

COMPREHENSIVE CHURCH BENEVOLENCE FUND POLICY

A Framework for Charitable Assistance and Christian Stewardship

Start Small: Begin with a modest fund and simple cases to build experience

Train Your Committee: Ensure all members understand both the heart of ministry and compliance requirements

Partner with Community: Build relationships with local social services to avoid duplication

Regular Review: Schedule annual policy reviews to stay current with IRS guidelines

Note: This is a generic document that can be adapted to meet the needs of an individual church.

Review IRS guidelines Tax Guide for Churches & Religious Organizations here:

<https://www.irs.gov/pub/irs-pdf/p1828.pdf>

DISASTER RELIEF RECOMMENDATION (BENEVOLENCE):

Referrals: Create a list of approved individuals and/or organizations that can refer people to your church for financial assistance through your benevolence fund. Referring entities could be local nonprofits, camps, first responders, church staff, church members, etc. Note the referring entity on your intake form.

Sample Benevolence Intake Form

<https://forgeroom.org/wp-content/uploads/2025/07/Benevolence-Fund-Request-Form-Sample.pdf>

If you have questions or suggestions, please contact me: lance@forgeroom.org

COMPREHENSIVE CHURCH BENEVOLENCE FUND POLICY

A Framework for Charitable Assistance and Christian Stewardship

1. Purpose and Biblical Foundation

The Church Benevolence Fund exists to provide temporary, charitable financial assistance to individuals and families experiencing financial crisis. Its purpose is to demonstrate the love of Christ through tangible expression of Christian compassion and stewardship by meeting basic necessities of life, such as food, shelter, utilities, and transportation.

Biblical Foundation:

- *James 1:27 — Care for widows and orphans*
- *1 John 3:17 — Do not close your heart to a brother in need*
- *2 Thessalonians 3:10 — If anyone is not willing to work, neither should he eat*
- *Galatians 6:10 — Do good to all, especially those of the household of faith*

Key Principles:

- This fund is not intended for ongoing support, lifestyle enhancement, or personal enrichment
- The goal is restoration, not dependency
- All assistance serves legitimate charitable purposes

2. Initial Steps to Establishing the Fund

Leadership and Setup

1. **Leadership Approval:** Obtain approval from church leadership (Elders, Board of Deacons, or Finance Committee)
2. **Designate the Fund:** Create a restricted account labeled "Benevolence Fund" in the church's accounting system
3. **Funding Sources:** All receipts should come from undesignated offerings; no donations may be earmarked for specific individuals

Committee Structure

Appoint a Benevolence Committee:

- Minimum of 3-5 members
- Include individuals with spiritual maturity, discretion, and gifts of mercy, administration, and discernment
- Committee appointed by church leadership
- **Chairperson:** Appointed by pastoral staff

- **Ex-officio:** Senior pastor or designated pastoral staff

Documentation and Training

1. **Develop Written Policy:** Approve this comprehensive written policy document
2. **Create Application and Approval Forms:** Develop standardized forms to document all requests, approvals, and disbursements
3. **Train Staff and Volunteers:** Ensure anyone involved in benevolence work is trained on IRS rules, church policy, and pastoral care practices
4. **Establish Community Partnerships:** Identify local nonprofits, assistance networks, and ministries for referrals

3. Eligibility Requirements

Basic Requirements

Applicants must:

- Be experiencing a verifiable, short-term financial crisis
- Exhaust all other available means of support (family, savings, public aid)
- Be willing to participate in counseling and/or discipleship when requested
- Agree to provide requested documentation (bills, IDs, references, etc.)

Priority Groups

- **Internal (Church members and regular attenders):** Members in good standing and regular attendees (attending for at least 3 months)
- **External (Community residents):** Local residents in designated zip codes
- **Special consideration for:** Widows, single parents, orphans, low-income seniors, and families of incarcerated individuals

Emergency Situations Only

- Utilities (electricity, gas, water)
- Rent or mortgage payments (to prevent eviction/foreclosure)
- Medical expenses and counseling co-payments
- Transportation repairs (for work/medical needs)
- Food assistance and groceries
- Basic clothing necessities

4. Allowable vs. Non-Allowable Assistance

Allowable Assistance

- Rent/mortgage payments (not including late fees)
- Utilities (primary services only: electricity, gas, water)
- Food and groceries
- Medical expenses and counseling co-payments
- Emergency auto repairs for work/medical transportation
- Public transportation or bus passes
- Basic clothing necessities
- (Optional: Donated vehicles)

Non-Allowable Assistance

- Cash payments (especially to transients)
- Loans or repayment of existing debts
- Legal fees, credit card bills, debt consolidation
- Cable, internet, or non-primary cell phone bills
- School tuition (except case-by-case if part of basic need)
- Luxury items or non-essential spending
- Business investments or vacation expenses
- Ongoing monthly support

5. Application and Disbursement Process

Step 1: Initial Contact

Applicants contact the Benevolence Committee through:

- Pastor or designated staff member
- Committee chairperson
- Confidential phone line or email

Step 2: Application Process

- **Application:** Applicant submits completed form (or is assisted by staff)
- **Interview:** In-person interview scheduled when appropriate
- **Documentation:** Proof of need required (bills, landlord contact, medical notice, etc.)
- **Verification:** Identity verified and relationship to church disclosed

Step 3: Review and Approval

Authority Levels: (w/ Examples)

- **Authorized staff member:** Up to \$250 per request
- **Benevolence Committee:** \$251-\$1,000 per request
- **Pastor + Committee Chair:** \$1,001-\$1,500 per request
- **Church Board:** Over \$1,500 per request

Review Timeline:

- Committee reviews applications within 5 business days
- Emergency situations may receive expedited review

Step 4: Disbursement and Payment

- **Direct payment to vendors preferred** (utility companies, landlords, etc.)
- Checks made payable to service providers
- Gift cards for food/gas (with receipts required)
- Cash payments only in exceptional circumstances (determined by committee)
- Use designated fund line item for tracking
- Store documentation securely and confidentially

6. Counseling and Accountability

Required Participation

Recipients of ongoing or significant aid must:

- Submit to financial and spiritual counseling
- Complete a budget and spending plan
- Attend small group or classes on stewardship, if recommended
- Participate in follow-up meetings as scheduled

Accountability Measures

- Refusal to engage in counseling may result in denial of future aid
- Committee maintains follow-up contact records
- Long-term solutions encouraged through referrals

7. Assistance Limits and Frequency

Annual Limits (w/ Examples)

- **Internal (members/attenders):** Maximum \$3,600 per household per year
- **External (community residents):** Maximum \$1,400 per household per year

- **Per request maximum:** \$1,500 (higher amounts require board approval)

Frequency Guidelines

- Generally limit assistance to once per calendar year
- Repeat assistance requires deeper review and accountability commitments
- Exceptions for genuine emergencies with pastoral approval
- Refer repeat requests to counseling/social services

8. Fraud Prevention and Stewardship

Verification Procedures

- Follow up on all stories and documentation
- Maintain inter-church referral lists for transient aid
- Require ID and references for walk-ins
- Train team in grace-filled discernment to avoid enabling fraud or irresponsibility

Stewardship Practices

- Direct vendor payments whenever possible
- Maintain detailed records of all assistance
- Regular financial audits of the fund
- Quarterly committee reviews of fund usage

9. Special Programs (Optional Additions)

Community Outreach Programs

- **(Church and nonprofit programs that benefit recipients)**

Partnership Ministries (w/ Examples)

- Angel Tree program for families of incarcerated individuals
- Collaboration with local food banks and assistance networks
- Referral relationships with community social services

10. Documentation and Record Keeping

Required Records

- Completed application forms
- Verification of need documentation
- Income and identity verification
- Committee meeting minutes and decisions
- Payment receipts and vendor confirmations
- Follow-up contact records

Record Retention

- Keep all records for minimum 7 years
- Store in locked, confidential location
- Maintain electronic backup copies
- Limit access to committee members only

11. IRS and Legal Compliance

Tax Compliance

Benevolence payments are not taxable income to recipients if:

- Given solely to meet basic needs
- Not made to staff, pastors, or board members (unless processed via payroll and taxed)
- Not part of a quid pro quo arrangement
- Serve legitimate charitable purposes

Documentation Standards

- Detailed records of all assistance provided
- Verification of recipients' need and charitable purpose
- Evidence of proper authorization for all expenditures
- Compliance with Form 990 reporting requirements

Charitable Purpose Requirements

- Assistance must relieve poverty and distress
- Focus on temporary crisis intervention
- Avoid private benefit to individuals
- Maintain charitable intent documentation

12. Confidentiality and Privacy

Confidentiality Standards

- All information remains strictly confidential
- Committee members sign confidentiality agreements
- Information shared only on need-to-know basis
- No gossip or casual discussion of cases

Privacy Protection

- Secure storage of all documentation
- Limited access to case information
- Reports to leadership without identifying information
- Respect for dignity of all applicants

13. Appeals and Grievance Process

Decision Appeals

- Denied applicants may appeal to senior pastor
- Appeals reviewed within 10 business days
- Appeal decision is final
- Maintain records of all appeals and decisions

Grievance Procedure

- Complaints about process or treatment addressed promptly
- Review by pastoral staff or church leadership
- Documentation of grievances and resolutions

14. Oversight and Review

Committee Responsibilities

- **Monthly meetings** to review new applications
- **Quarterly meetings** to review fund usage and outcomes
- **Annual evaluation** of policy effectiveness
- Reports to church board or elders (without identifying information)

Annual Review Process

- Program effectiveness assessment

- Policy updates as needed
- Committee performance evaluation
- Community impact measurement
- Financial stewardship audit

15. Training and Development

Committee Training Requirements

- IRS compliance and tax regulations
- Confidentiality protocols and ethics
- Interview and assessment techniques
- Community resource knowledge
- Documentation and record-keeping procedures
- Pastoral care and counseling principles

Ongoing Education

- Annual policy and procedure updates
- Community resource training
- Fraud prevention and detection

16. Conclusion

This Benevolence Policy provides a structured, compassionate, and accountable framework for the church to meet real needs while upholding spiritual responsibility and fiscal integrity. Every dollar disbursed is a seed planted in trust that God will use it to heal, restore, and transform lives.

The program balances Christian compassion with wise stewardship, ensuring that assistance serves its intended charitable purpose while maintaining compliance with legal requirements and promoting long-term restoration rather than dependency.

Contact Information

Benevolence Committee Chair: [Name and contact]

Confidential Request Line: [Phone number]

Email: [Dedicated email address]

Office Hours: [Designated times for applications]

This policy should be reviewed annually and updated as needed to maintain compliance with current IRS regulations and best practices for charitable organizations.