

**St. Margaret's Episcopal Church  
Belfast, Maine**

**Endowment and Investment Fund Policies and Guidelines**

**Adopted by Vestry: \_\_\_\_\_**  
**Affirmed by Parish: \_\_\_\_\_**

**St. Margaret's Episcopal Church  
Endowment and Investment Fund  
Policies and Guidelines**

**TABLE OF CONTENTS**

**VESTRY RESOLUTION**

*(to be adopted by the Vestry)*

<b>Mission and Guiding Principles.....</b>	<b>3</b>
--	----------

<b>Enabling Resolution .....</b>	<b>4</b>
----------------------------------	----------

<b>The Endowment Fund Committee .....</b>	<b>6</b>
Plan of Operation	

**POLICIES and GUIDELINES**

<b>Section A: <i>Investment Policy Statement</i> .....</b>	<b>10</b>
Describes the Committee's general investment goals and objectives, risk tolerance, and strategic asset allocation.	

<b>Section B: <i>Spending Policy</i> .....</b>	<b>13</b>
Sets up a formula to determine how the funds available for distribution will be calculated and spent.	

<b>Section C: <i>Disposition of Bequests Policy</i>.....</b>	<b>14</b>
Establishes in advance how the church will handle bequests.	

<b>Section D: <i>Donor-Restricted Funds Policy</i> .....</b>	<b>15</b>
Sets a minimum for any donor-restricted funds and defines how they will be managed.	

<b>Section E: <i>Gift Acceptance Policy</i> .....</b>	<b>15</b>
Provides guidance to the Committee regarding acceptance of non-cash gifts to the endowment such as gifts of real estate, life insurance, deferred gifts, and tangible personal property.	

<b>Appendix A: <i>Funds within the Endowment and Investment Fund</i> .....</b>	<b>19</b>
Summarizes details of sub-funds that are included in the Endowment and Investment Fund.	

## **Mission and Guiding Principles**

### **Mission Statement**

The mission of St. Margaret's is to share God's love through inclusive worship, compassionate outreach and spiritual growth.

### **Guiding Principles**

We believe that:

- 1) Planned gifts are one way that any and all parishioners and friends of St. Margaret's Episcopal Church can assure the parish's ability to move confidently into the future. The goal is to provide an opportunity for all to be able to make such a gift by creating the policies and procedures needed to assure such gifts can be accepted and properly stewarded.
- 2) The Vestry and Endowment/Investment Committee as a sanctioned committee will strive to always act with transparency and provide for ongoing communication with the Parish at-large.
- 3) The Endowment created to receive and handle long-term assets received is technically quasi-endowment, although for administrative purposes the fund will be treated as a true endowment.
- 4) Investment of the funds will emphasize long-term growth of principal.
- 5) Expenditures from the Endowment earnings will be used for special needs as outlined in this policy and not for the operating expenses of the parish. The Endowment will consist of the general endowed funds and several special purpose funds to include clergy housing, buildings and grounds, and enabling people to endow their annual gift.

**ENABLING RESOLUTION**

**ESTABLISHING AN ENDOWMENT AND INVESTMENT FUND**

**FOR**

**ST. MARGARET'S EPISCOPAL CHURCH**

**BELFAST, MAINE**

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

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

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

THEREFORE, BE IT RESOLVED that the Vestry of this Parish establish a new and separate fund to be known as "The Endowment and Investment Fund" (hereafter called the "FUND") of St. Margaret's Episcopal Church, 95 Court Street, Belfast, Maine, USA.

The COMMITTEE established to administer the FUND shall encourage all members and friends to consider a gift that strengthens the future mission and ministry of St. Margaret's. In particular, the Vestry hereby charges the COMMITTEE to:

1. Build and strengthen the parish community through inclusive educational events that bring all parishioners together.
2. Develop new and use existing print and electronic educational resources from the Episcopal Church Foundation (ECF).
3. Educate parishioners about the full range of planned giving options.
4. Meet with interested parishioners to provide options consistent with Vestry priorities and work with their advisors to ensure the best interests of all.
5. Develop a system to keep track of planned gifts and to thank those who have made such a gift to the parish.

Fund definitions:

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

General Endowment Fund (quasi) – Gifts to this fund will be managed as if they were permanent endowment funds. In the event of an emergency, however, the Vestry may

authorize additional distributions following special votes. This fund will be used for the same purposes as the Permanent Endowment Fund.

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

As of the date adopted, St. Margaret's has the following endowed funds, which are enumerated in APPENDIX A:

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

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

## PLAN OF OPERATION

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

The COMMITTEE shall consist of a minimum of three regular members, or more in increments of odd numbers, all of whom shall be members in good standing of St. Margaret's Episcopal Church. They shall be appointed by the Vestry. Additionally, the Rector, Senior Warden and Treasurer shall be members of the COMMITTEE. No member of the COMMITTEE shall be employed by the Parish. Except as herein limited, the term of each appointed member shall be three years. The Vestry will stagger the terms of members to maximize continuity over time. No member shall serve more than two consecutive three-year terms. After a lapse of one year, former COMMITTEE members may be reappointed. In the event of a vacancy on the COMMITTEE, the Vestry shall appoint a member to complete the unfulfilled term. Upon the completion of the term, that person would be eligible for reappointment to a normal three-year term.

### **2. COMMITTEE Roles/Responsibilities**

The VESTRY will oversee the management of the invested funds and monitor the distributions from the FUND in compliance with the approved Spending Rule Policy (*Section B*) and in accordance with the purposes and distribution policies as outlined and adopted by the Vestry. The COMMITTEE will stay informed on said matters as another avenue to communicate to the parish at-large about the use and stewardship of said funds.

The COMMITTEE's primary purpose will be to develop and implement a comprehensive planned giving program to encourage persons, trusts, and estates to consider making gifts, grants, bequests, or other legacy gifts to St. Margaret's Church.

One way to educate, encourage, and steward planned gifts is the creation of a legacy society. The Planned Giving Committee is tasked with the establishment of *Maud Gammans Legacy Society* as a way to celebrate and continue her lasting legacy to the Episcopal Church and the entire Belfast community.

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

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

### **4. Frequency of Meetings**

The PLANNED GIVING COMMITTEE shall confer at least quarterly, or more frequently as deemed necessary by it in the best interest of the program, and shall meet as a group at least once annually in December or January.

## **5. Quorum**

A quorum shall consist of a majority of the regular members of the COMMITTEE. The affirmative vote of a majority of regular committee members shall be necessary to carry any motion or resolution.

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

## **6. Officers and Duties**

The COMMITTEE shall elect from its membership a chairperson and a secretary. The chairperson, or member designated by the chairperson, shall preside at all COMMITTEE meetings. The secretary shall maintain complete and accurate minutes of all meetings of the COMMITTEE and supply a copy thereof to each member of the COMMITTEE. The secretary shall also supply a copy of the minutes to the Vestry in a timely manner. The Treasurer of the church shall maintain complete and accurate books of account for the FUND. The books will be audited as part of the Parish annual audit.

## **7. Reports**

The Secretary shall maintain complete and accurate minutes of all meetings of the COMMITTEE and supply a copy thereof to each member of the COMMITTEE. Each member shall keep a complete set of minutes to be delivered to his or her successor. The Secretary shall also supply a copy of the minutes to the Vestry in a timely manner.

The Treasurer of the Parish shall maintain complete and accurate books of account for the FUND. At the discretion of the Vestry, the books may be audited annually by a certified public accountant or other qualified person.

The COMMITTEE shall report to the Vestry on a semiannual basis and to the congregation at the congregation's annual meeting. Part of the Vestry's financial report to the congregation shall include an update on the uses and purposes of expenditures from the FUND.

## **8. Investments**

All funds will be invested in accordance with the investment guidelines established in the Investment Policy Statement as approved by the Vestry (*Section A*).

## **9. Funds for Specific Purposes**

At the discretion of the Vestry, they may establish additional sub-funds within the FUND for specific purposes. If so, Section A should be amended to reflect an accurate reflection of the Funds and sub-funds established to benefit the parish.

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

## **10. Liability of Members of the VESTRY**

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

## **11. Holding of Assets, Action to Sell**

All assets are to be held in the name of the Endowment and Investment Fund of St. Margaret's Episcopal Church. Actions to hold, sell, exchange, rent, lease, transfer, convert, invest, reinvest, and in all other respects, to manage and control the assets of the FUND, including stocks, bonds, mortgages, notes, and warrants of other securities, are to be made by a designated member of the VESTRY.

## **12. Acceptance of Gifts to the Endowment and Investment Fund**

The COMMITTEE shall draft a Gift Acceptance Policy (*Section E*) to be adopted by the VESTRY. The Gift Acceptance Policy shall serve as a guide to the COMMITTEE and VESTRY as it considers and decides whether a gift to the FUND or to the Parish shall be accepted.

## **13. Distributions from the FUND**

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

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

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

#### **14. Amendment of this Resolution**

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

#### **15. Disposition or transfer of the FUND**

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

The foregoing resolution is hereby adopted by the Vestry this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

St. Margaret's Episcopal Church  
Belfast, Maine

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

\_\_\_\_\_ (signature)  
Senior Warden

Attest:

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

\_\_\_\_\_ (signature)  
Rector

**POLICIES AND GUIDELINES**

**FOR THE ENDOWMENT AND INVESTMENT FUND**

**OF**

**ST. MARGARET'S EPISCOPAL CHURCH**

**BELFAST, MAINE**

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**SECTION A**

***Investment Policy Statement***

***Purpose***

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

***Responsibility***

The responsibility for managing the FUND resides with the Vestry, which will administer the portfolio of the FUND in accordance with these guidelines, as adopted and amended from time to time. These guidelines shall be reviewed at least annually by the VESTRY to determine whether they should be amended or remain unchanged. The VESTRY may choose to employ an outside investment manager.

***Objectives***

The assets of the FUND are to be invested with the same care, skill, and diligence that a prudent investor would exercise in investing institutional endowment funds. The primary objective will be to provide a total return commensurate with the Spending Rule Policy and achieve growth in principal to keep pace with inflation, net of all investment fees.

**INVESTMENT GUIDELINES**

***Time Horizon***

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

***Risk Tolerance***

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

***Prohibited Investments***

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

### ***Standard Asset Allocation and Diversification***

The portfolio is to provide for long-term growth of principal and income without undue exposure to risk. The portfolio shall be invested in equities, fixed income securities, and cash equivalents based upon an acceptable asset mix that is conducive to participation in rising markets, while permitting adequate protection in falling markets. In addition, the investment mix will take into consideration the payout requirements to satisfy the annual draw, normally between 3% and 5% of the average market value of the twelve trailing quarters. Should there be a need to change the spending rate, the VESTRY will review the asset mix and the asset allocation. In addition, the target allocations should be reviewed at least annually by the VESTRY in conjunction with the investment manager(s) to reflect a prudent response to current market conditions.

The initial target asset allocation and ranges shall be as follows:

<u>Asset Class</u>	<u>Low</u>	<u>Target</u>	<u>High</u>
Equities	50%	60%	70%
Fixed Income/Cash	50%	40%	30%

The investment manager will be asked to consult with the VESTRY regarding the use of sub-asset classes and their initial strategic targets and ranges. The manager will then have the discretion to make asset allocation decisions within these ranges. The VESTRY will review these decisions quarterly. The grid below provides an example of sub-asset class targets and ranges.

<u>Asset Class</u>	<u>Low</u>	<u>Target</u>	<u>High</u>
U.S. Large Cap	10	23	50
U.S. Mid Cap	0	5	15
U.S. Small Cap	0	5	15
International Developed	10	19	55
International Emerging Markets	0	8	20
REITS	0	5	25
Commodities	0	5	15
Investment Grade Fixed Income	10	15	40
Non-Investment Grade Fixed Income	0	5	15
International Emerging Market Fixed Income	0	5	10
Treasury Inflation Protected Securities	0	5	15
Cash	0	0	5

### ***Allocation of Responsibilities***

The VESTRY, along with any and all fiduciaries, is responsible for ensuring that all assets are managed effectively and prudently. It is responsible for formulating overall financial objectives and investment standards of the FUND. Additionally, with respect to asset management, the VESTRY is responsible for:

- Allocating the assets among investment media that are deemed appropriate and prudent.
- Selecting and evaluating the performance of a qualified Trustee/Custodian, Investment Managers, and Investment Consultant, if applicable.
- Monitoring performance by means of regular reviews (no less than annually) to assure that objectives are being met and that standards are being followed.
- Taking appropriate action if objectives are not being met or if standards are not being followed.
- Communicating on a structured, ongoing basis with managers responsible for investment results.

### ***Responsibilities of the CUSTODIAN***

The CUSTODIAN is responsible for:

- Fulfilling all the regular fiduciary duties required of a Custodian/Trustee by pertinent state and federal laws and regulations.
- Safekeeping the assets of the Parish. Securities must be held by a Custodian/Trustee that is a reputable, well-established financial institution.
- Supplying timely reports of transactions and valuations of the assets.

### ***Responsibilities of the INVESTMENT MANAGER(S)***

The investment manager is responsible for:

- Designing an investment strategy within policies established by the VESTRY.
- Implementing security selection and timing within policy guideline limitations.
- Supplying timely written quarterly reports of investment performance results to the VESTRY.
- Meeting and/or communicating in writing with the VESTRY at least semiannually to review the performance and discuss current strategy.
- Notifying the VESTRY in writing of any material deviation from the stated investment approach.

Assets are to be managed in conformity with the stated investment guidelines unless, in the manager's opinion, to do so would clearly be imprudent. The Investment Managers shall notify the VESTRY *in writing* immediately of any material deviations from the investment standards.

### ***Monitoring Asset Allocation and Rebalancing***

The investment manager should review the asset allocation of the portfolio at least quarterly. The portfolio should be kept within +/-3% of the current tactical position of the portfolio.

### ***Performance Measurement Guidelines***

The primary measurement of performance will be benchmark-relative returns. However, providing protection against inflation is an additional goal where possible.

The following are the benchmarks to be used for performance measurement:

Asset Class	Benchmark
US Large Cap Equity	S&P 500 Index
US Mid Cap Equity	S&P Mid Cap 400 Index
US Small Cap Equity	Russell 2000 Index
International Developed Large Cap Equity	MSCI EAFE Index
International Developed Small Cap Equity	S&P EPAC Small Cap Index
International Emerging Markets Equity	MSCI Emerging Markets Index
US REITS	DJ US Select REIT Index
International REITS	DJ Global ex-US Select RE Securities Index
Commodities	Bloomberg Roll Select Comm Total Ret Indx
US Fixed Income – Investment Grade	BCAP US Aggregate Bond Index
– Investment Grade Intermediate Term	BCAP US Intermediate Credit Bond Index
– TIPS	BCAP US TIPS Index
– Non-Investment Grade	Bloomberg Barclays U.S. High Yield Custom BB/B ex-144A Index
International Fixed Income	JPM EMBI Global Diversified Index

Each investment strategy will be measured against the benchmark listed above, and each portfolio will be measured against a blended benchmark, weighted based on the target asset allocation of each portfolio.

If the Investment Manager proposes an investment strategy that should be measured against a benchmark different from those listed above, the VESTRY must approve it.

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

Money will be distributed from the FUND upon written request of the Vestry for those uses that conform to the purposes and restrictions established by donors or incorporated in the Enabling Resolution.

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

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

*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 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*

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

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

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

If the donor has identified a specific purpose for the gift, the Vestry will guarantee that the funds will be used according to the donor's wishes. The funds may be directed to their restricted purpose either as an endowment, in which case they normally would become a restricted fund within the FUND, or by direct expenditure of the funds through the Treasurer of the organization.<sup>2</sup>

Bequests naming a permanent **Endowment Fund** of the church as beneficiary will be transferred to such a FUND and administered according to current law.

## **SECTION D**

### ***Donor-Restricted Fund Policy***

A separate and designated fund within the FUND may be established for gifts in the amount of \$25,000 *or more or if the gift is to endow one's annual pledge*. The Vestry must vote to accept the gift for the purpose(s) described by the donor, or it has the responsibility to reject the gift.

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

#### ***Endowed Annual Gift Fund***

A key source of support for the life and work of the parish are annual gifts/pledges. Unfortunately, when an annual supporter passes away, often that support dies as well. The creation of an “Endowed Annual Gift Fund” will enable parishioners and friends of St. Margaret’s to perpetuate their annual gift by endowing it. For example, if someone gives \$1,000 annually one might consider a bequest of \$25,000 ( $\$1,000 \times 25 = \$25,000$ ). Such a gift will enable St. Margaret’s to withdraw \$1,000 per year in perpetuity ( $\$25,000 \times 4\% \text{ spending policy} = \$1,000$ ) in their name – creating a meaningful legacy – a foundation upon which future generations can build.

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

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

## **SECTION E**

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

#### ***Purpose***

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

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

Any questions which may arise in the review and acceptance of gifts to the Parish will be referred to the Planned Giving Committee to provide the Vestry with a recommendation. Final approval rests with the Vestry.

### ***Cash***

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

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

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

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

- 1) Non-publicly traded securities may be accepted after consultation with the Planned Giving Committee. The fair market value will be the value used by the donor in the preparation of the donor's tax return.
- 2) The Planned Giving Committee will explore methods for liquidation of the securities through redemption or sale **prior to acceptance**. The Planned Giving Committee will try to determine:
  - a) Any restrictions on transfer
  - b) Whether and when an initial public offering might be anticipated.
- 3) No commitment for repurchase of closely-held securities shall be made prior to completion of the gift of the securities.

### ***Real Estate***

- 1) Any gift of real estate must be reviewed by the Planned Giving Committee in consultation with the Vestry.
- 2) Normally, the donor is responsible for obtaining and paying for an appraisal of the property. The appraisal will be performed by an independent and professional agent.
- 3) The appraisal must be based upon a personal visitation and internal inspection of the property by the appraiser. Also, whenever possible, the appraisal must include documented valuation of comparable properties located in the same area.
- 4) The formal appraisal should contain photographs of the property, the tax map number, the assessed value, the current asking price, a legal description of the property, the zoning status, and complete information regarding all mortgages, liens, litigation, or title disputes.
- 5) The Parish reserves the right to require an environmental assessment of any potential real estate gift.
- 6) The property must be transferred to the Parish prior to any formal offer or contract for purchase being made.

- 7) The donor may be asked to pay for all or a portion of the following:
  - a) Maintenance costs
  - b) Real estate taxes
  - c) Insurance
  - d) Real estate broker's commission and other costs of sale
  - e) Appraisal costs
- 8) For gift crediting and accounting purposes, the value of the gift is the appraised value of the real estate. This value may be reduced, however, by the costs of maintenance, insurance, real estate taxes, broker's commission, and other expenses of sale.

### ***Life Insurance***

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

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

- 1) Any gift of tangible personal property shall be referred to the Planned Giving Committee who shall make a recommendation to the Vestry prior to acceptance.
- 2) Gifts of jewelry, artwork, collections, equipment, and software shall be assessed for their value to the Parish. Their value may be realized either by being sold or used in connection with the Parish's exempt purpose.
- 3) Depending upon the anticipated value of the gift, a qualified outside appraiser may be asked to determine its value.
- 4) The Parish shall adhere to all IRS requirements relating to valuation and disposition of gifts of tangible personal property and will provide appropriate forms to the donor and IRS.

### ***Deferred Gifts***

- 1) The Parish encourages deferred gifts in its favor through any of a variety of vehicles:
  - a) Charitable gift annuity (or deferred gift annuity)
  - b) Pooled income fund
  - c) Charitable remainder trust
  - d) Charitable lead trust
  - e) Bequest
  - f) Retained life estate
  - g) Donor advised fund
- 2) The Parish (or its agent) shall not act as an executor (personal representative) for a donor's estate. A member of the Parish staff serving as personal representative for a member of the Parish does so in a personal capacity and not as an agent of the Parish.

- 3) The Parish (or its agent) shall not act as trustee of any charitable remainder trust.
- 4) The Parish may invite prospective donors to consider gift vehicles offered by The Episcopal Church Foundation (ECF) (specifically, Donor Advised Funds, Charitable Remainder Trusts, Charitable Gift Annuities, and the Pooled Income Fund).
- 5) When donors are provided planned gift illustrations or form documents by ECF, these will be provided free of charge. For any planned gift related documents, materials, illustrations, letters, or other correspondence, the following disclaimer should be included:

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

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

## APPENDIX A: FUNDS WITHIN THE ENDOWMENT

### 1. PERMANENT ENDOWMENT FUND

*Type of Fund:* True, donor-restricted

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

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

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

#### **CURRENT FUNDS:**

- ED1210 Maude Gammons Endowment Fund – income only to St. Margaret’s (managed by Diocese of Maine and invested in stocks and fixed income)
- ED1220 Maude Gammons Residuary Fund – income only to be used by St. Margaret’s for the upkeep and work of the Chapel, Rectory and church work. (managed by Diocese of Maine and invested in stocks and fixed income)
- 1720 Maude Gammons Rectory Fund – income only to St. Margaret’s for housing allowance and clergy. (managed by Diocese of Maine and invested in stocks and fixed income)
- Johnson (managed by Diocese of Maine and invested in stocks and fixed income)
- Langhorne Fund (stock only)

### 2. GENERAL ENDOWMENT FUND

*Type of Fund:* Quasi, Vestry-designated

*Purpose:* Distributions from the FUND therefore shall be limited to: (i) capital improvements of the Parish; (ii) clergy housing; (iii) seed money for new ministries and special one-time projects; and (iv) such other purposes as are specifically designated by donors to the Parish whose gifts are included in the FUND.

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

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

#### **CURRENT FUNDS** - Funds acting as endowment:

- Trauger – funds were contributed to build new Parish house. Remaining funds to be used for “other church work”. (Funds held and managed by the Diocese of Maine in stocks and fixed income)
- Whidden (Funds held and managed by Edward Jones in stocks and fixed income)

### **3. INVESTMENT FUND**

*Type of Fund:* Investment Fund

*Purpose:* As needed

*Spending Policy:* At the discretion of the Vestry

*Protection of Corpus:* None

#### ***CURRENT FUNDS:***

- Fidelity Fund – given by anonymous donor for capital improvements and Sexton salary