

**ENDOWMENT PROGRAM
OF
ST. MATTHEW'S UNITED METHODIST CHURCH
ANNANDALE, VIRGINIA**

INVESTMENT POLICY GUIDELINE

I. PURPOSE:

This Investment Policy Guideline (IPG) generally describes the investment philosophy and investment management procedures to be utilized for gifts to the *Endowment Program of St. Matthew's United Methodist Church* (the "Endowment Program"). This IPG is authorized by and is an adjunct to the Endowment Program Charter. This IPG shall be administered by the Permanent Endowment and Planned Giving Committee (hereinafter referenced as "Committee")

II. INVESTMENT OBJECTIVES:

Donations to the Endowment Program are intended to provide a permanent endowment of financial support to strengthen, expand, and preserve the ministry of the Church and establish a permanent and living memorial to the donor and/or their designee. These objectives will be supported by withdrawals from the Investment Account(s) consistent with an "annual withdrawal rate" approved by the Church Council or established by conditions of a named fund and that will consist of both income (interest or dividends) and principal sufficient to support the Endowment Program while maintaining principal over time. This will require:

- Investments in both equities and fixed income, and
- An annual withdrawal rate not to exceed 4%, and
- Adjustments to the withdrawal rate to reflect changes in the rate of inflation and performance of investments within the Endowment Program that preserve its goals and fiscal integrity.

Therefore, objectives include both growth of principal and income, with a conservative orientation to reduce potential for long term loss of principal. The Endowment Committee will select an asset allocation using the guideline below that best meets this objective.

III. INVESTMENT CRITERIA:

Broad diversification among different asset types will be the basis for investment selection and management. This includes investments in equities and fixed income, and sub-classes within these. Equity investments may include, but not necessarily limited to, both domestic and international stocks, large, mid and small capitalization stocks, and both growth and value

stocks. Fixed income investments may include, but not necessarily limited to, US Treasury bonds, government agency bonds and high quality corporate bonds of different maturities. In addition, CDs may be used for fixed income. Money market funds may be used for liquidity purposes to make distributions and pay expenses.

Investment selection will emphasize keeping administrative costs low.

IV. INVESTMENT MANAGEMENT:

The Committee shall consider investing the assets from the Endowment Program through the Virginia United Methodist Foundation (VUMF). The VUMF contracts fund management to a professional investment management firm that serves many churches and non-profit organizations. This management firm provides the VUMF with investment options that meet the criteria above. The Committee may consult with the VUMF investment management firm and may consider their recommendations before selecting the portfolio(s) for investment of its funds. The Committee shall request regular investment performance reports from the VUMF. As deemed appropriate, the Committee may, with approval of the Church Council, transfer all or a portion of the funds from the Endowment Program to another custodian or investment manager.

The Committee shall also consider the request of any prospective donor to the Endowment Program regarding the investment of their gift prior to accepting such gift.

V. SPECIFIC INVESTMENT GUIDELINES:

The purpose of this IPG is to express the asset allocation and relative investment performance guidelines for the Investment Account(s). This summary is intended as a guideline only to be used by the Committee to establish an investment strategy for the Endowment Program.

1. The Committee shall pursue a long-term investment objective of Growth and Income for the Investment Account(s) with a long-term conservative orientation toward safety of principal and maintaining purchasing power.
2. Over an extended period of time (greater than 5 years), the total return objective (income earned plus principal growth) is 6-8% annually. (This target does not constitute a financial performance "guarantee" due to economic and market volatility).
3. The Committee shall compare returns of the Investment Account(s) over time to a mix of the following market indices:

* S&P 500

* S&P 400

* MSCI/EAFE

* Barclays Govt./Corp.

* Russell 2000

* Barclays Intermediate Govt./Corp.

Other indices may be used, as appropriate, at the discretion of the Committee.

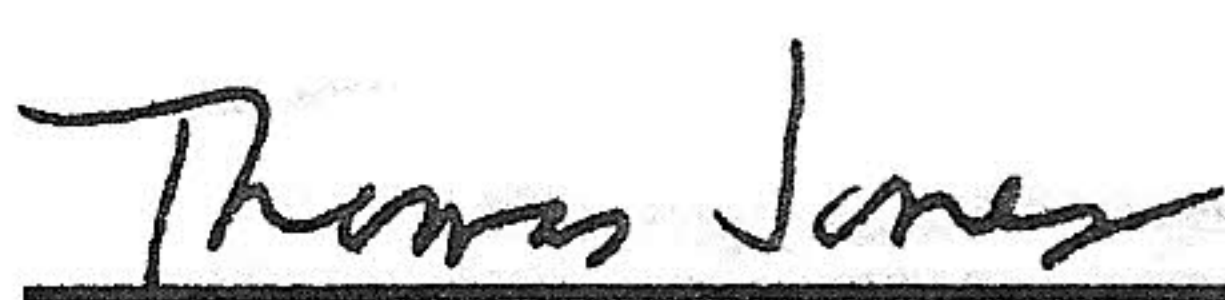
4. Over time, the Committee should consider an appropriate target mix of assets as generally outlined below (5% increments):

	Target (%)	Range (%)
Equity	50	40 - 60
Fixed Income	40	35 - 45
Cash Equivalents	10	5 - 15

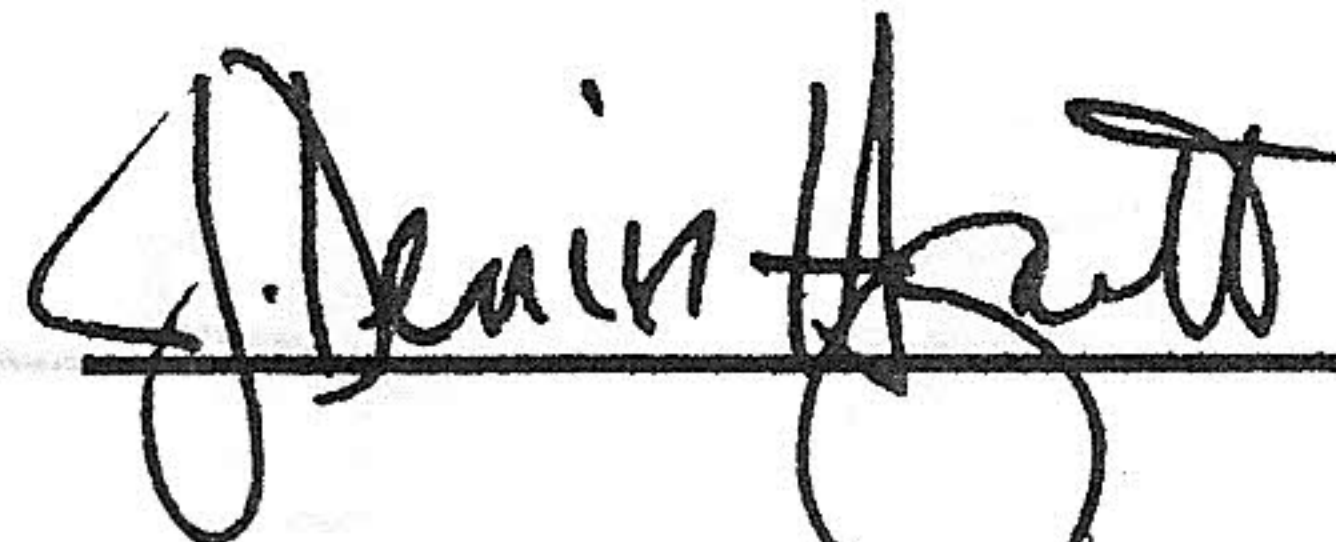
Percentages are based on the fair market value of investments.

5. The expected liquidity needs for the Investment Account are approximately 4% per year plus expenses.
6. The Committee should consider establishing an investment horizon of 30 years for the Investment Account(s).
7. The Committee should consider establishing a minimum level for each Investment Account of the Endowment Program consistent with the best interests of the Program.
8. The management fee to maintain the Investment Account(s) will be paid through quarterly deductions from the account by the custodian or investment manager.
9. To the extent that questions may arise concerning the interpretation of this IPG, the terms of the Endowment Program Charter shall prevail.

This *Investment Policy Guideline for the Endowment Program of St. Matthew's United Methodist Church* was adopted on this 25th day of May 2011 in a duly authorized Charge Conference of St. Matthew's United Methodist Church by a vote of 17 For, and 0 Against, and 0 Abstaining.



Thomas Jones
Recording Secretary



Rev. Dr. J. Denise
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Rev. Dr. J. Denise
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