



INTEGRATED WEALTH MANAGEMENT

— FORWARD THINKERS —

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Serving on Charitable Boards:

Top Three Things you are Expected to Know



The second article in a two-part series...

Serving on various charitable boards offers established families a way to influence their local communities and the causes they're most passionate about. However, some families don't realize that their board service may come with some inherent legal responsibilities. If you serve as a board member or trustee for a non-profit organization, consider the following issues.

1. Determine whether you have a fiduciary responsibility

Some board members or trustees, simply by nature of their position, become a fiduciary with regard to the organization's invested assets. If you are a fiduciary, consider the factors below. You may also wish to contact your professional advisors to determine whether you are fulfilling your fiduciary role.

2. Determine whether the charity has a written Investment Policy Statement



Most charitable organizations have a fiduciary responsibility to develop a written Investment Policy Statement (IPS). This document should be developed with a professional investment advisor and is intended to outline the asset allocation guidelines, risk tolerance, time horizon, performance expectations and manager selection criteria for the charity's invested assets.

The process of developing an Investment Policy Statement creates an impetus for board members to assess the current investment model. It facilitates conversation among board members, and hopefully ultimately agreement, regarding investment guidelines and objectives. Since board seats may shift from year to year, the IPS allows for consistency of investment objectives over time.

3. Understand what's required to monitor the Investment Policy Statement

Some organizations have a written IPS yet they lack a documented procedure for making sure the investment managers are following the IPS. It's also important to review the IPS periodically to help ensure it remains current with the charity's desired guidelines for investing.

If you serve on the board of a charity that lacks an IPS, ask the advisor managing the assets about their depth of experience in creating these documents. If the document does exist, request a copy and read it thoroughly. Consider whether the IPS reflects what you know to be true about the charity's goals and objectives for its invested assets. If not, raise these important questions with your fellow board members.

As always, please feel free to call with questions about this or any other planning related topic.

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