



The Episcopal Diocese of Newark

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Equipping congregations... Empowering people... Engaging the world... with the hope and justice of Jesus.

Office of Finance

Diocesan Investment Trust

Processes and Protocols for Churches and Organizations Investing in the Diocesan Investment Trust (DIT)

Opening a New Investment Account

1. *Decide How Assets Should Be Invested:* The church (or other investing entity) decides how the assets should be invested within the options available. Currently, the DIT offers four portfolio choices with TIAA-CREF that provide a range of investment options from conservative (all fixed income investments) to aggressive (all equity investments). It is possible to split your investment among two or more portfolios, though most investors generally choose the one that reflects their choice of the desired equity/fixed income allocation. This decision should be made by the full Vestry/Executive Committee. More details about the investment options, their asset allocation and their historical performance can be obtained from the DIT Investment Reviews, available on the diocesan website.
2. *Decide How Earnings Should Be Treated:* Each church decides how its earnings are to be treated. Earnings can be reinvested, allowing those earnings to grow with the markets over time. Alternatively, earnings may be automatically distributed to the investor on a quarterly basis—this option, in turn, offers three choices: the actual amount of dividends and interest may be paid; a fixed dollar amount may be paid; or a fixed percentage of the average of the prior 12 quarter-end market values of the account may be paid. The Trustees of the DIT recommend 4% distribution rate as an appropriate, sustainable rate. The Trustees of the Diocese currently use 4.25%.
3. *Complete the New Account Form:* Include information about who at the church is to receive quarterly account statements. The selected fund(s), distribution option, and authorized signers are also noted on this form.
4. *Submit the New Account Form and Check:* The most efficient way to fund an account is to do so via electronic funds transfer, which can be arranged by the finance office. Alternatively, you can send a check for the amount of the investment, made payable to

TIAA-CREF Trust Company, Inc., along with the New Account Form, to the diocesan Finance Office.

5. *Dealing with TIAA-CREF:* The diocesan Finance Office deals directly with the account service officers at TIAA-CREF to establish your account. Your investment will be maintained in a separately identified sub-account of the overall DIT account. Your money is pooled and invested with the millions of dollars of other invested assets in a range of mutual funds that provide diversification across the spectrum of equity and fixed income securities.
6. *The DIT is for Long-Term Investing:* Churches are reminded that the purpose of the DIT is to provide a vehicle for long-term investments. It is not intended to be an account for short-term money investments or for frequent trading and transfers from one fund to another, or as a substitute for a savings account.

Ongoing Account Servicing

1. *Monthly Statements:* You will receive monthly statements of your investment account, including dividend and interest income, deposits, withdrawals, and investment management fees. Statements can be emailed to multiple parties upon request.
2. *Fees:* Investment management fees are charged by TIAA-CREF, and are reflected in the statement; the current TIAA-CREF fee is .20% (20 basis points); which reflects the bargaining power of the DIT due to the aggregate amount invested by the diocese and those churches which place their funds under the DIT umbrella. Churches are also charged a diocesan fee of 0.25% (25 basis points) to cover diocesan costs and to provide income for the diocese to carry out its ministries reflected in the annual diocesan budget. The combined fee of .45% is very low for a professionally managed investment account.
3. *Quarterly Payments:* If you have chosen to receive quarterly payments, those payments will be paid by an ACH wire transfer directly from TIAA-CREF to your bank account. Payments are generally distributed during the second or third week of the month following the end of the quarter.
4. *Account Balances:* Because your account is merely a sub-account of the DIT, account balances are not calculated daily or intra-month. You will need to wait for the monthly accounting, which is normally completed about two weeks after month-end.

Withdrawals

1. *Withdrawal of Funds:* To withdraw funds from your DIT account, notify the Finance Office by completing the appropriate form and sending it to the Finance Office by email, fax, or regular mail. The request must contain two signatures authorized for that purpose by the Vestry/Executive Committee; one of the signers must be the clergy in charge (if no clergy, one of the wardens may sign). A copy of the request should also go to the clergy in charge and the treasurer. We will complete the necessary paperwork and forward it to TIAA-CREF for servicing. Withdrawal requests are generally handled within a day or two, and you should receive payment within a week. Proceeds will be transferred by ACH wire transfer to the church's bank account; transfer instructions will be secured at the time of the withdrawal request.
2. *Restricted Funds:* Note that, if the invested funds are the result of a bequest or designated gift, it is the church's responsibility to ensure that the use of the withdrawn funds is consistent with the stipulations of the donor(s). For example, if the funds were donated to the church with the condition that only income may be used, a withdrawal of principal may not be appropriate.

Questions

Contact CFO Sam Reckford with any questions regarding the DIT.

For More Information

Find more information, including investment returns, asset allocations, and more, on the diocesan website: www.dioceseofnewark.org . Enter "DIT" in the search field.

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