

FIRST UNITED METHODIST CHURCH

Endowment Spending Policy

A. General Information

The First United Methodist Church Endowment Fund, New Castle, Indiana (hereafter “Endowment Fund” or “Fund”) hereby adopts this Statement of Spending Policy. The Fund operates as part of the committee structure of The First United Methodist Church, New Castle, Indiana. (hereafter “The Church”).

B. Purpose

To put into place a consistent plan that will enable the Endowment Fund to approve and disburse funds that fulfill the ministry and designation of the Endowments received while working to further strengthen the financial base of the Endowment Fund.

C. UPMIFA Standard of Prudence

The Endowment Fund recognizes the UPMIFA standard of prudence. In making a determination to disburse or accumulate, the Endowment Fund Committee will act in good faith with the care that an ordinarily prudent person would exercise. We will consider several factors in our decisions including, but not limited to:

- the purpose of the endowment and the intent of the donor,
- duration and preservation of the endowment fund,
- general economic conditions,
- the possible effect of inflation or deflation,
- the expected total return from income and the appreciation of investments and
- the overall investment policies of the Endowment Committee.

D. Policies Adopted

The Endowment Committee hereby adopts the following policies as the components of its Spending Policy:

1. **Income Definition:** The Fund shall use the ‘Corporate Law’ definition of income, which generally defines income as earnings from all sources including interest, dividends, and capital appreciation.

2. **Spending Rate**

The Fund shall use a spending rate based on assumed future rates of return and assumed future rates of inflation. Based on the asset mix selected in our Investment Policy, we make the following assumptions:

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|---|-------|
| Assumed long-term future net investment returns | 5.0 % |
| Less: Assumed long-term rate of inflation | 1.0 % |
| Net available to spend | 4.0 % |

Based on these assumptions, we hereby establish our annual spending rate at 4.0 %

3. Application of Spending Rate

The ‘Spending Rate’ as determined above shall be applied to the account balance as of December 31st each year. After review by the EC for circumstances impacting the spending rate, the resulting amount shall be available for deposit into the Church General Fund.

4. Limitation on Spending

Application of the Spending Rate as determined above shall not be limited by original principal of the fund.

5. Unspent Income

Income available for distribution, as determined under the above policies, definitions and formula, but which is not disbursed for any reason, shall be available for disbursement in future years. However, by action of the Endowment Committee, undistributed income may be added to principal on a case-by-case basis.

Adopted by First United Methodist Church Endowment Committee

on _____, _____.