

OPP 3.8 – PERMANENT FUND

PURPOSE OF THE PERMANENT FUND

The Permanent Fund of Round Rock Christian Church (RRCC) is established to expand the witness and mission of Jesus Christ and to serve the human needs in our community and around the world.

The Permanent Fund provides a means for special gifts and bequests to enable RRCC to expand its ministry in ways beyond what the general budget of the church would allow. The Permanent Fund is *not* intended to compete with, replace, or in any way diminish regular annual giving and responsible stewardship by present or future members.

PERMANENT FUND TEAM MEMBERS AND RESPONSIBILITIES

The Permanent Fund is managed by five (5) Permanent Fund Team members. They are:

- The immediate past Senior Trustee, term of office – one year
- The two current RRCC Trustees, term of office concurrent with service as Trustee
- The Financial Secretary, term of office concurrent with service as Financial Secretary
- The Treasurer, term of office concurrent with service as Treasurer
- The Senior Minister and Moderator are ex-officio to the team without voting privileges.

The Immediate Past Senior Trustee will serve as Chair of the Permanent Fund Team.

Responsibilities of the Permanent Fund Team are as follows:

- Meet quarterly at a minimum.
- Oversee the investments of the Permanent Fund to include specific investment portfolio management decisions and investment distributions for the fund.
- Invest all Permanent Funds with the Christian Church Foundation, Inc.
- Publicize the Fund to the Congregation.
- Sponsor planned giving seminars.
- Contact prospective donors.
- Perform any other activities that encourage growth of the Fund.
- Allocate Fund Distributions according to guidance in the “Annual Spending for Ministry” Section of this policy.
- Provide an annual written report to the Guiding Board and the Congregation that includes:
 - A list of new gifts and bequests received.
 - Permanent Fund investment transactions and performance.
 - Amounts distributed.
 - Total value of the Permanent Fund at year-end.
 - Maintain an active record of Permanent Fund Team activities and actions.

PERMANENT FUND ASSETS AND ASSET MANAGEMENT

All cash, investments, any other financial instruments or real property attributed to the RRCC Permanent Fund are considered permanent and the property of the Permanent Fund. All gifts designated or that become designated for the Permanent Fund shall be considered assets of the Permanent Fund and therefore cannot be used for other purposes. The Permanent Fund is a Designated Fund of RRCC and is carried and reported in the church financial accounting books. For more information on Dedicated Funds, see RRCC OPP 3.7 Dedicated Funds.

Only the income generated from Permanent Fund Asset investments or financial instruments may be spent for ministry. In general, the goal is long term preservation of principal of investments plus growth of principal to account for inflation in order to generate regular income for ministry.

Each fiscal year, income from the Permanent Fund shall be distributed for ministry. Refer to the Annual Spending for Ministry section of this policy for further guidance on distribution of income from the Permanent Fund.

The Permanent Fund is to use the Christian Church Foundation and its investment portfolio as its main means for investing Permanent Fund assets. The purpose and strategies implemented by the Christian Church Foundation are consistent with the purpose and intent of the RRCC Permanent Fund and provides for the long-term management and ministry support envisioned for the Permanent Fund and its assets.

The Permanent Fund unrestricted assets may remain in the state of “Dividend Reinvestment” until such time as the principal reaches a value of \$10,000. At that point annual distributions from income may begin from the Permanent Fund. The Permanent Fund Team sets the annual income rate and will designate a single ministry beneficiary annually. When the principal reaches a value of \$25,000 a second ministry beneficiary may be added to the annual distribution. When the principal reaches a value of \$50,000 a third beneficiary may be added to the annual distribution. Assistance in setting the annual income rate can be received from the Christian Church Foundation.

GIFTS AND BEQUESTS

Gifts and bequests received by the Permanent Fund may come in a variety of forms, including stocks, bonds, real estate, tangible property, the residual value of charitable trusts and/or charitable gift annuities, life insurance or other such end-of-life instruments. All gifts and bequests received in any form other than cash shall be converted to cash at its fair market value as soon as practical so that they may be added as Christian Church Foundation Investments.

Unrestricted Gifts and Bequests

Unrestricted gifts to the Permanent Fund (sometimes called outright gifts) become designated for the Permanent Fund and are received with no donor requirements on how they must be used within the Permanent Fund and therefore are *unrestricted for use* within the Permanent Fund.

All unrestricted End-of-Life gifts received by the RRCC shall become designated for the Permanent Fund and are unrestricted for use within the Permanent Fund. End of Life gifts can

include cash or other assets as a result of RRCC designation as a simple beneficiary on insurance policies, IRA's, Annuities or other financial instruments. This type of gift ordinarily comes with no specific instructions for specific use of the gift and is deemed for an undesignated purpose within the Permanent Fund.

Restricted Gifts and Bequests

When the donor of a gift or bequest to the Permanent Fund has specified a specific purpose for the gift or bequest, the gift or bequest is said to be *restricted for use* and it becomes a Designated Permanent Fund Asset that is *restricted for use*. The funds are not mixed with undesignated funds and are put in separate and identifiable investments where the income can be tracked separately and disbursed separately for the restricted use.

For example, if a donor specified that the gift to the Permanent Fund was to be used for seminary scholarships, the Permanent Fund Team would be obligated to manage those funds as a separate asset with the income generated from those funds being designated and used for seminary scholarships. The Permanent Fund Team would be responsible for ensuring disbursed funds are used for the restricted purpose.

The Permanent Fund Team sets up any necessary new accounts and tracking systems in order to manage Designated Permanent Fund Assets received. The Christian Church Foundation has the means to setup and manage assets such as these with the necessary separate accounting and management of the funds.

On some rare occasions, the congregation may want to refuse a gift or bequest to its Permanent Fund. In the event the Permanent Fund Team believes it is inappropriate or over burdensome to accept a bequest or gift, a recommendation for refusal will be presented to the Guiding Board for final action.

ANNUAL SPENDING FOR MINISTRY

Each year the income from the Permanent Fund investments will be spent for ministry. Income is defined as a fixed percentage of the total market value of the Permanent Funds. Typically, this percentage is in the 3 to 5 percent range. Assistance in setting this annual income rate is available from the Christian Church Foundation.

Unrestricted Permanent Funds

Spending from unrestricted Permanent Funds will be made upon the recommendation of the Permanent Fund Team and the approval by the Guiding Board as part of the annual church budget. The following uses and range of distribution percentages are the general guidelines for this determination:

- 20-30% for operational ministries.
- 20-30% for outreach ministry.
- 20-30% for capital assets and improvements and/or the retirement of debt(s) on church property.
- 5-10% for regional programs and ministries.

- Up to twenty percent (20%) of the distribution from unrestricted income may be designated as a reserve to the general operating budget for the upcoming fiscal year and will be added to the church Accumulated Reserve Fund dedicated account.

Restricted Permanent Funds

The income from restricted permanent fund assets will be spent for the purpose as designated.

If the designated purpose for which the bequest or gift is restricted has been achieved or the need no longer exists, the Permanent Fund Team will take the necessary legal steps to achieve the modification of the designated purpose.

TERMINATION OF THE PERMANENT FUND

Should Round Rock Christian Church (Disciples of Christ) terminate its ministry or cease to be affiliated with the Christian Church (Disciples of Christ), and consistent with the RRCC Articles of Incorporation, RRCC Constitution, RRCC Bylaws and Texas law, ownership of the Permanent Fund assets shall be transferred to the Christian Church Foundation, Inc. along with any instructions concerning the distribution of future income from the funds.

REFERENCES

- OPP 3.7 – Dedicated Funds. Operating Policy and Procedures Manual, Round Rock Christian Church. Defines in the RRCC financial system what constitutes designated, unrestricted and restricted funds.

AUTHORITY: *The Constitution and Bylaws of Round Rock Christian Church.*

EFFECTIVE DATE

December 17, 2007

LAST REVIEW & REVISION DATE

February 17, 2020

APPROVED BY THE GUIDING BOARD

February 17, 2020