

LEGACY MINISTRY

FIRST PRESBYTERIAN CHURCH OF URBANA

1. **Establishment of Legacy Ministry, a Planned Giving Program, and Legacy Funds.** A Legacy Ministry for the First Presbyterian Church of Urbana (hereinafter referred to as “Church” or as “FPCU”), including a Planned Giving Program and three Legacy Funds, is hereby established. The planned giving program, the three funds, and the ministry they support, collectively, will be referred to as “**The First Presbyterian Church of Urbana Legacy Ministry**” (hereinafter referred to as the “Legacy Ministry”) and will be administered by the Session according to Session Policy described below. The day-to-day administration of the Legacy Ministry may be delegated by the Session to one or more committees.
2. **Objectives of Legacy Ministry:** The objectives of the Legacy Ministry are as follows:
 - a. To sustain the significant, impactful work of FPCU *from* the present *into* the future, beyond levels the Church could otherwise support.
 - b. To offer an extra dimension of stewardship enabling members and friends of the Church to create a “faith legacy” by making special gifts to the Legacy Funds.
 - c. To actively encourage and invite gifts to support the Legacy Ministry through a planned giving program, including a system of education and support to prospective donors.
 - d. To establish a system for management of the assets contributed that is informed by the investment guidelines of the Presbyterian Church (USA). This management system will be reviewed no less frequently than once a year by Session, as circumstances require.
 - e. To provide directions for the use to which the principal and/or income of special or deferred gifts to support the Legacy Ministry will be applied and to make decisions, guided by the Holy Spirit, regarding the application of such funds.
 - f. To administer the outright and deferred gifts of assets which require special administration and processing so as to fully carry forth the intent of the donor.
 - g. To protect the mission of the Church by reviewing and analyzing the subject matter of any intended gift, and, if necessary, to decline the acceptance of any gift, deemed as not being in the best interest of the Church.
3. **Planned Giving Program:** The Planned Giving Program hereby established shall include, at a minimum, informing members and friends of FPCU of the Legacy Ministry and how planned gifts will support the ministry. Session may develop the Planned Giving Program in ways that exceed this minimum.
4. **Legacy Funds:** The three (3) funds provided for under the Legacy Ministry are as follows:
 - a. Capital Facilities Fund: The Capital Facilities Fund will be treated as both an endowment and as a reserve fund. In normal years only the Spending Formula (Section 9) amount will be available to be used as described below. However, in the case of unexpected capital needs as determined by Session, the corpus of this fund also may be used with the approval of Session. The fund can be used for special projects and capital projects that enhance the

physical plant, aesthetics, and overall safety of the Church campus; for improvements extending beyond the annual operational budget or other budgeted programs; for upkeep of the church campus; and for the costs of leasing facilities where renting is a substitute for owning and maintaining all or a portion of the physical plant. Also, up to 50% of the corpus can be used to cover “extraordinary expenses” encountered by FPCU when authorized by Session under the emergency provisions of Section 10, below.

- b. Ministries Fund: The Ministries Fund will be treated as both an endowment and as a reserve fund. In normal years this fund will be used at the Session’s discretion to supplement the ministries of FPCU, subject to the Spending Formula (Section 9) that applies to all Legacy Funds. If the amount available under the Spending Formula is insufficient to support Church ministries, Session can approve a total fund distribution up to the greater of \$4000 or four times the amount otherwise available under the Spending Formula to support these ministries. Ministries that may be supported by distributions from this fund include worship, Christian education, music, fellowship and other ministries of the church, including personnel costs of these ministries, as well as special projects at the discretion of Session. Also, up to 50% of the corpus can be used to cover “extraordinary expenses” encountered by FPCU when authorized by Session under the emergency provisions of Section 10.
 - c. Mission and Benevolence Endowment Fund: The Mission and Benevolence Endowment Fund will be invested in perpetuity. This fund can be used for special programs, extended missions and extraordinary benevolence, at the discretion of the mission committee, subject to the Spending Formula that applies to all Legacy Funds. Also, up to 50% of the corpus can be used to cover “extraordinary expenses” encountered by FPCU when authorized by Session under the emergency provisions of Section 10, below.
5. **“Gift”**: As used herein, the term “gift” shall extend to and include inter vivos transfers and testamentary dispositions to FPCU to support the Legacy Ministry. In addition, the term “gift” shall include such general reserves, end of year surpluses, or other assets that Session directs be transferred to any of the Legacy Funds.
 6. **Allocation of Gifts to the Funds**: It is anticipated that two types of gifts will be received to support the Legacy Ministry: Restricted and Unrestricted. Any general reserves or other funds of FPCU that may be transferred to Legacy Funds by Session will be treated as Unrestricted Gifts.
 - a. **Restricted Gifts**: A donor may designate the specific Legacy Fund (see Section 4) into which his, her or their gift supporting the Legacy Ministry will be placed.
 - b. **Unrestricted Gifts Supporting the Legacy Ministry**: By default, unrestricted gifts supporting the Legacy Ministry are allocated:
 - i. One-third (1/3) to the Capital Facilities Fund
 - ii. One-third (1/3) to the Ministries Fund
 - iii. One-third (1/3) to the Mission and Benevolence Endowment Fund

In lieu of this default distribution, Session may expressly allocate an Unrestricted Gift to support the Legacy Ministry among any or all the Legacy Funds in any manner to support the greatest needs of the Church provided Session takes such action within three months of FPCU receiving the gift.

If an unrestricted bequest is greater than the average of the previous three-year's church operating budget then that bequest will be divided 50% into the three Legacy Funds as outlined above and 50% into a new Quasi Endowment Fund. The purpose of the Quasi Endowment Fund is to provide a period of up to three years during which time the congregation and Session can plan, pray and make the best long-term decisions regarding an unusual blessing. Ultimately, the Session has the authority to determine the distribution of the Quasi Endowment Fund.

7. **Gift Review by Session:** All gifts must be consistent with the Church's policies, goals and missions as established from time to time by its Session as well as those policies established by the General Assembly of the Presbyterian Church (USA) or as set out in the Book of Order.

The Church reserves the right to decline any gift that in any way detracts from its purpose, long range goals, character, integrity, or independence. The Church will not accept gifts that violate its ethical, moral, social or theological standards or require discrimination based on impermissible characteristics such as race, national origin, gender, sexual orientation or political persuasion.

The Church may refuse to accept gifts which could cost the Church more than the value of the gift, are expected to cause undue use of Church resources and personnel or which could subject the Church to legal or financial liability or result in unfavorable publicity.

Although it is contemplated that the majority of gifts made to the Legacy Ministry will be in the form of cash, or other liquid assets, the church realizes that some gifts may be in the form of real property, or an interest in real property. The Session reserves the right to determine if such real property, or an interest in real property, may carry with it liability which may include, but not necessarily be limited to, environmental issues, lien issues, property tax issues or other matters which might or could create liability for the Church. For these reasons, and possibly others, the Session reserves the right to decline any such gift which might or could present liability or other detrimental issues for the Church.

Where a gift of real estate or any interest in real estate is accepted and where a subsequent sale is not precluded by the terms of the gift, such real estate or real estate interest will typically be sold and the proceeds of sale allocated among the Legacy Funds, thereby avoiding the burden of managing real estate. However, in special circumstances as determined by Session, Session may decide to retain the real estate.

8. **Investment Policy Statement:** The Legacy Funds will be invested with the goal to achieve a long-term annual return that outpaces the Spending Formula over time and targets growing the

corpus of the funds in order to keep up with inflation. The Session may choose to hire an investment advisor, however to avoid a conflict of interest, the investment advisor may not be a member of the church.

- Investment Objective: Capital Appreciation and income generation
- Tax Consequences: Non-profit 501(c)(3) status
- Investment Time Horizon: Long-term
- Risk Tolerance: Knowledgeable Investor – Moderate risk tolerance
- Permissible Investments: Subject to the Uniform Prudent Management of Institutional Funds Act (codified at Ill. Compiled Statutes, Chapter 760, Act 51)
- Socially Responsible Investments: Full consideration will be given to the importance of Socially Responsible Investing as described by Presbyterian Church (USA). FPCU will endeavor to be broadly socially responsible with its investment of Legacy Funds while giving appropriate attention to elements such as risk, performance, cost, and diversification.
- Performance Measurement: Total returns shall be compared to a weighted benchmark composite
- Asset Allocation Strategy:

Class	Target %	Range%
Equity	60%	55-70%
Fixed Income	40%	30-45%
Cash	0%	0-5%

9. **Spending Formula:** This formula shall be applied to all funds that are a part of this Legacy Ministry. The spending formula is the amount of money that can be drawn from the funds annually as a distribution and spent by the church according to the restrictions of that Legacy Fund. No funds will be distributed from any Legacy Fund until the account balance of all three funds combined is greater than \$100,000; thereafter, annual distributions may continue even if the fund drops below \$100,000.

This policy aligns with the fiscal year of FPCU (January 1 – December 31). Two months prior to the end of the fiscal year, the Spending Formula shall be calculated so that the amount can be put in the budget for the following fiscal year. The amount calculated shall be distributed from the Legacy Funds to the Church General Fund during the first quarter of the fiscal year and be expended by the Church prior to the end of the fiscal year. For purposes of this requirement, expenses paid from the General Fund that are qualified uses of a particular Legacy Fund shall be deemed to have been expended first from that Legacy Fund distribution; once that distribution is fully expended, the remaining expenditures will be deemed to be made from other income of the General Fund. The Session also shall have the right to reinvest the distribution back into the fund or to place the distribution in a reserve account to be used at a later time according to the Legacy Fund’s restriction.

To calculate the spending formula, the average account market value of each Legacy Fund as reported on quarterly account statements for the 12 previous quarters shall be multiplied by 5%. If there are not 12 quarters worth of account market value history, then the average account market value for as many quarters possible should be used.

SPENDING FORMULA = $((\Sigma 12 \text{ previous quarters market value}) \div 12) \times .05$

10. Extraordinary Expense Burden – An Emergency Exception to Spending Limitations Otherwise

Applicable to Legacy Funds: In the case of an extraordinary expense burden to the Church caused by natural catastrophe or other unusual events, as determined by Session, the Session can elect to spend up to 50% of the beginning year balance of each Legacy Fund towards these expenses, even if the sum of the funds is less than \$100,000, PROVIDED it passes a resolution which must (a) declare and describe the existence of an extraordinary expense burden, (b) expressly authorize a distribution of up to 50% of the beginning year balance of each Legacy Fund, such distribution being in addition to any other distributions from the Legacy Funds, and (c) be adopted by Session with at least three-fourths (3/4) of those voting being in favor of the resolution. The extraordinary expenses paid with this distribution may include expenses not otherwise eligible for payment from the particular Legacy Fund.

11. Administration: The Legacy Ministry will be administered by the Session. The Treasurer will cause financial reports of the Legacy Funds to be presented to the Session at any time, but not less than annually.

12. Church Consolidation, Merger or Dissolution: If at any time the First Presbyterian Church of Urbana, a non-profit corporation incorporated under what is now the Illinois Religious Corporation Act, shall be lawfully merged or consolidated with any other church, all of the provisions hereof in respect to the Legacy Ministry shall be deemed to have been made for and in behalf of such merged or consolidated church which shall be entitled to receive all of the benefits of said funds and shall be obligated to administer the same in all respects in accordance with the terms hereof. In the event of the dissolution of the First Presbyterian Church of Urbana, the Session shall have the responsibility for the final disposition of all assets of the Legacy Ministry subject to all rules, policies and guidelines of the Presbyterian Church (U.S.A.).

13. Amendments: The provisions of this Legacy Ministry Policy will be reviewed annually and may be amended by a quorum of the Session as follows. Amendments will be affected by such vote after two readings of the proposed amendments. The first reading shall be conducted at its regularly scheduled (stated) meeting. The second reading and vote thereon shall be conducted at the next regularly scheduled (stated) meeting. Any amendments shall not affect gifts made to the Legacy Ministry prior to such amendment. All such gifts made to the Legacy Ministry will be administered in accordance with the provision of the Legacy Ministry in effect at the time the gift was made.

ADOPTED DATE: _____

Clerk of Session