

## **Section 64.3**

*Date Approved: 11-5-13*

*Approved By: Finance Committee*

# **LEGACY GIVING MINISTRY POLICY**

### **Statement of Policy:**

**1.0** The mission of the North Richland Hills Baptist Church Legacy Giving Ministry is to encourage the members and supporters of North Richland Hills Baptist Church (“Church” or “NRHBC”) to be good stewards of the financial blessings God has given them by providing an opportunity for them to support the ministry of this Church through current gifts, planned gifts, and estate gifts.

### **2.0 ADMINISTRATION**

The Finance Committee will administer the Legacy Giving Ministry of the Church

### **3.0 ACCEPTANCE OF GIFTS**

The Finance Committee shall decide whether or not to accept gifts offered to the Church in accordance with the NRHBC Gift Acceptance Policy.

### **4.0 GIFTS: DEFINITIONS AND GIFT CLASSIFICATIONS**

For purposes of this Policy, gifts to the Church are classified as either present gifts or legacy gifts. A gift in trust may result in a present gift or a legacy gift, depending on the terms of the trust instrument.

#### **.01 Gift Instrument**

For purposes of this Policy, a “gift instrument” is a record or records, including a solicitation by the Church, under which cash or other property is granted to, transferred to, or held by the Church. For these purposes, the term “record” is an expansive concept and includes information that is inscribed on a tangible medium that is stored in an electronic or other medium and is retrievable in perceivable form. The term includes a will, deed, grant, conveyance, trust or other gift agreement, or memorandum, and also includes writings that do not have a donative purpose (for example, a canceled check with a notation could be a gift instrument or one of several records constituting a gift instrument).

#### **.02 Present Gifts**

Present gifts are those gifts, separate from a member’s tithe or annual regular gifts, given to the Church to support the operation of the Church. Present gifts do not include gifts that, under the terms of the gift instrument, limit the Church’s ability to make expenditures on a current basis.

#### **.03 Legacy Gifts**

A legacy gift is a gift where the terms of the gift instrument limit the Church's ability to make expenditures on a current basis.

#### **.04 Gifts in Trust**

- a) Any person may set up a Trust Fund, however it shall be considered a Designated Fund and will be governed in its creation, administration and use according to the NRHBC **Designated Funds Policy (Section 64.2)**
  
- b) All trusts supporting NRHBC should include language that allows the Church to be the "Best Steward" possible. "Best Steward" sample language:

*In order to allow North Richland Hills Baptist Church to be the best steward of the income it receives from this trust, the Finance Committee may, in its sole discretion use any income above and beyond what is needed to fulfill the intent of the trust for purposes that best serve the ministry of the church, provided such purposes are consistent with the Church's Statement of Faith and its charitable purpose.*

- c) Once the donor and Finance Committee have reached agreement on the terms of the trust, then the donor and authorized representative of the Church should sign a Letter of Agreement.
  
- d) The Letter of Agreement establishing a Trust Fund should state that the Church is willing to accept the gift in trust, and will do its best to administer the trust according to this *Legacy Giving Ministry Policy*, any amendments thereto, and the agreed-upon purpose and conditions of the trust. The Letter of Agreement should include the "Best Steward" language set forth above. The Letter of Agreement should also include language stating that, if cumulative contributions to the trust (by the donor or others) do not reach or exceed \$10,000 within four (4) years after the date on which the Letter Agreement is signed, then the Finance Committee has the authority and full discretion to distribute the full balance of the Trust Fund to the current ministry line-item of the Church's budget that best furthers the intent of the trust.

#### **.05 Honorary / Memorial Trusts**

Honorary and Memorial Trusts may be established to benefit the ministries of NRHBC.

- a) Honorary and Memorial Trusts provide supporters of North Richland Hills Baptist Church the opportunity to honor or remember significant

individuals by establishing the trust with the name of the individual(s).  
Example: *John and Mary Doe Trust Fund*.

- b) All Honorary and Memorial Trusts must conform to the requirements discussed above in the *Gifts in Trust* section, and should include the “Best Steward” language.
- c) The Church’s use of the principal and income of Honorary and Memorial Trusts may be restricted or unrestricted.

## **5.0 STANDARDS OF CONDUCT IN ADMINISTERING, MANAGING, AND INVESTING GIFT FUNDS**

- .01** Except as otherwise provided in a Letter of Agreement establishing a Trust Fund or other accepted trust instrument, and unless delegated to an external investment manager in accordance with the delegation provisions set out below, the Finance Committee, in its sole discretion, shall have the authority to select the institution(s) where one or more trust accounts shall be established for gifts in trust given to North Richland Hills Baptist Church.
- .02** With respect to gifts not made in trust, and as provided for in more detail below, gifts made to the Church shall be directed either to the Church Opportunity Fund or to the Church Legacy Fund, except as otherwise provided in a gift instrument. Unless delegated to an external investment manager in accordance with the delegation provisions set out below, and except as otherwise provided in a gift instrument, the Finance Committee shall have the authority to select the institution(s) where one or more accounts shall be established. The specific purpose of each account shall be stated. All gifts given to the Church Opportunity Fund or the Church Legacy Fund shall be invested in the appropriate account or accounts established by the Finance Committee.
- .03** Consistent with Section 163.004 of Title 10, Chapter 163 of the Texas Property Code (the “Uniform Prudent Management of Institutional Funds Act”), and subject to the intent of a donor expressed in a gift instrument, in administering, managing, or investing either the Church Opportunity Fund or the Church Legacy Fund, the Finance Committee shall consider the mission and ministries of the Church and the purposes of the Fund. In addition to complying with the duty of loyalty imposed by state law, each member of the Finance Committee shall: (i) administer, manage, or invest the Fund in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances; and (ii) make a reasonable effort to verify facts relevant to the management and investment

of the Fund. If a member of the Finance Committee has special skills or expertise, or is selected in reliance upon such member's representation that the member has special skills or expertise, he or she has a duty to use those skills or expertise in administering, managing, or investing the Fund. The Finance Committee may incur only costs that are appropriate and reasonable in relation to the assets in the Fund, the purposes of the Church, and the skills available to the Church.

- .04** Except as otherwise provided in a gift instrument, in administering, managing, or investing assets in either the Church Opportunity Fund or the Church Legacy Fund, the Finance Committee must consider all of the following factors, if relevant: (i) general economic considerations; (ii) the possible effect of inflation or deflation; (iii) the expected unrelated business income (or other) tax consequences, if any, of investment decisions and strategies; (iv) the role that each investment or course of action plays within the overall investment portfolio of the Fund; (v) the expected total return from income and the appreciation of investments; (vi) the other resources of the Church; (vii) the needs of the Church and the Fund to make distributions and to preserve capital; and (viii) an asset's special relationship or special value, if any, to the charitable purposes of the Church.
- .05** Except as otherwise provided in a gift instrument, management and investment decisions about an individual asset must be made not in isolation, but rather in the context of a Fund's portfolio of investments as a whole and as part of an overall investment strategy having risk and return objectives reasonably suited to the Fund and the Church. Except as otherwise provided in a gift instrument, a Fund's investments shall be diversified, unless the Finance Committee reasonably determines that, because of special circumstances, the purposes of the Fund are better served without diversification. Within a reasonable time after receiving a non-cash gift, and subject to any provisions in a gift instrument, the Finance Committee shall make and carry out decisions concerning the retention or disposition of the property or to rebalance a portfolio, in order to bring the Fund into compliance with the purposes, terms, and distribution requirements of this Policy as necessary to meet other circumstances of the Church and the requirements of this Policy.

## **6.0 DELEGATION PERMITTED**

- .01** The Finance Committee may delegate to an external investment manager the management and investment of the Church Opportunity Fund and the Church Legacy Fund. The Finance Committee shall act in good faith, with the care that an ordinary prudent person in a like position would exercise under similar circumstances, in selecting an agent and in establishing the

scope and terms of the delegation consistent with the purposes of the Church and the Fund(s). The Finance Committee shall periodically review the actions of any external investment manager chosen by the committee in order to monitor the manager's performance and compliance with the terms of the delegation.

## **7.0 ADMINISTRATION AND DISTRIBUTION OF PRESENT GIFTS**

### **.01 In General**

- a) Unrestricted Present Gifts. The Finance Committee of the Church will direct all unrestricted present gifts to the Church Opportunity Fund. The Finance Committee has authority to decline any unrestricted present gifts it feels are not in the best interest of the Church or consistent with the stated policies of the Church.
- b) Restricted Present Gifts. Restricted present gifts should be clearly designated by the donor in a gift instrument as intended to support a current ministry line-item of the Church's budget or a current fundraising emphasis. Any restricted present gifts shall be considered a Designated Gift and will be governed in its acceptance, administration and use according to the NRHBC **Designated Funds Policy (Section 64.2)**

The Finance Committee has the authority to decline any restricted present gifts it feels are not in the best interest of the Church or consistent with the stated policies of the Church.

- c) Present Gifts in Trust. Any gifts received from trusts that have no designation or restrictions on the use of the trust funds will be administered as a gift to the Church Opportunity Fund.
- d) Under-Funded Trusts. Where a Letter of Agreement memorializing a trust includes language stating that, if cumulative contributions to the trust (by the donor or others) do not reach or exceed \$10,000 within four (4) years after the date on which the Letter Agreement is signed, then the Finance Committee has the authority and full discretion to distribute the full balance of the Trust Fund to the current ministry item of the Church's budget that best furthers the intent of the trust.

### **.02 Church Opportunity Fund**

- a) *Purpose of the Church Opportunity Fund*  
The Church Opportunity Fund is a general purpose ministry fund created to allow supporters of North Richland Hills Baptist Church to make gifts that will be immediately available for use by the Church. This Fund is

established to receive planned and estate gifts. It is not intended that a Church member's tithe or current gifts to the Church's annual ministry budget will be made to this Fund.

**b) Administration of the Church Opportunity Fund**

The management, guidance, and administrative oversight for the Church Opportunity Fund shall be the responsibility of the Finance Committee. The Finance Committee will work in conjunction with the Pastor and Church staff to ensure that awareness of the Church Opportunity Fund is created throughout the year. All gifts made to the Church Opportunity Fund shall be accepted subject to the terms and limitations set forth in this document and Legacy Giving Ministry Gift Acceptance Policy. The Finance Committee has the authority to decline a gift to the Church Opportunity Fund.

**c) Investment of Church Opportunity Fund**

The Church Opportunity Fund's general investment objectives are:

- 1) Preservation of principal;
- 2) Liquidity of funds; and
- 3) Return on investment.

**d) Distributions from the Church Opportunity Fund**

All gifts in the Church Opportunity Fund shall be distributed by the Finance Committee as follows:

- 1) 30% to Special Projects and/or Budget
- 2) 20% to Missions and/or Evangelism
- 3) 50% to Facilities, Capital Improvements, and/or Debt

The Finance Committee may, with advance approval from the Church, and subject to any conditions (including limitations as to duration) imposed by the Church, direct all gifts received into the Church Opportunity Fund differently than the percentages listed above if it best serves the current needs of the Church.

**e) Amendments**

Technical corrections and amendments to the Church Opportunity Fund, which do not alter the stated purpose of the Church Opportunity Fund, may be made by a 2/3 vote of the Church's members present in a regular or called business meeting.

## **8.0 ADMINISTRATION AND DISTRIBUTION OF LEGACY GIFTS**

### **.01 Church Legacy Fund**

- a) *Purpose of the Church Legacy Fund*  
The *Church Legacy Fund* is a permanent endowment fund created to allow supporters of North Richland Hills Baptist Church to make gifts that will be held in a perpetual fund with the income generated going to support the mission and ministry of the Church. This Fund is established to receive planned and estate gifts. It is not intended that a member's tithe or current gifts to the Church's annual ministry budget be made to this Fund.
- b) *Administration of the Church Legacy Fund*  
The management, guidance, and administrative oversight for the Church Legacy Fund shall be the responsibility of the Finance Committee. The Finance Committee will work in conjunction with the Pastor and staff to ensure that awareness of the Church Legacy Fund is created throughout the year. All gifts made to the Church Legacy Fund shall be accepted subject to the terms and limitations set forth in this document and the NRHBC Gift Acceptance Policy. All gifts to the Church Legacy Fund must be designated as such by the donor or gift instrument. The Finance Committee has the authority to decline a gift to the Church Legacy Fund.
- c) *Investment of Church Legacy Fund*  
The Church Legacy Fund's general investment objectives are:
- 1) Preservation of principal;
  - 2) Predictable income stream;
  - 3) Growth of income and principal above that necessary to offset the cost of living; and
  - 4) Investment of assets in institutions, companies, corporations or funds that are investment grade and not in opposition to basic Baptist values and beliefs.
- d) *Distribution of Income from the Church Legacy Fund*  
In general, and subject to the percentage limitations discussed below, all income received from the Church Legacy Fund shall be distributed by the Finance Committee as follows:
- 1) 30% to Special Projects and/or Budget
  - 2) 20% to Missions and/or Evangelism
  - 3) 50% to Facilities, Capital Improvements, and/or Debt
- e) The Finance Committee may, with advance approval from the Church, and subject to any conditions (including limitations as to duration) imposed by the Church, direct all income from the Church Legacy Fund differently than the percentages listed above if it best serves the current needs of the Church.

- f)** *Limitation on Church Legacy Fund*  
The Finance Committee may elect to limit the portion of income from the Church Legacy Fund that may be used in any specified period in order to increase the size of the assets by reinvesting a portion of such income. Once determined, a change in the limitation must be approved by a 2/3 vote of the Finance Committee.
- g)** Texas UPMIFA law requires that the Finance Committee of NRHBC set the spending policy rate on its endowment funds. Based on the current economic conditions and the income needs of the church, it is being recommended that a spending rate not to exceed five percent (5%) of the fair market value of the Church Legacy Fund (or 7% if the value of the Church Legacy Fund is \$1 million or greater) be set for all applicable endowment fund accounts or until a new rate is approved by the Committee. For purposes of this Policy, “fair market value” is calculated on the basis of market values determined at least quarterly and averaged over a period of not less than three years immediately preceding the year in which the distribution is to be made. If the Fund is less than three years old, this “fair market value” shall be the average over the life of the fund. This amount is a spending limitation, not a spending requirement.
- h)** In making a determination whether to distribute or accumulate funds, the Finance Committee shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and shall consider, if relevant, the following factors: (i) the duration and preservation of the Church Legacy Fund; (ii) the purposes of the Church and the Fund; (iii) the current general economic conditions; (iv) the possible effect of inflation or deflation; (v) the expected total return from income and the appreciation of investments; (vi) the other resources of the Church; and (vii) the investment policy of the Church. In applying these factors, the Finance Committee may determine that a distribution amount of less than 5% (or even no distribution) is appropriate in a given year or years in order to protect the long-term purchasing power of the Church Legacy Fund.
- i)** In appropriate circumstances, the Finance Committee, supported by an opinion of counsel concluding that the recommendation is consistent with the requirements of the Uniform Prudent Management of Institutional Funds Act, annual distributions from the Church Legacy Fund may exceed the percentage limitation set forth above if the recommendation is approved by a vote at a duly called Finance Committee meeting in accordance with the Bylaws of the Church.
- j)** *Amendments*



Technical corrections and amendments to the Church Legacy Fund, which do not alter the stated purpose of the Church Legacy Fund, may be made by a 2/3 vote of the Church's members present in a regular or called business meeting.

**.02 Reporting Policy**

At least annually, the Finance Committee shall make a report to the Church concerning the Church Legacy Giving Ministry and the distributions from the Church Opportunity Fund and Church Legacy Fund. The report shall also describe the performance of the Church Legacy Fund.

The report should include the following specific information: beginning and ending balances; amount of income earned; average total return; amounts withdrawn; and the amount of donations to and through the Church Opportunity Fund and the Church Legacy Fund.

**.03 Cost of Administration**

Reasonable costs incurred by the Church to maintain, administer, and manage the Church Opportunity Fund and the Church Legacy Fund, and the Legacy Giving Ministry generally, shall be paid from the investment revenues generated from the Funds.

**.04 Limitation of Liability**

In the absence of gross negligence or fraud, no member of the Finance Committee of North Richland Hills Baptist Church shall be personally liable for any action taken, error, or omission with respect to the Legacy Giving Ministry, the Church Opportunity Fund, and/or the Church Legacy Fund, and shall be held harmless for such actions, errors, or omissions at all times for any reason.

**.05 Severability**

If any provisions or any application of any provisions of this Policy, or the establishment and operation of the Church Opportunity Fund and/or the Church Legacy Fund, shall be held or deemed to be or shall be illegal, inoperative or unenforceable, the same shall not affect any other provisions or any application of any provisions herein contained or the same invalid, inoperative, or unenforceable.

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