

Faith Lutheran Church Endowment Fund Distribution and Transfer Policy

I. POLICY AND PURPOSE

This policy governs the distribution of the income and or principal of the Faith Lutheran Church Endowment Fund. The purpose of the policy is to provide distribution guidelines and spending priorities in conjunction with the FLB and management of fund distributions to support the mission and vision of Faith and to help donors understand how The Fund will advance the Kingdom of God through Faith and its ministries.

II. ABBREVIATIONS/DEFINITIONS

The following abbreviations/definitions are used herein:

The Fund – Faith Lutheran Church Endowment Fund FET

– Faith Endowment Fund Team

FLB – Faith Leadership Board

III. DELEGATION OF AUTHORITY

- A. FET Authority – The FET shall have the authority and responsibility, subject to the FLB approval, to carry out the requirements of this Distribution and Transfer Policy. Such authority shall be in accordance with the bylaws and policies of Faith, the FLB, and the Fund.
- B. Selection of a Committee or Advisor – The FET may select an investment advisor(s) for assistance in meeting its responsibilities. Such committee and/or advisor(s) will be held accountable to achieve the objectives stated herein.

IV. DISTRIBUTION POLICY

- A. Powers of the FET to Distribute – The FET shall make distribution recommendations to the FLB for approval on at least an annual basis. This applies for both the principal and income from to The Fund. The FET shall be responsible for reviewing disbursements the Lead Pastor recommends (in collaboration with the Executive Team and Staff), and ensuring these recommendations fit within The Funds parameter of use as defined in the Endowment Fund Bylaws.
- B. Preserve Principal - The objectives of The Fund are to conserve principal of The Fund and make use only of the distributions determined by the FET and approved by the FLB. Any additional principal may be withdrawn only in extreme and overwhelming circumstances. Any such withdrawal of principal must be approved by a two-thirds majority of the members present.
- C. Distribution of Income and Principal – The FET will recommend to the FLB a distribution amount up to 7% of the rolling 12-quarter average of the Fund determined as of March 31 of each calendar year. In making its recommendation, the FET shall consider the health of The Fund, the current economic environment, and economic forecasts.
- D. No distribution of earnings will occur during the first three years of The Fund or until the principal of The Fund exceeds \$100,000.

V. RESTRICTIONS

Borrowing from The Fund or use of The Fund as collateral for a loan is prohibited.

VI. TRANSFER POLICY

A. The Fund – Transfers to establish and maintain balances by account will be made, as necessary, for gifts received within The Fund. Such account will be updated at least quarterly for changes to The Fund portfolio including, distributions, income, dividends and change in market value. B. Disposition or Transfer of Fund – In the event Faith ceases to exist either through merger or dissolution, the disposition or transfer of The Fund principal and interest earned shall be at the recommendation of FLB with the approval of the congregation.

VII. APPROVAL

This Distribution and Transfer Policy was approved by Faith Leadership Board on March 11, 2024