

# **Church of the Nazarene Foundation**

## **Investment Management Agreement**

### **FAQs**

#### **1. What is the Church of the Nazarene Foundation?**

The Church of the Nazarene Foundation (CNF or Foundation) offers services to donors and Nazarene ministries. CNF offers services to Nazarene ministries that might not be available or, if available, would cost significantly more than the Foundation charges.

CNF was created by the General Board of the Church of the Nazarene as an independent supporting organization operating under IRS Code Section 509(a)(3).

CNF exists to help fund all the ministries of the Church of the Nazarene by:

- Linking the vision of givers with ministry opportunities
- Partnering in the management of complex gifts
- Raising the awareness and knowledge concerning planned giving options
- Utilizing effective giving tools
- Providing excellent service

#### **2. What is an Investment Management Agreement?**

An Investment Management Agreement (IMA) is a relationship between CNF and an independent Nazarene ministry organization whereby CNF makes professional institutional investment managers available to manage investment funds of the ministry. All funds remain the property of the depositing ministry.

An increasing number of Nazarene ministries are managing long-term investment funds yet they lack investment expertise on their staffs or boards of directors. Furthermore, the amount of funds available for long-term investment by most ministries is relatively small and therefore the corresponding investment expenses are high. CNF helps solve these problems by spreading the costs of operating investment funds over a larger pool of assets and by hiring and monitoring high quality, professional institutional money managers.

#### **3. How does an IMA Work?**

Your Nazarene ministry opens and names the IMA account with the Foundation and then selects the asset pool(s) that fits your ministry investment objectives and risk tolerance. With an IMA the Foundation acts as an agent for your ministry and will honor your instructions for selection of the investment pool(s) and withdrawal requests.

#### **4. What is the Account Minimum?**

An IMA relationship can be started with as little as \$10,000.

#### **5. When Should a Nazarene Ministry Consider an IMA?**

You should consider an IMA if your ministry lacks the desire, time or expertise to actively manage its long-term investment funds. Also, if you have a relatively small amount of long-term investment funds you may find an IMA less costly than other conventional retail investment options.

#### **6. Who Manages the Funds in Our IMA?**

TIAA-CREF Trust Company is owned by TIAA-CREF and has been selected as the investment manager for IMA funds. TIAA-CREF, the parent organization of the TIAA-CREF Trust Company, is one of the oldest, largest and most respected financial organizations in the U.S.

- \$453 Billion in Assets Under Management (as of 12/31/10)
- 15,000+ Institutional Clients
- Non-profit Organization

The Foundation monitors TIAA-CREF Trust Company and retains the right to change the investment manager as it deems appropriate.

#### **7. How Am I Involved in Investment Decisions?**

You are able to select one or more of the six available asset allocation models. These asset allocation models span the risk and return spectrum from conservative to aggressive. Changes can be made to your IMA asset allocation as often as once a month.

#### **8. Is Creating an IMA Relationship Difficult?**

No. The entire process can be completed quickly with only a few short forms. Funds can be wire transferred to the account or received by check.

#### **9. Is There Any Restriction on Withdrawal of Funds?**

No. Withdrawals are at your discretion. All withdrawals are processed and distributed monthly.

#### **10. How Will You Track Account Performance?**

Monthly account statements showing beginning and ending account values and any deposit or withdrawal activity during the period will be provided. Online access to account values is not available at this time but is anticipated to be available in the near future.

### **11. What are the Fees and Expenses?**

The annual fee is .8% of assets. This fee is automatically deducted from IMA funds on a monthly basis. There are no additional expenses.

### **12. How Safe Is the Money in an IMA?**

Your funds will bear the normal market risk depending upon the investment allocation models you choose.

Remember, these funds continue to belong to your ministry; CNF is simply acting as the investment manager. Therefore, an IMA account is not subject to any potential future liability or judgment incurred by CNF. At the same time, IMA funds are not sheltered from potential liability or judgment claims your ministry may incur in the future.

If you are concerned about sheltering your ministry funds from potential future liability or judgments your ministry may incur then an alternative for you to consider is a Donor-Advised Fund with CNF.

### **13. Our Ministry Already Has an Independent Foundation. Is an IMA Appropriate for Us?**

An IMA with the Church of the Nazarene Foundation may be appropriate if it fits any of the criteria in question #5.

### **14. Our Ministry Is Considering the Creation of an Independent Foundation. What Can CNF Do for Us?**

As discussed above, your new foundation could contract with CNF through an IMA relationship for investment management services.

However, please contact CNF before you finalize your decision about an independent foundation. CNF may be able to provide services that would save legal, tax and administrative fees and time at inception, and in future years. Call CNF if you have interest in discussing this idea further.