

Diocese of Ontario

INVESTING

Church's Investment Policy

Through the annual budgeting process, a church should have a good idea of the amount of money it will need (its expenses) to run all of its programs in a given year, as well as an idea of how much money it will receive (its revenues). If revenues exceed expenses, the church should consider what to do with that excess. The excess should be properly invested so that it grows and becomes a financial cushion for the church to fall back upon for use when:

- additional funds are needed, perhaps because in a particular year the forecasted expenditures exceed revenues or because the actual revenue came up short of the amount anticipated; or
- when the church wants to make a capital expenditure, for example, for when the church wants to buy a new organ, or add on to church buildings, etc.

These days, most bank accounts pay interest on the balance in the account, but that interest is quite low. Funds over and above those needed for the church's day-to-day activities should be invested to earn a higher rate of return than what the church earns on its normal bank account(s).

Short-term investing

The possible short-term needs of the church should be considered when determining the term for different investments. Typically, churches invest in instruments that offer fixed, guaranteed rates for fixed terms (for example, Guaranteed Investment Certificates (GICs), government bonds, etc). Such investments allow the church to try to minimize interest rate swings and allow for the church to stagger the maturity dates so that if a need for cash arises some instruments will be maturing soon, allowing them to be cashed without incurring a penalty.

Long-term investing

The goals with long-term investing can be somewhat different – the aim of such investment might be to have growth over a longer period of time. Often with long-term investing there are fees and costs, for example, broker's commissions, transactions fees, etc. As well, when making long-term investments it is often advisable to have professional investment advice, which can be costly. Some parishes may have members who are professional investment advisors who are willing to act as investment advisors for the church on a voluntary basis. Careful consideration should be made of the inherent risk involved in certain investment instruments. An appropriate diversification policy should be followed.

Diocesan Consolidated Investment Fund

To help parishes that wish to invest but that do not feel they have the expertise to properly manage an investment portfolio, the Diocese has created the Consolidated Investment Fund. For more information on that Fund, please contact John Secker, the Diocesan Financial Officer.

Transferring funds

When the church's investment account is opened a process must be established for transferring

funds between the church's regular bank account(s) and the investment account. Just as with other financial matters, the two Churchwardens should be the persons authorized to make such transfers.

Treatment of marketable securities given to the church

If a church accepts contributions of marketable securities, the church will need a securities account into which the securities can be deposited. The Diocese maintains an account which can be used to process donations of stock on behalf of the parish. The parish will need to get a "Letter of Direction" signed by the Donor. The parish should inform the Diocesan Financial Officer, who will assist in the process prior to the transfer.