

Bethany Endowment By-Law Changes Summary

● 1. Incorporation of UPMIFA Compliance

What Changed:

The updated bylaws now explicitly state that the Endowment Fund is governed by the **Uniform Prudent Management of Institutional Funds Act (UPMIFA)** as adopted by Nebraska (§58-610 et seq) .

Impact:

- Provides a **strong legal and fiduciary framework** for how assets are invested and distributed.
- Holds the Board to a “**prudent investor standard**,” which formalizes the need to consider economic conditions, inflation, tax implications, and more.
- Enhances **protection for the Board and church** against liability or mismanagement concerns.

● 2. Clarification of Undesignated Gifts

What Changed:

If a donor does **not specify** where a gift should go, it is now split **50/50 between the Endowment Fund and Building Management Fund** .

Impact:

- Creates automatic clarity for undesignated estate or planned gifts.
- Could lead to increased funding for **facility needs**, while still preserving long-term endowment growth.
- Reduces ambiguity in donor intent but may limit flexibility in how gifts are directed.

● 3. Terminology Shift: From “Income” to “Total Return”

What Changed:

The new bylaws use the more modern and accurate term “**total return**” (interest, dividends, and capital appreciation), instead of simply “income”.

Impact:

- Allows for a **total return spending policy**, which is common best practice in endowment management.
- Offers more flexibility in distributions even if income yield is low.
- Empowers the board to **balance growth and distributions** over time.

● 4. Reduction in Principal Growth Threshold for Extra Distribution

What Changed:

Previously, the by-laws allowed spending of excess principal **if the fund exceeded 4× the church's annual operating budget**. The new bylaws **lower this to 2×** .

Impact:

- Could allow **greater flexibility and responsiveness** if the endowment significantly grows.
- Offers a proactive way to **use surplus growth to support ministry**, rather than locking it away indefinitely.

● 5. Investment Principles Are Clearly Articulated

What Changed:

The board is now explicitly directed to invest with these principles:

- Preserve principal
- Offset inflation
- Ensure reasonable growth at reasonable risk
- Align with **ELCA social investment guidelines**

Impact:

- Strengthens the board's **fiduciary accountability**.
- Creates clarity for future investment policy statements or advisor engagement.
- Emphasizes **values-based investing** aligned with the church's mission.

● 6. Treasurer and Secretary Titles Standardized

What Changed:

Board officers now include a **Chairperson, Treasurer, and Secretary**, replacing "financial secretary" and "recording secretary" language .

Impact:

- Aligns with more common nonprofit board structures.
- Clarifies responsibilities and facilitates future board transitions or training.

● 7. Slight Rewording of Principal Distribution Process

What Changed:

The emergency use of principal still requires a 2/3 vote at **two special congregational meetings 30 days apart**, but the language has been slightly streamlined.

Impact:

- Keeps safeguards intact but makes the provision easier to reference and follow.
- Reinforces that **principal use is last resort** for extreme, emergency needs.

● Removed or Not Retained from Previous Version

Removed Language:

- Specific **10% minimum allocations** to capital improvements, scholarships, community outreach, and missions are **no longer fixed** in the updated by-laws.
- Discretion for distribution categories is now entirely up to the board's judgment within the fund's mission.

Impact:

- Offers greater **flexibility** for the board.
- May create need for a **clear distribution policy or guiding framework** to ensure consistent alignment with donor expectations and ministry priorities.