

AUUF Endowment Committee

March 22, 2022

The Endowment Committee requests a formal vote by the members of the AUUF congregation for the following policy changes to the Endowment Plan of Operation. Submitted by committee members Wray Kinard (Chair), Judy Engh (Treasurer), Stephenie Wheeler, Jim Wanamaker, and Harry Crawford.

Endowment Issues:

The Endowment Committee recommends two policy changes to the AUUF Endowment Plan of Operation:

- 1) adjust the minimum threshold for withdrawal from \$250,000 to \$500,000; and
- 2) change *shall* to *may* in reference to annual withdrawals once the threshold is reached.

HIGHER THRESHOLD. The current threshold of \$250,000 (inflation adjusted) will supply only a nominal amount (about \$10,000) each year, given the 4% withdrawal maximum. The fund was established to supply the fellowship with funding for more substantial projects that could make a difference to AUUF and the greater Anchorage community.

Other UU congregations around the country were consulted for their best practices, and while each UU church held widely differing endowment practices, all agreed that the larger the endowment fund, the larger the monetary impact. Moreover, the UU national organization recommends endowments be up to three times a congregation's annual operating budget. AUUF's operating budget is about \$400,000.

REQUIRED VS. AS-NEEDED DISTRIBUTIONS. Once the threshold is reached, current policy wording directs that at least 4% of the fund must be distributed. The committee recommends replacing the word *shall* with the word *may*. Requiring a distribution of money regardless of need is simply not prudent.

Recommended Changes

(NOTE: bracketed words are to be deleted and underlined words are to be added. Both are bolded.)

Endowment Plan of Operation, II. C. 1.

Lifetime and testamentary gifts to the FUND shall accumulate until a fair market value of **[\$250,000.00] \$500,000** (with annual inflation adjustments beginning in 2020) is achieved, after which distributions may commence.

Endowment Plan of Operation, II. D.

Distributions **[shall] may** be recommended by the COMMITTEE and approved by the Board.