

## ENDOWMENT BY-LAWS WORKSHEET (06/20/17)

### Congregational information

1. Complete name \_\_\_\_\_
2. Street Address \_\_\_\_\_
3. City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_
4. Tax ID # \_\_\_\_\_

### MISSION ENDOWMENT

#### 1. Purpose

An account that can hold funds from both current and estate gifts, from which distributions are made for ministry. Ideally, the principal of the gifts grows over time and distributions are made from the earnings of the fund.

*An Endowment is a RIVER OF FUNDING rather than a RESERVOIR OF FUNDS. The Reservoir has no purpose, and no place in congregations. God gives us resources for ministry. The idea that funds are for a "rainy day" denies the current needs of the world those funds are intended to address.*

*An Endowment is intended as a fund in perpetuity. That is, an Endowment shall exist as long as the congregation exists and is not the same as an emergency fund or capital improvement fund. It has a clear purpose. The clearer the By-Laws, the more successfully a congregation can disburse those funds and expand ministry.*

#### 2. Operation

- a. Endowment Committee
- b. Investment Policy
- c. Distribution Policy

### ENDOWMENT COMMITTEE

#### 1. How many committee members do you want?

- a. ☐ 3
- b. ☐ 5
- c. ☐ \_\_\_\_\_

#### 2. How long do you want each member to serve?

*Some staggering of terms will be necessary when starting such a committee.*

- a. \_\_\_\_\_ members for \_\_\_\_\_ years
- b. \_\_\_\_\_ members for \_\_\_\_\_ years
- c. \_\_\_\_\_ members for \_\_\_\_\_ years
- d. No member shall serve more than \_\_\_\_\_ consecutive terms
- e. After a lapse of \_\_\_\_\_ years(s), a former committee member may be re-elected

#### 3. Who do you want to be able to nominate candidates? (check all that apply)

- a. ☐ Pastor
- b. ☐ Congregation Council
- c. ☐ Stewardship Committee
- d. ☐ Endowment Committee
- e. ☐ \_\_\_\_\_ Committee
- f. ☐ Any member of the congregation

#### 4. When do you want the committee members to be elected?

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- a. ☐ Annual Congregational Meeting
- b. ☐ Specially Called Congregational Meeting
- c. ☐ Congregation Council Meeting – by Congregation Council
- d. ☐ Other: \_\_\_\_\_

**5. If there is a vacancy on the Committee:**

- a. ☐ Congregation Council can appoint someone until the next scheduled election
- b. ☐ Specially Called election, following process chosen in #4
- c. ☐ Vacancy will remain until the next scheduled election

**6. The Committee shall meet at least:**

- a. ☐ Quarterly
- b. ☐ Semi-annually
- c. ☐ Annually
- d. ☐ As needed

**7. A quorum shall consist of at least \_\_\_\_\_ members.**

**8. When only \_\_\_\_\_ members are present, a unanimous vote shall carry any motion or resolution.**

**9. The Committee will elect from its membership:**

- a. ☐ Chairperson
- b. ☐ Secretary
- c. ☐ Treasurer
- d. ☐ Vice Chair
- e. ☐ Other \_\_\_\_\_
- f. ☐ No officers, all members equal

**10. The Committee will report to the Congregation Council at least:**

- a. ☐ Quarterly
- b. ☐ Semi-annually
- c. ☐ Annually
- d. ☐ As needed

**11. The financial records of the Endowment Fund(s) must be audited at least:**

- a. ☐ Quarterly
- b. ☐ Semi-annually
- c. ☐ Annually
- d. **By:**
- e. ☐ CPA
- f. ☐ Congregation Audit Committee
- g. ☐ Congregation Council or appointee of Council
- h. ☐ Finance Committee
- i. ☐ Other \_\_\_\_\_

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**12. Do you want the members of the Endowment Committee to be held liable for any investment losses?**

- a. ☐ Yes
- b. ☐ No

**13. Do you want the members of the Endowment Committee to be held liable for his or her own willful misconduct?**

- a. ☐ Yes
- b. ☐ No

**14. Do you want the members of the Endowment Committee to allowed to provide services to the Endowment Fund for fees?**

- a. ☐ Yes
- b. ☐ No

**15. Do you want the members of the Endowment Committee to allowed to engage in transactions with the Endowment Fund in which the member has a direct or indirect financial interest?**

- a. ☐ Yes
- b. ☐ No

**16. Who do you want to serve as the three signatories on your accounts?**

- a. ☐ Pastor
- b. ☐ Congregation Council Chair
- c. ☐ Finance Committee Chair
- d. ☐ Endowment Committee Chair
- e. ☐ \_\_\_\_\_ Committee Chair
- f. ☐ Another member of the committee

**17. How often do you want your congregation to review these endowment by-laws?**

- a. ☐ Every year
- b. ☐ Every 2 years
- c. ☐ Every \_\_\_\_ years

### INVESTMENT POLICY

**18. Do you want to limit the size of the transactions that the Endowment Committee can make without Congregation Council approval?**

- a. ☐ Yes
  - i. ☐ Any transaction larger than \_\_\_\_\_ % of the Endowment Fund at the time of the transaction, if the transaction is:
    - 1. ☐ a transfer from the current custodian to a new custodian
    - 2. ☐ a purchase of a new asset
    - 3. ☐ a liquidation of a current asset
- b. ☐ No

**19. Investment Objective**

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a. We *plan* on withdrawing the entire *principal* in:

- i. ☐ less than 3 years
- ii. ☐ 3-5 years
- iii. ☐ 6-10 years
- iv. ☐ emergencies only
- v. ☐ never

b. Our *primary* investment objective is:

- i. ☐ preservation of capital
- ii. ☐ income
- iii. ☐ capital appreciation

c. Our *secondary* investment objective is:

- i. ☐ preservation of capital
- ii. ☐ income
- iii. ☐ capital appreciation

### 20. What investment management options would you like the committee to have?

- a. ☐ Professional, outside advice
- b. ☐ Committee manages it on its own
- c. ☐ Both

### 21. If the Committee chooses to manage the investments without professional advice, do you want to limit the investment options?

- a. ☐ Yes
  - i. The Endowment Committee is allowed to invest the Fund assets in the following investments:
    - 1. ☐ Cash
    - 2. ☐ Securities
      - a. ☐ Stocks
      - b. ☐ Bonds
      - c. ☐ Mutual Funds
      - d. ☐ Exchange Traded Funds
      - e. ☐ Options (used by professional money managers only)
      - f. ☐ Futures (used by professional money managers only)
      - g. ☐ REITs: non-publicly traded
      - h. ☐ Master Limited Partnerships
    - 3. ☐ Privately held business interests
      - a. ☐ Partnerships
      - b. ☐ Limited Liability Companies
      - c. ☐ S-Corp
      - d. ☐ C-Corp
    - 4. Real Property
      - a. ☐ Commercial
      - b. ☐ Residential
      - c. ☐ Life Estate
    - 5. Other Property
      - a. ☐ Mineral Rights
      - b. ☐ Oil and Gas Interests
      - c. ☐ Bargain sales

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- b. ☐ No

**22. The Endowment Fund may be held at any of the following (Check all that apply):**

- a. ☐ ELCA Endowment Fund Pooled Trust – Fund A
- b. ☐ ELCA Mission Investment Fund
- c. ☐ State bank
- d. ☐ Federal bank
- e. ☐ FINRA registered broker-dealer
- f. ☐ Trust company
- g. ☐ Foundations

### DISTRIBUTION POLICY

**23. Do you want to limit the size of the distribution?**

- a. ☐ Yes: distributions can be no more than \_\_\_\_\_% of the Fund balance, defined by the account balance as of \_\_\_\_\_ of the previous year, and will include all interest, dividends, realized/unrealized capital gains from that year.
  - i. ☐ Distributions larger than [21. a] \_\_\_\_\_% can be made with the approval from:
    - 1. ☐ Church Council
    - 2. ☐ Congregational vote
- b. ☐ No

**24. Do you want to have a *mandatory minimum* distribution each year?**

- a. ☐ Yes: a distribution of at least \_\_\_\_\_% of the Fund balance, defined by the account balance as of \_\_\_\_\_ of the previous year, and will include all interest, dividends, realized/unrealized capital gains from that year, must occur each year.
- b. ☐ No

**25. Do you want the grant application process to be in writing?**

- a. ☐ Yes
- b. ☐ No

**26. Do you want to limit the portion of distribution to any of the following ministries?**

- a. ☐ Yes
  - i. No more than \_\_\_\_\_% can be used for our congregation
  - ii. No more than \_\_\_\_\_% can be used for our synod
  - iii. No more than \_\_\_\_\_% can be used for ELCA Churchwide ministries
  - iv. No more than \_\_\_\_\_% can be used for ELCA-related ministries
  - v. No more than \_\_\_\_\_% can be used for non-Lutheran charities
  - vi. ☐ Unless approved by:
    - 1. ☐ Church Council
    - 2. ☐ Congregational vote
- b. ☐ No

**27. Do you want a disposition clause in your gift policy?**

- a. ☐ Yes: "In the event your congregation ceases to exist either through merger or dissolution, disposition or transfer of the Fund shall be at the discretion of the

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Congregation Council in conformity with the Congregation Constitution and Bylaws, and in consultation with the Bishop of the synod of the Evangelical Lutheran Church in America to which this congregation belongs.”

b. ☐ No