



# *The* EPISCOPAL DIOCESE *of* **WESTERN MICHIGAN**

## **THE EPISCOPAL DIOCESE OF WESTERN MICHIGAN DIOCESAN INVESTMENT FUND**

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Please contact George Morriss, Investment Committee Chair of the Diocese of Western Michigan, at [gmorriss@aol.com](mailto:gmorriss@aol.com) with questions or for more information.

# **The Episcopal Diocese of Western Michigan Diocesan Investment Fund**

## **Description**

### **Purpose**

The Diocesan Investment Fund (“DIF”) is a collective investment program for the long-term endowment and investment assets of the Diocese of Western Michigan and any of its churches and church-related organizations that choose to invest alongside the Diocese. The purpose of the DIF is to provide participating organizations with professional investment management at reduced fees made possible by investing together. Other features include comprehensive oversight of the DIF’s investment strategy and investment manager, detailed reporting to each participating organization, and support for endowment creation and growth.

### **Oversight**

An Investment Committee appointed by the Bishop of the Diocese oversees and administers the DIF upon approval from Diocesan Council as appropriate and follows an approved Investment Policy Statement. To review the Investment Policy Statement, please go to <http://edwm.org/ips>.

### **Investment Management**

At the recommendation of the Investment Committee, and with the approval of the Diocesan Council, the DIF is invested with the Episcopal Church Foundation (ECF) and its investment manager, State Street Global Advisors (SSGA), which began on October 1, 2022. The Investment Committee will monitor the DIF and its investment performance on at least a quarterly basis.

### **Investment Objective**

The investment objective of the DIF is to provide long-term growth in the value of the DIF without undue exposure to risk so that the DIF provides a total return over time that allows for prudent spending while accounting for inflation and fees. The DIF is appropriate for long-term endowment and investment funds. The assets of the DIF are to be invested with the same care, skill, and diligence that a prudent investor would exercise in investing institutional endowment funds.

## **Investment Portfolio**

The DIF is invested in a broadly diversified portfolio invested across all major asset classes with a current target asset allocation of 65% equities and 35% fixed income. The investment manager tactically positions the portfolio within a range of +/- 10% in response to economic conditions. For information about specific investments, please contact George Morriss, Investment Committee Chair of the Diocese of Western Michigan, at [gmorriss@aol.com](mailto:gmorriss@aol.com).

## **Operation**

Each church or church-related organization that chooses to participate in the DIF is encouraged to adopt a resolution authorizing its participation and must enter into an agreement with the Diocese. A *Sample Participant Resolution* and the *Participant Agreement* are provided. The participant must also complete a *New Account Form*. Participants may open one or more accounts of any size but are reminded that the DIF follows an investment strategy intended for long-term endowment and investment funds.

## **Fees**

The Diocese does not charge a fee to participants in the DIF. The Diocese pays fees to ECF and SSGA for investment management services for the DIF. Participants share pro rata in these fees based on the size of their account. A significant portion of the DIF is invested in institutional funds with very low fund management fees. General fee information is included in this Participant Guide. Specific fee information will be included in a quarterly summary of the DIF.

## **Reports**

Each participant will receive quarterly statements for the participant's own account. These statements show beginning and ending values as well as additions, withdrawals, income, appreciation/depreciation and fees. Each participant will also receive a quarterly summary of the DIF with up-to-date information about current investments, performance, market conditions and fees. Statements and summaries will be emailed several weeks after the end of each quarter to all names on a distribution list provided by the participant on the *New Account Form* or by email to ECF at [endowment@ecf.org](mailto:endowment@ecf.org).

## **Additions**

Participants may add to their account at any time by sending funds directly to SSGA by check or wire transfer using the instructions on the *Addition to Account Form*. If using a check, please send the check and the form to SSGA at the address on the form. If using wire transfer, please include with the wire the information on the form. Please send a copy of the form to ECF and the Diocese using the instructions on the form.

## **Withdrawals**

Spending policy. The Investment Committee follows a total return spending policy. Each year, after receiving the second quarter portfolio performance report, the Investment Committee will recommend to the Diocesan Council for approval a prudent spending rate for Diocesan funds for the following fiscal years. Typically, this will be between 3% and 5% of the value of a fund averaged over twenty quarters unless a greater amount is permitted by law and Diocesan policy. The spending rate is intended to preserve the purchasing power of Diocesan funds over time while accounting for inflation and fees.

Each participant in the DIF may determine its own spending policy. Each participant is encouraged to withdraw no more than a prudent amount unless it has determined that a greater amount is permitted by law or any of the policies of the participant. For informational purposes only, the current spending rate of the Diocese will be included in the quarterly performance summary for participants. For further information about spending, please contact George Morriss, Investment Committee Chair, at [gmorriss@aol.com](mailto:gmorriss@aol.com).

Please note that donor-restricted funds, or “true” endowments, are subject to the Michigan Uniform Prudent Management of Institutional Funds Act. This act does allow for an organization to draw a “prudent amount” instead of actual income, but it also may limit or prohibit withdrawals *in excess of a prudent amount* based upon the fund’s total return that preserves the purchasing power of the fund over time. Funds set aside by a vestry or governing board as “quasi” endowments may be withdrawn at the discretion of the participant in accordance with participant’s policies. Funds may also be restricted as to purpose or use. Please contact William J. Fleener, Chancellor of the Diocese of Western Michigan, at [wfleenerjr@gmail.com](mailto:wfleenerjr@gmail.com) with any questions about restricted funds.

***It is the responsibility of the participant to understand and comply with any restrictions on its funds.***

Withdrawal process. Participants may withdraw funds from their account by completing the *Withdrawal from Account Form*. Withdrawals may be made at any time and in any amount in accordance with applicable law and the participant's own policies. Most participants will elect to make withdrawals on a quarterly basis. Please send the completed form by email to ECF with a copy to the Diocese using the instructions on the form. All withdrawals will be made by check payable to the participant and sent directly from SSGA to the participant's address on record. Typically checks are mailed within several days of receiving the request.

***It is the responsibility of the participant to ensure that withdrawals are made in accordance with its policies and by authorized signatories.***

### **Gifts of Securities**

Participants may receive gifts of securities into their account for sale and investment or sale and cash transfer back to the participant. Please contact ECF at [endowment@ecf.org](mailto:endowment@ecf.org) for detailed information about how to initiate these transfers.

### **Change of Information**

Please email ECF at [endowment@ecf.org](mailto:endowment@ecf.org) with any change in information including changes to the distribution list provided on the *New Account Form*.

### **Questions**

Please contact George Morriss, Investment Committee Chair, at [gmorriss@aol.com](mailto:gmorriss@aol.com) with any questions.

**The Episcopal Diocese of Western Michigan  
Diocesan Investment Fund**

**Fees**

The Diocese does not charge a fee to participants in the DIF. The Diocese pays fees to ECF and SSGA for investment management services for the DIF. The ECF fee is based on the total value of the DIF. The SSGA fee is a flat fee for all investors in ECF's endowment management program. Participants share pro rata in these fees based on the size of their account. The ECF fee is calculated monthly and charged annually in January for the prior year. The SSGA fee is calculated monthly and charged quarterly for the prior quarter. As of October 1, 2022, the combined ECF and SSGA relationship fee for the Diocese and its DIF participants is 0.44%. The total fee for all investments included in the portfolio is approximately 0.25%, for an "all-in" fee of approximately 0.69%. Fee amounts may change over time.

Information about current fees will be included in each quarterly performance summary distributed to participants.

**The Episcopal Diocese of Western Michigan  
Diocesan Investment Fund  
Sample Participant Resolution**

*(To be approved by the vestry or other governing body)*

WHEREAS, \_\_\_\_\_ desires to  
(name of church or organization)

gain the benefits of investing its long-term endowment or investment funds in the Diocesan Investment Fund (“DIF”) of the Episcopal Diocese of Western Michigan, and

WHEREAS, \_\_\_\_\_ agrees to the  
(name of church or organization)

investment policies and procedures of the DIF as set out in the Investment Policy Statement and Participant Guide, as amended from time to time.

BE IT RESOLVED, that the long-term endowment or investment funds of

\_\_\_\_\_ shall be invested in the  
(name of church or organization)

DIF of the Episcopal Diocese of Western Michigan.

AND BE IT FURTHER RESOLVED that \_\_\_\_\_ is  
(name of person)

hereby authorized to complete and submit any forms related to the DIF; order the transfer of funds in the amount of \$\_\_\_\_\_ by check or wire to State Street Global Advisors; and [request withdrawals from the DIF [upon instruction from [\_\_\_\_].]

Approved this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_

By

\_\_\_\_\_  
(Vestry or other governing body)

\_\_\_\_\_  
(Secretary)

**The Episcopal Diocese of Western Michigan  
Diocesan Investment Fund**

**Participation Agreement**

*Please return this completed agreement to the CFO of the Diocese at sphilo@edwm.org.*

PLEASE PRINT

-----  
(name of church or organization)

-----  
(address)

This Agreement is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ between the above-named church or organization (“Participant”) and the Episcopal Diocese of Western Michigan (“Diocese”).

WHEREAS, the Diocese has established a Diocesan Investment Fund (“DIF”) for the long-term endowment and investment funds of the Diocese and its participating churches and organizations and has delegated responsibility for the investment and oversight of the DIF to the Diocese’s Investment Committee (“Committee”);

WHEREAS, the Participant desires to invest its long-term endowment or investment funds in the DIF in accordance with the policies and procedures of the DIF;

WHEREAS, the Diocese is willing to hold and administer funds transferred by the Participant to the DIF;

NOW, THEREFORE, the parties to the Agreement agree to the following:

**The Participant agrees to:**

1. Transfer long-term endowment or investment funds to the DIF, and delegate investment authority for those funds to the Committee, in accordance with the policies and procedures set out in the DIF’s Participant Guide and Investment Policy Statement as available from the Diocese and as may be amended from time to time.
2. Take responsibility for understanding and complying with any restrictions on funds invested in the DIF including restrictions as to spending and use.
3. Share pro rata in the income and appreciation/depreciation of the DIF.
4. Share pro rata in the fees charged by the Episcopal Church Foundation and its investment manager, State Street Global Advisors.
5. Understand that assets transferred to the DIF by the Participant shall be a component part of the DIF.



**The Diocese agrees to:**

1. Receive funds from the Participant and invest and oversee those funds according to the Investment Policy Statement for the DIF as available from the Diocese and as may be amended from time to time, the Participant Guide for the DIF, and any approved forms submitted by the Participant.
2. Maintain the Participant’s funds invested in the DIF as a separate account(s) for accounting purposes.
3. Provide for quarterly statements for each of the Participant’s account(s) in the DIF to be provided to the Participant by email along with a quarterly summary of the DIF including performance information.
4. Share for informational purposes only the current spending rate of the Diocese. **It is the responsibility of the Participant to understand and comply with any restrictions on its funds.**
5. Allow additions and withdrawals from the Participant’s account(s) according to the Participant Guide for the DIF as provided and as may be amended from time to time. **It is the responsibility of the Participant to ensure that withdrawals are made in accordance with its policies and by authorized signatories.**

**Termination of Agreement**

This Agreement may be terminated by either party for any reason. If a Participant decides to terminate this Agreement, it must inform the Committee in writing at least two weeks prior to the end of any quarter. The balance of the Participant’s account will be distributed as directed by the Participant within 30 days following the end of the quarter in which the notice was received. The Committee may terminate this agreement by informing the Participant in writing at least six months in advance of the termination.

If the Participant has an immediate need for funds it may receive up to 75% of the balance in its account(s) as of the prior quarter-end following. The remaining balance will be distributed within 30 days following the end of the quarter in which the request is received.

**Applicable Law**

In all instances, this agreement will be applied and interpreted in accordance with the laws of the State of Michigan.

Episcopal Diocese of Western Michigan

Participant

By: \_\_\_\_\_  
(signature)

By: \_\_\_\_\_  
(signature)

\_\_\_\_\_  
(name – please print)

\_\_\_\_\_  
(name – please print)

\_\_\_\_\_  
(title – please print)

\_\_\_\_\_  
(title – please print)

**The Episcopal Diocese of Western Michigan  
Diocesan Investment Fund**

New Account Form

To open a new account for your church or organization in accordance with the Participation Agreement, please complete the following form and return it to the Episcopal Church Foundation at [endowment@ecf.org](mailto:endowment@ecf.org) with a copy to the Investment Committee Chair of the Diocese at [gmorriss@aol.com](mailto:gmorriss@aol.com). Please call the Episcopal Church Foundation at 800-697-2858 with any questions. ECF will then send you your new account number. When you are ready to transfer funds into the new account, please use the *Addition to Account Form* and include the new account number on that form.

Participant Information

Name \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_ Email \_\_\_\_\_

Name of New Account

\_\_\_\_\_

Person Completing Form

Name \_\_\_\_\_

Title \_\_\_\_\_

Phone \_\_\_\_\_ Email \_\_\_\_\_

Additional Information

\_\_\_ New participant

\_\_\_ Participant Agreement signed and returned to the Diocese

\_\_\_ New account for existing participant

Distribution List (for statements and reports)

Name \_\_\_\_\_ Email \_\_\_\_\_

Name \_\_\_\_\_ Email \_\_\_\_\_

Name \_\_\_\_\_ Email \_\_\_\_\_

Name \_\_\_\_\_ Email \_\_\_\_\_

**The Episcopal Diocese of Western Michigan  
Diocesan Investment Fund**

Addition to Account Form

To add funds to your account please send funds directly to State Street Global Advisors by check or wire transfer. If using a check, please send the check and this form following the instructions below. If using wire transfer, please include with the wire the information on this form following the instructions below. Please send a copy of this form to ECF at [endowment@ecf.org](mailto:endowment@ecf.org) and to the Investment Committee Chair of the Diocese at [gmorriss@aol.com](mailto:gmorriss@aol.com). Please call the Episcopal Church Foundation at 800-697-2858 with any questions.

Participant Name

-----

Address

-----

Phone ----- Email -----

Account Name

-----

Account Number

-----

Amount to be Deposited \$

-----

Today's Date

-----

Person Completing Form

-----

Email

-----

BY CHECK:    Make checks payable to State Street Global Advisors.  
                  Include your account number in memo line of the check.  
                  Please use delivery service with tracking capacity.  
                  Mail to:

                  Scott Regan  
                  Charitable Asset Management  
                  State Street Financial Center  
                  One Iron Street, 7th floor  
                  Boston, MA 02210  
                  Tel. (617) 664-3182

BY WIRE: Include information on this form with the wire.  
Send wires to:  
State Street Bank and Trust Company, Boston, MA  
ABA Routing #: 011-000-028  
To a/c #: **5673-032-8 - Reconciliation Clearance Account**  
For a/c #**52-044764**  
For: **The Episcopal Diocese of Western Michigan**  
**Diocesan Investment Fund**

**The Episcopal Diocese of Western Michigan  
Diocesan Investment Fund**

Withdrawal from Account Form

To withdraw funds from your account please send this form to the Episcopal Church Foundation at [endowment@ecf.org](mailto:endowment@ecf.org) with a copy to the Investment Committee Chair of the Diocese at [gmorriss@aol.com](mailto:gmorriss@aol.com). Please call the Episcopal Church Foundation at 800-697-2858 with any questions. SSGA will send a check to the participant at the address on record within approximately 3 business days of the date this form is received at the Episcopal Church Foundation.

Participant Name

-----

Address

-----

Phone ----- Email -----

Account Name

-----

Account Number

-----

Amount Requested \$

-----

Today's Date

-----

Person Completing Form

-----

Email

-----

Authorization – **two signatures required**

-----  
(name – please print)

-----  
(name – please print)

-----  
(title – please print)

-----  
(title – please print)

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(signature)

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(signature)