

Light of Christ Lutheran Church

Endowment Fund Bylaws

3976 County Line Road SE, Independence, MN
February 27, 2018

Purpose

An Endowment Fund ("the Fund") is an account that can hold funds from both current and estate gifts, from which distributions are made for ministry. This document describes how Light of Christ defines ministry and outlines the overall management of the Fund. Ideally, the principal of the Fund grows over time, primarily from additional gifts, but also from investment returns, as distributions are made from the earnings of the fund.

Operation

1. Endowment Committee
2. Investment Policy
3. Distribution Policy

Endowment Committee ("the Committee")

1. The Committee will be comprised of 3 members. When the endowment fund reaches \$100,000, the committee shall be increased to a total of 5 members.
2. Members of the Committee will each serve for 3 years. Initially, members will serve staggered terms of:
 - a. 1 member for 1 year
 - b. 1 member for 2 years
 - c. 1 member for 3 years
 - d. After the first year, each new member will serve a 3-year term.
3. No member may serve more than 2 continuous terms of 3 years.
4. After a lapse of 3 years, a former committee member may be re-elected.
5. Any member of the congregation, the Pastor, the Church Council, the Stewardship Committee, the Endowment Committee, or the Nominating Committee may nominate a candidate for the Committee.
6. The Committee members will be elected during the Annual Congregational Meeting by the members of the Congregation.
7. If there is a vacancy on the Committee, Church Council can appoint someone until the next scheduled election.
8. The Committee will meet at least semi-annually, or as needed.
9. A quorum shall consist of at least 3 members and can carry any motion or resolution with a unanimous vote of at least 3 members present.
10. The Committee will elect from its membership a chairperson, secretary, and treasurer.

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11. The Committee will report to the Church Council at least annually, or as requested.
12. The financial records of the Fund must be audited at least annually, by a congregation member nominated by the Finance Committee.
13. Members of the Committee will not be held liable for any investment losses but will be held liable for his or her own willful misconduct.
14. Members of the Committee will not be able to engage in transactions of the Fund in which he or she has a direct or indirect financial interest.

Investment Policy

15. We *plan* on withdrawing the principal in the event of emergencies only.
16. The Fund can be held in the ELCA Endowment Fund Pooled Trust – Fund A, the ELCA Mission Investment Fund, a state bank, or a federal bank foundation.

Distribution Policy

17. The Committee is limited to an annual distribution of 4% of the Fund balance, defined by the account balance as of December 31 of the previous year, which includes all interest, dividends, realized/unrealized capital gains from the previous year.
18. Any requests outside the Committee must be made by completing a grant application (Exhibit A), following the guidelines outlined on the application.
19. The Committee is limited to the following portions of each annual distribution, unless approved by Church Council, or a congregational vote:
 - a. No more than 50% can be used for our congregation
 - b. No more than 25% can be used for our synod
 - c. No more than 25% can be used for ELCA Churchwide ministries
 - d. No more than 25% can be used for ELCA-related ministries
 - e. No more than 25% can be used for all other non-Lutheran charities
20. In the event our congregation ceases to exist either through merger or dissolution, disposition or transfer of the Fund shall be at the discretion of the Church Council in conformity with the Congregation Constitution and Bylaws, and in consultation with the Bishop of our synod of the Evangelical Lutheran Church in America to which this congregation belongs.

CONGREGATIONAL GIFT POLICY

Light of Christ Lutheran Church

3976 County Line Road SE, Delano, MN 55328

Approved date

Purpose

To give a written process to all constituents of our congregation that outlines what types of property are acceptable as gifts above and beyond pledges or plate offerings, and how decisions are made for its use.

This policy will answer 2 core questions:

1. How can I provide a gift to the congregation?
2. How will the congregation use my gift?

Elements of a Gift Policy

1. Gift Acceptance
 - a. Defines *who* will decide if gift is *accepted*
 - b. Defines *what* gifts will be *considered*
2. Gift Use
 - a. Defines *who* will decide how gifts are used
 - b. Outlines process and guidelines to determine *how* gifts are used
3. Ways to Make a Gift
 - a. Cash or check
 - b. Asset transfer
 - c. Beneficiary designation
 - d. Deferred gifts

Gift Policy

1. When an asset is **offered** to our congregation through an estate, or from a living individual, family, or other legal entity that is above and beyond a regular pledge/plate offering, the Gift Committee will determine if the gift is **accepted**.
 - a. The Gift Committee will be comprised of the Pastor, the President of Council, the Stewardship Chair and the Endowment Chair.
2. Our congregation is willing to **consider** the following types of assets:
 - a. Cash
 - b. Securities
 - c. Publicly traded securities
 - i. Stocks
 - ii. Bonds
 - iii. Mutual funds
 - iv. Options/warrants
 - v. Other marketable securities traded on public exchanges
 - d. Non-publicly traded securities
 - i. REITS
 - ii. MLPs
 - iii. Closely held business interests
 1. Partnership units
 2. Limited liability companies
 3. S-Corp shares
 4. C-Corp shares
 5. Options/warrants

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- e. Life insurance (assignment of ownership) – permanent type with cash value
 - f. Real property
 - i. Residential
 - ii. Commercial
 - iii. Life estate
 - g. Tangible personal property
 - i. Vehicles
 - ii. Jewelry
 - iii. Books
 - iv. Art
 - v. Collections
 - h. Other property
 - i. Mineral rights
 - ii. Royalties
 - iii. Notes/mortgages
 - iv. Copyrights
 - v. Patents
 - vi. Trademarks
 - vii. Oil and gas interests
 - viii. Bargain sales: congregation purchases an asset for less than fair market value
3. If our congregation decides to decline the gift, the donor or donor's estate will be contacted by verbal notice and by written notice, via US Mail.
4. If our congregation accepts an unrestricted gift, which is defined as an asset that a donor has given to our congregation without any limitation of its use, the Gift Committee will determine how it will be used.
5. If the gift is unrestricted, our congregation will make an automatic 10% tithe from the proceeds, before any other allocations are made, to
- a. The ELCA Minneapolis Area Synod, of which they will receive 5% of the distribution.
 - b. The ELCA Churchwide Organization, of which they will receive 5% of the distribution.
6. If the gift is unrestricted, an automatic 50% (of the net proceeds after the tithe), will be deposited in the congregation's endowment fund.
7. If the gift is unrestricted, the overall use (of the net proceeds after the tithe and portion to the endowment) is limited to:
- a. Up to 100% for our congregation
 - b. Up to 50% for other ELCA related charities
 - c. Up to 50% for other non-ELCA related charities

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If the original gift is greater than \$100,000, the Gift Committee shall propose a recommendation and seek congregational approval of the fund distributions of this portion by a majority vote at a congregational meeting.

8. If the gift is restricted, but the funds are unable to be used due to the lack of program or need, as determined by the Gift Committee, the gift will become unrestricted after 12 months. The gift will then begin the unrestricted gifts process, as outlined in this document, to determine the use.
9. This Congregational Gift Policy will be reviewed annually. The next policy review date is March of 2019.

Ways to Make a Gift

1. Cash, check, or money order
2. Beneficiary designations – primary or secondary/contingent
 - a. Retirement accounts
 - i. IRA
 - ii. 401(k)
 - iii. 403(b)
 - iv. Annuity
 - b. Individual or joint bank/brokerage accounts
 - i. Transfer on death
 - ii. Payable on death
 - c. Life insurance
 - d. Distribution from donor advised fund or named endowment
 - e. Living trust
 - f. Will
 - g. Real estate
 - i. Transfer of deed on death
3. Asset transfer
 - a. Transfer securities from your brokerage account directly to our congregation's brokerage account or use the ELCA Foundation to facilitate the transfer.
 - b. Transfer a title or deed to our congregation.
 - c. Assign ownership of life insurance to our congregation, or ELCA Foundation, FBO (for benefit of) our congregation.
4. Deferred gifts
 - a. Charitable gift annuity
 - b. Charitable remainder trust
 - c. Donor advised fund
 - d. Named endowment
 - e. Life estate
5. Bargain sale
 - a. Sell an asset to our congregation below fair market value.

Resource

ELCA Foundation: 800-638-3522 elca.org/foundation