

CONGREGATIONAL GIFT POLICY

SARON LUTHERAN CHURCH
510 Main Street
Saint Joseph, MI 49085:

Revision 1
Approval Date: March 21, 2022

PURPOSE

Provide a written process for all constituents of our congregation that outlines:

- Types of assets other than cash that are acceptable as gifts
- How decisions are made for the use of special gifts, including cash

This policy answers two central questions:

1. How can I provide a gift to the congregation?
2. How will the congregation use my gift?

DEFINITIONS

Cash donations include currency, checks, and bank transfers.

Pledges and plate offerings, also referred to as regular giving, are periodic or occasional gifts to Saron by members of the congregation or visitors. Such gifts can be pledged or unpledged and are typically placed in the collection plate during services or automatically deposited in Saron's bank account. However, members may wish to donate stocks, mutual funds, or other assets to fulfill annual or capital campaign pledges. Pledges and plate offerings support Saron's annual operating budget and specific campaigns. Pledges and plate offerings are exempt from this policy.

In-kind gifts represent goods or services donated by members of the congregation or visitors for use by the church for which the church has an immediate need (as determined by the Pastor, in consultation with an appropriate standing committee) and will use the goods or services for their intended purpose. Such gifts are treated the same as pledges and plates offerings and are exempt from this policy.

Special gifts represent donations beyond pledges and plate offerings or in-kind gifts. These are typically one-time bequests from a benefactor's estate settlement, but may also involve donation of cash or other assets during a benefactor's life.

The terms *Designated/Undesignated* are used to indicate whether pledges and plate offerings or special gifts have been designated by the donor to be applied to a specific existing portion of Saron's finances, e.g., Building Fund, Memorial Fund, or Endowment Fund.

The terms *Restricted/Unrestricted* are used to indicate whether a special gift has limitations on its use. An asset that a donor has given without designations or limitations on its use is considered unrestricted.

Tribute gifts include undesignated and designated gifts given to the congregation in memory or honor of loved ones, friends, or others.

GIFT ACCEPTANCE

Donors are encouraged to bless the congregation with gifts either free of restrictions or designated to an existing, ongoing Saron fund.

When an asset is **offered** to our congregation through an estate, a living individual, a family, or other legal entity that is above and beyond a regular cash pledge or plate offering, the Endowment Committee will review the potential gift and recommend to Church Council whether to **accept** or **refuse** the gift. The Endowment Committee will appoint an Asset Evaluation Team on a case-by case basis to prepare the recommendation. Church Council makes the final determination. Figure 1 depicts the key process steps.

All gifts will be considered on a case-by-case basis taking into consideration the acceptability of the donor, type of asset, gift transfer costs, designations, potential liabilities, the congregation's mission, current congregational needs, and other factors.

Gifts may be offered in a variety of ways. Saron is generally willing to **accept** the types of assets identified in Attachment A and is willing to **consider accepting** the types of assets identified in Attachment B.

If a determination is made to accept a gift, a written letter on official letterhead is used to notify the donor or representative of the donor's estate. The letter also serves as the donor's receipt for tax purposes. In some cases, the Church Council president, pastor, or other designee may provide verbal notification and thanks prior to the written letter.

If a determination is made to decline a gift, the donor or representative of the donor's estate shall be contacted verbally followed by written notice on official letterhead. The Church Council president, pastor, or other designee will provide the contact, at the discretion of Church Council.

UNRESTRICTED GIFT USE

If Church Council accepts an unrestricted gift, defined as an asset that a donor has given to Saron without any limitations on its use, the Endowment Committee shall recommend use(s) for the gift to Church Council. Following the guidelines provided in this section, Church Council makes the final decision on how the gift shall be used. Figure 2 depicts the key process steps. For significant gifts, the Endowment Committee or Church Council may also choose to contact the donor or donor's estate representative to confirm agreement with the proposed use.

For unrestricted gifts of \$1,000 or greater, as a model of good stewardship and gratefulness to God and God's blessings, Church Council may consider tithing 10% from the initial gift before any other allocations are made. The tithe may be distributed to one of more of the following:

- North/West Lower Michigan Synod of the ELCA
- ELCA Churchwide Ministries
- Other charitable organizations supported by Saron

For unrestricted gifts of \$2,500 or greater, at least 50% of the net proceeds of the gift after a tithe, if applicable, shall be deposited into the Endowment Fund.

For unrestricted gifts of any size, the overall use of the net proceeds after the tithe and Endowment Fund deposit, if applicable, may be directed to the following uses:

- Saron Evangelical Lutheran Church
 - Endowment Fund (if not already addressed as a mandatory use)
 - Congregational programs
 - Non-routine building maintenance
 - Capital projects

- Debt reduction
- Operating budget (only under extenuating circumstances)
- Local Benevolence
 - Local charitable organizations
 - North/West Lower Michigan Synod of the ELCA
- National/International Benevolence
 - ELCA Churchwide Ministries
 - Other outreach consistent with Saron's mission

RESTRICTED GIFTS

Designated or restricted gifts, once approved for acceptance, will be used in compliance with the written wishes of the donor(s) to the extent possible. However, gifts with specific designations or restrictions are accepted with the understanding that the funds are to be used for the benefit of the congregation in support of its mission and current ministries. Donors should be aware that programs offered by the congregation might be discontinued, renamed, or incorporated into other programs. The congregation may accept a gift subject to the restrictions but reserves the right to use the gift in a manner consistent with the general intent of the restrictions. Donors may not restrict the manner in which gifts, bequests, or endowment fund contributions are invested.

The Church Council and pastor will periodically review unused restricted gifts. If restricted funds are unable to be used due to a lack of program or need after twelve months, the Church Council may choose to initiate a good faith effort to contact the donor, estate representative, or family to discuss removing the designation or redirecting the gift to meet a current need or project within the congregation.

After the good faith effort is completed or exhausted, every effort will be made to redirect the gift to a related fund or ministry. If that is not possible, the gift may become unrestricted as determined by Church Council. Gifts that become unrestricted will then begin the unrestricted gifts process, as outlined in this document, to determine the use.

Tribute gifts represent a common type of designated or restricted gifts and are addressed using the following guidelines:

- Written receipt of all tribute gifts will be provided to the donor. Acknowledgement of the gift will be sent to the individual, family, or estate (where appropriate).
- Tribute gifts may be designated by the donor to an established approved fund within Saron's budget, including the Memorial Fund. Any other specific designations are subject to the gift acceptance policies defined in this document.
- Accumulated undesignated tribute gifts given for an individual will be treated in the following manner:
 - For accumulated gifts of totaling \$5,000 or greater, an attempt will be made to contact the family to discuss potential uses for the funds, taking into consideration the memory of their loved one.
 - For accumulated gifts of less than \$5,000, the funds will be apportioned using the guidelines for unrestricted gifts.

POLICY DISTRIBUTION AND CHANGES

This Congregational Gift Policy is reviewed and approved by Church Council. The policy shall be made available to the congregation as an electronic document and is available as a hard copy at any time upon request to the Church office.

As a minimum, Church Council shall review this Congregational Gift Policy for updates and revisions at the March meeting of even-numbered years starting in 2022. The Support Committee is responsible for soliciting comments and suggestions from affected parties and for providing recommended draft changes to Church Council for the biennial review or any other intermediate review, as necessary.

WAYS TO MAKE A GIFT

Although not all-inclusive, various ways to make a gift to Saron are listed in Attachment C.

RESOURCE

ELCA Foundation: 800-638-3522 elca.org/foundation

We have resources available through the services of the ELCA Foundation. These gift-planning services are available at no charge to you as a member of our congregation. The Charitable Gift Planner assists with establishing a comprehensive estate plan that provides for your family and the ministries you care about. In addition, the Gift Planner assists with current gifts to our congregation as described in this policy.

Contact our pastor, a member of Endowment Committee, or visit elca.org/foundation to connect with our Regional Gift Planner.

Approved by Church Council

March 21, 2022

Attachment A – Assets Generally Accepted

- 1) Cash, check, or bank transfer
- 2) Publicly traded securities
 - a) Stocks
 - b) Bonds
 - c) Mutual funds
- 3) Life insurance (assignment of ownership) – permanent type with cash value

Attachment B – Assets that Require Evaluation for Acceptance

- 1) Publicly traded securities
 - a) Commodities
 - b) Options/warrants
 - c) REITs (Real Estate Interest Trusts)
 - d) Cryptocurrencies
 - e) Other marketable securities traded on public exchanges
- 2) Non-publicly traded securities
 - a) MLPs (Master Limited Partnerships)
 - b) Closely held business interests
 - c) Partnerships
 - d) Limited liability corporations
 - e) S-Corp shares/C-Corp shares
 - f) Options/Warrants
- 3) Real property
 - a) Residential
 - b) Commercial
 - c) Life Estate
- 4) Tangible personal property
 - a) Vehicles
 - b) Jewelry
 - c) Books
 - d) Art
 - e) Collections
- 5) Other property
 - a) Mineral rights/oil and gas interests
 - b) Royalties
 - c) Notes/mortgages
 - d) Copyrights/Patents/Trademarks
 - e) Bargain sales: congregation purchases an asset for less than fair market value

Attachment C – Ways to Make a Gift

- 1) Cash, check, or bank transfer
- 2) Beneficiary designations – primary or secondary/contingent
 - a) Retirement accounts
 - i) IRA
 - ii) 401(k)
 - iii) 403(b)
 - iv) Annuity
 - b) Individual or joint bank/brokerage accounts
 - i) Transfer on death
 - ii) Payable on death
 - c) Life insurance
 - d) Distribution from donor advised fund or named endowment
 - e) Living trust
 - f) Will
 - g) Real estate – transfer of deed on death
- 3) Asset transfer
 - a) Transfer securities from your brokerage account directly to Saron's brokerage account, or use the ELCA Foundation to facilitate the transfer
 - b) Transfer a title or deed to our congregation
 - c) Assign ownership of life insurance to Saron or the ELCA Foundation, FBO (for benefit of) Saron
- 4) Deferred gifts
 - a) Charitable gift annuity
 - b) Charitable remainder trust
 - c) Donor advised fund
 - d) Named endowment
 - e) Life estate
- 5) Bargain sale – Sell an asset to our congregation below fair market value

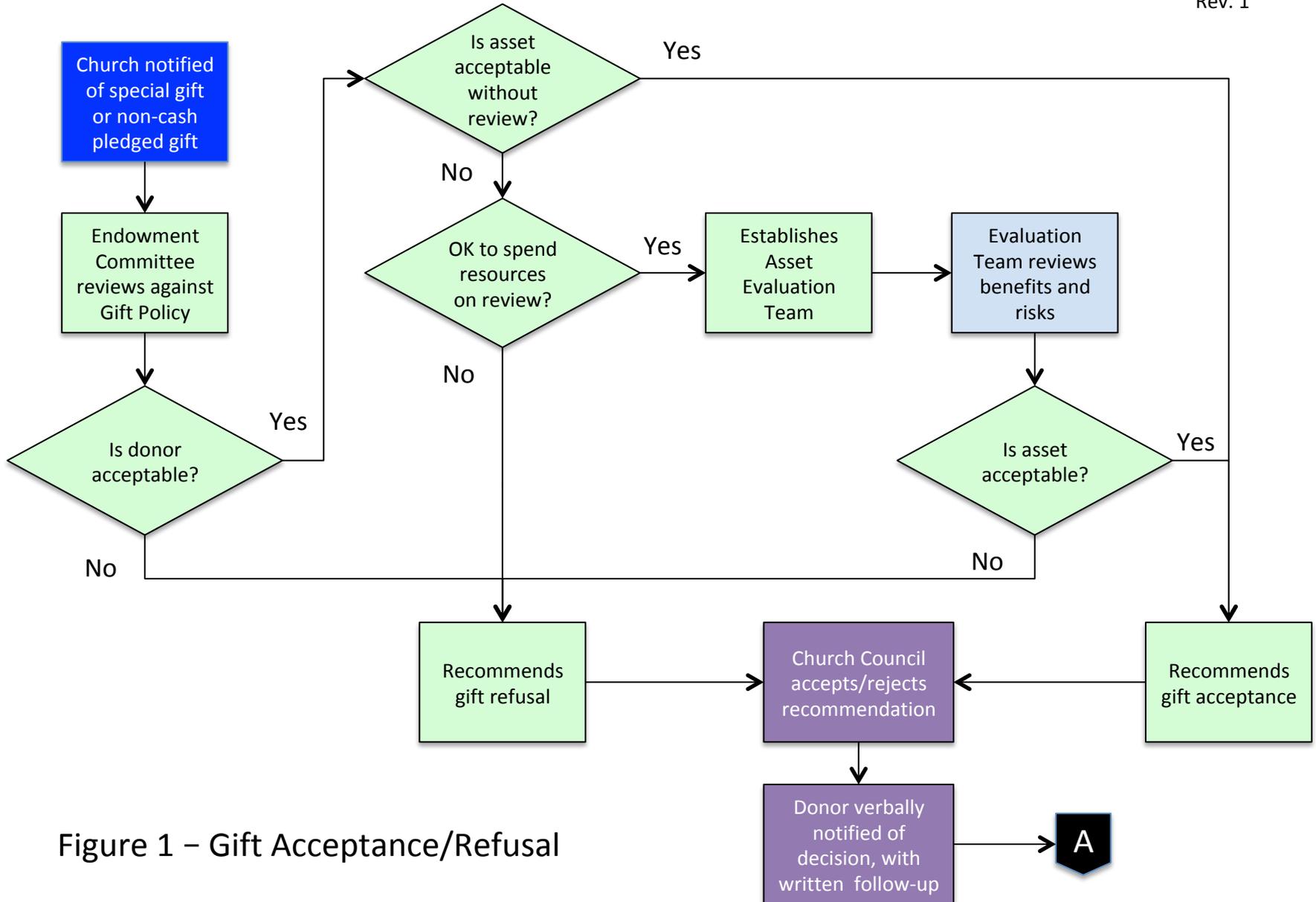


Figure 1 – Gift Acceptance/Refusal

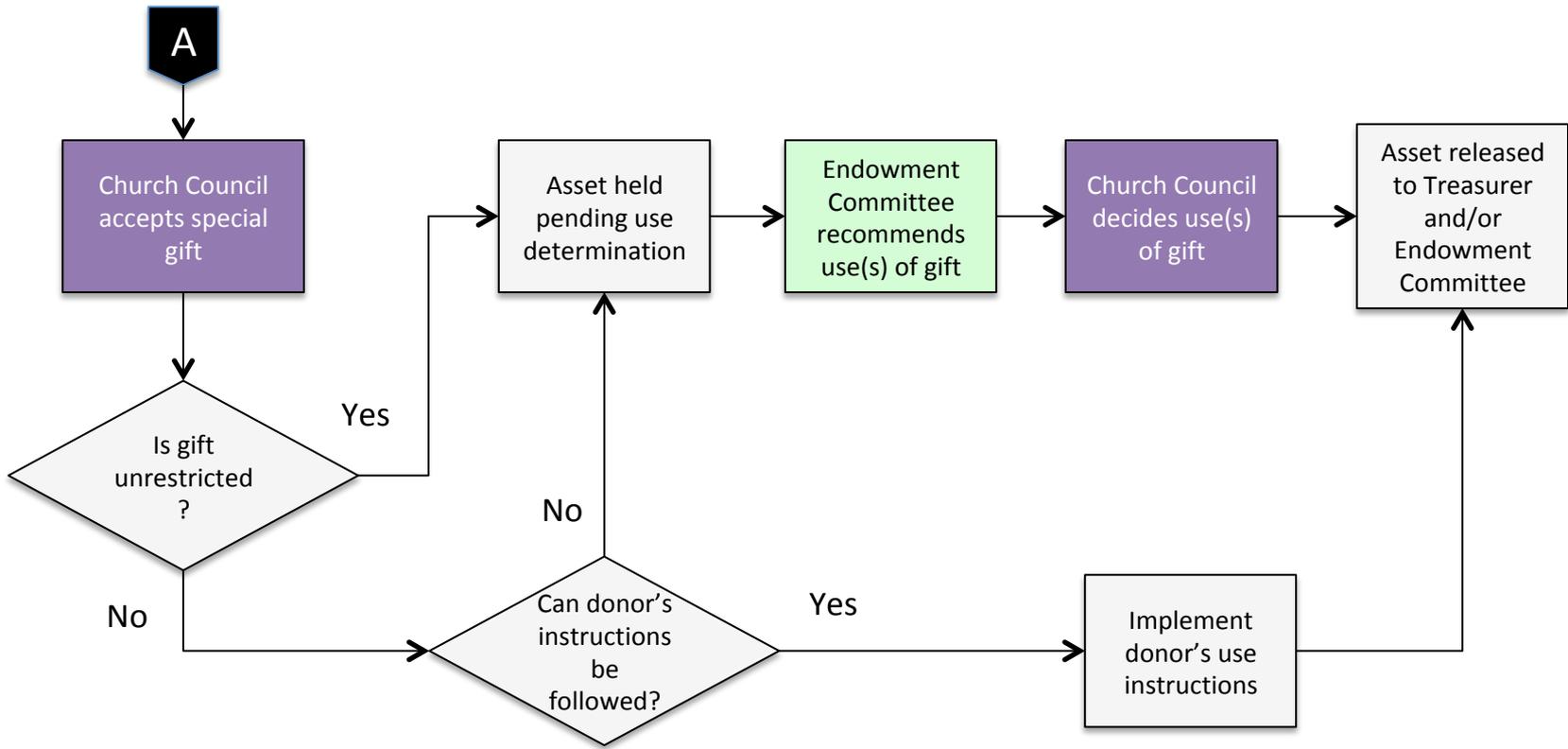


Figure 2 – Gift Use