

Trinity PRESBYTERIAN CHURCH

PLANNED GIVING AND MEMORIAL GIFTS MINISTRY

The Planned Giving and Memorial Gifts Ministry and this document were approved by Session on May 4, 2008.

1. Establishment of Ministry and Funds

The purpose of this document is to formalize a Planned Giving and Memorial Gifts Ministry (PGMGM) for Trinity Presbyterian Church. As approved by Session, the ministry will be administered by the PGMGM tactical team (the “Team”) under the Stewardship & Finance Leadership Team. The Team will be made up of at least three active members of Trinity Presbyterian Church and the pastor. Members of the Team are expected to be objective and be free of any conflicts of interest. Session will confirm the membership of the Team annually.

This ministry is not a substitute for the ongoing stewardship of future congregations. Stewardship, the annual opportunity to return to God a portion of our annual income, will continue to be used for the day-to-day activities of the church. This ministry will include several programs within which gifts may be made.

2. Mission/Vision

Mission: To encourage the joyful giving of accumulated resources to the work of Trinity Presbyterian Church by publicizing such giving opportunities and making the options and procedures for such giving easily understandable as well as economical to use. To carefully tend these gifts for long-term growth and maximum impact upon Trinity’s ministry for the Glory of God.

Vision: Trinity has an increasing number of people who have taken action on their giving of resources, often using a planned giving brochure or other information that is available to potential donors.

3. Objectives

- A. To offer an extra dimension of stewardship to the congregation to make special gifts to the church as long-lasting support for the continuing Christian witness of Trinity. To actively encourage and invite gifts to the church through a system of education and support to prospective donors.

- B. To establish a system for management of the assets contributed in accordance with a set of guidelines as developed by the PGMGM Team and approved by the Session.
- C. To provide definite directions for the use to which the principal and/or income of special or deferred gifts will be applied and to make decisions regarding the application of such funds. "Income" as used here and hereafter in this document includes interest, dividends, capital gains, and any other increases in value.
- D. To administer the outright and deferred gifts of assets which require special administration and processing so as to fully carry out the intent of the donor to the extent possible.
- E. To protect the mission of the church by reviewing and analyzing the subject matter of any intended gifts, and, if necessary, to recommend to Session that any gift be declined if the PGMGM determines it is not in the best interest of the Church.

4. Operational Structure/Fund Descriptions

The Program will include these separate funds:

- A. **Memorial Gifts** – Gifts given in honor of a specific person usually upon the death of that person. Use of these funds is usually determined in consultation with the person's family, where possible. These gifts can be used in their entirety and are not normally considered interest bearing.
- B. **Restricted Funds** – Gifts given for a specific donor-directed purpose which may be used in their entirety and are not normally considered interest bearing. These gifts will be considered temporary restricted funds like the existing Deacons' Fund and the Appalachia Service Project Funds. While there will be no minimum for establishing a new restricted fund, donors will be encouraged to consider giving to one of the following funds:
 - i) Capital Improvements and Repairs
 - ii) Children and Youth Ministry
 - iii) Missions (to include evangelism)
 - iv) Music Ministry
 - v) New Ministry Initiatives
 - vi) General Restricted
- C. **Endowment Funds** – Gifts given for donor directed purpose(s) with the intention that the principal amount remain intact in perpetuity and that only a selected, fixed amount of income be expended annually. Only donors can permanently restrict their gifts as a gift to one or more of

the following established Endowment Funds. Donors will be encouraged to consider giving to one of the following funds; however, donors may establish a new designated endowment fund if their gift exceeds \$100,000.

- i) Capital Improvements
- ii) Children and Youth Ministry
- iii) Missions (to include evangelism)
- iv) Music Ministry
- v) New Ministry Initiatives and Enhancement
- vi) General Endowment

5. Responsibilities

While the Session has the final responsibility for and determines the uses of the endowment funds, the PGMGM Team oversees the management and investment of the funds. Both the use of the funds and the investment performance of the funds are regularly reviewed, audited, and reported to the Session and congregation. Decisions on the specific use of the endowment income in a given year are reviewed as part of the budget process and approved by the Session. Special requests/uses of the income during the year would need approval by the Session.

If at any time, Trinity Presbyterian Church shall be lawfully merged or consolidated with any other church, all of the provisions hereof shall be deemed to have been made for and in behalf of such merged or consolidated church which shall be entitled to receive all of the benefits of said funds and shall be obligated to administer the same.

In the unlikely event that Trinity Presbyterian Church should be formally dissolved by the New Castle Presbytery or any successor, or become extinct by reason of the dispersal of its members, the abandonment of its work, or other cause, endowment funds would revert to the Presbytery which would be bound by any donors' desires in using the funds.

Specific duties of the PGMGM Team

- Introduce the PGMGM, especially the endowment funds, to the congregation;
- Regularly communicate with the congregation on the status and use of funds;
- Select investment vehicles and, if needed, an investment advisor(s)/manager(s) and work with said advisor/manager to:
 - Develop and clearly communicate the expected duties and responsibilities;
 - Develop and communicate the risk tolerance level and reasonable investment objectives;

- Review the investment reports of the investment advisor(s)/manager(s);
- Provide an annual accounting to the congregation which shall disclose total gift amounts and number of gifts made within the year as well as investment results and disbursements;
- Provide periodic educational/promotional presentations;
- Provide brochures and other informational material and resources for the congregation;
- Review gifts/bequests and recommend to Session whether to accept or refuse;
- Designate one or more Team members to be liaisons to the congregation and discuss planned giving opportunities with congregation members within the confines of potential areas of Trinity's ministries which could benefit from gifts and the various funds available to receive gifts;
- Examine this document at least every other year and recommend necessary changes or improvements to Session;
- Acknowledge contributions;
- Adhere to all policies as stated in this document;
- Provide periodic summaries of the funds' performance to the Session;
- Provide referrals for assistance, if requested, in the preparation of wills, trusts, etc.

All communications related to this Ministry will contain the following disclaimer:

“While this communication may be used to promote a transaction or an idea that is discussed in the publication, it is intended to provide general information about the subject matter covered and is provided with the understanding that Trinity Presbyterian Church, nor any member acting on its behalf, is not rendering legal, accounting, or tax advice. It is not a marketed opinion and may not be used to avoid penalties under the Internal Revenue Code. Donors should consult with appropriate counsel or other advisors on all matters pertaining to legal, tax, or accounting obligations and requirements.”

Every attempt will be made to comply with the donors' wishes, subject to Trinity's existing policies and its commitment to further the work of Jesus Christ. If, in the opinion of the Team and concurred in by Session, the purpose for which a gift was made has over the years become inconsistent with the policies of Trinity and its commitment to further the work of Jesus Christ, the Team and Session may recommend that the gift be turned over to another charitable organization that would seek to comply with the donor's request. Such recommendation will be made to the donor or the donor's heirs or successors where it is feasible to locate said person(s). Should it not be feasible to locate the original donor or remaining heirs or successors, Session will have the authority to transfer the gift to an appropriate organization as recommended by the PGMGM Team.

6. Management of Funds

The endowment funds will be managed by the Team in coordination with an outside investment advisor(s)/manager(s). The advisor(s)/manager(s) will be recommended by the PGMGM and approved by the Session. The advisor(s)/manager(s) will be responsible for asset allocation and investment selections, subject to the objectives, goals, and guidelines of the funds and with Team concurrence.

To the best of the Team's ability, it will encourage the investment advisor(s)/manager(s) to invest in funds which are consistent with "the Great Ends of the Church." The Team shall direct each of its portfolio managers to avoid equities on the annually updated "General Assembly Divestment List" compiled by the Social Justice Mission Responsibility Through Investment of the Social Justice and Peacemaking Ministry of the General Assembly or any successor ministry thereof.

Gifts to the memorial fund and restricted funds will be tracked and reported as separate line items within Trinity's accounting system.

7. Philosophy of Spending and Reporting for Endowment Funds

Summary

The goals are (1) to use income in the Endowment Funds for their designated purposes while (2) providing for fund growth that keeps pace with inflation. The goals are also (3) not to significantly substitute for items normally in the annual operating budget nor (4) to have the annual operating budget become dependent on endowment funds. An exception may be made to goals 3 and 4 in the case of a catastrophic event which substantially threatens the ongoing operation of Trinity Presbyterian Church. In such an event, Session can approve a transfer of funds from the restricted funds or a loan from the endowment funds.

Normally the calculation of amounts available for spending will be based on average balances over time in order to avoid wide swings in periods of market volatility. The following transitional and long-term plans describe in greater detail how this will be accomplished.

Transitional growth and spending plan

The first goal for the General Endowment Fund is to grow it to \$200,000 through current gifts and bequests. No income from the General Endowment Fund will be used until the balance in the Fund reaches this goal. Income from other endowment funds may be used beginning one

year after it begins to be generated subject to the 5% limit described below and to the preservation of the principal donations to the funds.

After the General Endowment Fund reaches \$200,000, the first distribution will be made at the end of that calendar year. This first distribution will be limited to 5% of the average market value for that year. The next four distributions will be made at the end of each year, calculated at 5% of the average market value for the years since the Fund reached its \$200,000 goal. During this transitional period, no distribution will reduce the Fund balance below \$200,000 nor below the sum of the principal donations to the Fund whichever is higher.

Long term growth and spending plan

After the initial five years following the Fund balance reaching \$200,000, distributions will be calculated using a “spending formula” determined in consultation with the professional fund manager(s)/advisor(s). The spending formula will consider markets past and projected to determine what distribution percentage would be proper and sustainable while maintaining the purchasing power of the fund. The “spending formula” will use the average fund balance over the preceding five years as the basis for calculating the amount distributed in order to smooth out distributions of income. In accordance with the nature of endowment funds, each fund will be maintained at or above the sum of the principal amounts donated to that fund.

Use of Available Income

This Team will consult with Trinity’s Area Leadership Teams to obtain recommendations on the use of available income. This Team will make recommendations to Session about the use of available income. Session will approve all uses of available income during the annual budgeting process, and the Area Leadership Teams will then be responsible for carrying out the final decisions of Session. If an Area Leadership Team decides not to spend allocated funds during a budget year, the unspent funds can be accumulated as a line item and carried forward to the next year.

Reporting

Financial performance of the endowment funds will be reported at least annually to the congregation, including beginning and ending balances, the amount of income earned, the total return, the amount of money withdrawn and the amount donated to the endowment. A Trinity Presbyterian Church member may request a supplemental update on a fund.

8. Education and Promotion

Regular (at a minimum annual) education for the congregation about the purpose and value of the ministry and promotion of the ministry are keys to its success. The Team will ensure that these are carried out.

9. Accounting

All funds will be included in the church ledger and balance sheet. They will be maintained according to normal fund accounting practices and subject to annual reviews.

10. Procedures for Receiving and Acknowledging Gifts

As feasible, the Team keeps track of anticipated donations, including the donor's preference regarding public recognition and similar issues. The Session is responsible for accepting such gifts and bequests and their terms or conditions; the Team will make recommendations to the Session.

The Session, on behalf of Trinity Presbyterian Church, reserves the right to decline a gift if, in its sole judgment, unreasonable restrictions or designations apply, the gift may involve some liability, raise concerns or result in unfavorable publicity, the gift may cost the Church more than the value of the gift, or where the gift may cause undue use of Church resources and personnel. Any such situations will be seriously reviewed by the Team and Session is empowered to refuse the gift. To avoid any misunderstanding, donors who propose to give gifts which contain designation, restrictions or some potential liability are urged to discuss these issues with a pastor or member of the Team as the gift is being planned. In the event of restricted gifts (including endowment gifts), the donor will be asked to sign a document which indicates the understanding of the restrictions on the gift and that their restricted gift might at some time need to become unrestricted when the income exceeds the need, when the original purpose no longer exists, or when there is a conflict with church policies and/or mission as determined by Session. Every effort will be made to find use for the gift that is as similar as possible to the original intent. The document to be signed by the donor will also indicate all gifts are irrevocable unless otherwise approved by the Session.

When acceptable gifts are received, they are handled responsibly, e.g., an acknowledgment is sent to the donor, cash is invested, securities and bonds placed in safekeeping or sold immediately, real property maintained, etc. until whatever arrangement necessary to place the funds in the endowment corpus have been completed. Once received, gifts are acknowledged promptly and in accordance with tax/financial requirements to the donor or their survivors. If they consent, the gift is made known to the congregation or recognized in other ways.

All offered gifts will be acknowledged in writing by the Team within 30 days of offer. After final acceptance, the Team will acknowledge gifts in writing within 15 days. The Team

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will also continue to communicate with donors of substantial gifts to keep them advised of how their gift is being used.

All non-cash gifts will be converted to cash as soon as possible. Non-cash gifts will not be held in expectation of market fluctuations. Any exceptions to this policy will require Team and Session approval.

Before acceptance, gifts of real estate must be deemed to have a positive impact upon the mission and goals of Trinity. In most cases, gifts of real estate will be gratefully accepted, subject to a title search and any necessary Environmental Assessments. The donor will assume the costs of any necessary Environmental Assessments but will be reimbursed upon successful completion of the transfer of the real estate. In most cases, real estate will be sold as soon as practical, and the costs of the sale will be deducted from the proceeds of the sale. Some situations might call for retaining the real estate, for example, if it will be developed into a parking lot for the church or used for expansion of the church building.

Gifts of stock should normally be arranged between the donors, their broker(s), and Trinity's broker and are completed on the date of delivery to Trinity's broker. Stock will be valued at the average between the high and low on the date the stock was received. Mutual funds will be valued at the value established at the close of the trading day.

Per the current IRS Code, the Team will provide appropriate documentation to donors by the IRS specified date.

11. Donor Confidentiality

Donors will be requested to sign a Publication of Gift Instructions form that indicates the degree to which they want their donation made public.

12. Modifications of the Policies and Procedures Document

Modification of this document can only be made upon approval of no less than a two-thirds majority vote of the Session.