



ANGLICAN DIOCESE OF OTTAWA

RECTORY TRUST FUND POLICY

Use of Rectory Trust Fund Principal by Parishes

INTRODUCTION

The original policy, established in 1970, required that the net profit from the sale of a rectory be invested in a Consolidated Trust Fund (CTF) Rectory Trust Fund (RTF). The principal could only be used for the purchase of another rectory. The annual dividend interest was transferred internally by the Diocese to defray the incumbent's housing allowance.

Subsequently, the regulations for the RTF were changed to permit the net sale proceeds in excess of \$250,000 to be treated as a normal CTF deposit. This allowed the excess to be withdrawn for capital and repair projects (as approved by the Financial Affairs Committee).

At the present time over half of the parishes in the Diocese no longer have a rectory. No parish has gone back to having a rectory after deciding to be a non-rectory parish. Over the years, the increase in the RTF principal has been very much smaller than the increase in the cost of repurchasing a rectory by the parish.

The unlocking of the RTF principal is in no way intended to encourage the sale of rectories. Obviously some parishes will always need a rectory because suitable housing for the incumbent to buy or rent is not available in the area.

Permitting parishes controlled access to the principal of their RTF allows them to treat the principal as a reserve fund that can be used in part or completely or not at all.

Whether or not some capital has been withdrawn, the remaining principal will remain in the RTF, with the interest on the remaining principal being used to defray the incumbent's housing allowance.

POLICY

1. A parish may either withdraw or borrow from the principal in its RTF.
 - a. If making a withdrawal, the amount withdrawn will not be subject to apportionment, however, at the time of the withdrawal, an amount equal to at least 10 % of the withdrawal will be transferred from the parish RTF to the diocesan Church Extension Fund (CEF). (See note # 1)
 - b. If borrowing, there will be a formal loan and repayment agreement. There will be no interest but an administration fee will be charged. (See note #2).

2. **Waiting Period**
There will normally be a waiting period of at least two years after the sale of a rectory and the investment of the net profits in an RTF inside the CTF, before any withdrawals or borrowing of principal may be requested in an application to the Financial Affairs Committee. Situations where the incumbent has ceased to inhabit the rectory at least two years before the sale will be considered. This waiting period is to ensure that both the parish and incumbent are still happy with their decision to become a non-rectory parish.
3. **Application to the Financial Affairs Committee for withdrawal or borrowing of funds from an RTF**
An application form is available from the Synod office. The submission must include:
 - a. Full details of the use for which these funds are required (see # 4 below), the most recent parish annual audited financial statement and a copy of the parish's current budget. The latter two documents will indicate the financial sustainability of the parish.
 - b. Approval for the withdrawal or borrowing by Annual Vestry and the Archdeacon.
4. **Potential allowable uses of the RTF principal**
These include capital items including major repairs or renovations, start-up costs of a parish program, and down-payment on a parish's CEF loan. (This last use could be beneficial to the parish's operating fund as it would reduce or eliminate mortgage payments.) It is important to note that the RTF principal may not be withdrawn for "operating expenses".

NOTES

1. This policy is in keeping with the spirit of Regulation 5.01(3) that requires the funds from the sale of parish buildings, which are no longer required, be transferred to the CEF.
2. **Borrowing.** When the loan is made, the Diocese sells enough units of the parish's RTF to pay out the loan. This reduces the interest payable to the parish housing allowance. The parish repayments are used to repurchase units at the then-current price. The parish is not allowed to borrow more than 90% of the RTF. Borrowed money is not subject to apportionment, but the income used to pay back a loan is. The administration fee is \$200 per annum on the outstanding balance.
3. This unlocking of the RTF principal is not intended to turn the RTF into a bank account. Therefore, frequent withdrawals, especially for small amounts will not be considered favorably by the Financial Affairs Committee.