

## **15-2: Memorial Endowment Fund Payouts**

### **1. Responsibility Centre: Board of Trustees**

### **2. Rationale or Purpose**

This policy is to guide the Church Board through the process of receiving periodic payouts from the earnings of the Bells Corners United Church Memorial Endowment Fund and utilizing the payouts in conformity with the *Resolution to Establish a BCUC Memorial Endowment Fund* ("Resolution").

The Trust and the Fund that it created came into being on May 11, 2006. The Fund succeeded *The Special Gifts Fund of Bells Corners Congregation of the United Church of Canada*, which was established on May 13, 1992. At this time the Fund totalled approximately \$26,000. These donations had been invested, but no payouts from earnings of the fund had ever been remitted to the Church. Similarly, no payouts were remitted from May, 2006 through December 2010. In 2011, the Board of Trustees, which is responsible for the management of the Fund, determined that the value of the Fund had grown to a level whereby annual payouts would be of a size that could be utilized to support conforming projects. At its meeting of February 16, 2011, the Church Council decided, subject to ratification by the congregation, to receive the first payout, in the amount of \$2,000. This policy, describes the process of receiving payouts from the Trustees, and outlines parameters for the use of the Funds as contemplated in the Resolution and the Declaration of Trust, May 11, 2006, as amended in March, 2014.

### **3. Policy Statement**

Upon receipt of notice from the Trustees early in each calendar year of the amount of Fund earnings available for payout, the Church Board will determine, in concert with the preparation of the annual budget, what projects, if any, would qualify for support. Once the costs and timing of supportable projects are determined, the Church Board will notify Trustees whether or not a payout is required and the timing thereof.

### **4. Scope**

The Church Board and the Board of Trustees shall be guided by this policy.

### **5. Procedures**

#### **a) Trustees**

As managers of the Endowment Fund, the Trustees will, with reference to market conditions and related economic factors, determine the earnings available for payout. This will generally be based on the value of the Fund as at January 1 of each year. The payout available will in most years be in the range of 3.5 percent to 5.5 percent of the January 1 Fund value, subject to provision 3.3 of the Declaration of Trust that provides that no payments can be made out of capital, ie. donations, adjusted for inflation and a further special 2007 through 2012 adjustment of 1%, intended to accelerate capital accumulation.

**b) The Church Board**

Each year the BCUC committees, in the preparation of the annual Action Plan, identify their project proposals for the coming year. To qualify for funding from the Trust, projects must conform to the purposes articulated in the *Resolution*: “... *providing a perpetual income stream to enhance the ministry of BCUC through measures apart from those funded by BCUC’s annual operating budgets ...*”, and “... *to ensure the long term viability of BCUC and its programs by providing a predictable and secure income flow, protected from inflation, to supplement annual BCUC support, thereby guaranteeing a minimum level of program activity and facilitating new or expanded programs in the future for its ministry and mission. ...*”.

For greater certainty, the above purposes are interpreted as follows:

The purposes of the Endowment Fund are to provide support for initiatives that would not typically be covered by the BCUC annual operating budget. That is, not to pay for routine expenses such as utilities, insurance, office costs etc. Desired initiatives would encompass new or expanded programs, enhancement of church facilities and equipment in furtherance of the ministry of BCUC. A test of suitability might be to consider whether a donor to the Fund in memory of a person deceased would feel satisfied that an initiative was appropriate to the honour of that person.

Payouts need not be taken in the year allocated, but may be deferred in whole or part, to allow, for example, for the accumulation of payout funds to support larger projects. Payouts being deferred may be allowed to remain invested in the Fund, or may be withdrawn and placed in a designated holding account. As well, the Church Board may, in consultation with the Trustees, request an occasional larger payout, drawing upon any not-yet-allocated earning that have accumulated in the Fund. Payouts will be remitted to BCUC by the investment manager

**6. Roles/Responsibilities**

The Trustees are solely responsible for the management and administration of the Memorial Endowment Fund. The trustees advise the Church Board of the availability of payout funds, and arrange for the delivery of those funds to BCUC when so requested by the Church Board.

The Church Board is solely responsible for the solicitation and approval of projects, and for the implementation thereof, in conformity with the purposes articulated in the 2006 “*Resolution to Establish a BCUC Endowment Trust.*”

The Board of Trustees is responsible for maintaining this policy.

**7. Definitions**

Not required.

**8. References**

- a) *Resolution to establish a BCUC Endowment Trust*, including *Annex A, Declaration of Trust; Annex B, By-Laws; and Annex C, Management Policies*, dated May 11, 2006, as amended March 2, 2014.
- b) United Church of Canada, *Congregational Board of Trustees Handbook*, 2004

**9. Approval Authority:** Church Board

**10. Reviewed:** Board of Trustees: December 24, 2014

**Approved:** Church Board: June 26, 2-15

**Replaces:**