

St. Mark's Evangelical Lutheran Church, San Francisco, California

Policy Regarding the Appropriation of Bequests (Testamentary Gifts) and Other Types of Deferred Gifts Received Following the Death of a Donor

This statement provides policies and guidelines to the St. Mark's Congregation Council (hereinafter, "Council") and church staff for the appropriation of bequests (testamentary gifts) and other types of deferred gifts received by St. Mark's following the death of a donor.

This statement does not apply to *memorial gifts*, those made in commemoration of a deceased person, or *inter vivos gifts*, those given during the life of the donor.

Definitions

For the purposes of this policy the following definitions apply:

Bequest – A gift given by means of a will or other legal instrument when one dies.

Deferred gift - a gift that is committed to St Mark's but is not received or legally available for use until after the death of the donor. Examples include: bequest, life insurance policy, charitable remainder trust, gift annuity, or pooled-income fund.

Partially-restricted deferred gift – a deferred gift received by St. Mark's with the specific donor instruction to preserve the gift in the St. Mark's Evangelical Lutheran Church Endowment Fund (hereinafter the "Endowment Fund) and without any other conditions or restrictions.

Permanently-restricted deferred gift – a deferred gift received by St. Mark's with specific donor instruction to preserve the gift in the Endowment Fund and specific donor instruction to use the interest earned on the corpus of such gift towards a particular purpose or project. For example, the interest earned on the gift is restricted by the donor for organ-related expenses.

Temporarily-restricted deferred gift – a deferred gift received by St. Mark's with specific donor instruction to spend the gift on a specific purpose, rather than preserve the gift in the Endowment Fund.

Testamentary – founded on, derived from, or created by a will or other estate planning instrument, such as a trust.

Unrestricted deferred gift – a deferred gift received by St. Mark's without specific instruction for the use of the funds.

Policy Intent/Expectations

It is the intention of the Council that all deferred gifts received by St. Marks following the death of a donor be preserved in the St. Mark's Evangelical Lutheran Church Endowment Fund (hereinafter "Endowment Fund"), so that such gifts can be maintained in perpetuity and leave a lasting financial impact on the mission and ministries of St. Mark's.

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The Council, as stipulated in St. Mark's Gift Acceptance Policies and Guidelines (a separate document), shall encourage potential donors of deferred gifts to partially restrict deferred gifts to the Endowment Fund without any other conditions or designations in order to offer the advantage of allowing the St. Mark's Endowment Committee and the Council to distribute resources according to needs that can change over time.

Steps/Operations:

1. The Pastor shall give appropriate acknowledgements of bequests and other types of deferred gifts in a timely manner.
2. The Council shall ensure that partially-restricted deferred gifts received by St. Mark's are transferred, at the earliest practicable time, by St. Mark's to the InFaith Community Foundation (hereinafter "InFaith"), where the InFaith invests and holds such gifts with other accumulated gifts in an account for the benefit of St. Mark's and its mission and ministries.
3. The Council shall ensure that unrestricted deferred gifts received by St. Mark's are characterized and handled as if such gifts are partially-restricted deferred gifts, and handled as described in step 2 above.
4. The Council shall ensure that permanently-restricted deferred gifts received by St. Mark's are reviewed by the Gift Acceptance Committee, to evaluate whether or not the donor's restriction allows St. Mark's to use the gifts in a manner that corresponds with the mission and ministries of St. Mark's. If the Gift Acceptance Committee determines that a permanently-restricted deferred gift contains unreasonable conditions or restrictions, then the Committee shall explain the reasons to the estate executor with any suggestions or alternatives for making the gift acceptable. Permanently-restricted deferred gifts that are ultimately approved by the Committee shall be handled as follows:
 - a. If the gift is \$25,000 or more, the Council shall request the Endowment Committee to make a recommendation regarding placement of the gift into an account at InFaith. If a separate account is opened at InFaith for any reason, the Council shall approve such action by a Council motion. The Council shall ensure that the gift is transferred, at the earliest practicable time, by St. Mark's to InFaith.
 - b. If the gift is less than \$25,000, it will not be possible to open a separate account at InFaith for such gift, so the Council shall ask the Endowment Committee to work with the Treasurer and the church office staff to implement a methodology of bookkeeping so that the earnings on the gift can be tracked and calculated so that the donor's wishes can be carried out. Then the gift shall be transferred to the St. Mark's account at InFaith as described in step 2.

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5. The Council shall ensure that temporarily-restricted deferred gifts received by St. Mark's are reviewed by the Gift Acceptance Committee, to evaluate whether or not the donor's restrictions allow St. Mark's to use the gifts in a manner that corresponds with the mission and ministries of St. Mark's. If the Gift Acceptance committee determines that a temporarily-restricted deferred gift contains unreasonable conditions or restrictions, then the committee shall explain the reasons to the estate executor with any suggestions or alternatives for making the gift acceptable. Temporarily-restricted deferred gifts that are ultimately approved by the Committee shall be spent in accordance with the donor's wishes.

Exceptions

1. Should St. Mark's be presented with an urgent financial need at the same or about the same time as it receives an unrestricted deferred gift, this section describes a process to be followed to make an exception to the procedures required under step 3 above:
 - a. The Pastor may commence the assessment of the urgent circumstances giving rise to the need to appropriate an unrestricted deferred gift to a special use other than the Endowment Fund. This assessment shall include:
 - i. The Pastor's judgment of the circumstances to be extraordinary; and
 - ii. There shall be no other financial resources of St. Mark's available or expected to be available in time to fulfill the urgent need.
 - b. If the Pastor concludes that an exception meets the criteria above, the Pastor shall bring a recommendation to the Council at the earliest practicable time. The Pastor shall also notify the Endowment Committee that the Council will be considering a recommendation to make an exception to this policy.
 - c. The Council shall have authority to grant or deny the proposed exception and shall make its decision by motion and vote. Such decision shall be communicated by the Council to the Endowment Committee at the earliest practicable date.
 - d. This exception does not allow the Council to take back unrestricted deferred gifts that have previously been appropriated to the Endowment Fund. Such withdrawals from the Endowment Fund require Congregational Approval as stipulated by the By-laws. However, the Council may request that the Endowment Committee consider granting an amount from the earnings of the Endowment Fund. Such request shall be documented on the forms typically used by the Endowment Committee to recommend disbursements from the annual earnings of the Endowment Fund.

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2. Any modifications to this policy shall be proposed in writing whether modifications are initially suggested by the Endowment Committee or by the Council. The modification should be developed and specific wording drafted by the Endowment Committee and submitted to the Council for its consideration. Final authority to approve modifications to this policy must be granted or denied by the Council, which shall make its decision by motion and vote.

Amended by action of the Congregation Council of St. Mark's Evangelical Lutheran Church in San Francisco, California this 21st day of November, 2013.