



*Sample*

**ENDOWMENT POLICIES  
AND PROCEDURES**

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**ENDOWMENT POLICIES**

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EXHIBIT A: Custodial Agreement

## *Sample Endowment Policies and Procedures*

### **I. DEFINITION OF TERMS**

- A. Endowment – An endowment is an established fund of cash, securities, or other assets set aside for perpetuity to provide long-term funding for the (organization/synagogue).
- B. Types of Endowment Funds at the (organization/synagogue)  
Two distinct types of Endowment Funds will be established by (organization/synagogue), and they include the following:
1. Restricted Endowment Funds  
Donors who make outright gifts of \$\_\_\_\_\_ (e.g. \$100,000) or more are afforded the right to permanently name a designated fund. (Example: The Cohen Family Endowment Fund for Scholarships.)  
  
With a minimum outright gift of \$\_\_\_\_\_, (e.g. \$5,000) a donor's endowment gift can be made to a previously-established Named Fund or can be restricted to support a specific program of the (organization/synagogue).
  2. Unrestricted Endowment Fund  
(Organization/synagogue) accepts gifts of any amount to the (organization's/synagogue's) permanent Unrestricted Endowment Fund to be used for general operations of the (organization/synagogue). Each year the Board of Directors of the (organization/synagogue) determines the use of this fund's distribution, based upon operational needs of the (organization/synagogue).

### **II. TYPES OF GIFTS**

- A. Outright Gifts – These are gifts offered to the (organization/synagogue) by an individual, corporation, or foundation and include the following:
1. Cash, Cash Equivalent and/or a written Cash Pledge (usually paid over a two to five-year period)
  2. Stocks: publicly traded, closely held, restricted or other types of stock subject to approval of the Endowment Committee of the (organization/synagogue)
  3. Bonds
  4. Mutual Funds
  5. Real Estate: gifts are accepted on a case-by-case basis

6. Other outright gifts on a case-by-case basis

B. Estate/Planned Gifts – Types of estate/planned gifts are as follows:

1. Bequests – Wills and Living Trusts
2. Retirement Plans: IRA's, 401(K), 403(B), Keogh
3. Charitable Remainder Trusts
4. Charitable Lead Trusts
5. Remainder Interest in Residence
6. Pooled Income Funds
7. Life Insurance
8. Other estate/planned gifts on a case-by-case basis

### III. DONOR RECOGNITION FOR ENDOWMENTS

A. Overall Recognition Policy

Donors will be thanked promptly in a meaningful way. (Organization/Synagogue) may establish a legacy society, donor board displayed in a prominent place or other recognition program.

B. Recognition for Outright Endowment Gifts

Donors who make outright gifts to the (organization's/synagogue's) Endowment will receive appropriate recognition by the (organization/synagogue).

C. Recognition for Planned/Estate Endowment Gifts through the “Book of Life” Program at the Jewish Community Foundation

1. Objectives

The Jewish Community Foundation's Book of Life program encourages legacies to the Jewish community by preserving the values of our Jewish heritage and ensuring that community resources will be available for future generations.

2. Eligibility

Individuals or families are eligible to sign the Book of Life by promising to establish a current endowment or leave a bequest of any amount to one or more Jewish organizations or synagogues. Signers write a personal statement explaining their reasons for leaving a legacy. Signers are encouraged but not required to use the Jewish Community Foundation to carry out their plans.

3. Key Elements of the Program

- The Book: A handsome, specially crafted leather volume containing a page for each signer that includes a personal statement and photo. The book will travel throughout the community.
- The Signing Event: A special ceremony that includes prayer and personal stories as pages are signed.
- The Remembrance: A replica of the signer's page is framed as a gift for the signer.

A. Other Recognition Considerations

1. A gift made to establish a Donor-Named Restricted Endowment Fund may be paid within the year of the gift or with a binding obligation in the form of a signed (organization/synagogue) endowment pledge or a defined plan to recommend grants from the Jewish Community Foundation, usually not to exceed five years.
2. For multi-year pledges, 20% of the full commitment needs to be paid before the donor's name is recognized appropriately.
3. Should a donor not fulfill the pledge amount one year after the final payment is due, the fund will then become part of the Unrestricted Endowment Fund.

**IV. GIFT ACCEPTANCE**

- A. The Endowment Committee of the (organization/synagogue) has the authority to accept gifts of cash, stock, bonds and other securities, including certain private and restricted stock. The Jewish Community Foundation is available for consultation.
- B. A named fund, either unrestricted or restricted, must be approved by the Board of Directors of the (organization/synagogue).
- C. Gifts of real estate, insurance, charitable trusts are considered on a case-by-case basis with the guidance and assistance of the Jewish Community Foundation. The Jewish Community Foundation may charge appropriate fees.
- D. A gift designated for a restricted fund, either named or for the general fund, must be approved by the Endowment Committee and the Board of the (organization/synagogue).
- E. The (organization/synagogue) will not accept a gift that obligates the (organization/synagogue) to continue a program that will become a financial

burden or is inconsistent with its mission. If at any time, the Restricted Endowment becomes obsolete, the Board of Directors may designate another purpose.

- F. If any asset proposed for contribution is not readily marketable, other than those with a short-term restriction, or is in the process of being removed, or is subject to liabilities, the Executive Director will consult with the Endowment Committee Chair and/or the Jewish Community Foundation for disposition.
- G. All planned gifts that usually involve tax implications and other forms of financial and estate planning may be reviewed with the Jewish Community Foundation before being presented to the Endowment Committee for their approval.
- H. Any assets received above a certain amount (e.g. \$25,000) and not otherwise designated will be added to the Unrestricted Endowment.
- I. Upon receipt of a gift and/or any gift-related documents, the (organization/synagogue) will record the gift and acknowledge the donor. In addition, the following steps will be taken:
  - 1. A complete record of every individual donor's contributions will be maintained.
  - 2. Restricted gifts will be tracked and maintained by the (organization/synagogue).
  - 3. Personal letters acknowledging all gifts and their conditions will be sent to donors within three days of receipt signed by the Board President, Endowment Committee Chair and Executive Director/Rabbi.

## **V. MANAGEMENT AND INVESTMENT OF ENDOWMENT**

The purpose of endowment funds is to provide consistent sources of income for the programs of the (organization/synagogue). The investment management of the Endowment is directed toward maximizing the return of principal while maintaining prudent fiscal guidelines.

- A. The overall objectives of Endowment investment are as follows:
  - 1. Generation of a consistent and stable flow of income for ongoing operating and special programming purposes; and

2. Appreciation and growth of Endowment for the long-term benefit of (organization/synagogue), as well as to protect Endowment principal from erosion through inflation.
- B. The management of the Endowment will be guided by the following:
1. The (organization/synagogue) will develop specific investment guidelines that will include asset allocations, prohibited securities, performance measurement, etc.
  2. A long-term rather than short-term investment approach will be applied; high-risk securities will be avoided.
  3. No more than \_\_\_\_\_ (e.g. 3-4%) of the total market value of Endowment principal will be spent in any single fiscal year, in order to balance the effects of inflation as well as continue to build Endowment principal. The original principal balance will not be invaded.
  4. Management of Endowment principal and income will take into consideration the near and long-term financial needs of (organization/synagogue) and will not be solely or primarily dictated by (organization's/synagogue's) short-term spending needs.
  5. The (organization's/synagogue's) endowment funds may be held at the Jewish Community Foundation as a custodial fund or in a separately incorporated supporting foundation. The Jewish Community Foundation advises the (organization/synagogue) in its investment policies or by-laws and strategies, in accordance with the guidelines established in the custodial agreement. (See attached EXHIBIT "A".)

## **VI. CONFIDENTIALITY**

The needs and concerns of the Donor will be considered first.

- A. Protection of Donor's Interests: The (organization/synagogue) and its volunteer and staff representatives will always consider the interests of its donors as the first priority in the gift planning process. This will include, but not be limited to, the donor's financial situation and philanthropic interests, as well as any tax or other legal matters discovered by our representatives while planning for a gift. A donor will not be encouraged to make a gift which is inappropriate in light of the donor's personal or financial situation, and will be advised if a gift proposed by another party or parties is contrary to this policy. A donor can expect any representative of the (organization/synagogue) to reflect our Jewish values.

- B. Confidentiality: Information learned by any representative of the (organization/synagogue) about a donor or the donor's assets or philanthropic intentions will be held in strict confidence. All donors will be encouraged to notify the (organization/synagogue) of their endowment gifts, whether outright or planned/estate gifts, including bequests, and all such information will be kept confidential unless permission to release it is obtained from the donor or his or her counsel.
- C. Donor Intent: If there should come a time that the (organization/synagogue) cannot use the funds of any endowment fund for the program for which the donor originally intended it, the (organization/synagogue) reserves the right to use the fund for a similar and like purpose with the approval of the Endowment Committee and the donor if possible.
- D. Use of Donors' Names: For marketing purposes, the (organization/synagogue) will obtain approval from each donor before gifts are made public.

**VII. REVISION AND/OR DONOR AMENDMENT OF ENDOWMENT POLICIES**

- A. These policies will be periodically reviewed by the appropriate committee(s) and may be amended by a Board resolution.
- B. Any endowment gifts made prior to (date) will be grandfathered according to the donor's original endowment agreement with the Foundation.