Creating & Growing Endowment Funds for your Parish and/or Catholic School
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**What is an endowment?** An endowment is a sum of money, permanently set aside for the benefit of the parish or school, which is invested for long-term growth and produces an annual income stream for the parish or school.

**Why have a parish and/or school endowment?** Endowments offer benefits to both the donors and the parish and/or school.

An endowment can be **God-pleasing** for several reasons:

- Its purpose is the advancement of the mission.
- It reminds God’s people that wills and estate planning are an important part of Christian stewardship, and as such are opportunities to put love into action for the family of God.
- It provides an orderly, established, and convenient means to receive and administer gifts and bequests for the benefit of Christ’s mission.

For the donor, it is an opportunity to **create a legacy** that will continue to support the good works of his or her parish or school long after death. The donor’s endowed gift becomes an opportunity to indicate all that was important during his or her lifetime.

For the parish and school, the endowment is a **predictable income stream**. Excellent programs, services and ministries require substantial, consistent and permanent funding. An endowment provides a stable base for that funding. Endowments should not be used to pay the electric bill; rather they should support, enhance and expand the base programs, ministries and services of the parish and school. Endowments can smooth the vagaries of other funding sources (such as the rise or fall due to economic and market conditions or numbers of parishioners/students.) Additionally, endowments may provide stability from the effects of inflation and add a critical component to parish and school fiscal health by being a source of collateral when seeking loans for capital expenditures.

**Does storing up riches through an endowment conflict with the message we teach our people about stewardship?** This question is one that many pastors, diocesan and parish leaders and donors have wrestled with throughout the country. It is a question that is recommended to each parish and school to discuss with parish councils, school boards, or finance or administration committees. Such a discussion, when undertaken by people who understand the full implications of stewardship, will probably be lively, high spirited and opinionated. However, the conversation will lead those involved to a deeper understanding of stewardship and a decision that is right for the parish and school.

The following is a brief synopsis of how others have resolved this issue:

- Some have decided that endowments contradict the basic premise of Stewardship as a way of life and, as a result, they do not accept endowed gifts.
- Some have decided that, because of the steady, predictable income stream that is generated by an endowment, such giving is to be encouraged with no restrictions.
- Some have mixed feelings about endowments but believe that if such a gift is offered by a donor, it is important for the parish or diocese to accept it graciously and to respect the intent of the donor in the giving of the gift.
Some who have been promoting endowment giving for many years have very significant endowments. These parishes and diocese are very sensitive to the psychological effect such funds can have on a parish or diocese. Accountability for the use of the income from a large endowment pool is important. Most diocese advise parishes with large endowments to use such income for special projects and ministries or for outreach projects for the poor, missions, victims of natural disaster, etc. This philosophy is developed for two reasons. First, the intent of the donor when making endowed gifts is usually for the resulting income to be used for “special” projects or ministries. Second, the support of the day-to-day operational needs of the parish is the responsibility of parishioners and is a manifestation of each person’s stewardship of treasure which is intended to support the current good works of the parish.

Some have decided that endowed gifts will only be accepted when made through a will or other estate planning tool which matures at the donor’s death. Such endowed gifts are promoted and encouraged as the final action of a good steward who has chosen to continue giving beyond his/her lifetime. In some instances, the parish or diocese restricts the use of the income as described in the previous point; others place no restrictions on the use of income unless such a restriction has been made by the donor.

Some choose a combination of some or all of the above points.

The decision reached after such a discussion is a significant step for a parish and school. Equally important to the future of the parish or school, however, is the discussion process that leads to the decision to create…or not create…a parish or school endowment.

How can we create an endowment for our parish or school? Any and all endowment funds that are associated with Church institutions in the Diocese of Marquette are to be established as juridical persons under the provisions of Canon Law. A model agreement establishing such a fund is available in The Policy and Procedure Manual of the Diocese of Marquette, and on the diocesan website at www.dioceseofmarquette.org.

To create an endowment, the following steps are to be taken:

1. A Board of Directors must be created. (In some cases this might be the Parish Council or School Board, depending on the nature of the endowment.)

2. The Board of Directors will sign the Diocesan “Model Juridical Person By-Laws” which has been approved and mandated for use by the Bishop. After all signatures have been obtained, the document is to be returned to the Diocesan Department of Administration and Finance. That office will secure the Bishop’s signature and copies of the document will be made. One will be filed with the Diocese; the other with the parish/school for safe keeping.

3. The Bishop will also sign a copy of a document entitled “Decree for Public Juridical Person”, naming the parish endowment a Juridical Person, thereby giving it all of the rights and responsibilities accorded such an entity under canon law.
5 Reasons to Create an Endowment

1. **Durability.** Provide for the long-term needs of the parish/school and the people. Endowment funds are to a parish/school what retirement funds are to an individual – they represent set-aside resources for the future. No parish or school will ever stop raising current gifts to support ongoing operations, but it may, through endowment dollars, be able to underwrite programs, positions and even facilities that would be impossible to maintain otherwise. A strong endowment provides financial depth and permits confident planning. People like the concept of a fund that is guarded and invested separately from other assets so the principal of the fund will stay in tact. Only the income or a portion of the income will be used to support the parish/school.

2. **A Positive Legacy.** Establish a legacy for others to continue. Help ensure a tradition and a sense of value for caring in your children, friends, and colleagues. When donors attach their names to an endowment fund, they create an enduring legacy that will outlive them and influence succeeding generations. Grandchildren, great-grandchildren and other family members and friends will be reminded of the person’s values and commitments. Endowment funds can also be used to honor the lives of others who have made a significant impact on the donor and/or the parish/school.

3. **Perpetuate Annual Gifts.** Many donors see an endowment fund as a means to underwrite their own regular giving the parish or school. For example, an endowment fund of $20,000 could create an annual “gift” of $1,000 to the parish or school. It’s a great way to keep giving generation after generation.

4. **A Stronger Parish.** Each year, the parish or school must raise a certain number of dollars to meet operational costs to sustain facilities, ministries, programs and personnel. Raising money for the “here and now” is always a priority. Annual payouts from endowment funds relieve some of this pressure and permit the parish leadership to plan more confidently for the future. An organization with a strong endowment is simply more stable financially.

5. **Personal Satisfaction.** There is something wonderfully fulfilling about doing something good that lasts, something that really makes a difference. Other kinds of giving are important, but supporting a fund that will benefit others for centuries is truly satisfying. An opportunity to give is an opportunity to be involved. It is caring and serving.
Endowment Essentials

1. Know why you need (or have) an endowment. In order to successfully undertake an endowment initiative, the parish/school ideally would have financial stability, a solid annual fund raising program, at least the beginnings of a major and planned giving program, a focused mission, efficient implementation of that mission, and a clear vision both of where it is headed in the future and of how an endowment will help this vision become a reality. A strong strategic plan that articulates a vision for the future of the parish/school is a must.

If the parish/school does not have a stable financial base and struggles at times to meet payroll and other fixed expenses, an endowment is not the answer to this basic problem. It would be extremely difficult for a parish or school in this predicament to attract gifts to an endowment; people will not invest in a sinking ship.

The answers to the following questions will help answer the underlying “why” question for your parish or school:

- What role will the endowment play in the future vision for the parish or school?
- What is the fiscal stability of the parish or school?
- What is the status of the parish or school’s annual fund raising initiatives?
- What is the trend for meeting the annual parish UPCS A goal?
- What is the trend for meeting third source revenue needs for the school?
- Are there consistent, long-term donors? Are new donors being added?
- Are parishioners or school supporters regularly “taking a step” in their annual giving?
- When was the last time the parish or school had a major fund raising drive? What was the outcome?

2. Know What Your Endowment Is Designed to Accomplish. There are many inaccurate perceptions about what an endowment is and is not. It is important that the endowment governing body and parish/school leadership have an accurate understanding of what the endowment is designed to accomplish.

The vast majority of endowment are permanent - the principal amount is held and invested and only the income (or a portion of the income) is spent each year. There are, however, some variations on this general endowment theme. Some funds have the ability to invade the endowment’s principal and spend a portion, or all of it. Some funds may look and function like a permanent endowment, but have a limited life.

The purpose of the fund should be clearly stated in the establishing document (Juridical Person). Endowment funds can be designated for specific purposes (such as educational scholarships), or for broader purposes (such as support for Christian education).

It is important to determine an appropriate role of the endowment within your parish or school. This decision needs to be made in light of donor needs and parish/school needs. Generally, the more complex the endowment fund is, the more work that will be involved in administering it. Service to endowment donors is critical.
When a parish or school has a good understanding of what the endowment is designed to accomplish, and has a good understanding of its own long term ability to administer the fund, then it will be well positioned to respond to donor needs, build the endowment, manage the assets, and deliver the benefits to the people of the parish or school community.

3. **Develop Investment and Spending Policies.** Once an endowment has been established and gifts begin to arrive for it, the funds must be invested and managed properly. The assets of the endowment must grow at least at a rate equal to the rate of inflation to ensure the long-term viability of the endowment. Ideally, the assets would grow at a rate slightly greater than the rate of inflation in order for the endowment to grow in real terms.

Some of the investment issues that need to be considered within the **investment policy** are investment objectives and strategy, performance expectations, management, and management fees. The Diocese of Marquette has established an Investment Pool for participating entities of the Diocese for the purpose of receiving, holding, managing, investing and reinvesting funds contributed by participating entities of the Diocese. This pool offers many advantages to participants, including economies of scale that reduce management expenses and provide a wider range of investment options.

One of the fundamental goals for an endowment is to produce a predictable income over time. In order to do that, a **spending policy** must be established to determine the amount to be spent each year.

The simple method is to spend whatever income is produced each year. However, because of market fluctuations and a low interest rate environment, spending only income does not meet the fundamental endowment goal of a predictable income.

Spending policies provide that a certain percentage will be spent each year. This percentage is typically in the 4½ to 5% range. The question then becomes: “4½ to 5% of what?”

Spending a stated percentage of the endowment’s value as of a certain date (i.e. the first day of the fiscal year) is simple. However, this method can cause wide income variances from year to year. This method does not meet the goal of predictable income.

Most sophisticated endowments use a rolling average to determine distributable annual income. For example, the endowment’s net assets are determined at the end of the fiscal year. Distributable income is determined by multiplying the spending percentage (5%) by the average fiscal year end net assets of the endowment over a certain period (5 year rolling average.) Organizations utilizing such a model have found that it produces a steady and predictable income distribution. A sample written spending policy that utilizes the rolling average can be found in appendix A of this document.

4. **Promote Your Endowment and Opportunities to Give to It.** The endowment should be marketed in a variety of ways. This is especially important if the parish endowment is in its early years. Parish supporters
must know that the endowment exists and that it is a vital component of the parish or school’s future planning and vision.

Creating an awareness of the endowment can be accomplished through traditional channels of communication such as the newsletter and annual report, direct mail, the website, and even from the pulpit. Communication efforts via these channels are merely the beginning.

The message of your promotional effort should focus primarily on the benefits a potential donor would derive from establishing an endowment or gifting to an existing endowment. Chief among them is the perpetual nature of the endowment. Many people are looking for ways to leave a lasting impact on the world after they depart from it. What better way to do this than through an endowment that will provide important resources for the donor’s parish or school in perpetuity?

Another way to promote your parish/school endowment is the establishment of a fund in memory of or in honor of a family member, mentor or other loved one. This tribute will be perpetual. Many people feel a debt of gratitude to their parish, and an endowment is a method of saying thank you to the parish.

5. Stewardship, Stewardship, Stewardship. You can’t thank a person too many times for supporting your parish or school. Endowment donors may be your most ardent supporters. They believe enough in the parish or school and its future to provide support to it forever.

It is said that the most profitable business is repeat business. Stated another way, an organization’s best prospects for future donations are its current donors with endowment donors at the top of this list.

One effective stewardship mechanism is an annual report. This report details the investment performance of the endowment and shows the impact that the endowment’s annual income distributions have had on the organization. The report would have a short paragraph about each individual endowment fund’s donors, the purpose of each endowment fund, the amount contributed to each fund and each fund’s current market value. These annual reports are a source of pride for endowment donors. They also serve as an important marketing tool for potential endowment donors.

The stewardship activity with the most impact is a communication between the beneficiary of an endowment and the endowment donor. An example of this is a letter to the endowment donor (or the donor’s family if the donor is deceased) from the student who received a scholarship from this endowment. This letter can express thanks, share the student’s dreams and future plans, and explain the impact the scholarship has had on his/her life.

Such communications can be the genesis of a life long relationship. They can also sow the seeds for the next generation of philanthropists.
Conclusion

Endowments are the lifeblood of many organizations. An endowment will provide funds to support your parish and/or Catholic school forever. Endowments can be established for general purposes or for specific programs or projects.

An endowment gift is truly a gift that “keeps on giving.” It is an eternal flame that will burn brightly in the hearts, minds and faith life of the next generation of Catholics. An endowed gift is a faith expression and evidence of the donor’s belief and commitment to the Catholic faith.

Stewarding the endowment is an important responsibility of the parish and school. Those who contribute to endowments are placing their confidence and trust in the individuals who will do the work of improving, strengthening and sustaining the quality programs and services that are the foundation of our faith. Endowments are institutional commitments that transcend changes in personnel, pastors, administrators and board members.

Work diligently to build your endowment. Do so secure in the knowledge that your work will long outlast you as you help philanthropists provide a solid future for your parish.
Investing through the Diocesan Investment Pool

The Diocese of Marquette offers an investment pool that can be utilized by the parishes and schools of the Diocese of Marquette for the investment of endowed gifts. The pool offers the advantage of more favorable investment strategies while minimizing administrative costs.

For more information please contact Wendy Negri, Department of Administration and Finance, at 1/800/562-9745 ext. #104 or e-mail wnegri@dioceseofmarquette.org.
The Investment Pool for Participating Entities  
of the  
Diocese of Marquette  

GOVERNING DOCUMENT  

I. PURPOSE  

The Diocese of Marquette (the "Diocese") hereby establishes an Investment Pool for Participating entities of the Diocese of Marquette (the "Investment Pool") this 11th day of July, 1995.* The purpose of the Investment Pool is to receive, hold, manage, invest and reinvest funds contributed by participating entities of the Diocese.  

II. POLICIES AND PROCEDURES  

A. Participation. Acceptance and approval of a Participation Agreement is required of all entities who wish to participate in the Investment Pool. Only entities whose assets are owned by the Diocese are entitled to participate in the Investment Pool, and all assets invested in the Investment Pool shall be legally owned by the Diocese.  

B. Management. The Diocese has entered into a Master Custodial Account Agreement for Participating Dioceses with Comerica Bank (the "Custodian") dated as of January 1, 1995 (the "Master Custodial Account Agreement") for the purpose of investing assets owned by the Diocese. The Diocese is willing to invest the assets of the Investment Pool as part of its General Diocesan Funds held under the Master Custodial Account Agreement.  

The Diocese will manage the cash flow for the Investment Pool into and out of the Master Custodial Account, as follows:  

1. The Diocese will collect deposits from the participating entities and forward them to the Custodian.  

2. The Diocese will make payments to the participating entities in accordance with the terms of the Participation Agreement.  

3. The Diocese will provide a quarterly accounting to participating entities of their transactions within the Investment Pool. The Diocese will provide an annual report on the investment performance of the Investment Pool.  

C. Investments. The Investment Pool will be invested through the services of professional investment managers selected by the Diocesan Finance Council from the group of investment managers retained to invest the assets held under the Master Custodial Account Agreement. The Diocesan Finance Council will monitor the investment results of the Investment Pool at its quarterly meetings. The Diocesan Finance Council will retain ultimate investment authority with respect to all assets in the Investment Pool.
D. **Deposits and Withdrawals.** The Diocese encourages and welcomes contributions to the Investment Pool from participating entities. A minimum deposit of $5,000 is required to participate in the Investment Pool. Deposits of $2,000 and over will be accepted thereafter.

1. **Deposits** -- will be accepted at any time. However, funds received can be invested in the Investment Pool only on the first day of each month. The participating entities will purchase "units" in the Investment Pool based on the market value of "units" within the Investment Pool at the close of the previous calendar month. Deposits should be received at least three business days prior to the last day of the month to be invested in the Investment Pool on the first day of the next month. Giving the Diocese advance notice of anticipated deposits will improve the efficiency with which new contributions may be processed.

This policy for orderly acceptance of deposits, with quarterly reporting, will allow for consistent and equitable management services to all entities that participate in the investment Pool.

2. **Withdrawals and Allocations of Earnings** -- will be allocated proportionately to each participating entity. While the purpose of the Investment Pool is to provide for the long term investment needs of participating entities, and while the reinvestment of earnings is encouraged, a participating entity is permitted to:

   (a) withdraw annual earnings (all dividends, interest income and realized gains/losses) net of fees from its individual account;

   (b) accumulate and reinvest all or a portion of current earnings as part of the principal; and

   (c) withdraw from the corpus of the account after giving the Diocese three months notice of the withdrawal. *(This applies to participating entities who are endowment funds organized as juridical persons under Canon Law.)*

The annual earnings available for withdrawal will not be known until the June 30 statement of earnings and assets of the Investment Pool is received by the Diocese.

An annual statement of earnings will be sent to participating entities on or about July 31st of each year indicating the current earnings available for withdrawal.

Withdrawal requests require a 30 day notice to the diocese and can be made on a quarterly or monthly basis.
D. Fees. Fees, including custodian, administrative and investment advisor (consultation, transaction and/or commission) fees will be allocated proportionately to all funds within the Investment Pool on a quarterly basis. The fees will be allocated as a part of calculating the market value of "units" in the Investment Pool.

E. Amendment or Termination of Investment Pool. The Diocese reserves the right to amend the terms of, or terminate the Investment Pool at any time. If the investment Pool is terminated by the Diocese, it will return to the participating entities the amounts credited to their accounts within the Investment Pool, subject to the Diocese’s ownership rights in such assets.

DIOCESE OF MARQUETTE

By: ______________________________________
Most Reverend Alexander K. Sample
Bishop of Marquette

*Revised: October 8, 1999
Diocese of Marquette

**Investment Pool Operating Procedures**

**Deposits:**

1. If you intend to deposit money into the pool, call the Diocese (Wendy Negri, 1-800-562-9745, Ext. 104) by the 15\textsuperscript{th} of the month. Inform her of your intent to deposit and the amount to be deposited.

2. *Actual funds must be received by the diocese three business days prior to the end of the month* in order for us to wire the funds to MCC.

3. Acknowledgement receipts are sent out for all deposits.

4. A minimum amount for deposit is $500.

**Withdrawals:**

1. Requests for withdrawal from the pool must be accompanied by an Investment Pool Withdrawal Request form.

2. Withdrawal Request forms must be received by the Diocese by the 15\textsuperscript{th} of the month. Fax to Wendy Negri, (906) 225-0437, or mail.

3. Checks for withdrawals will be sent by the diocese the last business day of the month.

**Quarterly Accountings:**
Quarterly accountings will be sent out 30 days following the end of the quarter.

**Performance Reports:**
Performance Reports, showing returns for equities and fixed income, will be sent out 45 days following the end of the quarter.

**Transfers between Pools:**
Transfers of funds between the General and Conservative Pools can be made by completing and submitting a Transfer Request Form to the diocese by the 15\textsuperscript{th} of the month.

*If you need forms, call Wendy Negri, 1-800-562-9745, Ext. 104

*Effective: January 24, 2002*
MEMORANDUM

TO: Diocesan Investment Pool Participants
FROM: Rick Schaefer, Director of Administration & Finance
RE: Investment Pool Update
DATE: January 31, 2008

The diocesan investment pool conference was held on November 7, 2007 with Mr. Steve Schott and Mr. Joe Mahoney. As was discussed at the conference, the Diocesan Finance Council had engaged the Schott Group to perform an asset allocation study of the various diocesan and investment pool accounts. This study resulted in a change within the asset classes while still maintaining the 60% equity and 40% bond allocation. The new asset allocation provides for more diversification within the stock and bond portfolio and is designed to increase the rate of return and lower the investment risk.

The asset allocation study resulted in the Schott Group recommending and the Diocesan Finance Council approving the combination of the two investment pools (General and Endowment) into one pool. As a result, effective January 1, 2008, parishes, schools, endowments and other funds will have one Investment Pool account, called the “General Pool.” An updated Investment Pool deposit/withdrawal form for the General Pool is attached for your use.

Also at the conference, a new investment vehicle was introduced, the Invested Cash Account. This account will function like a money market cash account, earning money market rates. This account is maintained by Northern Trust in Chicago, the custodian bank for the Diocesan Investment Pool. This new Invested Cash Account will enable the diocese to accept deposits and withdrawals on a weekly basis rather than the once a month cycle for the General Pool account. A copy of the operating procedures for this account is attached for your reference along with a deposit/withdrawal form. All forms are also available on the diocesan website under Departments & Services/Finance & Administration/Finance/Diocesan Investment Pool Forms.

In the future, performance reporting will be issued forty-five (45) days after the end of each quarter for both the General Pool Account and the Invested Cash Account.

You will be receiving the corrected Investment Pool Return Report for the quarter ended December 31, 2007 under a separate fax. Please note that the Year to Date figures have been changed, but the ending balance is the same.

Please contact me at 906-227-9108 or Carol Parker at 906-227-9105 if you have any questions regarding the items discussed above.
GENERAL POOL
Diocese of Marquette Investment Pool
DEPOSIT/WITHDRAWAL FORM

Mail or Fax to: Wendy Negri
Diocesan Office
Fax: (906) 225-0437

Deposit/Withdrawal notifications must be received by the 15th of the month. Deposit funds must be received from the entity at least 3 business days prior to the end of the month. Withdrawal funds will be mailed from the Diocese by the 3rd business day of the following month.

ID#: _________

Name of Entity: ________________________________________________

Address/City: _________________________________________________

Deposit Amount $ _________________
(To be deposited into the General Pool Account)

OR

Withdrawal Amount $ _________________
(To be withdrawn from the General Pool Account)

_________________________________
Authorized Signature

_______________________
Date
INVESTED CASH ACCOUNT
Diocese of Marquette Investment Pool
Operating Procedures

Deposits:
1. Deposits into the Invested Cash account must be accompanied by an Invested Cash Account Deposit/Withdrawal Form*. The form must be received by Friday for a deposit the following Friday.

2. Actual funds must be received by the diocese three business days prior to the following Friday, in order for us to wire the funds to MCC.

3. Acknowledgement receipts are sent out for all deposits.

4. A minimum amount for deposit is $500.

5. Form must have an authorized signature.

Withdrawals:
1. Withdrawals from the Invested Cash account must be accompanied by a Invested Cash Account Deposit/Withdrawal Form*. The form must be received by Friday for a withdrawal the following Friday.

2. Checks for withdrawals will be sent from the diocese on Wednesday.

3. A minimum amount for withdrawal is $500.

4. Form must have an authorized signature.

Quarterly Accountings:
Quarterly accountings for Participating Entities will be sent out 30 days following the end of the quarter.

Performance Reports:
Performance Reports will be sent out 45 days following the end of the quarter.

Transfers between Accounts:
Transferring funds between the Invested Cash Account and the General Pool can be accomplished by submitting a Transfer Request Form* to the diocese by the 15th of the month.

* If you need forms, they are located on the Diocesan website at www.dioceseofmarquette.org under Administration & Finance or call Wendy Negri, 1-800-562-9745, Ext. 104.

Effective: January 31, 2008
INVESTED CASH ACCOUNT
Diocese of Marquette Investment Pool
DEPOSIT/WITHDRAWAL FORM

Mail or Fax to: Wendy Negri
Diocesan Office
Fax: (906) 225-0437

Deposit notifications must be received by Friday to be deposited by the following Friday. Actual funds for deposit must be received by the diocese at least 3 business days prior to the following Friday. Withdrawal notifications must be received by Friday to be withdrawn and mailed to entity by the following Friday.

ID#: __________

Name of Entity: ________________________________________________

Address/City: ____________________________________________________

Deposit Amount $ _________________
(To be deposited into the Invested Cash Account)
OR
Withdrawal Amount $ _________________
(To be withdrawn from the Invested Cash Account)

_________________________________
Authorized Signature

________________________________
Date
GENERAL INVESTMENT POOL AND INVESTED CASH ACCOUNT
DIOCESE OF MARQUETTE
TRANSFER REQUEST

*Transfer requests must be received by the diocese by the 15th of the month. Fax or mail to the Diocesan Office, (906) 225-0437, Attention: Wendy Negri

Name of Entity: ________________________________________________

Address/City: _________________________________________________

The above named participating entity hereby requests a transfer of their funds from the Diocese of Marquette

(select either General Investment or Invested Cash Acct) __________________________ Pool to the

(select either General Investment or Invested Cash Acct) __________________________ Pool

The amount to be transferred is $____________________

____________________________________
Authorized Signature

____________________
Date
The Investment Pool for Participating Entities of the Diocese of Marquette

General Pool Participation Agreement

This Investment Pool Participation Agreement is entered into between the Diocese of Marquette and the ____________________________ (the "Entity"), of ______________, Michigan.

The Diocese has entered into a Master Custodial Account Agreement for Participating Dioceses with Comercia Bank dated as of January 1, 1995 (the "Master Custodial Account Agreement"). Under the Governing Document dated July 11, 1995, and revised September 10, 1998, (the "Governing Document") the Diocese has established an Investment Pool for Participating Entities of the Diocese of Marquette (the "Investment Pool"). The purpose of the Investment Pool is to allow entities within the Diocese whose assets are owned by the Diocese to Invest their assets as part of the Diocese’s General Diocesan Funds held under the Master Custodial Account Agreement.

The Entity hereby expresses its intention to participate in the Investment Pool. The Entity acknowledges receipt of a copy of the Governing Document. The Diocese hereby confirms and accepts the Entity as a member with a participating account in the Investment Pool.

The Diocese will at all times maintain an accounting of the entity's interest in the Investment Pool. Investment of the Investment Pool assets will be managed by professional investment managers selected by the Diocesan Finance Council from among the investment managers serving under the Master Custodial Account Agreement. The Entity agrees that the funds it contributes to the Investment Pool are legally owned by the Diocese.

The Entity may make contributions to the Investment Pool at any time, however, funds must be received at least three business days prior to the last day of the month to be invested the first day of the next month.

Although the purpose of the Investment Pool is to provide for the Entity’s long term investment needs:

1. The entity is free to withdraw annual earnings (dividends, interest income and realized gains/losses) from its individual account within the Investment Pool.

2. The Entity may accumulate and reinvest all or part of current earnings as part of the principle.

3. The Entity may withdraw from the corpus of its account with three months’ notice being given to the Diocese. (This applies to participating entities that are endowment funds organized as juridical persons under Canon Law.)
Earnings available for withdrawal are reported quarterly and may be withdrawn monthly.

Fees, including custodian, administrative and investment advisor (consultant, transaction and/or commission) fees, will be allocated proportionately to all funds within the Investment Pool on a quarterly basis. The fees will be allocated as a part of calculating the Market Value on "units" in the Investment Pool.

Fees are estimated, as follows: The Michigan Catholic Conference fee for administrative services will be $100 per $1 million invested (one basis point) per year. The fees for investment advisory services will approximate 35 basis points per year per $1 million invested.

It is agreed that both the Diocese and the Entity will abide by the Governing Document, as amended from time to time by the Diocese. The Bishop of the Diocese of Marquette, after appropriate and due process, and consideration in accordance with canon and civil law, will serve as the final authority to resolve all matters requiring further consideration and ultimate determination not previously covered in the documents governing this Agreement.

THIS AGREEMENT IS MADE THIS _______ day of _________________, 2006, in the City of Marquette, State of Michigan.

DIOCESE OF MARQUETTE

By: _________________________________
Most Reverend Alexander K. Sample, JCL
Bishop of Marquette

FOR THE ENTITY AND PARTICIPATING FUND MEMBER:

Name of Participating Entity:

By: _________________________________

Revised: November 9, 2006
The Investment Pool for Participating Entities of the Diocese of Marquette

Endowment Funds Participation Agreement

This Investment Pool Participation Agreement is entered into between the Diocese of Marquette and the ____________________________, (the "Entity"), of _____________, Michigan.

The Diocese has entered into a Master Custodial Account Agreement for Participating Dioceses with Comercia Bank dated as of January 1, 1995 (the "Master Custodial Account Agreement"). Under the Governing Document dated July 11, 1995, and revised September 10, 1998, (the "Governing Document") the Diocese has established an Investment Pool for Participating Entities of the Diocese of Marquette (the "Investment Pool"). The purpose of the Investment Pool is to allow entities within the Diocese whose assets are owned by the Diocese to invest their assets as part of the Diocese's General Diocesan Funds held under the Master Custodial Account Agreement.

The Entity hereby expresses its intention to participate in the Investment Pool. The Entity acknowledges receipt of a copy of the Governing Document. The Diocese hereby confirms and accepts the Entity as a member with a participating account in the Investment Pool.

The Diocese will at all times maintain an accounting of the entity's interest in the Investment Pool. Investment of the Investment Pool assets will be managed by professional investment managers selected by the Diocesan Finance Council from among the investment managers serving under the Master Custodial Account Agreement. The Entity agrees that the funds it contributes to the Investment Pool are legally owned by the Diocese.

The Entity may make contributions to the Investment Pool at any time, however, funds must be received at least three business days prior to the last day of the month to be invested the first day of the next month.

Although the purpose of the Investment Pool is to provide for the Entity's long term investment needs:

1. The entity is free to withdraw annual earnings (dividends, interest income and realized gains/losses) from its individual account within the Investment Pool.

2. The Entity may accumulate and reinvest all or part of current earnings as part of the principle.
3. The Entity may withdraw from the corpus of its account with three months notice being given to the Diocese.  *(This applies to participating entities that are endowment funds organized as juridical persons under Canon Law.)*

Earnings available for withdrawal are reported quarterly and may be withdrawn monthly.

Fees, including custodian, administrative and investment advisor (consultant, transaction and/or commission) fees, will be allocated proportionately to all funds within the Investment Pool on a quarterly basis. The fees will be allocated as a part of calculating the Market Value on "units" in the Investment Pool.

Fees are estimated, as follows: The Michigan Catholic Conference fee for administrative services will be $100 per $1 million invested (one basis point) per year. The fees for investment advisory services will approximate 35 basis points per year per $1 million invested.

It is agreed that both the Diocese and the Entity will abide by the Governing Document, as amended from time to time by the Diocese. The Bishop of the Diocese of Marquette, after appropriate and due process, and consideration in accordance with canon and civil law, will serve as the final authority to resolve all matters requiring further consideration and ultimate determination not previously covered in the documents governing this Agreement.

THIS AGREEMENT IS MADE THIS _______ day of _________________, 200__, in the City of Marquette, State of Michigan.

**DIOCESE OF MARQUETTE**

By:______________________________________
Most Reverend Alexander K. Sample, JCL
Bishop of Marquette

**FOR THE ENTITY AND PARTICIPATING FUND MEMBER:**

Name of Participating Entity:  

By: _________________________________

Revised:  November 1, 2004
APPENDIX A

Sample Written Spending Policy

Endowment Foundation of the Diocese of Marquette
Spending Policy

The Endowment Foundation of the Diocese of Marquette will make a determination as of October 31 each year, of the amount to distribute in the next fiscal year. This determination is based on a maximum of 5% of the permanently restricted net assets, using a five year rolling average. The percentage is annually reviewed and approved by the Diocesan Finance Council.

October 2002

Example Calculation of Annual Distribution

<table>
<thead>
<tr>
<th>Balance October 31</th>
<th>Net Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>1,500,000</td>
</tr>
<tr>
<td>1999</td>
<td>1,650,000</td>
</tr>
<tr>
<td>2000</td>
<td>1,800,000</td>
</tr>
<tr>
<td>2001</td>
<td>1,835,633</td>
</tr>
<tr>
<td>2002</td>
<td>2,059,313</td>
</tr>
</tbody>
</table>

5 Year Average 1,768,989

Spending Percent  3%

Total Available for Distribution  53,070