

## 2. Certification and Accreditation

**NAD WP S 40 25 Personnel Certification Requirements**— All personnel performing discretionary and/or fiduciary functions of trust development or management shall hold and maintain a PLANNED GIVING & TRUST SERVICES Active Certification, the process for which is detailed in the PLANNED GIVING & TRUST SERVICES Manual. This specifically includes, but is not limited to, Planned Giving and & Trust Services directors, Planned Giving and & Trust Services representatives, trust officers and treasurers/chief financial officers who are actively engaging in PLANNED GIVING & TRUST SERVICES activities.

**Certification** – The following details the requirements to obtain and maintain PGTS Certification and Accreditation as required by NAD WP.

**Code of Ethics**— Planned Giving & Trust Services (“PGTRS”) has a special mission in furthering God’s work. PGTRS personnel are charged with multiple responsibilities. All personnel should adhere to the highest standards, including the following:

1. Personnel should subscribe to the principles and code of ethics set forth in the Bible and the Spirit of Prophecy. These standards include emphasis on total fairness, honesty, openness, integrity, avoiding any conflict of interest or self-dealing, not showing unwarranted partiality, becoming competent in the work assignment, avoiding undue influence, warranting trust, and maintaining the confidentiality of those we serve.
2. Personnel should subscribe to and support the mission of the Church.
3. Personnel should strive to meet and exceed annual performance metrics developed by their organization.
4. Personnel should educate their constituency about Planned Giving & Trust Services, after first applying and exemplifying the principles in their own lives.
5. Personnel should participate in continuing education programs to improve their skills beyond the minimum requirements.
6. Personnel should endeavor to attain degrees and certifications which would enhance their work in Planned Giving & Trust Services.

7. Personnel should adhere/comply with all applicable local, state, provincial and federal government regulations.

### **Certification Requirements**

1. **ACTIVE CERTIFICATION REQUIREMENTS**—The following requirements shall be met for active certification of individuals:

- a. All PGTRS personnel must be employed by an organization listed in the Seventh-day Adventist Church Yearbook and subject to General Conference Auditing Service trust review. The personnel’s employment must involve either management or development of Planned Giving & Trust Services.
- b. All PGTRS personnel must complete the following requirements within twelve (12) months from their initial date of employment to receive active certification by the North American Division Certification and Accreditation Committee (C&A Committee):

- 1) Satisfactorily complete the NAD Introduction to Planned Giving & Trust Services Certification Course (certification course) conducted under the direction of the General Conference Planned Giving & Trust Services (“GCPGTRS”) department.

- a) An individual who has satisfactorily completed the certification course but has not been granted active certification by the C&A Committee within three years of its completion will need to retake and satisfactorily complete the certification course.

- 2) Satisfactorily complete thirty (30) hours of orientation in a Level A accredited PGTRS department other than their employing organization. Selection of that organization is to be in consultation with director of the individual’s next higher organization. Only individuals employed by a Seventh-day Adventist

organization as described in paragraph 1(a) above may complete this orientation.

- 3) Pass the PGTRS qualifying examination with a score of 70% or better.
- c. Beginning January 1, 2018, and each calendar year thereafter, all active certified personnel shall complete a minimum of sixteen (16) hours of continuing professional education (CPE) to maintain active certification.
- 1) Personnel granted active certification by the C&A Committee in the first six months of the calendar year shall complete a minimum of sixteen (16) hours of CPE beginning the same calendar year.
  - 2) Personnel granted active certification by the C&A Committee in the last six months of the calendar year shall complete a minimum of sixteen (16) hours of CPE beginning the next calendar year.
  - 3) Fifty (50) minutes of continuing professional education will be credited as one (1) hour of CPE credit. Presenting/teaching CPE will be credited 2 hours for each hour of teaching.
  - 4) Attendance at the following seminars is mandatory:
    - a. The General Conference/North American Division sponsored training seminar. These seminars are held in odd calendar years and provide attendees with the opportunity to complete at least sixteen (16) hours of CPE.
    - b. A Union Conference sponsored training seminar. These seminars are held in even calendar years and provide attendees with the opportunity to complete at least sixteen (16) hours of CPE.

- 5) PGTRS personnel may seek an excused absence from attending mandatory educational seminars from the director of the organization sponsoring the seminar prior to the start of the seminar, with good cause. A plan for completion of the CPE requirements from other sources must be submitted with the excused absence request.
  
- 6) Non General Conference, North American Division or Union sponsored CPE must be approved in advance by the Union Conference Planned Giving & Trust Services Director, North American PGTRS Director or General Conference PGTRS Director. The CPE material must be relevant to PGTRS work including but not limited to planned giving, fiduciary duties, trust administration, trust investments, accounting/auditing planned gifts, trusts and estates.: Examples of CPE which may be approved in lieu of the mandatory seminars detailed above in paragraph 1(c)(4)(a) - (b) are:
  - A. Self-study courses with testing (Gift College, Canadian Association of Gift Planners, etc.)
  - B. Online classes with testing and evidence of completion
  - C. Conferences, seminar, teleconferences, web seminars and pod casts by a reputable provider that includes handouts Power Points presentations, or a certificate of completion
  - D. Other continuing education with testing, certificate of completion or the equivalent.
    - a. Examples of subject matter that will be considered for continuing education:
      - i. Planned Giving
      - ii. Trust Services
      - iii. Stewardship
      - iv. Financial Planning
      - v. Cash management & personal budgeting
      - vi. Insurance

- vii. Investments
- viii. Retirement
- ix. Estate Planning
- x. Relationship Development
- xi. Professional Relationships
- xii. Marketing Planned Giving
- xiii. Marketing specific to estate plans or deferred gifts
- xiv. Attorney or GCAS Approved classes

7) **MAKE-UP PROVISION FOR CPE HOURS:** If the required CPE hours in any calendar year are not completed by an individual with active PGTRS certification, the individual will maintain their active certification and have the next calendar year to acquire the required sixteen (16) hours for the current year, plus the hours that were deficient from the previous year. CPE hours from the current year must be completed before the deficient hours from the previous year may be completed. Failure to complete the make-up requirements will result in a lapsed certification, see below.

8) **CARRY OVER PROVISION FOR CPE HOURS:** If an individual completes in excess the required CPE hours in any calendar year, along with any hours that may have been deficient from the previous year, they may carry forward to the next calendar year up to eight (8) hours of CPE.

***NOTE:** These are the minimum requirements and governing committees are encouraged to approve additional professional training for Planned Giving & Trust Services personnel.*

2. **INACTIVE, LAPSED, AND REVOKED CERTIFICATION**—The following classifications describe active certified personnel who no longer meet the requirements for active certification:

- a. **INACTIVE CERTIFICATION:** When an individual with an active PGTRS certification ceases to be engaged in PGTRS work, or they are not employed at an accredited organization, but they continue to complete sixteen (16) hours of CPE annually and attend all GC, NAD and Union sponsored training seminars or approved CPE in lieu of mandatory training seminars, their active certification will be reclassified to an inactive certification.
  - 1) The GC/NAD PGTRS Department will notify the individual of their change in status to inactive certification.
  - 2) The individual's certification may be reactivated by notifying the Director of the GC/NAD PGTRS Department that their job function requires them to perform planned giving and trust services development or management activities and they are employed by an accredited organization.
  
- b. **LAPSED CERTIFICATION:** If a PGTRS personnel with an active certification fails to complete sixteen (16) hours of CPE in a calendar year as well as any deficit of CPE hours from the previous year, their active certification shall automatically be reclassified as lapsed certification on January 1 of the year immediately following the make-up year.
  - 1) PGTRS personnel with a lapse certification is prohibited from engaging in any planned giving and trust services development or management activities for any NAD Organization.
  - 2) **SDA EMPLOYED PERSONNEL:** Lapsed certified personnel who maintains employment with an accredited organization and whose employment involves either management or development of Planned Giving & Trust Services the following shall occur:

- a) The GC/NAD PGTRS Department will notify the individual, and their employing organization, of their change in status to lapsed certification.
  - b) The lapsed certified individual must make up all CPE hour deficiencies since they were last considered to have active certification before they can again be granted active certification and engage in any planned giving and trust services development or management activities for any NAD Organization.
- 3) **NON-SDA EMPLOYED PERSONNEL:** Personnel with lapsed certifications who are not employed by an accredited organization the following shall occur:
- a) The GC/NAD PGTRS Department will notify the individual of their change in status to lapsed certification.
  - b) To return to active certification the non-SDA employed lapsed certified personnel must complete sixteen (16) hours of CPE before they can engage in any planned giving and trust services development or management activities for any NAD Organization.
  - c) Upon returning to active certification, in addition, the individual must satisfactorily complete the annual CPE requirement for that calendar year.
- c. **REVOKED CERTIFICATION:** Individuals deemed to be lapsed certified personnel for 3 calendar years or more will be deemed to have a revoked certification.
- 1) The GC/NAD PGTRS Department will send to the individual notification of their change in status to revoked certification.
  - 2) To return to active certification the revoked certified personnel must:

- a) Be employed by an accredited GC/NAD organization with a job function that actively engages in planned giving and trust services work.
- b) Retake and satisfactorily complete the NAD Introduction to Planned Giving & Trust Services Certification Course conducted under the direction of the General Conference Planned Giving & Trust Services department.
- c) Must complete eight (8) hours of orientation in Planned Giving & Trust Services Department of a Level A accredited organization other than their employing organization.

**NAD WP S 40 20 Organization Accreditation Requirements**—Any Seventh-day Adventist Yearbook organization who engages in Planned Giving & Trust Services activities including, but not limited to, discretionary, fiduciary, development, education, and advertising activities, must be PLANNED GIVING & TRUST SERVICES Accredited by the NAD Certification & Accreditation Committee, the process for which is detailed in the NAD PLANNED GIVING & TRUST SERVICES Manual.

### **1) Organization Accreditation Requirements**

- a) The following accreditation requirements shall be met by all North American Division (NAD) year book Seventh-day Adventist Church Organizations with a Planned Giving and/or Trust Services program.
  - i) Organizations must complete the following requirements to obtain accreditation:
    - (1) Provide the NAD Certification & Accreditation (C&A) Committee with the level of service which the Organization will provide (see Level of service definitions below).
    - (2) Provide the C&A Committee with a legal opinion detailing the planned giving and trust services which the organization plans to provide to its constituents and those services which the organization does not plan to provide.
    - (3) Provide the C&A Committee with the appropriate disclosures the organization must make to its constituents and personnel.



- (4) Provide a list of NAD Planned Giving & Trust Services personnel.
- (5) Provide liability insurance provider with limits.

b) Currently Accredited Organizations:

- i) All organizations accredited prior to 2017 may continue to display their Level of Accreditation certificate, these organizations are held accountable to current Planned Giving and Trust Services (PGTRS) accreditation standards for the organization's level of service, and subject to an appropriate trust review by General Conference Auditing Service (GCAS). If these organizations apply for a different level of service and GCAS verifies through a trust review the new level of service the organization is providing, GCAS will then submit the organization's trust review to the C&A Committee who will determine the organization's new accreditation designation. The organization will then be held accountable for this level of service on all future trust reviews. The organization retains the right to request future changes to their level of service.
- c) Regardless of the level of service an organization chooses to be accredited for, all Planned Giving and Trust Services personnel will be fully certified in accordance with chapter 2 of the *NAD Planned Giving & Trust Services Manual*.

## 2) Levels of Service

a) Planned Giving Only Program (PGO)

- i) Organizations that select a PGO program level of service may, engage in the following: promotion, development, and education of Planned Giving to said organization's constituents and friends, in accordance to the organizations state law. General information may be given the constituents concerning the charitable planned giving options applicable to the organizations constituents.
- ii) No fiduciary or trust services shall be offered or engaged in by the office or its personnel nor may it be obligated as a fiduciary in the future. The organization may not: (1) prepare any legal documents for its constituents, (2) pay fees directly to the

- document preparer on behalf of a constituent, (3) offer compensation directly to the constituent for including the organization as a recipient of a gift, (4) provide advice specific to the constituent's, (5) recommend attorneys, accountants, financial advisors or any other professional advisor, however, providing a list of professionals is permitted provided that proper disclaimer will be made to advise the donor that they are responsible for assessing the ability of the professionals to meet their personal needs.
- iii) If revocable or irrevocable planned gifts are identified to benefit the organization are discussed, the organization must engage a qualified third party that is appropriately licensed, certified, to act in all aspects of the development and administration of that gift. The third party shall have complete control over all aspects of the administration of the gift.
  - iv) Trust reviews of PGO Accredited organizations are conducted annually through affidavits acknowledged by the Planned Giving Program's director that they are not engaging in any unauthorized practices and signed by the organization's President, Treasurer and Secretary. GCAS will then conduct an annual assessment during the financial audit to verify the organization is not engaging in any unauthorized practices.
- b) Planned Giving Plus Program (PGP)
- i) Organizations that chose to abide by Planned Giving Plus (PGP) program level of service may engage in the following:
    - ii) All of the forgoing activities of a PGO level of service.
    - iii) The organization may choose to offer reimbursement to their constituents for documents that name the organization as a beneficiary of planned gift, subject to proper disclosure and legal opinion approval.
    - iv) The organization may execute charitable gift annuity (CGA) contracts directly with donors when the organization has contracted with an appropriately qualified, licensed, certified, insured, and accredited third party to manage, the financial investments, issue

- payments to annuitants and prepare appropriate income tax documents. The CGA contracts will be the responsibility of the organization and the third party will be the administrator of the CGA program.
- v) Though it is not recommended, the organization may choose to provide original document storage for their donors, where all original documents are kept in an appropriate confidential, secure, locked, fireproof vault on behalf of the donor. A signed storage agreement, prepared or approved by local legal counsel, will be kept on file for each donor.
  - vi) All stored wills, self-administered trusts, and any other stored documents, that are in a sealed envelope that is not accessible by organizational personnel, will not be required to be reviewed by GCAS while in storage. CGA contracts require GCAS review.
  - vii) Service audit reviews of PGP level of service organizations are conducted annually through affidavits acknowledged by the Planned Giving Program's director that they are not engaging in any unauthorized practices and signed by the organization's President, Treasurer and Secretary. GCAS will then conduct an annual assessment during the financial audit to verify the organization is not engaging in any unauthorized practices.
- c) **Planned Giving & Trust Services Program**
- i) Organizations that chose to offer Planned Giving & Trust Services (PGTRS) program may, with approval from legal counsel and in accordance with state law, engage in all activities of the PGO and PGP levels of Services as well as the following. The organization and its certified Planned Giving & Trust Services personnel may engage in full service discretionary, revocable and irrevocable fiduciary services including serving as trustee, successor trustee, personal representative (PR), successor PR, administrator, attorney-in-fact (AF), successor AF, or a guardian.
  - ii) Trust reviews will be conducted by General Conference Auditing Services in the frequency directed by the NAD C&A Committee and will focus on the full scope of the PGTRS program.

3) **Accreditation Grade Levels**— The Grade Levels of organizational accreditation will be as follows.

a) Level A - When an organization undergoes a review of trust operations conducted by GCAS and all Planned Giving & Trust Service Accreditation Standards, listed below, are complied with, or any deficiencies noted by GCAS have been corrected and supporting documentation has been provided to the satisfaction of the C&A committee, a level A Accreditation may be granted to the organization.

i) In addition, the C&A Committee shall have the responsibility and discretion to grant accreditation for more than one year, up to a three-year limit to organizations that have achieved and maintained Level A Accreditation as a result of the two most recent successive trust reviews, and where there are no significant factors indicated in the most recent trust review which could negatively impact future performance.

(1) Should any material change occur subsequent to the granting of the extended accreditation, the C&A Committee shall have the authority to request GCAS to conduct a trust review prior to the expiration of the extended time limit.

(2) The factors used to grant extended accreditation or to call for an interim review after granting the extended accreditation shall be determined by the C&A Committee.

ii) The frequency in which a Level A accredited organization must undergo its future trust reviews will be indicated by the C&A Committee assigning a number from one to three after the Level A Accreditation is granted.

(1) The Level A accreditation will be noted as follows:

(a) A1—Trust review will happen annually

(b) A2—Trust review will happen every two years

(c) A3—Trust review will happen every three years

- b) **Suspended Decision**—A Suspended Decision may be granted when GCAS submits to the C&A committee an organization’s Review of Trust Operations with deficiencies that are deemed significant by the committee and need to be corrected, yet there has not been enough time for the organization to correct the deficiencies and provide supporting documents to the C&A Committee.
  - i) When a Suspended Decision is issued, the organization will have 60 days to make the corrections and document them to the C&A Committee.
  
- c) **Level B**—If a review of trust operations, appropriate for the service level chosen by an organization, reports findings that are infractions of NAD PGTS Working Policy, PGTS Accreditation Standards and/or the PGTS Manual, and these infractions are determined to be significant by the C&A Committee, and the infractions have not been satisfactorily corrected with supporting documentation within the time period required by the C&A Committee, a level B Accreditation may be granted to the organization by the C&A Committee.
  - i) Level B requires the organization to submit to the C&A Committee a plan for returning their organization to their chosen level of service within 60 days of being notified of the C&A Committee’s decision.
  - ii) The organization will meet with officers from their parent organization, representatives from the NAD, and at least one additional member of the C&A committee, to discuss their plan of correction.
  - iii) Upon receiving the Level B accreditation, the organization will have until the next meeting of the C&A Committee to submit adequate documentation proving they have corrected the findings on their most recent review of trust operations.
  
- d) **Withdrawn Accreditation**—When the C&A committee issues a Level B accreditation and the organization fails to submit a plan to correct the significant audit findings to the C&A Committee by the next regularly scheduled C&A Committee meeting, then accreditation will be withdrawn from the organization. Withdrawal of an organization’s accreditation requires a vote of the NAD Executive Committee.

- i) When the NAD withdraws accreditation of an organization a notice will be published informing the organization's constituent members of the withdrawn accreditation.
  - ii) The organization will then be responsible for notifying all active and future commitments of personal representative, power of attorney, successor trustee, or any other fiduciary responsibilities outlined in the documents held by the organization that they will not be able to serve in that capacity.
  - iii) The organization will also be responsible for returning any original documents to the constituent members.
  - iv) The organization will then be audited by GCAS to ensure they no longer are conducting any unauthorized Planned Giving & Trust Services activities.
- e) No Accreditation—The organization may not engage in any Planned Giving or Trust Services activities in any way. To become accredited the organization will present an application for accreditation to the C&A Committee.

**The following standards must be satisfied in order to attain Level A accreditation.**

**Personnel**

1. All Planned Giving & Trust Services personnel who have been performing any discretionary trust/estate management or development functions for at least one year have been certified. (1984 North American Division Annual Council)
2. Current signed conflict of interest statements are on file for all appropriate individuals. (NADWP S 47 10 and 20)
3. All Planned Giving & Trust Services personnel are adequately covered by a fidelity bond. (NADWP S 04 47)

**Legal Counsel**

4. All trusts, wills, charitable gift annuities, and all other legal documents are prepared by, or under the supervision of, legal counsel in such a manner that the attorney accepts

responsibility for the documents. (NADWP S 40 05, S 40 20 and 1983 NAD Annual Council)

5. The Professional Ethics for Corporate Legal Counsel policy is being complied with including:

a. A written opinion has been obtained from the attorney regarding the activities Planned Giving & Trust Services personnel may properly engage in and the risks that may be involved.

b. The denominational organization and the donor(s) are represented by separate independent legal counsel unless the attorney representing both the organization and the donor(s) has provided the organization with a legal opinion stating that the attorney may represent both parties concurrently in harmony with good professional ethics and applicable law and rulings.

The opinion, which shall be updated at least every five years, shall provide legal citations where appropriate (e.g., statutes, court opinions, ethics opinions and rulings, etc.), and shall address the following:

- i. Estate planning documents that may be prepared under dual representation (e.g., will, trust, durable financial power of attorney, health care power of attorney, living will, etc.);
  - ii. Source of the legal fees for the various documents and manner of payment (e.g., partial or full payment by donor(s), partial or full payment by the organization directly to the attorney or by reimbursement to donor(s)); iii. The party to whom the attorney's primary duty is owed; and iv. Any other issues deemed relevant by the attorney.
- c. If the above attorney is engaged in the drafting of wills, trusts, or other estate planning documents for the donor(s), there is:
- i. An engagement letter setting forth the basic financial arrangement of who pays the fee, and
  - ii. A full disclosure statement and conflict of interest waiver are provided to and signed by the donor(s).

**NOTE:** The foregoing Standard 5 is not intended to preclude a situation where disclosure is made to the donor(s) that the attorney represents only the denominational organization, and the donor(s) decline(s) a recommendation to obtain independent legal counsel.

6. A written opinion has been obtained from legal counsel regarding the appropriate method of holding title to trust assets, and the attorney's recommendation is being followed. If legal counsel has indicated that the existence of the trust should be disclosed, such legal counsel has indicated the appropriate method of disclosure such as "Trustee for...."

### **Investments**

7. All denominational investment policies are complied with. (NADWP S 40 16 and S 85)
8. All revocable trusts are separately invested at the specific written direction of the trustor(s). Written directions from the trustor(s) are obtained for all investments of specifically invested revocable trusts. (NADWP S 40 16)
9. No loans of trust/estate assets are made to any denominational entity or fund other than the Union Revolving Fund. (NADWP S 40 16)
10. Assets held in a fiduciary capacity are kept separate from and not commingled with other assets held by the organization in a non-fiduciary capacity.
11. Gift annuity rates are in accordance with denominational policy. (NADWP S 40 10)

### **Documentation and Reporting**

12. The fiduciary has appropriate documents of title or ownership for all trust and estate assets.
13. Receipts are issued whenever any cash, non-cash assets, or other documents are received by Planned Giving & Trust Services personnel.
14. Procedures are in effect to assure that all necessary tax reports are accurately filed on a timely basis and qualified tax counsel is obtained when appropriate. (This includes Federal, provincial, and state tax reports.)
15. Taxpayer identification numbers have been obtained for all trusts and estates, where required.
16. All non-cash assets are consistently recorded in the accounting records as follows:



- a. All non-cash assets held in irrevocable trusts (e.g. unitrusts, annuity trusts, matured revocable trusts or estates) are consistently recorded in the accounting records at fair market value when the asset is placed in the trust or the estate.
  - b. All non-cash assets held in revocable trusts (or other grantor trusts) are consistently recorded at either:
    - i. Fair market value when the asset is placed into trust, or
    - ii. Trustor's income tax (cost) basis. (A signed statement from the trustor is acceptable for this purpose.)
17. Reports to the trustor(s), which include all trust assets, are issued at least annually and include both a statement of trust assets and a statement of trust income/activity. At least one report should be a composite report reflecting total assets held in the trust and all income activity for the year. These reports should be sent, where appropriate, to beneficiaries of irrevocable trusts and estates after consultation with legal counsel. **Real**

**Property and Insurance**

18. For all parcels of real estate, the files include one of the following:
- a. A recorded deed, or
  - b. A statement, approved by legal counsel, signed by the trustor(s) of a revocable trust, asking the trustee to not record the deed and agreeing to release the trustee from, and to indemnify the trustee for, all liability, if any, as a result thereof, or
  - c. A written opinion from legal counsel recommending that the specific deed not be recorded and explaining the reason therefore.
19. When real properties are accepted into trust or in other instances where legal title is taken (either in a fiduciary or non-fiduciary capacity) on behalf of Planned Giving & Trust Services on or after January 1, 1993, an investigation is made regarding hazardous waste. The organization's legal counsel shall approve an appropriate form and designate the individual who is to complete it. (NADWP S 05 46)
20. All insurable real property held as an irrevocable trust/estate asset is insured. For revocable trusts, all insurable real property assets should be insured unless a signed statement, approved by legal counsel, is obtained from the trustor(s) of a revocable trust indicating that the asset is not to be insured and agreeing to release the trustee from, and to indemnify the trustee for, all liability as a result thereof. (Insurable real property of

revocable trust assets should always be insured if the trustor(s) so desire(s), and it is practicable to do so. Insurable real property trust or estate assets include improved or unimproved real property whether the deed is recorded or not. Coverage should include fire and casualty, where applicable.)

In the event legal counsel determines it is impracticable to comply with the above requirements, an alternate procedure may be implemented for revocable trusts, if written approval from the organization's legal counsel states that the alternate procedure adequately fulfills the trustee's fiduciary responsibility. This legal opinion shall be updated at least every three years or upon change of legal counsel.

21. Insurance coverage is reviewed periodically (at least every three years) to verify that coverage appears to be adequate. Where coverage does not appear to be adequate, a "Hold Harmless" agreement approved by legal counsel is signed by the trustor(s) of a revocable trust stating that the trustor(s) is/are not relying upon the trustee to determine the adequacy of the insurance coverage and agreeing to release the trustee from, and to indemnify the trustee for, all liability as a result of any inadequacy of insurance coverage. This same procedure is followed when the trustor(s) does/do not wish this periodic review to determine the adequacy of insurance.

In the event legal counsel determines that it is impracticable under the circumstance to comply with the above requirements, an alternate procedure may be used for revocable trusts, if written approval by the entity's legal counsel states that this procedure adequately fulfills the trustee's fiduciary responsibility in this regard. This legal opinion shall be updated at least every three years or upon change of legal counsel.

22. In the case of revocable trusts, when it has been determined that the trustor has obtained insurance covering the real property, the trustee is named as an "additional insured" except in the following circumstances:
  - a. If the deed is to be recorded, evidence is contained in the trust file indicating that contact has been made with the trustor(s) or the insurance company, and that naming the trustee as an "additional insured" is impossible or impractical for the trustor(s). In this case, a "Hold Harmless" statement approved by legal counsel is signed by the trustor agreeing to release the trustee from and to indemnify the trustee for, all liability as a result.

- b. If the deed is not to be recorded (at the written request of the trustor(s)), the trustor shall have the option of choosing not to have the trustee named as an "additional insured." In this case, a "Hold Harmless" agreement approved by legal counsel is signed by the trustor(s) agreeing to release the trustee from, and to indemnify the trustee for, all liability as a result.

In the event legal counsel determines it is impracticable to comply with the above requirements, an alternative procedure shall be approved in writing by the entity's legal counsel in regard to (a) or (b) above, stating that this procedure adequately fulfills the trustee's fiduciary responsibility in this regard. This legal opinion shall be updated at least every three years or upon change of legal counsel.

### **New Trusts**

23. All trusts are specifically authorized by the appropriate board or committee. (NADWP S 40 15)
24. Trust agreements are written only when the denomination will substantially benefit from such agreements, with the nature of the assets, size of the estate, cost of servicing the trust, and other factors being considered in determining the feasibility of entering into such agreements. (NADWP S 40 15)
25. A checklist of procedures to be followed in establishing new trusts is consistently utilized.

### **Maturities and Revocations**

26. The governing board or appropriate committee is advised of all revocations of trust agreements. Such action is recorded in the minutes of the governing board or appropriate committee.
27. The governing board or appropriate committee is advised of each interim distribution from a matured trust or estate and is also advised of the final distribution and termination of each matured trust or estate. Such notification is recorded in the minutes of the governing board or appropriate committee. (NADWP S 40 25)
28. Signed receipts, releases or acknowledgments are requested and received, when practical, from all beneficiaries of matured trusts or estates. This means that the beneficiary signs a separate receipt or release, or signs an acknowledgment above the beneficiary's

- endorsement on the check. Such receipt, release or acknowledgment shall verify that the distribution is a "partial" or "full and complete" distribution to the beneficiary in harmony with the trust or will. Any other method shall be approved in writing by the entity's local legal counsel.
29. Appropriate documentary evidence is obtained whenever assets of revocable trusts are returned to the trustor(s). This means that the beneficiary signs a separate receipt or signs an acknowledgment above the distributee's endorsement on the check. Such receipt or acknowledgment shall verify that the asset was withdrawn from the trust by the beneficiary in harmony with the trust document. Any other method shall be approved in writing by the entity's local legal counsel.
  30. Assets of matured trusts and estates are distributed and the trusts/estates are terminated within a reasonable period of time.
  31. Written requests are obtained for all withdrawals from or revocations of revocable trusts.
  32. A checklist of procedures to be followed in revoking a trust is consistently utilized.
  33. A checklist of procedures to be followed in closing out a matured trust or estate is consistently utilized.

### **Power of Attorney and Personal Representative/Executor**

34. When a denominational employee/organization is named as attorney-in-fact under a Power of Attorney as a result of his/her employment:
  - a. The Power of Attorney is approved by the governing board or appropriate committee when the attorney-in-fact has the power to act. (NADWP S 40 31)
  - b. Significant acts (such as the disposition of major assets) are approved by the governing board or appropriate committee. (NADWP S 40 31)
  - c. All assets under the active control of the Power of Attorney are accounted for in a formal trust or estate accounting system with complete documentation which is available to the organization's officers and auditors at all reasonable times. (NADWP S 40 31)
35. When a denominational employee/organization is named as Personal Representative/Executor or Conservator as a result of his/her employment:

- a. The designation as Personal Representative/Executor or Conservator is approved by the governing board or appropriate committee when the need to serve arises. (NADWP S 40 33)
  - b. Significant acts (such as the disposition of major assets) are approved by the governing board or appropriate committee. (NADWP S 40 33)
  - c. All assets under the current control or responsibility of the Personal Representative/Executor or Conservator are accounted for in a formal trust or estate accounting system with complete documentation that is available to the organization's officers and auditors at all reasonable times.
36. A list of all Powers of Attorney held in an official capacity by persons employed by the organization, including the extent of, or limitations on, the powers is maintained.

### **Office Procedures**

37. When a trustor or testator dies, a copy of the death certificate or other appropriate evidence of death is obtained.
38. Documents held in a fiduciary capacity, and other related materials, are properly logged out when taken from the files.
39. All files held in a fiduciary capacity are properly organized and subdivided.
40. Files held in a fiduciary capacity are reviewed periodically (e.g., every 3 to 5 years) to verify that the files include all necessary documentation.
41. Original documents are never removed from the office except when an original document is required.
42. A summary (i.e. synopsis) is maintained for each trust which summarizes the pertinent provisions of the trust.
43. Securities held in a fiduciary capacity are physically inspected at least annually and the list of physically inspected securities is reconciled to the accounting records.
44. Files held in a fiduciary capacity and other legal documents are kept in properly secured fire-resistant files/vaults.
45. A tickler system is adequately maintained and utilized.

**General Conference Auditing Service Report**

46. The General Conference Auditing Service Report on Planned Giving & Trust Services Operations is either:
  - a. Submitted to the Financial Audit Review Committee which sends the report along with the Committee's response to the governing board, or
  - b. Submitted directly to the governing board. (NADWP S 71 35 and 36)
47. The report of the General Conference Auditing Service is carefully reviewed and appropriate action is taken to implement the recommendations.  
– End of Accreditation Standards –