

PERMANENT FUND
POLICY CHRISTIAN CHURCH IN
KENTUCKY--WEST AREA

As approved at the West Area Board
meeting on March 13, 2011

I. PURPOSE: The primary purpose of the Permanent Fund of the Christian Church In Kentucky- West Area is to provide an income producing fund that will sustain and stabilize financial support for ministry of the West Area by supplementing other regular operating income on a continuing basis. It is not intended to reduce the need for regular support for the operating budget from congregations or individuals. The secondary purpose of the Permanent Fund is to receive designated gifts and distribute the income from them according to the donor's instructions. In the event the designated use of a gift is inconsistent with the purpose of the West Area, the Executive Committee may negotiate revisions to align the designated use with West Area purposes; or may decline the gift, if agreement cannot be negotiated. All assets received by the Permanent Fund shall be considered permanent and therefore cannot be spent. All bequests and gifts received in any form other than cash will be converted to cash at its fair market value as soon as it is practicable.

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POLICY CHRISTIAN CHURCH IN
KENTUCKY--WEST AREA

For consideration by the West Area
Board meeting on September 6, 2020.

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II. PERMANENT FUND

MANAGEMENT: The Permanent Fund will be owned by West Area and managed by the West Area Executive Committee. Responsibility for investing the fund will be assigned by written agreement with the designated investment institution and the West Area Executive Committee.

The investment agreement will be subject to review and renewal at each annual meeting of the West Area Board of Representatives.

WEST AREA EXECUTIVE COMMITTEE RESPONSIBILITIES

- A. Maintain and review the investment agreement.
- B. Review the Permanent Fund performance at its regular meetings in February, May and September.
- C. Provide a written report to the Board of Representatives at its Annual Meetings each October and circulate that report to congregations in West Area. The report will include a list of new gifts received, income received and total value of the Permanent Fund.

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III. WEST AREA EXECUTIVE COMMITTEE RESPONSIBILITIES

- A. Maintain and review the investment agreement.
- B. Review the Permanent Fund performance at its regular meetings following each quarterly report.
- C. Provide a quarterly digital report after each quarter and a written report to the Board of Representatives at its Annual Meetings each fall (typically in November), reporting third quarter "Total Assets" of the funds and the recommended draw.

D. Through the website and/or newsletter, report the "Total Assets" of the funds and the recommended draw to the congregations in West Area. The report will also include a list of new gifts received with their designations, increase/decrease of balance over prior years, and 5-year (20 quarters) trailing average of the Permanent Fund balance.

D. Disburse the Permanent Fund income in accordance with item III, INCOME DISTRIBUTION.

E. Publicize the fund to the congregations and individuals in the West Area, sponsor "Wills Emphasis Seminars", contact prospective donors and promote other activities, which will bring about growth in the Permanent Fund corpus..

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F. Publicize the fund to the congregations and individuals in the West Area, sponsor legacy giving educational opportunities, contact prospective donors and promote other activities, which will bring about growth in the Permanent Fund corpus.

III. INCOME DISTRIBUTION

A. Income from designated gifts will be distributed according to the donor's instructions or as negotiated as set forth in Section I. Purpose.

B. Unrestricted income will be distributed as follows:

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A. Income from designated gifts will be distributed according to the donor's instructions or as negotiated as set forth in Section I. Purpose.

B. Unrestricted income will be distributed as follows:

1. All of the unrestricted income will be applied toward underwriting the regular operating budget of the West Area to the extent that it is needed up to 25% of the total operating budget.

2. Income not needed for West Area operating expenses or exceeding the 25% limit (item 1 above) may be allocated by Executive Committee action for Christian Church (Disciples of Christ) related capital projects, new or existing programs, or for projects and programs of an ecumenical nature within the West Area. Funds allocated for a program or project may be awarded and held in anticipation of the most appropriate time for disbursement; however, each commitment of funds to a program or project must be a separate decision with no commitment of funds to future funding of that program or project.

1. All of the unrestricted income will be applied toward underwriting the regular operating budget of the West Area to the extent that it is needed up to 25% of the total operating budget.

2. Income not needed for West Area operating expenses or exceeding the 25% limit (item 1 above) may be allocated by Executive Committee action for Camp Kum-Ba-Ya or other Christian Church (Disciples of Christ) related capital projects, new or existing programs, or for projects and programs of an ecumenical nature within the West Area. Funds allocated for a program or project may be awarded and held (in restricted account) in anticipation of the most appropriate time for disbursement; however, each commitment of funds to a program or project must be a separate decision with no commitment of funds to future funding of that program or project.

3. Ninety percent (90%) of the Permanent Fund income and available carryover must be allocated within twelve months of the date it is received.

4. All gifts designated permanent will be considered Permanent and not used for capital funding. The designated permanent funds will be invested under the guidance of the West Area Executive Committee with the following guidelines.

A. Proceeds from investment growth of the fund will be distributed in the following guidelines: 25% of growth will be transferred to the West Area Financial account on a quarterly basis. Remaining funds will be applied to the permanent fund with 25% of the total gains from the permanent fund investments available to the West Area for Capital needs with a 3/4 vote of the West Area Executive Committee at any regular meeting followed by a 3/4 vote at the annual or called meeting of the Board of West Area Representatives.

3. Ninety percent (90%) of the Permanent Fund income draw and available carryover must be allocated within twelve months of the date it is received.

4. All gifts designated permanent will be considered Permanent and not used for capital funding. The designated permanent funds will be invested under the guidance of the West Area Executive Committee with the following guidelines.

5. Proceeds from investment growth of the fund will be distributed as follows:

A. Each year the income draw from the Permanent Fund investments will be spent for ministry. Income draw is defined as a fixed percentage of the total market value of the Permanent Funds. Typically, and by board action, this draw's percentage is 5% of the five-year trailing average of the previous 20 quarter balances. (For example, for the fall 2020 draw, we would average the quarterly balances from reports on the December 2015 report through the September 30, 2020 report, and then compute 5% from that average to determine the draw, if the draw is determined to be 5%.)

- B. After the annual income draw is received, the amount designated by the board for operations shall be held in a restricted account until it can be placed into the designated budget year (typically in the upcoming fiscal year).
- C. 25% of the total draw from the permanent fund investments may be made available to the West Area for capital needs (instead of operating expenses) with a 3/4 vote of the West Area Executive Committee at any regular meeting followed by a 3/4 vote at the annual or called meeting of the West Area Board.

5. Income not expended according to items 1,2, & 3 will be made available to the Christian Church In Kentucky region to be disbursed according to their Policies and Guidelines for the Endowment Fund. The West Area Executive Committee may recommend how the region will use the funds but may not require it.

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IV. AMENDING PROCEDURES: The policy may be amended by a 3/4 vote of the West Area Executive Committee at any regular meeting followed by a 3/4 vote at the annual or called meeting of the Board of Representatives. Written notice must be sent to West Area congregations of the proposed changes at least one month in advance of the Executive Committee meeting.

V. RESTRUCTURE: In the event that the West Area organization is integrated into the Christian Church In Kentucky region so as to be subject to the region's constitution and bylaws rather than being related by contractual agreement; ownership of the West Area Permanent Fund will be transferred to the regional organization with instructions concerning the distribution of future income.

VI. TERMINATION: In the event that West Area should terminate its ministry and organization, or should choose to no longer be affiliated with the Christian Church (Disciples of Christ) or its successor; assets of the Permanent Fund will be transferred to the Christian Church In Kentucky region with instructions concerning distribution of future income.

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VI. RESTRUCTURE: In the event that the West Area organization is integrated into the Christian Church In Kentucky region so as to be subject to the region's constitution and bylaws rather than being related by contractual agreement, ownership of the West Area Permanent Fund will be transferred to the regional organization with instructions concerning the distribution of future income.

VII. TERMINATION: In the event that West Area should terminate its ministry and organization, or should choose to no longer be affiliated with the Christian Church (Disciples of Christ) or its successor, assets of the Permanent Fund will be transferred to

¹ Written notification may include email, newsletter, and/or website postings. Meetings may be held by electronic means (e.g. conference call, Zoom, Skype, etc.).

the Christian Church In Kentucky region with instructions concerning distribution of future income.

SAMPLE TIMELINE

Throughout the Year

The Treasurer:

- Gives quarterly reports of the fund performance, make-up, and balances (and other things listed in the policy) to the Executive Board, and reports to the WA Board when they meet, or more frequently if warranted.
- Gives brief report at the Annual Meeting (All Disciple Sing) and puts reports in West Area coordinator and on website for transparency.
- Plans educational events and provide brochures, a webpage, and other educational pieces on legacy giving and how to give to the permanent fund.

Mid-October:

- After the third-quarter report arrives, gather the previous 4 years' of quarterly reports and the current reports through September 30 (for a total of 20 quarters). Average the "Total Account" values of the 20 quarters. Then, compute 5% of that value. This would be the draw that we plan to request from Field & Main.
- Prepare a budget with this amount filled into the income lines.

November:

- Present budget to board for approval.
- Once the board approves the budget, request the draw.
- When the check arrives, place the amount in a restricted account to remain there untouched and maintained until January 1.

January

- New budget year begins and money is transferred from the Restricted Account to the fund income lines (disbursed appropriately over the listed funds as budgeted).