

***Purpose of special charge conference:***

To establish an endowment fund in accordance with the Charter for the Permanent Endowment for First United Methodist Church, Westborough, MA and to initially fund the related Permanent Endowment Fund with those assets currently existing in the Security Income Fund.

## **Frequently Asked Questions**

***What is the purpose of establishing an endowment?***

To strengthen the financial status of the church and provide an additional opportunity for people to support the church. The endowment is structured to protect and grow principal while distributing income.

***Why the United Methodist Foundation of New England?***

Principals, experience, sound results.

The Foundations Mission Statement:

*“To energize the ministries of the United Methodist churches and related agencies by providing financial services and educational programs that promote faithful stewardship.”*

***Is the United Methodist Foundation of New England related to the New England Annual Conference?***

No, the Foundation is legally independent from the Conference and other related agencies

***What is the Foundations total invested assets?***

\$67 million

***Who manages the Foundations investments?***

State Street Global Advisors

***How is the distributed income calculated?***

The United Methodist Foundation of New England’s Endowment Fund is designed for church endowment funds that, by definition, are long-term investments. This Endowment Fund follows the fundamental principles set forth by the *Uniform Management of Institutional Funds Act* of 1972 (which allows for distributions from capital appreciation) as a way to address the church trustees’ fiduciary responsibility to invest endowed funds in a way so as to provide both income and a hedge against inflation. The Endowment Fund will have a payout amount that is determined annually by the UMFNE Investment Committee. The rate of distribution will be a percentage, up

to 7% but normally in the 4-5% range per year, of the market value of the Fund calculated using a 3-year (twelve quarters) rolling average. For 2009, this distribution rate has been set at 4% by the Investment Committee. Distributions will accrue monthly, and be paid quarterly. Using the valuation of the Fund over a 3-year period smoothes out market volatility, helps maintain a predictable income stream for the church, and allows for the growth of the endowment.

***What are the investment objectives of the fund?***

*The Endowment Fund seeks capital growth with current income consistent with reasonable risk.*

- Investing sixty percent (60%)(+/-7%) of its assets in the Foundation Socially Responsible Stock Pool
- Investing forty percent (40%)(+/-7%) of its assets in the Foundation Socially Responsible Bond Pool
- Providing loans to qualified local churches or United Methodist related agencies of the NEAC, where such loans are normally for the purchase, construction and repair of the properties within NEAC boundaries. Under current loan guidelines, which may be amended by the Investment Committee, loans may be made up to 10% of assets of the Fund under management when secured by real estate or other assets, with an additional 5% available for loans secured by liquid financial assets held by the Foundation.
- The Endowment Fund may hold cash in the Foundation Money Market Pool.

***How many churches presently invest in the United Methodist Foundation of New England's Endowment Fund?***

Ninety-seven

***Where can we find out more information about the Foundation?***

<http://www.umfne.org/>

***How will the results be reported?***

Results will be reported annually to at the Charge Conference.

***Does this replace the Memorial Fund or affect any gift presently in the Memorial Fund?***

No, the Memorial Fund will still exist and contribution can still be made to the Memorial Fund. The difference is that the contributions to the Memorial Fund can be expended while contributions to the Endowment Fund will be preserved as principal and the distributed income will be expended.

***Can we have our annual pledge go to this rather than the operating budget?***

Although this is an option it would be recommended that contributions to the endowment be in addition to an annual pledge given that the stewardship drive is critical to the day to day operations of the church.

***How much is in Security Income Fund (SIF)?***

Approximately \$115,000

***Does this affect the Building Fund or any other fund other than the SIF?***

No