and the skills available to the TRUSTEES.<sup>2</sup>
  - b. Make a reasonable effort to verify facts relevant to the management and investment of the FUND.<sup>3</sup>
  - c. Diversify the investments.<sup>4</sup>
4. Within a reasonable time after receiving property, the TRUSTEES shall make and carry out decisions concerning the retention or disposition of the property.<sup>5</sup>
5. A person who has special skills or expertise, or is selected in reliance upon the person's representation that the person has special skills or expertise, has a duty to use those skills or that expertise in managing and investing institutional funds.<sup>6</sup>

## D. The FUND

1. Unless the UPMIFA conflicts with Colorado Statutes § 15-1-1101 through § 15-1-1109 which is known as the "Uniform Management of Institutional Funds Act" the trustees shall adhere to the UPMIFA.
2. All assets are to be held in the name of "The Endowment Fund of the Rocky Mountain Conference of the United Church of Christ".
3. The Board of Trustees shall render a full and complete third-party audited account of the FUND for the preceding fiscal year, ten copies of which shall be available for examination at each Annual Meeting of the Conference. (Also stated in the Bylaws)
4. The FUND assets are comprised of three parts:
  - Office furniture, supplies and a checking account.
  - Donated assets in the process of being liquidated.
  - A portfolio of investments, hereafter called the INVESTMENT PORTFOLIO.
5. The TRUSTEES will work with the Conference Treasurer to transfer assets to accomplish the purposes of the FUND. If possible, these transfers will be by electronic means.
6. The TRUSTEES shall select investment management firm(s) to manage the INVESTMENT PORTFOLIO. In doing so, the TRUSTEES shall make a reasonable effort to verify facts relevant to the management and investment of the INVESTMENT PORTFOLIO.<sup>7</sup> For the first year the investment management firm shall be the United Church Foundation.

<sup>2</sup> UPMIFA Section 3 (c ) (1)

<sup>3</sup> UPMIFA Section 3 (c ) (2)

<sup>4</sup> UPMIFA Section 3 (e) (4) p. 13

<sup>5</sup> UPMIFA Section 3 (e) (5) p. 13

<sup>6</sup> UPMIFA Section 3 (e) (6) p 13. The intent is that a person managing or investing institutional funds must use the person's own judgment and experience, including any particular skills or expertise, in carrying out the management or investment duties. For example, if a charity names a person as a director in part because the person is a lawyer, the lawyer's background may allow the lawyer to recognize legal issues in connection with funds held by the charity. The lawyer should identify the issues for the board, but the lawyer is not expected to provide legal advice. A lawyer is not expected to be able to recognize every legal issue, particularly issues outside the lawyer's area of expertise, simply because the board member is lawyer. (p 18)

<sup>7</sup> UPMIFA Section 3. (c ) (2) page 11



7. The TRUSTEES, at the expense of FUND, shall provide for such expenses as professional counseling on investments, legal matters, travel expenses, accounting, staffing the endowment, solicitation of donations, and trustee education as it deems to be in the best interest of the FUND.
  - a. Initially it is expected that these expenses shall not average more than 50 basis points per year of the 12 quarter average FUND balance.
  - b. The TRUSTEES shall maintain a separate bank account for these expenses. The account shall initially be funded by either 75 basis points from the INVESTMENT PORTFOLIO or from a grant or gift designated for this purpose. If it is funded by the INVESTMENT PORTFOLIO, this shall be repaid to the INVESTMENT PORTFOLIO over a six year period.

## E. The INVESTMENT PORTFOLIO

1. The INVESTMENT PORTFOLIO shall be governed by an Investment Policy of the Endowment Fund of the RMC, hereafter called the INVESTMENT POLICY. The INVESTMENT POLICY shall be established by the TRUSTEES and may be changed only by the affirmative vote of five (5) TRUSTEES at a meeting called specifically for this purpose, and with advance notice to the RMC Board of Directors, hereafter called the RMC BOD.
2. The INVESTMENT POLICY shall conform to the UCF policy for “socially responsible investments”.
3. The TRUSTEES shall ensure that investment of the INVESTMENT PORTFOLIO follows the INVESTMENT POLICY.
4. Except as otherwise provided by a gift instrument, the following rules apply:
  - a. In managing and investing the INVESTMENT PORTFOLIO, the following factors, if relevant, must be considered:<sup>8</sup>
    - (i) general economic conditions;
    - (ii) the possible effect of inflation or deflation;
    - (iii) the expected tax consequences, if any, of investment decisions or strategies;
    - (iv) the role that each investment or course of action plays within the overall INVESTMENT PORTFOLIO;
    - (v) the expected total return from income and the appreciation of the INVESTMENT PORTFOLIO;
    - (vi) other resources of the FUND and the RMC UCC;
    - (vii) the needs of the RMC UCC and the FUND to make distributions and to preserve capital; and
    - (viii) an asset’s special relationship or special value, if any, to the charitable purposes of the institution.
  - b. Management and investment decisions about an individual asset must be made not in isolation but rather in the context of the FUND as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the FUND and to the RMC.<sup>9</sup>
5. The TRUSTEES, in managing and investing the INVESTMENT PORTFOLIO, shall consider the charitable purpose of the RMC and the purposes of the FUND.<sup>10</sup>
6. INVESTMENT PORTFOLIO assets will be limited to mutual or common investment funds, US Treasury Bonds, and the Cornerstone Fund of the UCC. Gifts received that do not comply with this limitation shall be liquidated as soon as is reasonably possible and the proceeds invested in compliance with the

<sup>8</sup> UPMIFA Section 3 (e) (1) page 12

<sup>9</sup> UPMIFA Section (3) (e) (3) page 12. See Comments page 17. “**Subsection (e)(2). Portfolio Approach.** This subsection reflects the use of modern portfolio theory in investment practice.”

<sup>10</sup> UPMIFA Section (3) (a) page 11.



INVESTMENT POLICY. Until such time as the proceeds are invested in compliance with the INVESTMENT POLICY, the value of the donated assets will be exempted from the value of the FUND for the purpose of determining compliance with the INVESTMENT POLICY and calculating distributions from the FUND.

7. The investments in the INVESTMENT PORTFOLIO shall be diversified<sup>11</sup> into at least three asset classes with at least 20% of the total INVESTMENT PORTFOLIO in each class.

## **F. Acquisition of funds and education of the Conference and Associations**

1. The TRUSTEES shall, in collaboration with the all entities within the UCC and the RMC dealing primarily with Stewardship, educate members of the Conference and Associations and Congregations about the spiritual basis, opportunity and purpose for planned giving. The TRUSTEES shall facilitate planned gifts to the FUND through all manner of events, discussions, forums, classes, articles, printed material, video programs, social events and other means.
2. The TRUSTEES shall from time to time make direct appeals to members and friends of The RMC for contributions and planned gifts. Individual TRUSTEES are encouraged to make personal gift commitments to the FUND.
3. The TRUSTEES must give primary consideration to donor intent expressed in a gift instrument.<sup>12</sup>
4. Restricted gifts must clearly state the restrictions at the time of donation.<sup>13</sup>
5. The acceptance of gifts into the FUND shall be governed by the Gift Acceptance Policy of the Endowment Fund of the RMC, hereafter called the GIFT ACCEPTANCE POLICY. The GIFT ACCEPTANCE POLICY shall be established by the TRUSTEES and may be changed only by the affirmative vote of five (5) TRUSTEES at a meeting called specifically for this purpose, and with advance notice to the RMC BOD.

## **G. Distribution and Spending Policies**

1. Distributions for the initial five accounts shall be an annual amount equal to a percentage from three (3) to five (5)<sup>14</sup>, as determined by the TRUSTEES, multiplied by the net fair market value of the account balance within the INVESTMENT PORTFOLIO assets averaged over the lesser of (1) the twelve preceding quarters or (2) the period during which the account balance within the INVESTMENT PORTFOLIO has been in existence.<sup>15</sup>
2. Distributions for designated accounts added for the benefit of churches or other related non-profit organizations, shall be an annual amount equal to a percentage from three (3) to five (5), as determined either at the outset or annually by that church or organization, multiplied by the net fair market value of the account balance within the INVESTMENT PORTFOLIO averaged over the lesser of (1) the twelve preceding quarters or (2) the period during which the account balance within the INVESTMENT PORTFOLIO has been in existence. Unless otherwise specified, distributions will be determined by the Board of Trustees.
3. The TRUSTEES may vary the distribution percentage range from time to time, but only if the variance is approved by at least 5 of the TRUSTEES at a meeting specifically called for that purpose, with advance

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<sup>11</sup> UPMIFA Section 3 (e) (4) page 13

<sup>12</sup> UPMIFA page 2.

<sup>13</sup> UPMIFA Section 4. (b) Page 20.

<sup>14</sup> The UPMIFA Drafting Committee "suggests that few funds can sustain spending at a rate above five percent . . . Spending above this rate will jeopardize the long-term nature of the endowment fund." Comment on page 27.

<sup>15</sup> UPMIFA see comments on Application of Presumption on page 26.



notice to the RMC BOD. Any such variance shall apply for one year, after which the standard percentages shall apply unless and until another variance is approved.

4. The appropriation for expenditure in any year of an amount greater than seven percent of the fair market value of the INVESTMENT PORTFOLIO creates a rebuttable presumption of imprudence.<sup>16</sup>
5. The distribution shall be calculated annually and thereafter may be made quarterly.
6. No action by the TRUSTEES shall be taken that would violate any provision of the Colorado Uniform Management of Institutional Funds Act, C.R.S. 15-1-1101 et seq, except as modified by any other term or provision of the FUND policy. The TRUSTEES shall comply with the Colorado Uniform Prudent Investor Act, C.R.S. 15-1-1401 et seq.

## H. Accounts that comprise the Endowment Fund

1. Restricted funds shall be applied to the appropriate account as determined by the TRUSTEES. Restricted funds that do not conform to one of the account definitions may be refused or additional accounts may be created by the TRUSTEES.
2. Unrestricted gifts shall be put into Account 1 for the Mission and Ministry of the RMC.
3. When the TRUSTEES have determined the annual amount of the distribution they will notify the RMC BOD.
4. The distributions for each account shall be proportional to the balance of that account within the INVESTMENT PORTFOLIO.
5. The TRUSTEES shall monitor the spending of distributions from the FUND for compliance with donor intent and compliance with the account purposes and shall require a report from the RMC BOD on the use of the funds explaining how the expenditure of distributions conform to the purposes of the accounts.
6. The following accounts shall be tracked separately within the FUND. **RMC Accounts are accounts for which the TRUSTEES are responsible while Local Church Accounts refer to accounts established on behalf of local churches and managed by the TRUSTEES.**

### **Account 1. Mission and Ministry of the RMC (RMC Account)**

To provide for the mission and ministry of the RMC of the UCC. It is the responsibility and privilege of members of the RMC to support basic mission and ministry of the RMC. The endowment distribution is intended to extend and enhance this mission. It is anticipated that the primary support of the budget of the RMC will come from the churches and ministries that benefit from the work of the RMC, not from the distribution from the FUND.

### **Account 2. Children, Youth and Young Adult Ministries (RMC Account)**

Grants and scholarships to enhance the work of the UCC in the world, USA and RMC in such areas as Christian education, leadership, stewardship, camping, scholarships, educational ministries and seminary support specifically for children, youth and young adults that enable them to grow in their understanding of the Christian faith.

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<sup>16</sup> UPMIFA Section 4. (d) page 19. This is an optional part of the UPMIFA. See UPMIFA page 25 for comments.



**Account 3. Church Revitalization and New Church Starts (RMC Account)**

Leadership grants for new UCC congregations being initiated in the Rocky Mountain Conference, and programs, services and facilities through which member congregations of the Rocky Mountain Conference of the UCC may extend and accelerate their growth.

**Account 4. ARCHWAY Housing and Services, Inc. (RMC Account)**

To provide for support of Archway Housing and Services, Inc. Distributions from this account shall be passed to the ARCHWAY Housing and Services Inc. Board of Directors.

**Account 5. La Foret Conference and Retreat Center, Inc. (RMC Account)**

To provide for the support of the La Foret Conference and Retreat Center, Inc. Distributions from this account shall be passed to the La Foret Board of Directors.

**Account 6. St. Paul's United Church of Christ Springbrook Endowment (Local Church Account)**

Account established in an agreement between St. Paul's United Church of Christ, Laramie, WY and the FUND, dated October 21, 2012.

**Account 7. Gunnison Congregational United Church of Christ Endowment (Local Church Account)**

Account established in an agreement between Gunnison Congregational UCC and the FUND, dated January 27, 2013.

**Account 8. Community United Church of Christ Boulder Endowment Account (Local Church Account)**

Account established in an agreement between Community UCC and the FUND, dated November 20, 2014.

**Account 9. The Rocky Mountain Conference Iliff Scholarship Fund (RMC Account)**

To fund an annual scholarship for a UCC student enrolled in a Masters-level degree program at Iliff, and committed to a vocation of social change through church action. Distributions from this account shall be passed to the RMC for re-distribution as the scholarship directs.

7. Other Accounts - From time to time, in compliance with its Gift Acceptance Policy and this POLICY, and according to terms of agreements between The Endowment Fund of the Rocky Mountain Conference of the United Church of Christ and donors, additional Accounts may be established by the TRUSTEES. An addendum to this Fund POLICY listing all Accounts shall be attached no less often than once per calendar year to this POLICY and to official corporate records.

**I. Action in Event that a Beneficiary of Accounts 1 – 5, and 9 Cease to Exist**

In the cases of Accounts 1, 2, and 3, in the event of the dissolution or merger of the Rocky Mountain Conference of the United Church of Christ annual distributions shall be made to its successor entity and used for purposes most closely resembling the original intent of this POLICY.

In the case of Account 4, which is entitled Archway Housing and Services, Inc., should it cease to exist, and/or sell its assets to a for-profit corporation or governmental agency, Fund Trustees shall select for annual distribution another Colorado, Utah, or Wyoming 501(c)(3) non-profit corporation that provides housing and family services to low income families.



Should the above described corporation merge with another Colorado 501(c)(3), TRUSTEES shall make annual distributions to the new entity, provided that the new entity continues to make annual use of funds reports to the FUND.

In the case of Account 5, La Foret Conference and Retreat Center, Inc., as long as the facility under any ownership continues to serve churches, children and youth of the United Church of Christ or it's successor, Fund Trustees shall make annual distributions to the entity operating La Foret Conference and Retreat Center, Inc. Should the property be sold and UCC constituent needs are no longer being met, TRUSTEES shall combine Accounts 2 and 5 to continue as Children, Youth and Young Adult Ministries.

If Account 9, "The Rocky Mountain Conference Iliff Scholarship Fund," should cease to exist, this distribution shall then be made to other similarly designated fund established by the FUND, or if none, this distribution shall be made as an endowment for the general charitable purposes of the RMC.

## J. Amendment of the POLICY

Any amendment to this POLICY shall be proposed by the RMC BOD or the TRUSTEES and adopted by the eligible voters at a specially called or Annual Meeting of the RMC.

## APPENDIX 1: Definitions in this policy

1. **Endowment fund** is an institutional fund or a part of an institutional fund that is not wholly expendable by the institution on a current basis. A restriction that makes a fund an endowment fund arises from the terms of a gift instrument.
2. **FUND** is the nonprofit corporation formed to invest and manage the endowment of the RMC UCC.
3. **Gift Instrument** refers to the records that establish the terms of a gift and may consist of more than one document. The definition clarifies that the only legally binding restrictions on a gift are the terms set forth in writing.
4. **Institutional Fund** means any fund held by an institution for charitable purposes, whether the fund is expendable currently or subject to restrictions.
5. **Portfolio approach** reflects the use of modern portfolio theory in investment practice.
6. **Shall** is an instruction or command, **will** expresses a desire or request.
7. **RMC Account** relates to accounts for which TRUSTEES are responsible.
8. **Local Church Account** refers to accounts established on behalf of local churches and managed by the TRUSTEES.

## APPENDIX 2: Abbreviations in this policy

BOD - Board of Directors

BOT - Board of Trustees

Distributions - Payments from the FUND made to the RMC from the FUND

FUND - The Endowment Fund of the Rocky Mountain Conference of the United Church of Christ

INVESTMENT POLICY - The investment policy of the RMC BOD

POLICY - Planned Giving and Endowment Fund Policy of the Rocky Mountain Conference of the United Church of Christ

RMC - Rocky Mountain Conference

RMC BOD - Rocky Mountain Conference Board of Directors

TRUSTEES - The Planned Giving and Endowment Fund Board of Trustees

UCC - United Church of Christ

UCF - United Church Foundation





**REVISION HISTORY:**

Date approved by Trustees*	Effective date by approval of the RMC	Summary of change	Edits by (initials)
5/1/2012	5/1/2012	Document Approved by RMC	
5/1/2017	6/9/2017	TRUSTEES Approved the following changes to the document to incorporate four new accounts added to the FUND. <ul style="list-style-type: none"> <li>• Modified Article H to list four additional accounts added to the FUND: St. Paul's United Church of Christ Springbrook Endowment; Gunnison Congregational United Church of Christ Endowment; Community United Church of Christ Boulder Endowment Account; and the Rocky Mountain Conference Iliff Scholarship Fund.</li> <li>• Modified Article I to state that should the Iliff Scholarship fund cease to exist, this fund will go to any other RMC scholarship fund or to the FUND for the RMC's general use.</li> <li>• Defined what an RMC Account and Local Church account are in the body of Article H and Appendix 2.</li> </ul>	APH, CP, SA
4/23/2018	6/9/2018	TRUSTEES Approved the removal of Article G, Section 4, eliminating the requirement that distributions to account holders be done through the RMC. TRUSTEES now make distributions directly to FUND account holders with the knowledge of the Conference.	APH

\* This date to be used in the footer of the document and file name

