



# Endowment Policy

Our Mission

*To Know Jesus Christ and to Make Him Known*

Approved by Endowment Committee October 29, 2025

Approved by the Church Council on November 19, 2025

# **ENDOWMENT COMMITTEE**

## **A. Endowment Overview**

1. The Endowment Committee of St. James United Methodist Church (the “Endowment Committee”) was established by Charge Conference Action in December 2002.
2. The Endowment Committee shall administer the endowment funds of St. James United Methodist Church, pursuant to authority granted by and policies adopted by the Church Conference of the church and in accordance with the United Methodist Church’s Book of Discipline.
3. The Endowment Committee will inform members of St. James United Methodist Church regarding ways by which endowment gifts may be made to benefit the ministries of the church.
4. The members of the Endowment Committee and its chairperson shall be elected by the Church Conference and shall serve until their successors have been elected. The Endowment Committee shall elect a secretary and such other officers and sub-committees as it deems necessary.
5. The Endowment Committee shall cooperate with the Committee on Finance in assuring that the annual audit process (as stated in Paragraph 258.4c of The Book of Discipline) is followed. The Committee shall make a full report no less frequently than once a year to the Church Council.

## **B. Development and Donations**

1. The Endowment Committee is charged with all development activities related to planned giving and gifts to the Endowment fund including but not limited to:
  - a. emphasis on the need for adults of all ages to have wills or estate plans and to consider giving to God through the church in such plans;
  - b. Consult with Methodist Foundation of Arkansas advisors on the best investment vehicles that will meet the goals and mission of the Endowment Fund.the importance of the Endowment Fund as a long-term investment in the life and health of St. James UMC.
2. The Endowment Committee may receive donations from any source, on an inter-vivos or testamentary basis, in cash or in other property acceptable to the committee.
3. All legacies and gifts that intended for the St. James Endowment Fund and that are not restricted or designated for a specific purpose shall become a part of the General Endowment Fund of the Church.
4. All legacies and gifts that are designated as Name Endowed Gifts are restricted for a specific purpose, or for other reasons require separate administration, will be separately administered according to the terms of the legacy or gift. Donors are encouraged to direct gifts of less than \$25,000 to the General Endowment Fund.
5. The creation of a Named Endowed Fund can be established with a minimum gift of \$25,000. The Named Fund must be fully funded within five year of establishment of the fund. If the Name Fund is not fully funded, the Endowment Committee may approve the

option of closing the named fund and transferring assets to the General Endowment Fund.

6. The Endowment committee maintains the option to refuse gifts not suitable to the mission and ministries of the church.

### **C. General Endowment Fund**

1. A permanent fund to be known as the General Endowment Fund of St. James United Methodist Church was established in 1989.
2. The General Endowment Fund was established for the purpose of providing members and friends the opportunity to make charitable gifts to the Church that will become a permanent source of financial support for the Church's mission and ministries, and for the maintenance and improvement of the Church's buildings and property.
3. The objectives of the General Endowment Fund are to remain consistent with the Investment Policy of the Endowment Committee, as outlined in Section E.

### **D. Endowed Funds Administration**

1. All legacies and gifts restricted ~~designated~~ for a specific purpose shall have a Plan Document which includes the following information:
  - a. the designated purpose for the use of the gift;
  - b. whether donations to the fund will be temporarily or permanently restricted;
  - c. the governing administrators of the gift;
  - d. the investment and spending plan if different from that for the General Endowment Fund;
  - e. terms of succession or dissolution for the fund if the specific purpose identified in the Plan Document cannot be fulfilled by SJUMC.
2. If a Plan Document is not provided by the donors, SJUMC staff and MFA advisors are charged with working with the donors, to create a Plan Document and present said document for acceptance. to the Endowment Committee.
3. Each separate endowment account held by SJUMC must have its own separate agency agreement. Every agency agreement will identify:
  - a. Name of Fund
  - b. Principal – elected or appointed officer authorized to change investment instructions and request disbursements from the fund
  - c. Initial Deposit
  - d. Investment Instructions
4. The Endowment Committee shall provide a list of the named endowed funds and their purpose to Church Council each year. If an officer is not included in the SJUMC Officiary, the names of those officers shall also be provided.

### **E. Investment Policy**

The following statements and policies shall govern the investment of existing and any new funds received or solicited by the congregation that are designated as part of the SJUMC General Endowment Fund (referred to as ‘The Fund’.)

Endowment funds may be pooled for investment purposes within the SJUMC General Endowment Fund. However, contributions that require special investment treatment, or that consist of unique assets such as real estate or closely held securities, will not be accepted into the General Endowment. Such gifts may only be considered if established as a separately named fund in accordance with the policies described in Section B.5, and are subject to approval by the Board of Trustees. The investments of these “named” or “restricted” funds will be held and administered separately from the General Endowment.

1. SJUMC will utilize the s Methodist Foundation for Arkansas as the Church’s agent in administering and investing the General Endowment funds in accordance with the SJUMC Investment Policy. Donors creating a named fund, may select the investment pool at MFA that best meets the desired outcome for the purpose of the named fund.
2. Every fund that comprises the SJUMC General Endowment Fund shall have a plan document detailing the specifics of the donor’s gift. In the absence of a plan document, the Endowment Committee shall have the authority to create a plan document outlining all information pertinent to the gift received.
3. Investment Policy Goals and Objectives:
  - a. To invest the corpus of each fund so that the investment returns may be used to maximize the goals and purposes of the fund as specified by the plan document.
  - b. To provide a satisfactory return on investment for the support of SJUMC. Specifically, the investment target of The Fund is to attain an average annual real total return (net of investment management fees) of at least 4.0% over the long term. Real total return is the nominal rate of return less the rate of inflation as measured by the Consumer Price Index (CPI). The nominal rate of return is the sum of capital appreciation (or loss) and current income (dividends and interest).
  - c. The overall financial objective of the Endowment Fund is to provide a consistent level of support for SJUMC programs as determined by the SJUMC Endowment spending policy.
  - d. To invest so that the corpus of each fund is maintained in real dollars (the original gift plus an allowance for inflation).
  - e. The Endowment Committee will receive from the Methodist Foundation for Arkansas an annual report on the status of current investments and receive recommendations on any changes that may need to be considered. The investment performance of The Fund shall be reported annually to the Church Council

## **F. Portfolio Guidelines / Investment Rules**

1. To achieve the goals and objectives of the Investment Policy, The Fund will be managed in a balanced manner. The goal for the portfolio mixture in a normal investment

environment will be a 50/50 ratio of equity to fixed income investments.

2. Approximately 40%-60% of The Fund may be allocated to equities and 40%-60% to fixed income investments. It is recognized that the equity portion of The Fund entails the assumption of greater market variability and risk.
3. The investments will be diversified both by asset class (equities, bonds, cash equivalents) and within asset classes (within equities by economic sector, industry, quality, and size) to have a reasonable assurance that no single security or class of securities will have a disproportionate impact on the total portfolio.
4. The investments in any one security will be limited at the time of purchase to 10% of the total market value of The Fund when the security is purchased.
5. The investment performance of The Fund will be measured and compared to various major market indices (S&P 500 stock index, etc.) and the results will be reported annually to the Endowment Committee.
6. In meeting its objectives, investing of The Fund shall be conducted in accordance with the guidelines outlined in this investment policy.
7. The Investment Committee shall have full discretionary authority in the selection and retention of investments, subject to law and the Endowment Committee Investment Policy as it may be amended from time to time and subject to the following restrictions:
  - a. Securities may not be purchased on margin.
  - b. Securities may not be sold short.
  - c. Options (e.g. puts, calls) may not be purchased.
  - d. No investments are to be made in commodity contracts.
  - e. Securities restricted as to public resale under the Securities Act of 1933 may not be purchased.
  - f. The average quality of the fixed income securities (including mutual funds) shall be at least AA and the minimum quality of any issue shall be BBB.
  - g. All investments must be in accordance with the Book of Discipline and the Social Principals of the United Methodist Church.

## **G. Spending Policy**

1. The spending policy of The Fund shall be based upon Total Return- the summation of annual appreciation of The Fund from interest, dividends, and capital gains.
2. Annually, as part of the budgeting process, the market value of The Fund (including the annual yield) for the preceding three (3) years (12 quarters) shall be averaged. The three (3) year average is then multiplied by 3% to determine the maximum total distribution from The Fund for the coming year.
3. This spending policy is based on the assumption that annual spending over the long term will average 3% of the market value of The Fund for the previous 12 trailing calendar quarters.
4. In the event that a fund lacks a prior 3 year history to utilize for averaging purposes, the

Endowment Committee shall have full authority to determine the available funds for spending under the guideline that no more than 3% of the total value can be marked as available.

5. This spending policy will be reviewed periodically to ensure that it remains consistent with the goals and objectives of the SJUMC Endowment Policy.
6. The distribution of spendable funds from any designated endowment funds shall be consistent with the terms identified in the fund's plan document.
7. The distribution of spendable funds from the General Endowment Fund shall be determined by the Endowment Committee based on requests for support. The Endowment Committee shall report all disbursement to the Church Council.
8. The Foundation is to disburse funds benefitting the Church upon the written instruction of the authorized party named in the Agency Agreement for that fund.
9. All disbursements from UMFA accounts shall be made payable to St. James United Methodist Church.
10. The Endowment Committee shall present a development expense budget each year for the next year's activities to the Finance Committee for approval.
11. Notwithstanding the foregoing limitations on annual spending, each fund may have a designated spending account for which persons may designate donations when it is necessary or desirable to expend money to meet the needs of specific projects approved by the church and there are insufficient funds available to meet those needs.

## **H. Liability**

In the absence of gross negligence, conversion, fraud, or other intentional harm, no member of the Board of Trustees, the Endowment Committee, or any agent acting in behalf of the Endowment Committee shall be liable for any action made or omission with respect to the administration or investment of the Church's endowment funds. Further, to the fullest extent available under the law, every member of the Board of Trustees, the Endowment Committee, or any agent acting in behalf of the Endowment Committee shall be entitled to charitable immunity for their authorized acts undertaken consistent with this endowment policy. In addition, to the extent this policy provides business judgment discretion to any member of the Board of Trustees, the Endowment Committee, or any agent acting in behalf of the Endowment Committee, no such person shall be liable in the exercise of that discretion unless the conduct is in bad faith or in intentional disregard of this endowment policy or the interests of St. James United Methodist Church. Bad faith may be inferred from conduct that is in the member's or agent's personal self-interest, if no waiver of the potential conflict of interest has been given to the applicable board or committee in writing and been approved by the board or committee.

## **I. Merger, Consolidation, or Dissolution**

If at any time St. James United Methodist Church is lawfully merged or consolidated with any other church, all the provisions hereof in respect to the endowment funds of St. James United Methodist Church shall be deemed to have been made on behalf of the merged or consolidated church which shall be obligated to administer the same in all respects and in accordance with the terms herein. If

St. James United Methodist Church should ever be dissolved without any lawful successor thereto, St. James United Methodist Church general endowment fund, including both interest and principal, shall be entrusted to the Arkansas Conference of the United Methodist Church.

## **J. Amendments**

1. Technical corrections and amendments to this Endowment Policy that do not materially alter the stated purpose of the General Endowment Fund may be made only by a three-fourths (3/4ths) vote of the members present at a duly announced meeting of the Endowment Committee and a three-fourths (3/4ths) vote of the members present at a duly announced meeting of SJUMC Church Council.
2. The purpose of the General Endowment Fund, as stated in section C2, may only be changed by a three-fourths (3/4ths) vote of the members present at a duly announced meeting of the Endowment Committee, a three-fourths (3/4ths) vote of the members present at a duly announced meeting of SJUMC Church Council, and a three-fourths (3/4ths) vote of the members present at a duly called Charge Conference.
3. The principal of the General Endowment Fund cannot be invaded except as may be authorized by a three-fourths (3/4ths) vote of the members present at a duly announced meeting of the Endowment Committee, a three-fourths (3/4ths) vote of the members present at a duly announced meeting of SJUMC Church Council, and a three-fourths (3/4ths) vote of the members present at a duly called Charge Conference.

## **K. Severability**

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