

# **EMMANUEL LUTHERAN CHURCH**

## **FINANCE COMMITTEE**

**Approved By The  
Congregation Council  
September 13, 2022**

### **Investment Policy**

#### **I. Policy Objective**

Members of Emmanuel Lutheran Church provide the funds to carry out the mission of the congregation. Therefore, great care and stewardship should be accorded these funds, especially when they are invested. This policy was developed as a means to educate Emmanuel Lutheran Church Congregation members, employees and Committee members on how to properly handle Church funds that are to be invested.

By direction of the Congregation Council signified by approval of this policy, the Finance Committee is given authorization to create an Investment Advisory Committee. One requirement limits the Finance Committee's responsibility, that is, that no member or any family member of an Emmanuel Lutheran Church member may benefit in any way from being a member of this Investment Advisory Committee or benefit from investment of these funds.

This policy sets forth broad guidelines under which the funds that are to be invested shall be managed. The broad investment guidelines are:

- A. Preserve the principal value of funds;
- B. Earn a reasonable return;
- C. Invest funds in a manner which is consistent with the values and ministries of Emmanuel Lutheran Church.

#### **II. Procedure**

To develop the specific guidelines/objectives of this policy an "Investment Advisory Committee" will be established. This committee will consist of three (3) Emmanuel Lutheran members. One individual on this committee will be elected as the committee chair. The committee will select its own chairperson on an annual basis.

The Congregation Council will appoint three (3) individuals that are interested and knowledgeable of investing and will form the Investment Advisory Subcommittee. This committee will function as outlined in the following paragraphs below. The Finance Committee will offer names of Emmanuel Lutheran members for appointment to this committee to the Congregation Council for their approval.

## **II. Duties of the Investment Advisory Committee**

The Chair of the Investment Advisory Committee along with the other Investment Committee members shall carry out the investment policy for Emmanuel Lutheran Church.

The Investment Advisory Committee has the responsibility to initially establish and periodically revise Emmanuel Lutheran's specific investment guidelines and objectives within the scope of the Broad Investment Guidelines outline in Paragraph I. Policy Objective.

A template for establishing the specific investment guidelines and objectives is attached to this policy. This template was attached to this policy only as a reference tool and as a beginning point for the Investment Advisory Committee to do its work, it is not a directive. As the Investment Committee may revise its specific investment guidelines and objectives document to address current investment challenges, as needed, however a revised copy must be provided to the Finance Committee and the Congregation Council within thirty (30) days of the affectivity date of those changes.

The Investment Advisory Committee will report investment results and allocation of funds at least quarterly to the Finance Committee and to the Congregation Council.

Once specific investment guidelines and objectives are set, outside professional money managers may be contracted by the Investment Advisory Committee. The selection of professional money managers and the selection of specific mutual funds, as needed, will be the responsibility of the Investment Advisory Committee.

This investment policy makes no provision for the placement of church funds in investments that are not publicly traded investments.

**The Congregation Council may eliminate, or revise/modify this Policy & Procedure at any time.**

**EMMANUEL LUTHERAN CHURCH**

**INVESTMENT ADVISORY COMMITTEE**

**“TEMPLATE”**

**SPECIFIC INVESTMENT GUIDELINES and OBJECTIVES**

DATE OF IMPLEMENTATION

**I. Duties of the Investment Advisory Committee.**

The primary duties of the Investment Advisory Committee shall be:

- A.* To define, document and approve the procedures for management of funds.
- B.* To define, document and approve the type and number of investment pools to be utilized.
- C.* To define, document and approve the investment allocation ranges for the various types of investments.
- D.* To define, document and approve any investment managers utilized.
- E.* To meet as needed with the investment managers to review performance against agreed- upon benchmarks.
- F.* To recommend changes in the investment policy for presentation to the Finance Committee and Congregation Council.

**II. Designation of investment pools. Because the funds to be invested may have different characteristics, there may be several investment pools. These investment pools may be accounted for and managed differently. The initial pools shall be:**

- A.* Intermediate-term funds which may be held for ministry needs within the next few years.
- B.* Long-term funds which may be invested over longer periods of time.

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C. Funds designated for specific church programs or plans.

**III. Asset allocation**

The funds invested shall employ a balanced and diversified investment approach. The asset pools are expected to utilize differing investments and allocations. The Investment Advisory Committee shall adopt a range of allocation for each asset pool. Funds for various needs and projects should have an asset allocation that is in keeping with the time frame the funds are to be needed. In all cases the investment allocation should take into account that these are church-related funds.

The allocation of funds shall be reported to the Council annually at the end of the fiscal year.

**IV. Investment advisers and performance measurement**

Since the investment of funds is a specialized field, it is anticipated that outside investment advisers and/or funds may be utilized to implement this policy, especially for the larger amounts and intermediate or longer-term funds.

The Investment Advisory Committee will select advisers to manage some funds. Such funds will be managed by the contracted investment advisors on a discretionary basis within the overall parameters of fiduciary responsibility and the policies set forth in the Specific Investment Guidelines/Objectives of this committee.

The investment results of a contracted manager shall be compared at least annually with appropriate benchmarks for the type of manager and investments. The benchmarks shall be agreed upon between the Investment Advisory Committee and each adviser at the point of hiring. Performance should be measured over a period of years, but any adviser with continual below benchmark performance should be replaced.

**V. Approved Investments.**

The major portion of the overall portfolio shall be readily marketable and traded on major exchanges. The investments shall consider liquidity and not be speculative. As appropriate, funds may be invested in the following financial assets:

**A. Short-term investments**

1. U.S. Treasury bills
2. Commercial paper in the highest grade as rated by Standard & Poor's or Moody.

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3. CDs and other bank or savings-and-loan deposits provided they are government insured institutions. If more than the insured amount is invested with an institution, the institution should be of high quality or split between institutions.
  4. Other approved short-term investments of high quality and marketability.
- B.* Publicly traded Mutual Funds.
- C.* Publicly traded bonds and notes of investment grade. In most cases it is expected that the investments will be at least A-rated securities or better

**VI. Restrictions on investments**

- A.* Because the funds are held in trust until utilized for ministry, investments shall not be made in companies or institutions which are not compatible with the values or mission of Emmanuel Lutheran Church. Examples of inappropriate investments would be institutions engaged in or promoting abortion, gambling, or tobacco.
- B.* The portfolio is not to include concentrated positions of more than 5% of any asset class or 10% of any one CD. No individual equities should be purchased. Purchases should be limited to mutual funds. Individual equities can only be held if donated to Emmanuel Lutheran Church and specified by the donor that the security must be held for a period of time. See IX A & B.
- C.* Investments cannot be made in warrants, options, or commodity futures. In addition, purchases cannot be made on margin, and securities will not be sold short.
- D.* No investments can be made which could place in jeopardy the tax-exempt status of Emmanuel Lutheran Church. In keeping with this policy, no investments shall be made for the purpose of exercising control over corporate management.
- E.* The automatic sale of a security whose quality or rating falls below Emmanuel Lutheran Church policy standards shall not be required, but the investment managers shall be expected to reevaluate retention of the security on a regular basis.

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Allocation Guidelines

	Max % Total
Funds Available in one year or less	
Fixed Income (short term CD's)	40
Cash	60
	Total 100
Funds available 1-5 years	
Equities/Mutual Funds	30
Fixed Income	
CD's	40
Bonds	30
	Total 100
Long Term Investments	
Equities /Mutual Funds	60
Fixed Income	40
	Total 100
Funds for Specific Project	
Depends on time frame of project	
Equities/Mutual Funds	??
Fixed Income	??
	Total 100