

**The Permanent Endowment
and
Planned Giving Ministry Committee
OF
FIRST UNITED METHODIST CHURCH
*MORRISTOWN, TENNESSEE***

THE PURPOSE

The Permanent Endowment and Planned Giving Ministry Committee of First United Methodist Church, Morristown, Tennessee hereafter referred to in the document as “the Endowment Ministry Committee”, is established for the purpose of providing members and friends opportunities to make charitable gifts to the church that will become a source of permanent financial support and a living memorial. The Endowment Ministry is not intended to replace the regular giving of church members for established purposes and programs that are normally funded through the church’s operating budget. Rather, the endowments and other designated funds should enhance and expand the overall ministry and outreach of the church to make Disciples of Jesus Christ.

Paragraph 2534 of *The Book of Discipline of the United Methodist Church – 2012* provides for the Endowment and Planned Giving Ministry Committee to have the opportunities, the responsibilities, and the authority to provide leadership for the local church in all matters related to gift and estate planning, memorials, and endowments. In keeping with Paragraph 2533.5 of *The Book of Discipline of the United Methodist Church – 2012*, the Endowment Ministry Committee shall also assume responsibility to receive and administer all bequests and trusts and invest all trust funds of the church in conformity with the laws of the United States and the state of Tennessee.

ADMINISTRATION

The Endowment Ministry will be administered by the Permanent Endowment and Planned Giving Ministry Committee of First United Methodist Church, hereinafter in this document referred to as the “Committee”, under authority granted by the Charge Conference. The members of the Committee shall be elected by the Charge Conference and shall serve until their successors have been elected.

The following persons will constitute the membership of the Permanent Endowment and Planned Giving Ministry Committee:

- A. The Pastor
- B. The Chairperson of the Committee on Finance
- C. The Local Church Treasurer
- D. The Chair or representative from the Board of Trustees named by the Board of Trustees
- E. The Church Council Chair
- F. Four At-Large members to be elected by the Charge Conference to serve two-year terms (Initially two of the At-Large members will serve a one-year term).

The Chairperson of the Committee shall be nominated by the Committee on Nominations and Leadership Development from the membership established above and shall be elected by the Charge Conference. The Committee shall elect its own Secretary and such other officers and sub-committees as it deems necessary.

The Committee shall cooperate with the Finance Committee in assuring that the annual audit process (as stated in Paragraph 258.4d of *The Book of Discipline of the United Methodist Church – 2012*) is followed. The Committee shall make a full report at least once each year to the Church Council.

INVESTMENT OF ENDOWMENT FUNDS

The purpose of any endowment is to provide a long-term stable and secure source of financial support in order to facilitate the mission of the organization. To that end, the endowment funds will be invested in a diversified mix of stocks and bonds and use a total-return concept to help determine available funds for distribution. Proper investment and spending policies are essential in order for endowments to provide current income and growth of income for future needs while preserving principal and maintaining purchasing power against the relentless effects of inflation.

The Committee will seek investment of assets in institutions, companies, corporations, or funds, which make a positive contribution toward the realization of the goals outlined in the Social Principles of the United Methodist Church (Paragraph 717 of *The Book of Discipline of the United Methodist Church – 2012*).

All gifts received by the Endowment Committee shall be invested through the establishment of one or more accounts with the Holston Conference of the United Methodist Church Foundation, Inc., as determined by the Committee. The specific purpose of each account authorized by the Committee shall be stated in writing in order to fulfill the wishes of the donor(s) and thereby to segregate and maintain gifts for their stated purpose.

CHANGE IN INVESTMENT POLICY

Any transfer of the Endowment Ministry assets for investment with another institution, other than the Holston Conference of the United Methodist Church Foundation, Inc., must be approved by a majority vote of a properly called Charge Conference upon recommendation from the Endowment and Planned Giving Ministry Committee and the Church Council.

LIMITATION ON USE OF PRINCIPAL

The objectives of the Endowment Ministry are to provide growth, conserve the principal amount, and make use of only the distribution amounts as determined to be available by the Committee. Any part of the principal may be withdrawn only in extreme and overwhelming circumstances bordering on the survival of First United Methodist Church. Any withdrawal of principal must be approved by a two-thirds (2/3) vote of a properly called Charge Conference.

DISTRIBUTIONS FROM THE ENDOWMENT MINISTRY

Distributions from accounts in the Endowment Ministry shall be made by the Committee as directed by this document, or as directed by a separate donor document or agreement, or as directed by will or other gift document if such direction is in conformity with the general purposes set forth herein. The amount of all distributions shall be determined by the Committee, which shall keep in mind the Endowment Ministry investment objectives stated above in this document. The purposes and causes to which distributions from undesignated gift accounts are to be made shall be approved by the Church Council upon recommendation of the Committee. The purposes or causes to which distributions from designated accounts are to be made with input and direction from trustees

or committees normally providing leadership for the particular area of ministry the fund is intended to enhance or as directed in a properly executed gift agreement, will, etc.

Annual distributions from all endowment accounts shall be made based on a total return concept, which will take into consideration income and both realized and unrealized capital gains in determining the amount of money available for distribution per terms of this agreement. The goal will be to maximize distributions, while protecting the spending power of the fund from inflation and enhancing the continued growth of the fund. It is anticipated that distributions will be in the 0%-5% range using a rolling three-year market value of the fund at year-end, but the actual distribution will be determined in accordance with the church's policies at that time. Studies suggest that a 4% of a rolling three-year average will keep the real spending power of an endowment from decreasing due to inflation. The annual available distribution (spending) amount may be placed in a separate spending account invested in a money market or other short-term investment until used or reinvested as directed. No funds shall be removed from an endowment account if its market value is equal to or less than the value of the funds used to start the endowment plus the gifts added to it. Distributions from each endowment fund will start when the committee feels an adequate cushion exists in order for distributions to begin. Customarily, each endowment will need some period of time to grow before distributions begin.

ENDOWMENT FUNDS

- A. Designated – The Mission Endowment Fund (for missions in and beyond the local church community as recommended by the Acts 1.8 Missions Team).
- B. Designated – The Maintenance and Property Improvement Endowment Fund (for capital maintenance, care, improvements or additions to, or construction of physical facilities as recommended by the Trustees).
- C. Undesignated – The Memorial Endowment Fund (for general and special needs and ministries as approved by the church council).
- D. Designated – The Educational Scholarship Endowment Fund (for scholarship assistance for students beyond the high school level as recommended by the Educational Scholarship Team).

- E. Designated – The Music Endowment Fund (for capital outlay for special needs of the total church music ministry for items such as, but not limited to, instruments, Fine Arts Camp, or special soloists/groups).

The Committee shall have the authority and responsibility to accept or reject any and all size gifts to the endowment ministry in keeping with the authority granted by the Charge Conference. All provisions of the Endowment Ministry as to investment of funds, administration of funds, and limitation and use of distributions shall be applicable to both designated and undesignated gifts, and all gifts made to the Fund shall be accepted subject to the terms and limitations set forth in this document. The Committee may establish additional designated accounts provided that there is a commitment to fund said account to a minimum level of \$25,000.00, as established by the Committee either through outright or planned gifts. New designated accounts will require a signed donor agreement, will, or other document which clarifies its use, etc.

LIABILITY OF TRUSTEES AND MEMBERS OF THE COMMITTEE

In the absence of gross negligence or fraud, no member of the Board of Trustees of First United Methodist or of the Committee of said church shall be personally liable for any action made or omission with respect to the Endowment Ministry.

MERGER, CONSOLIDATION, OR DISSOLUTION OF FIRST UNITED METHODIST CHURCH

If at any time First United Methodist Church is lawfully merged or consolidated with any other church, all the provisions hereof in respect to the Endowment Ministry shall be deemed to have been made in behalf of the merged or consolidated church, which shall be authorized to administer the same in all respects and in accordance with the terms thereto. If First United Methodist Church should ever be dissolved without any lawful successor thereto, Endowment Ministry funds, including both principal and interest to date, shall be turned over to the Holston Conference of the United Methodist Church Foundation, Inc., as a Permanent Endowment bearing the name of First United Methodist Church, with the request that the earnings be used for missions and church development within the Holston

Annual Conference. (See Paragraph 2548 of *The Book of Discipline of the United Methodist Church – 2012*).

AMENDMENTS

Technical corrections and amendments to the Endowment Ministry, which do not alter the stated purpose of the Endowment Ministry, may be made by a two-thirds (2/3) affirmative vote at a properly called Charge Conference.

SEVERABILITY

If any provisions or any application of any provisions of the Endowment Ministry shall be held or deemed to be or shall be illegal, inoperative, or unenforceable, the same shall not affect any other provisions or any application of any provisions herein contained or render the same invalid, inoperative, or unenforceable.

This Permanent Endowment and Planned Giving Ministry document supersedes any previously adopted instrument of a similar kind by this body and was adopted on this _____ day of _____ 201__ in a duly authorized Charge Conference of First United Methodist Church in Morristown, Tennessee by a vote of:

___ For ___ Against and ___ Abstained.

Recording Secretary

District Superintendent

Pastor

This Endowment Document was passed (by a vote of 23 yes and 0 no and 0 abstaining) and signed on October 27, 2013 in a duly scheduled and constituted session of the 1st UMC Church Conference.

It was properly signed by:

Shirley Brooks, Recording Secretary

Tom T. Ballard, Jr., Morristown District Superintendent

Charles W. Starks, 1st UMC Senior Pastor