

# **Plan of Organization for the St. Thomas Episcopal Church Endowment**

## **1. Names**

An endowment program for St. Thomas Episcopal Church of McLean, Virginia (hereafter referred to as the "Parish") has been established by resolution of its Vestry. The adoption of this program will cause the creation of funds within which gifts may be made, invested, and disbursed to support the mission of the Parish.

The funds collectively will be referred to as the "St. Thomas Episcopal Church Endowment" (the "Endowment") and will be administered by the Endowment Committee (the "Committee") in accordance with this Plan of Organization (the "Plan").

## **2. Objectives**

The objectives of the Endowment are as follows:

- A. To offer the congregation another opportunity for stewardship by making lasting gifts to the Parish, actively encouraging such gifts through education and support to prospective donors.
- B. To support the long term maintenance of church properties and the outreach ministries of the Parish with regular disbursements of funds.
- C. To prudently manage the assets contributed for the future benefit of St. Thomas by complying with the gift acceptance, investment, disbursement and administration policies established in this Plan.

## **3. Fund Structure**

The Endowment will include the following funds:

- A. *General Endowment Fund.* The principal of the General Endowment Fund will be invested in perpetuity. Each fiscal year, distributions from the fund will be used for outreach and long term maintenance of church properties, in a proportion determined by the Vestry.
- B. *Designated Endowment Funds.* The principal in the Designated Endowment Funds will be invested in perpetuity. Each fiscal year, distributions from each Designated Endowment Fund may be made only for the purpose for which the fund was established.

*Clergy Housing Fund.* This designated fund is established to assist clergy with the purchase of housing, as specified in the clergy member's employment agreement.

*Phase IV Fund.* This designated fund, established in June of 2017, is to provide money toward the cost of the Phase IV sanctuary enlargement, if and when that construction is deemed necessary by the Vestry and

congregation. Each fiscal year, the distributions from the fund will go to the Property Reserve. If there are no specific plans for Phase IV within a seven year period (by June 2024), the balance will be transferred to the General Endowment Fund.

#### **4. Gift Policy**

Gifts to the Endowment may include, but are not limited to, cash, securities, mutual funds, real estate, tangible personal property, donor-advised trust distributions, and planned giving (such as bequests, life insurance and annuities, retirement accounts, and split interest gifts).

Gifts shall become part of the General Endowment Fund unless designated in writing for an existing or new Designated Endowment Fund. Given the administration costs, an initial gift of at least \$20,000 is required to establish a new designated fund.

The Committee shall review every proposed gift to the Endowment to ensure that 1) it is consistent with the mission of the Parish and 2) does not create an unacceptable financial liability or administrative burden. The Committee shall recommend, and the Vestry shall decide, whether or not to accept the gift.

If, in the judgment of the Vestry, the purpose for which a gift was originally made has over the years become inconsistent with the mission of the Parish, the Vestry may turn the gift over to another charitable organization.

The name of the donor, the amount of the gift, and any conditions of the gift shall not be disseminated beyond the Committee and supporting administrative staff without the express approval of the donor.

#### **5. Investment Policy**

The assets of the Endowment shall be invested by the Committee with the same care, skill and diligence that a prudent person would exercise to achieve a reasonable total return, while limiting the risk to the preservation of capital.

Consistent with this objective, the Vestry in consultation with the Committee may direct the Committee to invest the assets of the Endowment with the Trustees of the Funds (TOTF), an organization of the Diocese of Virginia. If the Endowment assets are not invested in TOTF, the Committee shall invest in the following asset classes (except as noted below) within the specified ranges:

Equity type assets	40%-60%
Fixed Income assets	60%-40%
Cash	0% - 20%

The separate endowment funds may be pooled for investment purposes.

The Clergy Housing Fund will be invested in accordance with its purpose as a formal loan or shared equity agreement with the clergy member.

#### **6. Spending Policy**

Expendable funds will be determined on the basis of a total return principle and will not be dependent upon income generated through interest or dividends. The funds available for distribution during any fiscal year will be a percentage (the annual

spending rate) of the average market value of the Endowment for the previous 12 quarters.

The annual spending rate is set to ensure that the corpus (i.e. the aggregate value of gifts) of the Endowment is preserved over time in inflation-adjusted terms. Consistent with this objective and the asset mix above, the annual spending rate will be a maximum of 5%.

In the event of a Parish financial emergency, disbursements from the Endowment may exceed the annual spending rate if, after notification of the congregation of the intent to do so, the disbursement is approved by two-thirds of the Vestry.

## **7. Endowment Committee**

The Endowment Committee shall consist of five voting members – three Vestry members appointed by the Vestry and two additional persons nominated by the Vestry and elected by the congregation. The Rector and the Treasurer shall be non-voting, advisory members of the Committee.

Committee members who are appointed by the Vestry (each, a “Vestry Member”) will serve terms of three (3) years, concurrent with each Vestry Member’s term on the Vestry, with initial terms set to stagger Committee turnover. Committee members who are elected by the congregation (each, a “Congregation Member”) will serve terms of five (5) years, with initial terms set to stagger Committee turnover. No committee member may serve a consecutive term. In the event of the resignation of a Congregation Member, the Vestry may appoint a person to serve until the next regularly scheduled election. In the event of the resignation of a Vestry Member, the Vestry may appoint a person who serves on the Vestry to serve for the balance of such Vestry Member’s term.

Committee members must be communicants in good standing of the Parish. Members will serve without compensation.

No member of the Committee may engage in any self-dealing or transaction with the Endowment where the member has any direct or indirect financial interest. Except for bad faith or gross negligence, no member of the Committee will be liable for any act, omission, damage or expense arising from the performance of their duties as a Committee member.

In addition to its fiduciary responsibilities described elsewhere in the Plan, the Committee will be responsible for planning and conducting, in consultation with the Vestry, the education and support activities necessary to encourage participation in the Endowment. In providing these activities, the Committee will always encourage potential donors to consult with their independent financial advisors before making a commitment.

## **8. Administration**

The Committee shall hold meetings at least quarterly to review the status of the Endowment’s investments, process new gifts, and consider other business. The Committee shall maintain complete and accurate minutes of all meetings. A quorum consists of three voting members and a majority of the members present and voting is required to take any action.

The Committee, at the expense of the Endowment, may provide for professional counsel on investment or legal matters as it deems to be in the best interest of the Endowment.

Complete and accurate financial records for the Endowment shall be maintained by the Treasurer and audited annually. The fiscal year for the Endowment shall be the same as that for the Parish. The Treasurer shall prepare quarterly financial reports of the Endowment for the Committee and Vestry.

## **9. Termination**

In the event this Plan is terminated or the Parish ceases to exist by merger or dissolution, the assets that can be attributed to a specific gift will be disposed of according to the instructions of that gift, if any. The Vestry will have the authority to distribute all other assets in consultation with the Bishop of the Diocese of Virginia.

## **10. Amendments**

The Committee may propose amendments to the provisions of this Plan with a majority vote of its voting membership. Amendments to the Plan take effect when approved by two-thirds of the Vestry.

*Adopted by resolution of the Vestry on March 16, 2009*

*Amended by resolution of the Vestry on December 17, 2012*

*Amended by resolution of the Vestry on May 21, 2018*

- *Addition of Phase IV Fund to Designated Endowment Funds*
- *Addition of TOTF to Investment Policy*