

Sample Spending Policy

(This policy may be adopted formally by the church conference or used as a guideline for the endowment committee or trustees.)

The Committee (*or trustees*) shall determine the amount of funds available for annual distribution from each Program endowment fund in keeping with the investment objectives described in the Program Charter (*or endowment policy or investment policy*). The goals of a spending policy are to preserve gift principal, to bring greater predictability to annual expenditures and to prudently balance short-term and long-term priorities.

A prudent portion of each fund may be expended each year pursuant to the following spending policy:

- *Five percent (5%) of the 3 year average market value of each Program endowment fund as of December 31, or one half of the accumulated appreciation of each Program endowment fund as of December 31, whichever is less, shall be available for distribution.*

This spending rate policy shall be reviewed annually by the Committee. The Committee may adjust the spending rate percentage as it deems appropriate in order to fulfill the purposes described in the Program Charter, but in no event shall the spending rate percentage be lower than three percent (3%) or higher than six percent (6%) unless specifically authorized by a two-thirds (2/3) majority vote of a properly called Church Conference.

(If possible, it is recommended that a brand new endowment be allowed to grow for at least three years prior to its first distribution.)