

North American Division
Planned Giving & Trust Services
Working Policy Summary
Voted Yearend meeting 2019

NOTE: All Working Policies in the North American Division's (NAD) Red Book apply to all NAD organizations and must be followed and complied with. Below are the red book policies that have a more direct impact on the Planned Giving & Trust Services (PGTS) operation.

FT 05 Statement of Purpose

A recognition of the sovereignty of God, by right of creation and redemption, enables every Seventh-day Adventist Christian to enjoy a sense of security and a relationship with his heavenly Father that surpass all other considerations. A contemplation of Calvary prompts him to dedicate himself and all that he has to God. To do less would mean the loss of spiritual and temporal blessings that come only to those who recognize that God is the owner of all things and that everyone is His steward. This concept of stewardship is recognized by the Christian community; therefore, unique approaches should be taken to achieve the goal of securing to the Lord the material blessings bestowed upon the members of His church.

The Seventh-day Adventist Church in its Trust Services, offered through the conference legal associations and denominational institutions, teaches this profound truth and provides the means whereby individuals and families may through the avenues of special gifts, trusts, annuities, and bequests, give their continuing, wholehearted support to God's work.

In the fulfillment of this purpose, the Legal Association through its Trust Services also seeks to minimize the cost of administering and closing the estates of donors and attempts to utilize every lawful means to hold income, gift, and estate tax consequences to a minimum, and proclaims, as Heaven's standard of stewardship, the principles set forth in the Bible and amplified in the Spirit of Prophecy.

S 40 PLANNED GIVING & TRUST SERVICES

S 40 01 Mission Statement

Planned Giving & Trust Services assists people in conveying their Christian values through planned gifts. Our goal is to connect the donor's passion with the mission of the Seventh-day Adventist Church so their gift will advance God's work.

S 40 05 Applicable Laws

Denominational organizations engaging in Planned Giving & Trust Services activities shall comply with applicable federal, state/laws, regulations, and rules. Planned Giving & Trust Services Working Policy is subject to, and intended to be in harmony with, applicable legal requirements.

S 40 10 Planned Giving & Trust Services Standing Committee

1. The North American Division shall establish a Planned Giving & Trust Services Standing Committee.
2. Its members shall include the North American Division Treasurer/Chief Financial Officer as chair; the General Conference/North American Division Planned Giving & Trust Services Director as Secretary; and other ex officio members listed in the committee's terms of reference.
3. The Standing Committee shall;
 1. Recommend to appropriate NAD committees for action at Year-end meetings.
 2. Formulate guidelines for Planned Giving & Trust Services which do not require a NAD Policy or Policy amendment.
 3. Coordinate the development of useful Planned Giving & Trust Services marketing material.
 4. Appoint appropriate subcommittees to address Planned Giving & Trust Services issues.

S 40 15 Certification & Accreditation Committee

1. The North American Division shall establish a nine-member Certification & Accreditation (C&A) Committee. Its members shall include the North American Division Treasurer/Chief Financial Officer as chair; the General Conference Planned Giving & Trust Services Director as Secretary; three additional members who are employed in Planned Giving & Trust Services, two of whom serve on the North American Division Planned Giving & Trust Services Standing Committee; and four qualified laypersons. All members, except ex officio members, are to be approved by the Planned Giving Trust Services Standing Committee.
 - a. Member Term – Each member, except ex officio members, will serve a three (3)-year term beginning on January 1 of the calendar year following their nomination at the NAD PGTRS standing committee and ending on December 31 of the third year. Members, except ex officio members, may serve an additional three (3)-year term.
 - b. Reinstatement Period— Members, except ex officio members, who have served an additional term on the C&A Committee cannot be reinstated on the committee until a full three (3)-year term has elapsed.
 - c. Member Resignation—If a current member resigns during their term, the NAD PGTRS Standing Committee shall appoint a replacement. The replacement may be a past member who has not completed the full reinstatement period. The interim replacement will fulfill the resigned member's term. If the interim replacement has not completed the reinstatement period, the reinstatement period will be suspended and begin to run again upon the end of the interim term.
2. The Certification & Accreditation Committee shall issue individual certification and

organizational accreditation and shall establish and institute the procedures within guidelines established by the NAD PGTRS Standing Committee.

Any change to an organization's accreditation status shall follow the process detailed in the NAD PLANNED GIVING & TRUST SERVICES Manual and be reported to the board of the organization, the next higher organization and the auditors for inclusion in the next annual report of the organization. If the committee should determine the accreditation of the organization should be withdrawn, such recommendation shall be made to, and voted by, the North American Division Executive Committee

S 40 20 Organization Accreditation Requirements

Any North American Division organizations included in the Seventh-day Adventist Yearbook that engage 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.

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 & Trust Services directors, Planned Giving & Trust Services representatives, trust officers and treasurers/chief financial officers who are actively engaging in PLANNED GIVING & TRUST SERVICES activities.

S 40 30 Allied Professionals

Provision shall be made for qualified legal and tax counsel services.

S 40 35 Trust Review

A regular operation and compliance review to ensure compliance with denominational policy and fiduciary responsibility shall be performed by the General Conference Auditing Services or as otherwise provided by denominational policy. A copy of the report, including management letter, shall be furnished to the Certification & Accreditation Committee. Any substantial exception shall be cause for action by the Certification & Accreditation Committee as provided herein.

S 40 40 Legal Counsel

The preparation and execution process for planned giving instruments shall be under the control of actively licensed legal counsel to ensure all documents are in compliance with the statutes and regulations of the governing jurisdiction.

S 40 45 Gift Annuity Agreements

1. *Approved Organizations*—General Conference, North American Division, union and local conference associations/corporations, and other legally- recognized entities may

issue gift annuities to the extent allowed by applicable laws and regulations.

2. *Rate Schedules*—Maximum gift annuity agreement rate schedules are provided by the General Conference Corporation to officers of union and local conferences and institutions, and shall be strictly adhered to by all issuing organizations.

3. *Accounting*—Gift annuity agreements shall be accounted for by Generally Accepted Accounting Principles (GAAP) for such agreements as set forth in accepted fund accounting manuals. Each gift annuity shall be accounted for separately, and no part of the total annuity amount may be used for operations until the death of the final annuitant.

4. *Union/Division Counsel*—Before denominational organizations enter into Gift Annuity agreements funded with cash or publicly traded securities in excess of \$500,000 or other noncash assets, the denominational organization personnel shall obtain counsel from the Union or Division Planned Giving & Trust Services Director or officers.

S 40 50 Trust Agreements

1. *Acceptance of Assets*—In addition to outright gifts and the provisions made for gift annuity agreements, General Conference, union and local conference associations or corporations, and legally organized institutions, are authorized to accept funds or property in trust, the process for which is detailed in the NAD: PLANNED GIVING & TRUST SERVICES Manual.

2. *Approval of Agreements*—All agreements for which the organization serves as fiduciary shall be specifically authorized by the board of trustees concerned; however, this does not preclude a board of trustees from designating a subcommittee to handle this on a continuing basis.

3. *Investments in Trusts*—Organizations and institutions acting as trustee shall not invest in any property accepted in trust, give any guarantees based on the security of the trust, or loan any funds to a trustor. While it is not recommended as a routine procedure, under extenuating circumstances the organization or institution may, from its own funds, make temporary loans or advances of nominal amounts, fully secured by trust assets, which may be necessary to establish the trust or cover an emergency situation involving the trust assets. The organization or institution as trustee of an irrevocable trust may, however, secure a loan from a third-party lender for purposes of the trust based upon the security thereof.

4. *Denominational Benefit*—Organizations can accept fiduciary duties for a trust or will only if the denomination may substantially benefit from such trust or will, considering the nature of the assets, size of the estate, cost of administration, and other relevant factors. Entities accepting fiduciary duties for a trust or will shall develop written fiduciary acceptance guidelines.

S 40 55 Revocable Trusts

1. *Specifically Invested*— All church entities acting as trustee of revocable trusts shall serve as such only in those cases where trust funds are invested based on specific written direction by the trustor or as provided in the trust instrument All income shall accrue to the benefit of the trustor who shall assume the benefits and risks of variations in principal and rates of return.

2. *Union Revolving Fund*—No cash transferred to or held in revocable trusts shall be loaned to any church organizations, except to a Union Revolving Fund.

S 40 60 Wills

Individuals should consider wills in addition to trusts and gift annuities when making gifts.

S 40 65 Recording Maturity of Deferred Giving Instruments

The maturities and all distributions to beneficiaries of any deferred giving instruments shall be recorded in the minutes of the governing board of the fiduciary, and/or its designated subcommittee.

S 40 70 Fiduciary Fees

A denominational employee who serves as a fiduciary as a result of his/her employment (administrator, trustee, executor, personal representative, conservator, guardian, or other fiduciary) shall not retain fees received for such service. When a Seventh-day Adventist entity or its employee serves as a fiduciary and chooses not to charge a fiduciary fee, and there are other Seventh-day Adventist entities that benefit, the servicing entity shall not be entitled to reimbursement from any benefiting church entity for the cost of the fiduciary services without prior written agreement between the entities approving such payment.

S 40 75 Fiduciary Succession

Upon completion of term of office or denominational employment, written notice shall be given to the affected individuals with whom the former employee was known to have an established fiduciary or other business relationship as a result of denominational employment. The responsibility as fiduciary shall pass to the successor in that position, to the extent allowable by law.

S 40 80 Power of Attorney/Fiduciary Safeguards

The denomination and its employees are discouraged from serving as Power of Attorney and/or fiduciary as a function of their employment, except in extenuating circumstances as voted by the governing board or delegated committee. Where there is a need for a church employee as part of their work to serve as Power of Attorney (agent), such function shall be approved by the governing board or appropriate committee. All assets under the active control of the agent shall be accounted for in an adequate accounting system. Significant acts (such as the disposition of major assets) shall be approved by the governing board or appropriate committee.

S 40 85 Inter-organizational Planned Giving & Trust Services Guiding Principles

The following inter-organizational Planned Giving & Trust Services guiding principles shall govern all organizations and institutions rendering Planned Giving & Trust Services.

1. *Local Conference*—It is recognized that local conferences have the right to contact all persons in their territories.
2. *Referrals*—All referrals among conferences and institutions will be followed up in the regular contact procedures.
3. *Alumni*—Educational institutions have the right to directly approach their alumni, including attendees, relative to current and deferred giving.
4. *Promotional Materials*—Organizations and institutions have the privilege of sending promotional materials to the territory they serve.
5. *Non-Seventh-day Adventists*—No restrictions are to be placed on contacting non-Seventh-day Adventists; however, discretion should be used to avoid duplication of appeal by more than one denominational organization. If it is not known whether such individuals are members, reasonable efforts should be taken to ascertain their status.
6. *Approaches to Higher Organizations*—If a Seventh-day Adventist Church member contacts the General Conference or a union conference, it shall refer the member to the appropriate entity; however, if the person still desires to relate to the administrative level contacted this will be respected with that administrative level's consent.
7. *Church Members—Other Conferences*—Should a church member residing in and holding membership in one local conference desire to enter into an agreement with another conference, the same provisions will apply as in the preceding paragraph.
8. *Cooperation*—All entities of the church shall cooperate in a spirit of goodwill and understanding.

S 55 20 Hazardous Waste Assessment

A hazardous waste assessment and review shall be made regarding all church properties and other real estate to be held in the name of a denominational entity, or held in the name of a denominational entity as fiduciary, prior to acquisition of the asset, whether by gift, purchase, or otherwise. The assessment and review shall be made using an appropriate form approved by the organization's legal counsel. If a more in-depth review is needed, direction is to be provided by the appropriate committee.

S 85 05 Safeguarding Denominational Funds

1. Introduction — The Seventh-day Adventist Church has adopted the following principles and policies to promote the prudent management of certain assets owned and designated for investment by entities listed in the Seventh-day Adventist Yearbook. The General Conference Corporation of Seventh-day Adventists (the "Corporation") is the legal entity appointed by the Church to (a) hold or oversee assets designated for investment, whether as trustee or otherwise, and (b) exercise or oversee legal and regulatory authority and compliance regarding such designated assets. The Corporation has authorized its Investment Management Committee (also referred to in these working policies as the "Investment Committee") to hire, coordinate and provide global investment management expertise to maintain and promote these principles and policies with regard to such assets in service to the Church.

2. In order that assets for investment might be prudently managed the following

principles and policies have been adopted for the North American Division:

- a. All investments must be in compliance with the Prudent Investment Act or other applicable legal standard in the jurisdiction(s).
- b. Unions may authorize their conferences, individually or as a group to apply the terms of this policy to conference member organizations such as churches and academies.
- c. The conference executive committee shall take action, after evaluating the nature of the available funds and the skill resources available, recommending to the Union that the member organization apply the provisions of this policy.

3. The Church also maintains a General Conference Investment Office which carries daily administrative and operational functions based upon these principles and policies as well as the actions and recommendations of the Investment Management Committee of the Corporation.

BA 70 10 Records Retention

1. Each organization and institution shall establish a records center, that is, a storage place to protect documents from fire, deterioration and unauthorized access. This records center shall house those non-current documents or files designated for either short-term or permanent storage. The records center is not to be used for the storage of current files, that is, those that are consulted several times a year in the normal course of business.

2. A records retention schedule, available from the General Conference Office of Archives, Statistics, and Research, shall be considered by the respective denominational organizations and institutions and, with revisions that may be indicated by local needs or varying legal requirements, be adopted by their governing boards or committees.

3. Documents and files stored in the records center awaiting later destruction shall be boxed in such a way as to make clear the date of their destruction, under the provision of a records retention schedule approved by the organization's executive committee or board.

4. Documents and files to be preserved permanently may be kept in hard copy, microform, or digital form, at the discretion of the appropriate governing body. Hard copy and microform may be stored in the same storage facility with less permanent items but should be physically separated from them and clearly labeled. In the event of digital storage, copies of vital records, including executive officer correspondence and major committee minutes, should also be stored offsite.

5. Organizational units (see B10) with sizable collections of records, aged fifty years or older, shall make provision to create an historical archive, where measures can be taken for long-term preservation and for making documents accessible to researchers. Organizational units may designate an Adventist tertiary institution as their historical archive, with the agreement of the institution.

6. Planned Giving & Trust Services Programs—Trusts, wills, charitable gift annuities, and other estate planning documents shall be retained permanently in their original

form. Other documents including information worksheets, accounting reports, tax returns, correspondence, email messages and other routine materials may be retained in a secure and accessible electronic form. These guidelines shall be reviewed periodically, e.g., every three to five years.