

First Baptist Endowment Fund Policy--approved by congregation---Jan12, 2014

This policy replaces the original 1996 policy.

1. Objective

The First Baptist Endowment Fund was established to enable members and friends of First Baptist to make financial gifts and estate plans that will provide a continuing source of funding to support the ongoing missions, ministries, and operations of First Baptist Church.

2. Contributions to the Endowment Fund

All funds contributed to the Endowment Fund will be held in perpetuity as permanently restricted principal

3. Use of Endowment Income: Income from the Endowment Fund shall be used, subject to the policies which follow, to support the missions, ministries, and operations of First Baptist Church as determined by the Church Leadership Council and approved by a meeting of the congregation.

4. Management of the Endowment Fund: The board of trustees, through its Investment and Planned Giving Committee, shall oversee the investment and management of the Endowment Fund. It shall keep the congregation informed at least annually of the investment performance and other activities of the Fund. It shall also encourage the congregation to contribute to the Fund's principal.

Specific policies guiding the management of the Endowment Fund include:

- a. The Fund will include three separate accounts:
 - Principal Account: This account will contain the gifts and contributions made to the Fund. This account will be treated as "permanently restricted" – meaning that it will be permanently invested and cannot be expended
 - Market Fluctuation Reserve Account: This account, containing earnings of the fund, will contain 15 percent of the total assets in the Fund. Its purpose is to provide a reserve against negative fluctuations in the Fund's investments. This account will be adjusted quarterly.
 - Uncommitted Earnings Account: This account contains the remainder of the accumulated earnings of the Endowment Fund. Its funds are available to support the missions, ministries, and operations of First Baptist Church upon approval of the Church Leadership Council and the congregation
- b. The Endowment Fund will be invested in equity markets exclusively through a diversified selection of mutual funds and not through investment in individual stocks
- c. The Investment and Planned Giving Committee will utilize a professional investment manager or management firm to manage the Endowment Fund investment portfolio.
- d. The Endowment Fund will be invested with attention to the social and ethical performance of companies within the investment portfolio. At least 20 percent of the assets in the Endowment Fund will be invested in socially screened and/or targeted investments
- e. Annual inflation adjustment: An annual inflationary adjustment will be made to the Principal Account. The adjustment will be the end of year consumer price index percentage plus 1 percent applied to the end of year balance in the Principal Account.
- f. The Investment and Planned Giving Committee will report annually to the congregation on the activities and performance of the Endowment Fund
- g. No more than 5% of the end of the year balance in the Endowment Fund may be withdrawn from the Uncommitted Earnings Account to supplement the operating budget of the following year.