

**Guidelines for consideration are included in RED throughout the document, and should be deleted.**

## **Gift Acceptance and Use Policy for the Congregation's Mission and Ministry Fund**

*“Each of you should give what you have decided in your heart to give, not reluctantly or under compulsion, for God loves a cheerful giver.” (2 Corinthians 9:7)*

### **Introduction**

**This section provides an overview of why it's important for congregations to have a policy in place, for those developing the policy, and for the members who ultimately must agree to it.**

From time to time congregations have been blessed to receive a special, extraordinary gift from a congregational member or member family upon the occasion of their passing. Demographic studies indicate that due to Canada's aging population, which includes the membership of LCC's congregations, over the next ten to fifteen years there will be a significant increase in the number of people entering heaven. As such, it's expected we may see an increase in the number of memorial gifts received by congregations, given by family members and friends in memory of these sainted Lutherans.

Additionally, Lutheran Foundation Canada reports that more and more LCC congregational members are creating gifts within their estate, to their home congregation and other organizations for which they have a passion. It's also been reported that since 2008, estate or planned gifts presently totalling almost \$14 million dollars, have been established and specifically designated by donors as future gifts to congregations of Lutheran Church-Canada. These estate gifts, given from a donor's lifetime accumulation of assets, range in value from \$5,000 to \$250,000, with an average gift being \$50,000.

These are compelling reasons for congregations to expect an increase in both the number and size of gifts over the next few years. In anticipation of such gifts, Lutheran Foundation Canada encourages congregations to establish policies which not only govern the acceptance of such gifts, but establish in advance how such gifts will be used by the congregation. It is hoped that by having an approved "Gift Acceptance and Use Policy" in place, congregations will be better prepared to receive such gifts as blessings to their ministry, rather than as initiators of conflict or discord. In all cases, the wellness of the congregation is foremost in mind, as is concern for individual members.

As we think about God's plan for us, we realize that all the blessings He has entrusted to our congregation should be used for His purposes. Transferring the blessings, is not about building bigger barns, instead we need to talk about building more ways to share God's love. As we plan, let us pray to bear in mind that stewardship without mission is unnecessary, and mission without stewardship is impossible!

## **Fund Definition**

The Congregational Mission and Ministry Fund is an accumulation of monetary gifts given to the congregation as planned estate gifts.

**You may want to reformat the above sentence to give a name to the fund. Due to the nature of Memorial Funds, many congregations prefer to keep them as a separate fund, hence their omission from the above statement.**

## **Planned Gifts**

There is a growing awareness and consideration by Lutheran Church – Canada members, to include a “planned” gift for ministry within one’s will. Many consider this a final opportunity to thank God for all the many blessings He has bestowed upon them during their lifetime.

Whereas gifts given during a person’s lifetime are given from a person’s income or savings, planned gifts are given from the total accumulation of worldly blessings given by God over their lifetime. For this reason planned gifts, usually a portion of the estate residual, tend to be much larger gifts than a congregation would normally receive from a member. Planned gifts are also called estate gifts, legacy gifts, deferred gifts, or bequest gifts.

## **Memorial Gifts**

Memorial gifts are gifts given in honour or memory of a deceased congregational member by family members or friends. Quite often, family members request those attending memorial or funeral services, to make a gift to the congregation’s Memorial Fund in lieu of flowers. For this reason, memorial gifts are usually much smaller than planned gifts, so they may need to be set aside and accumulate for a period of time until there are sufficient funds available for use. Memorial Funds, spent at the discretion of the Board of Directors, should be used for long-term enhancement of the facility for worship or ministry.

## **Fund Benefits**

*“Therefore go and make disciples of all nations, baptizing them in the name of the Father and of the Son and of the Holy Spirit,..” (Matthew 28:19)*

God’s Word tells us what we are to do – and what should be the one purpose for our congregation. The greatest benefit of such a fund is for the congregation to have a source of funding to support mission and ministry beyond that which is normally done by the congregation. As a congregation, we need to be an example to our membership on how to be good stewards of the gifts God has given us to manage. In the same way that congregational members are encouraged to give a portion of God’s monetary blessings to the church, so to should the congregation use a portion of received gifts for work beyond the church itself. Allocating a percentage of every planned gift to support external mission and outreach beyond the congregation is an excellent way to demonstrate godly stewardship to our membership.

*“Calling his disciples to him, Jesus said, “Truly I tell you, this poor widow has put more into the treasury than all the others. They all gave out of their wealth; but she, out of her poverty, put in everything—all she had to live on.” (Mark 12:43,44)*

God’s Word tells us that it is not the size of the gift that is important, but how or why the gift is given. The Congregational Mission and Ministry Fund allows both large and small financial gifts to accumulate and collectively contribute towards the total value of the fund and towards the ministry goals of the congregation.

By having a repository for such gifts, it will hopefully eliminate the desire for surviving family members to purchase a gift for the congregation, which must be both suited for the church, and appropriately priced. It also eliminates potential feelings of ill will if a purchased gift, given by a family, is thought by them to be inappropriately displayed or acknowledged.

It’s anticipated that our Congregational Mission and Ministry Fund could grow to a significant size. Putting policies in place ahead of time, without the pressure of having already received such funds, allows for clearer, strategic thinking and planning. Then if larger estate gifts do materialize, the decision of how these funds are to be used will have already been made.

Lastly, by having established the Congregational Mission and Ministry Fund, this may encourage more of our membership to consider such a gift within their own estate.

## **Sources of Funding**

*But since you excel in everything—in faith, in speech, in knowledge, in complete earnestness and in the love we have kindled in you—see that you also excel in this grace of giving. (2 Cor. 8:7)*

Having a Mission and Ministry Fund within our congregation, provides a specific location and purpose to which members may direct their estate gift.

Most congregations and individuals are familiar with memorial gifts, but many individuals are unfamiliar with gifts contributed from their estate, often called a planned or legacy gift. There are many methods by which an estate gift may be given, including:

Outright Gifts of Cash	Gifts of Residual Interest
Charitable Remainder Trusts	Gifts of Life Insurance
Gifts of Real Estate	Gifts of Publicly-traded Shares
Gifts of RRSP’s/RRIF’s	Gifts of Personal Use Property
Charitable Gift Annuities	

Lutheran Foundation Canada provides free information and assistance to congregational members considering such a gift, as well as knowledgeable advice on other aspects of creating a comprehensive estate plan, that will not only give you peace of mind, but be a blessing to surviving loved ones.

## **Gift Acceptance**

Unless stated otherwise by the donor, all extraordinary gifts received by the congregation will be placed into our established “Congregational Mission and Ministry Fund”. It’s recommended that members seek independent professional advice prior to making any significant outright or deferred gifts. As donors are sometimes unaware how certain gifts may adversely affect a congregation, the congregation reserves the right to decline a gift, under the following circumstances:

- Any gift that violates any provincial or federal laws
- Any restrictive clause that may bring unwarranted pressure or embarrassment on the congregation, a member, or its Board of Directors
- Any gift that contains unreasonable conditions, liens or other encumbrances
- Any gift that presents exposure to unacceptable liability
- Any gift that could financially or morally jeopardize the donor or the congregation
- Any gift where an appropriate “fair market value” cannot be determined or will result in unwarranted or unmanageable expense for the congregation
- Any gift that could jeopardize the congregation’s charitable status
- Any gift that could improperly benefit a donor or other individual
- Any gift that holds a condition that is revocable in any way

Should a donor choose to restrict a contribution for use in a particular program or project, we will honour that restriction, with the understanding that when the need for such a program or project has been met or cannot be completed for any reason as determined by the congregation’s leadership, the remaining restricted contribution will be used where needed most.

**Although Canada Revenue has strict guidelines to define what constitutes a charitable gift, many congregations issue receipts for gifts that are not legally charitable, potentially setting them up to lose their charitable status. So although the above section may seem overly cautious, it's strongly recommended it be included.**

## **Gift Recognition**

God’s Word says, *“But when you give to the needy, do not let your left hand know what your right hand is doing, so that your giving may be in secret. Then your Father, who sees what is done in secret, will reward you.”* (Matthew 6:3,4)

With this verse in mind, memorial plaques (or brass plates) are discouraged, unless they simply indicate the item was purchased with funds from the Congregational Mission and Ministry Fund. Names of congregational members should never be included on a memorial plaque.

For any estate gift received there should be a tax receipt promptly provided to the donor’s family or the donor’s estate. The amount of the receipt will equal the “Fair Market Value” of

Approved by (insert church name - date)

the gift, less any benefit to the donor. The receipt should be accompanied with an appropriately worded "Thank you" card or letter.

## **Fund Utilization**

*"Well done, good and faithful servant! You have been faithful with a few things; I will put you in charge of many things." (Matthew 25:21)*

The Mission and Ministry Fund shall be managed by the congregation's leadership, allocating gifts in accordance to a congregationally approved Gift Allocation Policy.

**The congregation will have to decide on how gifts to the congregation will be utilized, based primarily on how they see the congregation active in ministry within the community they serve, and of course, whether they have a mortgage that needs to be paid. Most certainly, the mission of the congregation has to do with ministry, and NOT paying off the mortgage, although this is likely to be a significant component of the allocation, as per the example below. Congregations are strongly encouraged not to use gifts to fulfil their normal operational financial requirements.**

## **Gift Allocation Policy**

Funds received as estate gifts that have not been designated for a specific purpose, will be allocated as follows:

<u>Area of Need</u>	<u>Approved Target:</u>	<u>Range Allowed by Congregation</u>
Mortgage	50%	40 - 60 %
Contingency Fund	10%	0 - 20 %
Local Ministry Fund	20%	10 - 30 %
Missions	10%	0 - 15 %
Seminary Student Aid	10%	0 - 15 %
Operating Budget	0%	0 %

Based on either the needs of the congregation when a gift is received, or the size of the gift, leadership may decide to alter the gift allocation within the limits allowed by the congregation. Utilization of the money within each fund is outlined below.

**For those congregations without a mortgage, there may be a number of opportunities that could be supported, including local, national, or international missions, seminary or student support, or community-based program support. Extraordinary gifts allow congregations to make a difference to ministries and communities beyond their own doors.**

### **Contingency Fund Spending Policy**

The Contingency Fund is a notional account whose funds are primarily used for the replacement of assets which are considered a permanent attachment to the land or building (Fixed Assets). This may include a major computer upgrade, lighting, painting, or other extraordinary costs not normally included within the annual budget.

Expenditures requiring the use of the Contingency Funds must be approved by leadership.

### **Local Ministry Spending Policy**

The Local Ministry Fund should be used to fund programs, materials and equipment needed to share the gospel of Christ to our local community. Furniture and equipment used for regular and on-going ministry should not be purchased with these funds, however furniture needed for a new ministry initiative by the congregation would be included.

If no specific programs are created within the church, this fund could be used to directly support needed programs within the community, like the Food Bank, single mothers, or addiction recovery programs.

### **Missions**

The congregation is thankful for the many years of financial support received from the District through the allocation of congregational mission commitments. For this reason, a portion of all gifts will be given to Lutheran Church - Canada for either domestic or international missions.

### **Seminary Student Aid**

The on-going training of pastors is an important aspect of maintaining the church, so in support of this, a portion of all gifts shall be given to the seminary in support of student aid.

### **Fund Management**

**This section, may or may not be needed, based on the size of the gifts received by the congregation and how the funds will be utilized. With only one or two large gifts, it may be that funds will need to be invested for a time until they're needed, or the gift capital will be invested long-term with only the earnings being used for mission purposes.**

**If a congregational member is directly managing the investment of these funds, there could be potential issues regarding conflict of interest due to the commissions made, or given potential market volatility. These same individuals may be held unfairly accountable by other congregational members for the loss of funds should investment markets decline.**

**For a nominal administration fee, Lutheran Foundation Canada provides investment management services to LCC institutions and congregations, including selection of investment managers, quarterly investment reviews and reporting, and annual disbursement of earnings**

---

Approved by (insert church name - date)

**as directed by the congregation. Although the funds remain the property of the congregation, they are pooled into one investment fund, creating economies of scale which significantly lower investment management fees. The Foundation has developed and published an Investment Policy Statement, that is strictly reviewed and adhered to by the investment managers, outlining specifics of:- risk allowance, asset mix targets and ranges (fixed income to equity markets), and investment market restrictions.**

## **Summary**

Giving is our joyous response to the many blessings we receive in our lifetime, both as individuals and as a congregation. As individuals part of good stewardship is to provide for our families and heirs, and as a congregation, to fund our congregational ministry. But if that's all we do, we are missing out on one of the most rewarding aspects of God's message. God calls us to share the blessings He provides for us. There is no greater joy than using God's blessing to be a blessing to others outside "our family". Because God has supplied us with all we use and enjoy on this earth, our action of returning a portion of our blessings is really us saying "Thank you Lord".

It is hoped that by having our Congregational Mission and Ministry Fund in place, individual members, and the congregation, will be encouraged to share God's blessings with others.

**The Foundation is available, at no charge to the congregation, to provide guidance and direction on the development of a complete Gift Acceptance and Use Policy, or to help individual congregational members develop their own gift plan within their estate.**

**Contact the Gift Coordinator in your Region, as indicated at [Lutheran Foundation Canada](#)**