

# Investment Policy

## [name] County Farm Bureau

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### Policy:

The purpose of this Policy is to set forth the investment objectives and parameters for the management of the [county] County Farm Bureau funds. This investment policy is designed to safeguard funds on behalf of the members, to assure the availability of operating and capital funds when needed and to ensure invested assets are used to satisfy the mission of the county Farm Bureau.

### Scope:

This policy includes all funds governed by the Board of Directors.

### Prudence:

Investments shall be made with judgment and care which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital, as well as the probable income to be derived.

The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio.

### Objectives:

- Safety:  
(There are two different safety objectives. The board of directors should check either or both boxes, indicating the level of risk they are willing to accept. If both boxes are checked, the board should determine what percentage of the total investment portfolio they would like in the two investment portfolios with different safety objectives. The percentages must add to 100%).

[ ] \_\_\_\_% Investment of county Farm Bureau funds shall be undertaken in a manner that ensures the preservation of capital in the portfolio. At no time will the safety of the portfolio's possessive principal be impaired or jeopardized. (Investments in this portfolio's will be limited to money market funds and certificates of deposit.)

[ ] \_\_\_\_% Investment of county Farm Bureau funds shall be undertaken in a manner that will put capital at risk in order to expect a higher rate of return. While Liquidity and Diversification objectives will be met, the investment selected may put the original amount invested at risk.

- Liquidity: The county Farm Bureau's portfolio will remain sufficiently liquid to enable the county Farm Bureau to meet all operating requirements. Portfolio liquidity is defined as the ability to sell a security on a short notice at its fair market value. It is recommended that a highly liquid safe portfolio be maintained in an amount equal to at least one year's operating expenses. If the county's operating expenses exceeds the amount of the total portfolio, it is recommended that all the

investment portfolio have the safest objective and therefore, 100% of the portfolio be invested in money market funds and/or certificates of deposit.

- Diversification: The county Farm Bureau shall diversify its investments to the best of its ability based on the type of funds invested and the cash flow needs of those funds. The investments shall be diversified by:
  - Limiting investments in individual stocks and/or bonds. No more than 5% of the total investment portfolio value should be invested in one individual stock or bond. Stock or bond mutual funds holding at least 30 different stocks or bonds are exempt from this limitation.
  - Limiting investments to avoid over-concentration in securities from a specific issuer or business sector (U.S. Treasury securities and FDIC insured bank CDs are exempt from this limitation).
  - Limiting investment in securities that have higher credit risks. Corporate bond mutual funds will include : check all that apply
    - [ ] Investment grade (US Government bonds or Corporate Bonds rated “AAA” through “BBB”)
    - [ ] Below investment grade (high yield or “junk bonds”) If selected, below investment grade corporate bond mutual funds should be limited to no more than 20% of the total investment portfolio.
  - Investing in fixed income securities with maturities that match the time horizon of the use for which the funds are invested, and continuously investing a portion of the portfolio in readily available funds such as money market funds.
- Match investment needs to investment asset characteristics. Investment assets will be selected that have maturity, liquidity, and other cash flow characteristics that match those needs for which the invested dollars will eventually be used.

### **Delegation of Authority:**

Management of the county Farm Bureau Investments, which includes, but is not limited to, purchases, sales, withdrawals and approvals of such activities is the responsibility of the county Farm Bureau Executive Committee. Administration of the county investments is the responsibility of the Secretary/Treasurer. The Secretary/Treasurer is responsible for management approved withdrawals, transfers and sales. The county Farm Bureau Executive Committee and Secretary/Treasurer, under the delegation of the Board of Directors, shall operate within the written policies stated in this document.

### **Ethics and Conflicts of Interest:**

Officers and employees involved in the investment process shall not engage in personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions.

### **Authorized Financial Dealers and Institutions**

Investments may be placed with banks insured through FDIC. Investments may be placed through a brokerage firm, but an emphasis should be placed on keeping management/brokerage fees as low as possible.

## **Authorized Investment Types**

The county Farm Bureau Board of Directors approves the following investment options indicated below. (Indicate approval by checking all boxes that are authorized.)

- U.S. government obligations, U.S. government agency obligations, and U.S. government instrumentality obligations, which have a liquid market with a readily determinable market value.
- Certificates of deposit and other evidence of deposit at financial institutions.
- Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of dollar-denominated securities.
- US Common Stock Mutual Funds
- International Common Stock Mutual Funds
- Bond Mutual Funds
- Other types of investment securities will require specific county Farm Bureau board of directors' approval prior to purchase. \*\*These are only acceptable if you selected the 2<sup>nd</sup> Safety Box Option (see above)

## **Maximum Maturities**

Reserve funds held for contingency purchases will be invested in fixed income securities with maturities not exceeding 2 years or in money market mutual funds.

To the extent possible, the county Farm Bureau shall attempt to match its remaining investments to its anticipated cash flow requirements.

## **Internal Control**

The Secretary/Treasurer is responsible for following established internal controls designed to ensure that the assets of the entity are protected from loss, theft or misuse. These internal controls provide that:

- An original statement of all investments from the bank or other custodian (as applicable) is to be provided directly to the Executive Committee/County President monthly (or as often as statements are received).
- Authorizations for investments or transfers must have a dual signature. Dual signature includes a member of the Executive Committee and the Secretary/Treasurer.
- All transactions are to be completed via check or electronic funds transfer. A paper copy of the transaction is required.

## **Performance Standards**

This investment portfolio will be managed in accordance with the parameters specified within this policy. Portfolio performance should be compared to benchmarks with similar maturity, liquidity and credit quality as the investment portfolio.

## **Reporting**

The Secretary/Treasurer shall provide all physical copies of investment statements as received or at a minimum on an annual basis to the board of directors.

**Investment Policy Adoption**

The investment policy shall be adopted by the Board of Directors. The policy shall be reviewed on an annual basis by the Executive Committee and any modifications made thereto must be approved by the Board of Directors.

Adopted [date] by the [county] Farm Bureau Board of Directors