

Parish Investment Policy

Introduction

Each parish is expected to develop and maintain an investment policy to assist Pastors and Finance Councils by setting clear investment guidelines. It should be noted that all parishes are encouraged to utilize the Socially Responsible Investment (SRI) Pool through the diocese. The SRI Pool invests in socially responsible companies via professional investment managers. The structure of the SRI Pool is designed to provide a good rate of return while maintaining appropriate diversification within the stock and bond portfolio to minimize risk. The diocese is able to accept SRI deposits and withdrawals on a monthly cycle. In addition to the SRI Pool, parishes can invest in an Invested Cash Account (ICA) through the diocese. The ICA enables the diocese to accept deposits and withdrawals on a weekly basis. It should be noted that the SRI Pool is intended for long-term investing and the ICA is for short-term investing. Each parish will be provided with SRI pool and ICA performance reports within 45 days of the end of each quarter.

Responsibilities

Role of the Pastor

- The pastor is ultimately responsible for the resources of the parish. In consultation with a parish finance council, the pastor is to plan for the short-term and long-term financial needs of the parish. Planning tools include an annual budget, periodic financial statements and, in some cases, a long-term capital plan.
- The pastor should ensure that the wishes of donors gifts are met (restricted or unrestricted).
- The pastor should work with the finance council to establish an appropriate investment policy for his parish which should address issues outlined in this policy.

Role of the Parish Finance Council

- It is the parish finance council's fiduciary duty to assist the pastor in overseeing the prudent fiscal management of parish resources.
- The finance council should advise the pastor concerning investment objectives, creating investment policy, monitoring investment performance and helping ensure compliance with the investment policy.
- Investment performance should be reviewed no less than on a quarterly basis.
- The members of the finance council, in advising the pastor, should avoid conflicts of interest (or even the appearance of any conflicts of interest) concerning the investments of the parish. Any member of the council who

has a financial (or other) interest in an entity that does substantial business with the parish should be considered to have a direct or indirect conflict of interest.

Investment Objectives

- In developing a parish investment strategy, the Pastor, along with the advice of the finance council, should select investments that are consistent with the mission and values of the Catholic Church. The parish should not knowingly invest in companies, entities, etc. which engage in activities contrary to the teachings of the Catholic Church. Again, each parish is encouraged to invest in the SRI pool as these investments are regularly screened to ensure investments that are not consistent with the vision of the Catholic Church. The parish finance council should ensure that only socially responsible investments are held by the parish as part of the routine investment monitoring. This is not required for funds invested in the SRI pool through the Diocese of Marquette.
- The pastor and the finance council should ensure that funds are invested with prudence and care. This includes appropriate diversification to reduce the risk of loss.
- The investment strategies employed by the parish should take into account the current and future welfare of the parish. Consideration to the current operating cash needs, and long-term (planned and unplanned) expenditures should be given. Investment strategies should consider the need for parish endowments, building funds and capital campaigns should work in concert to fund major projects and repairs.

Investment Guidelines

Investment Goals

- When the parish has funds in excess of budgeted, or expected, expenses to be invested, an appropriate time frame and risk level should be considered. An appropriate level of cash should always be available for operating needs, with an allowance for some unexpected expenses.
- If funds to be invested will be needed in the short-term, then the parish funds should be invested in the ICA or lower risk, higher liquidity instruments such as bank certificates of deposit (CDs), money market accounts, savings accounts and/or U.S. Government Treasury Bills.
- If funds to be invested are not needed in the short-term, then the parish is encouraged to invest in the SRI pool. The pastor, with the advice of the finance council, should include allowable types of investments in the parish investment policy. The following types of investments should be prohibited, unless there are compelling reasons for exceptions, as

acceptable investments as they can pose significant risk (lack of diversification, illiquidity, etc.):

- Individual stocks
- Speculative real estate
- Commodities
- Investments in derivative instruments or hedge funds

Investment Monitoring

The pastor and the finance council are required to monitor investments, at a minimum, on a quarterly basis. Monitoring should include, but is not limited to, the following:

- Investments are in compliance with the parish investment policy.
- Concerning any investments outside of the SRI or the ICA, there should be comparisons to SRI and/or ICA performance and fees, as well as other benchmarks selected by the pastor and the finance council.
- Ensure that investments are not with entities that are engaged in practices contrary to the teachings of the Catholic Church.
- Ensure that no conflicts of interest exist.
- Ensure that investments are consistent with the investment objectives of the parish.

Each parish investment policy and each parish investment of funds must be reviewed and approved by the pastor, the parish finance council, and the diocesan director of administration and finance.