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Purpose

The Legacy Fund, as part of the TIME CAPSULE INITIATIVE, is being established to provide a gift to the congregation in 2039 and as an “insurance policy” to support the church’s solid financial foundation for the next twenty years. The Legacy Fund seeks to avoid and / or if necessary, support future capital funding raising efforts by providing an emergency or backstop funding vehicle for the existing Building Fund. This Legacy Fund is independent of the Building Fund, the General Endowment Fund, or the Seminary Benevolence Fund since we desire to encourage and build value in all funds.

One concept to build the Legacy Fund and achieve a \$1M goal is to have 100 individuals or families contribute \$9,750 (Five years each of \$2.50 per week, \$5.00 per week, \$10.00 per week, and finally \$20.00 per week). That would total \$975,000 without any interest, dividends, or capital gains over twenty years. Individuals or families could instead contribute monthly, quarterly, annually, or a one-time contribution. Contributions could also be part of an estate plan if expected to be available within twenty years.

Intended Audience

The members of Prince of Peace Lutheran Church and anyone else wishing to contribute to the fund.

Guidelines

IMPLICATIONS TO BUILDING FUND AND POTENTIAL USES OF LEGACY FUND TO AUGMENT PROPERTY NEEDS

The Building Fund is a financial account that is managed by the Treasurer and supervised by the Finance Committee with guidance from the Property Committee. The Building Fund is considered an operating capital account to support the existing church property located at 28455 Center Ridge Road in Westlake, Ohio. The Building Fund supports the necessary repairs and capital improvements beyond the day to day operations of the church. The Legacy Fund should be viewed as an emergency/backstop fund for the Building Fund and if required, could be used for major capital improvements or emergency maintenance and repairs that are unable to be funded by the Building Fund.

The Building Fund, and the potential for usage of the Legacy Fund to support it, will be guided from a reserve schedule that will be prepared by an independent third party and updated on a periodic basis (potential five-year cycle). It will include items like foundations, roofs, masonry, windows, doors, electrical, heating including boilers, and cooling, etc. along with projected costs for each and likely replacement times. A copy of the reserve schedule will be included as an addendum to this document when it is available. Copies will also be given to the Property Committee and Church Council so they can continually impress on the congregation the need to keep the Building Fund with enough money to handle normal maintenance and capital improvements.

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Should a situation arise before 2039 that requires expenditures above the capability of the Building Fund, the Chairs of the Finance Committee and the Property Committee will go to Church Council and request a Legacy Fund Grant Request Meeting, provided funds are available and the grant request is supported by the reserve study. This Legacy Fund Grant Request Meeting will be attended by the chair of the Finance Committee, the chair of the Property Committee, the chair of the Endowment Committee, the Church Council President and the Church Treasurer. Attendees may delegate authority. Meeting minutes will be published and available to the congregation. Funds may be granted from the Legacy fund up to \$100,000 per year provided that these funds are available and usage is approved by each of the three committees (Finance, Property, and Endowment) and the Church Council President. Any grant of the Legacy Fund in excess of \$100,000 in a calendar year will additionally require the majority approval of the congregation which would be obtained during a special congregational meeting.

Procedure

LEGACY FUND MANAGEMENT

The Endowment Committee is empowered, under By-Law Section 7.02 of the church constitution, to create and manage the Legacy Fund. The Endowment Committee is well positioned to maintain and keep separate from ongoing church operations while also focusing on a long-term fiduciary responsibility.

The objective of the Legacy Fund is to employ a growth strategy over a twenty-year time horizon that emphasizes capital appreciation as well as capital preservation. The goal will be to meet or exceed the performance of the S&P 500 Index Fund or a similar blended benchmark on an annual basis. It will consist primarily of diversified equity investments with a modest allocation to alternative investments. A brokerage account will be set up at a registered investment firm that will be used to purchase individual common stocks, individual preferred stocks, Exchange-Traded Funds (ETF's), Real Estate Investment Trusts (REIT's), Business Development Companies (BDC's), closed end funds, open end funds, and a money market fund. Individual stocks, ETF's, REIT's, or BDC's should not exceed 5% of the fund valuation once the fund reaches \$100,000 valuation. Likewise, individual mutual funds should not exceed 10% of the fund valuation once the fund reaches \$100,000 valuation. Contributions made to the church for the Legacy Fund are to be accumulated, initially \$2,500, and sent to the registered investment firm for deposit by the end of each quarter.

To aid the Endowment Committee in selecting and evaluating various investments for the Legacy Fund, an Advisory Committee will be formed consisting of two members of the Endowment Committee, a member of the Finance Committee, the Church Treasurer, and a market knowledgeable member of the congregation appointed by Church Council. This Advisory Committee will meet at least quarterly. Investments selected should have a buy up to price, a target price, and a stop loss (trailing or fixed) established. Rebalancing and weeding out poor performing securities must be done at least annually.



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The Endowment Committee, after consulting with Church Council, may at some future time elect to use a 3rd party advisor to replace the Advisory Committee.

FUTURE GIFTING

In 2039 a special congregational meeting will be held to determine the next phase for the Legacy Fund with input from the Chair of the Property Committee, Church Council, and the Endowment Committee. It is hoped that in 2039 the Legacy Fund will indeed total \$1 million and that the congregation will accept it as a gift to use at their choosing. We strongly encourage them to continue the fund for the next 20 years adjusted for inflation.

PROCEDURE AND GUIDELINE UPDATES

These Procedures and Guidelines can be modified by the Endowment Committee after discussion with Church Council.

Version Control

Version	Date	Change(s)
yyyy.1	mm/dd/yyyy	Original approval by Endowment Committee, Finance Committee, and Church Council
yyyy.2	mm/dd/yyyy	