

**Gift and Endowment Policies**  
**First Parish Church**  
 Congregational  
 United Church of Christ

**Preamble**

God provides us with instructions in the New Testament letters to Timothy on various aspects of ministry, including following words about those who are blessed with abundant resources: “*They are to do good, to be rich in good works, generous, and ready to share, thus storing up for themselves the treasures of a good foundation for the future, so that they may hold of the life that really is life*” (1 Timothy 6:18-19)

Christian stewardship is awareness that everything we have is a gift from God. We are absolute owners of nothing; rather, we are stewards of all we receive and we must use such resources responsibly in our life-long work of service in the Kingdom of God. Stewardship heightens an awareness of responsibilities in the matters of material concerns no less than in spiritual endeavors.

**Our Vision**

Following the way of Jesus, we aspire to *authentically invite, courageously include,* and *generously* serve all with compassion and grace.

**Purpose**

The following policies and procedures provide guidelines related to gifts received by First Parish Church (herein after “First Parish Church or “Church”,) Congregational and a member of the United Church of Christ Church for the benefit of the congregation and its ministries. The purpose of the policies is to provide advice and guidance for donors, as well as to First Parish Church leaders, members, and staff. The policies cover the following topics:

- 1) What types of gifts the Church will accept;
- 2) The process for deciding how gifts will be used;
- 3) The establishment and use of endowed funds;

- 4) The process for investing, managing, and spending endowment-related funds;
- 5) Stewardship of donors and gift administration practices; and
- 6) How First Parish Church will encourage estate giving among members and friends of the Church.

### **Types of Gifts Accepted by First Parish Church**

#### **Unrestricted and Restricted Gifts**

First Parish Church will accept unrestricted and restricted gifts. An *unrestricted gift* is one for which no specific purpose or designation is assigned by the donor, except that the gift is used to advance the mission of First Parish Church. The Church Council has final authority over how unrestricted gifts will be used which allows us to be responsive to future needs of our Church.

A *restricted gift* is one that is assigned a specific purpose or use by the donor. Examples: A gift might be given by a donor for roof repair, to enable youth to go on a mission trip, or to benefit the Church's music program. A gift might also include those given by the donor for addition to the Church's Endowment Fund, which would constitute a restricted gift for endowment. A gift to the Church's Endowment consists of two elements, the gift principal and the future income from the gift. A donor may make a restricted gift that designates that the principal of the gift shall be added to the Church's Endowment, and that the future income from the gifted principal, as computed pursuant to the Investment Committee's approved policies and procedures (presently a total return spending policy is used), shall be designated for a specific purpose, e.g. mission giving as determined by the Mission Committee. This would be a restricted gift of future income. If there is no donor designation of future income, the future income becomes an unrestricted gift.

Whether a restricted gift is designated for immediate use or for addition to the Church's Endowment Fund, the decision whether to accept a restricted gift will be made by the Church Council. Restricted gifts must be consistent with the mission and purpose of the Church. The Church will honor gift restrictions for all restricted gifts it accepts.

Anyone interested in making a restricted gift to First Parish Church is encouraged to discuss their proposed gift in advance with the Pastors. The Pastors can advise the appropriate Funds that best meet the desires of the donors.

#### **Memorial Gifts**

Gifts given to the Church in memory of deceased individuals will be deposited into the Church's Memorial Fund. The Memorial Committee will manage the expenditures of undesignated Funds for specific and appropriate First Parish Church projects or items. Memorial gifts may be restricted for a specific purpose, as for example, the Music, Outreach, or Missions Programs.

## Named Funds

Donors may make gifts to the Church in memory or in honor of any individual. However, perpetual named funds may only be established when a gift is designated as a permanent endowment gift.

## Gift Evaluation and Acceptance Procedures

While the Church Council has final authority for accepting all gifts offered to First Parish Church, it may delegate authority to the pastors and/or others as appropriate. In addition, when research and evaluation of a gift is in order for the Church Council to make an informed gift acceptance decision, the Church Council may delegate such work to a standing committee or an ad hoc committee consisting of individuals whose particular expertise will be most useful in the case at hand. When appropriate, the advice of legal counsel will be sought prior to final gift acceptance decisions. This may include, but is not limited to: closely held stock, transactions governed by contracts or legal documents, such as bargain sales; trusts naming the Church as trustee, or any document obligating the trustee to take action; and transactions with potential conflicts of interest. The Church reserves the right of gift acceptance and may sell or otherwise dispose at any time, in any way the Church Council deems appropriate, and in accordance with the best interests of the Church. Sometimes a letter of understanding between the donor and the Church might be helpful, particularly for any larger gifts. Such a letter may specify that any non-cash gift will be converted to cash and define if the gift is unrestricted as to principal and income or restricted as to principal and/or future income.

## Gift Types

### 1. Cash

All forms of negotiable currencies will be accepted. In addition, First Parish Church will accept gifts by credit and debit cards through an established eGiving process.

### 2. Property

#### A. Securities

##### 1. Marketable Securities

Gifts of publicly traded securities, stocks, bonds, and mutual funds may be accepted by the Church. The Church is solely responsible for all decisions related to disposition of securities, and its general policy will be to sell as soon as practical. Obtaining valuation of securities for the purposes of a donor's tax records is the responsibility of the donor. The

Church will provide a letter of acknowledgement noting the date of the gift and the number of shares received as a gift.

## 2. Restricted or Closely Held Securities

The Church will generally accept gifts of restricted or closely held securities. However, gifts must be reviewed prior to acceptance to determine that there are no restrictions on the security that (i) would prevent the Church from ultimately converting those assets to cash; (ii) would prevent marketability of the security; or (iii) would generate any undesirable tax consequences for the Church. To be accepted, closely held securities must have a qualified appraisal performed by an independent professional appraiser generally at the expense of the donor. The Church may require review of the gift by legal counsel in advance of gift acceptance.

## B. Real Estate

Real estate gifts may include, but are not limited to: residences, vacation property, farms, ranches, resorts, undeveloped property, and commercial property. As a general rule, costs of appraisal, transfer, and legally required environmental clean-up, and so forth must be borne by the donor. The Church reserves the right to use or dispose of real estate gifts as the Church Council deems most advantageous for the Church and its mission.

All proposed real estate gifts will be evaluated prior to acceptance according to, but not limited to the following criteria:

- Marketability
- Costs associated with sale
- Potential Liabilities (environmental hazards, insurance, liens, taxes, security, repairs, maintenance fees, and so forth)
- Restrictions on use
- Effect on Church's non-profit Status
- Clear title
- Licensing requirements and related legal ramifications
- Constraints or other restrictions (e.g. requirements to hold for any time before sale)
- Costs to own and maintain property if not sold
- Proximity to the Church's existing property/potential use by First Parish Church

## 1. Real Estate Subject to a Life Tenancy

Gifts of real estate subject to a life tenancy will be accepted by First Parish Church subject

to review by legal counsel.

## 2. Timeshare Gifts

Gifts of timeshare units will not be accepted, unless donor has provided an appraised value and specifies a selling process that FPC can easily (like a stock transaction) implement.

## C. Other Tangible and Intangible Property

Gifts-in-kind and tangible gifts may include, but are not limited to: works of art, motor vehicles, boats, antiques, equipment, stamp and coin collections, jewelry, furniture, rare books and manuscripts, or any other item that has determinable value. Intangible gifts may include patents, copyrights, and intellectual property. All gifts of tangible and intangible property are subject to prior review.

In addition, the Church may accept gifts of equipment, supplies, furnishings, books, vestments, worship aids, and so forth that add materially to accomplishing the mission of the Church. In all cases, any tangible or intangible property accepted as a gift by the Church may be sold or otherwise disposed of at any time and in any way the Church Council deems appropriate in accordance with the best interests of the Church.

Valuation of tangible and intangible gifts for tax purposes is the responsibility of the donor.

## D. Retirement Plan Beneficiary Designations

Donors may name the Church as a beneficiary of their retirement plans, including Roth and regular IRA's.

## E. Life Insurance

The Church may accept both fully paid and not-fully-paid whole/universal life insurance policies as gifts. In either case, policy ownership must convert to the Church at the time the gift is made. The Church may retain the policies or liquidate for current cash value, according to what the Church Council deems most beneficial for the Church.

Individuals are encouraged to name the Church as whole or partial beneficiary of any existing whole/universal life insurance policy for which they retain ownership.

## F. Charitable Planned Gifts

### A. Bequest/Living Trust

Bequests may be made through a will or living trust, specifying a percentage, a fixed amount, specific property, or the residual estate (*All the rest and residue of my estate to ...*). Percentage bequests may be given from the gross estate or from the residue (after tangible personal property, debts and specified bequests are deducted).

When trusts are involved, such as a minor's trust or a living trust, a gift may be made at the termination or final distribution, according to the needs and wishes of the donor.

### B. Pooled Income Fund

Gifts benefitting the Church are encouraged through the United Church Funds (UCF) Pooled Income Fund. A Pooled Income Fund gift is an irrevocable transfer of cash or marketable securities in exchange for a life income. The funds are commingled or "pooled" and the donor's income share is determined and distributed on a prorated basis of the total trust fund's earnings. Minimum gift is \$2,000.

### C. Gift Annuity

Gift annuities benefitting the Church may be purchased through the UCF of the United Church of Christ. A gift annuity is an irrevocable transfer of assets-cash or appreciated securities. Donors receive fixed income payments for life, which may be for the donor or for the donor and another person, successively. A Gift Annuity's rate of return is based solely on the donor's age at the time of the gift. Income payments may be deferred to a later date, such as retirement age, which may produce a substantial increase in the rate of return. The UCF has established a minimum to start a Gift Annuity.

Annuities are complex investments and there are many annuity options and strategies. You'll want to explore all your alternatives before making a final decision. We have provided the United Church Funds of the United Church of Christ as one example of a way to make a Gift Annuity.

The remainder of the gift annuity will be transferred to First Parish Church when the donor and/or second life income beneficiary dies.

### D. Charitable Remainder Trusts

Charitable remainder trust gift arrangements are available through the national United Church of Christ and are administered by the United Church Foundation. First Parish Church will not enter into charitable remainder trust arrangements on its own.

### 1. Charitable Remainder Unitrust

This gift involves an irrevocable transfer of a minimum \$50,000 of real estate, securities or cash and enables a donor and/or other beneficiaries to receive income for life. The income is determined by a percentage chosen by the donor-but not less than 5% - of the fair market value of the Unitrust corpus, *valued annually*. When the donor and any other life income beneficiaries have died, the remaining amount in the Unitrust passes to First Parish Church. Donors may make additions to a Unitrust.

### 2. Charitable Remainder Annuity Trust

This gift is an irrevocable transfer of a minimum of \$50,000 of real estate, marketable securities or cash, resulting in a lifetime guaranteed percentage income set by mutual agreement at not less than 5% of the *initial* fair market value of the trust corpus for the donor and a beneficiary. When the donor and any other life income beneficiaries die, the Church receives the Trust's remainder.

### E. Charitable Lead Trust

Charitable Lead Trusts, are offered, arranged and administered by the national United Church of Christ on behalf of First Parish Church, and could provide current income to the Church during the donor's lifetime or for a specified term of years, after which the remaining principal is returned to the donor or his or her heirs. Payments to the Church may be fixed or variable, depending on the terms of the Trust.

## Miscellaneous

### 1. Legal Counsel for Donors

Donors of any form of charitable planned gift are strongly encouraged to obtain legal and/or financial advice from their own advisors prior to finalizing any gift commitment.

Donors are also encouraged to consult with appropriate family members prior to making a gift commitment. Donor-imposed restrictions or lack of restrictions for use of gifts, received or available for Church use after the death of the donor, cannot be altered by the donor's heirs, relatives, or other parties unless authorized by the donor in appropriate legal documents with prior written notification to the Church.

### 2. Serving as Estate Executor & Drafting Wills for Donors

First Parish Church shall not agree to serve as executor or personal representative

of a donor's estate, even if the Church is the sole beneficiary.

The First Parish Church ***shall not*** draft wills for donors. Nor can the Church recommend attorneys or similar professionals to donors.

### 3. Gift Solicitation

Gift solicitation will be carried out in accordance with ethical business and fund raising practices.

No gift solicitation may be carried out on behalf of or in the name of First Parish Church unless authorized by the Church Council or its designee.

### 4. Recordkeeping and Confidentiality

All gifts, monetary or in-kind, given to First Parish Church should be presented (in writing) to the Treasurer's Office located in Parish House with associated documentation that describes the gift.

Donor records will be managed in such a way as to ensure security of information and confidentiality in accord with First Parish Church policies.

All records pertaining to gifts given to First Parish Church for any purpose will be housed at the Church office. Presently records relating to such gifts are retained in the Church Treasurer's Office.

### 5. Donor Acknowledgement

Donors will be formally thanked for their gifts, and appropriate documentation will be provided to facilitate donors' tax information needs.

### 6. Gift Policy Updates

The Gift and Endowment Policies will be reviewed every three years by the Assessors and Stewardship Committee. Suggested revisions will be proposed to the Church Council for approval.

## **Promoting Gifts at First Parish Church**

On behalf of First Parish Church the Stewardship Committees may inform the congregation on an ongoing basis about making Gifts that benefits donor and First Parish Church.