

Metropolitan New York Synod, ELCA
Asset Investment Objectives and Policies

1 Introduction

The following statement of general objectives and policies are guidelines for the overall management of the Metropolitan New York Synod (MNYS) invested assets. This document will address asset definition, investment objectives, investment policies and asset-release policies for those assets with asset-release restrictions.

2 Definitions

2.1 Synod Council

The governing board of the Metropolitan New York Synod of the ELCA

2.2 Invested Asset

The invested asset is defined as a pool of permanently restricted (e.g., gifts and bequests accepted with the donor stipulation that the principal will be retained in perpetuity), temporarily restricted (i.e. restricted by donor or the Synod Council as to time or purpose but without reserve of capital or appreciated value), Synod Council-restricted funds (i.e., designated by the Synod Council to function as quasi-endowments or temporarily restricted), and unrestricted funds (deemed by the Financial Management Committee FMC to be all or part of a working reserve). All these assets will be managed collectively to support the mission of the MNYS.

2.3 Book Value

The value of an asset as carried on the balance sheet.

2.4 Investment return (Total Return)

Total Return recognizes all earnings derived from portfolio investments, plus realized and unrealized capital gains and losses, less applicable investment management expenses, as confirmed and reported in the annual audit report.

3 Investment Objectives

3.1 Investment Objective

The investment objective is to maintain the book value of permanently restricted assets, while allowing withdrawals, to support the mission and ministry of the MNYS consistent with the various constraints upon the individual components of the invested asset.

3.2 Rate of Return Objective

The rate of return objective is to maximize a total investment return consistent with prudence, discretion, intelligence and regard for the safety of capital as well as income.

3.3 Restrictions

Special care shall be taken to ensure that restrictions on gifts will be maintained through the intended lifetime of the asset. A Memorandum of Understanding for all permanently restricted gifts has been completed (and will be completed for those received in the future), acknowledging the MNYS as the owner and investment custodian of all monies held in the permanently restricted account. Unless the donor requires otherwise and the FMC agrees in writing to a different restriction, the Memorandum of Understanding for permanently restricted gifts will state that the book value of the principal of the restricted fund will not be expended and the amount available for distribution will be determined annually by the Synod Council or its designated FMC.

4 Investment Policies

4.1 Pooling

Investment assets are pooled and maintained similar to a mutual fund in that each individual fund maintains a separate identity yet is commingled with all funds for purposes of investment and accounting efficiencies. Pooling these assets provides the opportunity to develop a more diversified investment portfolio which in the long term should maximize investment performance.

4.2 Asset Mix

The long-term requirements of the MNYS and the expectation that needs and services to congregations and the Churchwide organization will continue to grow suggests a diversified asset mix of fixed income (30-40%) and equity securities (70-60%).

4.3 Responsibility for Oversight

The FMC has oversight of the assets within the suggested asset allocation ranges and has the authority to select appropriate investment advisors and managers. The FMC will not choose specific investments within each investment asset class other than to provide guidelines that might limit investment in companies engaging in activities contrary to the social objectives of the ELCA. Investments will not be held in any individual stocks, bonds or other selected securities. Gifts of stock, securities and real property will be sold immediately or as soon as practical and the proceeds added to the pooled investment portfolio.

5 Spending Policies

5.1 Goals

This spending policy is intended to achieve the following goals:

5.1.1 To provide a predictable and stable stream of revenue to support Synod programs and ministries

5.1.2 To ensure that the book value of the revenue stream is maintained over the long-term

- 5.1.3 To maintain permanently restricted funds and make necessary distributions as specified by the donor

These objectives can be achieved through the selection of spending rules. Par 5.2 defines these spending rules.

5.2 Spending Rules

- 5.2.1 Distributions shall not occur when the market value of the investment assets are less than the book value of the permanently restricted funds

- 5.2.2 In order to provide a predictable, stable stream of revenue, it is desirable to provide a mechanism that reduces the volatility of distributions. To this end annual distributions shall be four percent (4%) of the average of the Total Investment portfolio value as reported in the year end audit reports of the previous five years

From this annual distribution, each of the permanently restricted funds shall receive a distribution calculated at four percent (4%) of the average book value as reported in the year end audit reports of the previous five years

- 5.2.3 Two unrestricted funds (Winston Bone Fund and Rudolph Ressemeyer Fund), by Synod Council action, require that the amount available for distribution will be determined annually by the FMC in a format identical to that used for the permanently restricted funds in 5.2.2

- 5.2.4 The remainder of the annual distribution, after the distributions of paragraph 5.2.2 and 5.2.3 shall accrue to the MNYS Fund or as otherwise determined by the FMC and the Synod Council

5.3 Changes to Spending Policy

These policies may be changed by recommendation of the FMC, with approval of the Synod Council.

The FMC is authorized to make perfective and corrective adjustments to this policy, but they must submit these changes to the next meeting of the Synod Council for approval. The FMC must ensure that any actions that may be taken in response to such adjustments are sensibly reversible should the Synod Council fail to approve the proposed changes. If the Synod Council does not act on the proposed adjustments at their next meeting, the adjustments are considered approved.

6 Previous Actions and Resolutions

All prior actions, resolutions and policies of the Synod Council that are in conflict with this policy are rescinded by adoption of this policy.

Recommended by Financial Management Committee: 1/18/2011

Adopted by Synod Council: By resolution: 1/11/2011