

**Columbia Congregational Church  
Legacy Endowment Fund  
Total Return Spending Policy**

This total return policy (this “Total Return Policy”) is applicable to the Columbia Congregational Church Legacy Endowment Fund (the “Endowment”) established by the members of the Columbia Congregational Church on the \_\_\_\_\_ day of the month of \_\_\_\_\_ in the year of our Lord 2011 pursuant to a document entitled the same and bearing such date, which is on file with the Church (the “Indenture”).

The below specified Guiding Principles and Policy Specifications are each an integral part of and together constitute this Total Return Policy.

This Total Return Policy shall be monitored and applied by the Investment Committee of the Church.

Guiding Principles

The resources of the Endowment will be more effectively used if the below specified “total return” calculation is the basis for budgeting and expenditures.

The overarching goal of this Total Return Policy is to preserve the original value of investment portfolio corpus, adjusted for inflation and to the extent provided herein, deflation. Thus, the principal of the funds bequeathed or given to the Endowment and its spending power are to be, so, preserved in perpetuity.

As a secondary goal, it is the intention of this Total Return Policy to render the normal fluctuations in investment returns more manageable by measuring and spreading investment results over twelve fiscal quarters (three years) rather than just four fiscal quarters (one year).

The Columbia Congregational Church commits to this Total Return Policy and the disciplined practices it contains as a long-term strategy to ensure the Church’s faithfulness to the expectations of those who have given the Congregation their funds, and to ensure that the Church does not draw more than a prudent sum from its investments for use in the advance of its mission or for any other permitted purpose, if any there be.

Policy Specifications

The amount of the Endowment assets available to the Church for budgeting and spending in any fiscal year (the “Annual Distributable Assets”) shall be determined as of the end of the second fiscal quarter of the previous fiscal year (the “Determination Date”) in order to support the Church’s planning

and budgeting needs. The Distributable Assets for any given fiscal year shall be based on the fiscal quarterly fair market value of Endowment assets on the last business day of the quarter averaged over the twelve quarters preceding the Determination Date (the "Average Quarterly Balance").

Subject to the limitations set forth in the Endowment's terms, a percentage of the Average Quarterly Balance so determined as of an applicable Determination Date shall be available for distribution to the Church in the applicable fiscal year.

Such percentage of the applicable Average Quarterly Balance shall be determined as follows:

The Church's Investment Committee shall, with professional guidance, determine, at least every three years, a fiducially prudent percentage of the Average Quarterly Balance that may be so distributed (the "Distribution Rate"); provided however, that the percentage may not be less than 3%, except in the circumstances described below, or ever exceed 6%. Notwithstanding the foregoing or any other provision herein to the contrary: (a) the Distribution Rate shall not exceed 3% for any fiscal year if, on the applicable Determination Date, the sum of the initial fair market value for all gifts to the Endowment on the date of receipt of the applicable gift ("Total Gifts"), as adjusted for years of inflation or deflation as provided below ("Adjusted Gifts"), is greater than the fair market value of the assets of the Endowment on such Determination Date; and (b) if the Distribution Rate is set at 3% or less for this reason for three fiscal years in a row, no distribution shall be made from the Endowment for any fiscal year thereafter until the test established in clause (a) above has again been satisfied as of a Determination Date or unless otherwise authorized by an amendment to this Total Return Policy that adopts an alternative fiducially responsible procedure to restore Endowment principal to such a level.

For purposes of clause (a) of the preceding paragraph, Adjusted Gifts shall be calculated as follows. On each Determination Date, the Investment Committee shall first prudently determine an annual inflation or deflation factor (the "Annual Adjustment Factor"). To determine the Annual Adjustment Factor for a given year, the Investment Committee shall establish the rate of inflation or deflation, for the prior 12 months using the one year change, expressed as a percentage, in whatever generally recognized and regular maintained and published cost of living index or whatever other generally recognized index or methodology for measuring the rate of inflation or deflation expressed as a percentage (a positive percentage in the case of inflation and negative percentage in the case of deflation) that the Investment Committee, in either case, determines prudent and appropriately consistent with the past practices of the Committee in this regard (the "Adjustment Rate"). The Committee shall also determine the value of the Total Gifts. The Adjustment Rate shall be multiplied times the sum of the Total Gifts plus all prior Annual Adjustment Factors so

determined and the product shall be the Annual Adjustment Factor for the given year, which shall be a positive adjustment in the case of an inflation year and a negative adjustment in the case of a deflation year. Except as provided in the next sentence, the Adjusted Gifts on a given Determination Date shall be the Total Gifts as of such date plus the aggregate sum of all so determined Annual Adjustment Factors to and including the one for the given Determination Date. Notwithstanding the foregoing procedure for determining an Annual Adjustment Factor, if the Adjustment Rate is negative as a result of a year of deflation and the resulting Adjusted Gifts for the given Determination Date would be less than the Total Gifts on such date, the Adjustment Rate and the applicable Annual Adjustment Factor shall be set at zero for such Determination Date and used for purposes of establishing the Adjusted Gifts on such Determination Date in accordance with the previous sentence. The purpose of this secondary adjustment in the case of a deflated Annual Adjustment Factor is to assist in the conservative protection over time of the integrity of the initial value of all gifts comprising Total Gifts.

The Committee shall keep a chronological record of the Adjustment Rate, Total Gifts and Annual Adjustment Factor associated with each such Determination Date calculation.

The applicable Average Quarterly Balance as of the applicable Determination Date shall be multiplied times four to produce a theoretical annualized result and the product shall then be multiplied times the applicable Distribution Rate to determine the Annual Distributable Assets for the whole of the fiscal year following the Determination Date. The Annual Distributable Assets shall be withdrawn and distributed in accordance with a schedule determined in accordance with the Indenture. Withdrawals against the applicable Annual Distributable Assets shall be made in accordance with the so authorized distribution schedule per the written instructions of the Investment Committee and distributed to the Church Treasurer, or transferred to such account or accounts that the Church then maintains with one or more financial institutions as the Church Treasurer shall direct, for use by the Church in accordance with the provisions of the Endowment governing use.

The Annual Distributable Assets shall be available for distribution in the applicable fiscal year regardless of any subsequent change during that year in the fair market value of the Endowment, in the Endowment's income, or in the cost of living. Once distributed, Endowment proceeds shall be used for such use or uses as is permitted for the year in question under Indenture requirements as budgeted or rebudgeted by the Church, whether or not the proceeds are actually expended in such year.

This Total Return Policy may only be amended in the manner provided for the amendment of the Indenture, and, as is similarly applicable to the Indenture, should only be considered in extraordinary circumstances and in full accordance

with the Church's fiduciary duties to the Endowment's donors, each of whom has given most generously to the Endowment in reliance on the existence of this Total Return Policy.