

Financial Foundations

Summer 2019

**A Deep Dive into Endowments and
Legacy Giving**



A legacy gift or planned gift

is a contribution that is arranged in the present and allocated at a future date, usually through a will or trust.



What is legacy giving?

Name someone in your church who gives of their...

Time

Talent

Treasure

Spiritual Gifts



Would the individual you are
thinking of consider an endowment?

Why would you ask them to do so?

Endowment



An **endowment** is a fund that holds its principal in perpetuity and pays out about 4 to 5 percent per year, that goes to church programs.



Endowment

Endowments have dual goals:

- to grow the principal
- generate income for distribution.

Endowment Goals

“Endowments” are not the same as “reserve funds”

An “endowment” implies that some or all of the use of the endowed assets are restricted in some way. Most endowments are designed to keep the principal corpus intact so it can grow over time, but allow the church to use the annual investment income for programs, or operations, or purposes specified by the donor(s) to the endowment.

National Council of Nonprofits

Endowment



Who should manage the funds?

How much will it cost the Church annually to manage the endowment, either on its own (bank fees, etc.) or through a professional fund manager/investment manager?

What do you do with a large unrestricted bequest?

Questions to Ask



If you have a restricted fund, how will restrictions, if any, be documented?

Who in the Church decides how distributions are spent?

Will having an endowment make it challenging for the Church to raise annual gifts, by creating a perception that there is not an ongoing need for annual contributions?

Questions to Ask



A written gift acceptance policy can help manage the expectations of donors, (while treating them with respect) and also serve as guidance for Church and staff members who are either on the asking, or receiving, end of contributions.

Gift Acceptance Policy



The most significant reasons to adopt a gift acceptance policy include:

- Accepting some types of gifts may run counter to your Church values - so a gift acceptance policy can be useful to underscore why you cannot accept the gift.
- Some gifts may lead to legal obligations that your Church is not otherwise ready to handle. Example: Gifts of real property may raise property tax issues; gifts of motor vehicles or boats may raise issues about disposal of hazardous waste or licensing issues.
- Your Church may simply not be equipped to either use, or dispose of certain types of gifts (such as donations of outdated computers) or easily maintain. (Imagine receiving a gift of a race horse!)

Gift Acceptance Policy



Having a gift acceptance policy in place is considered a "best practice" from multiple perspectives - whether relating to relationships with donors, or managing the Church's own risks.

Gift Acceptance Policy



- Is this opportunity giving your member a chance to connect with others?
- Do they believe in your mission or ministry?
- Do they trust the leadership of the church?
- Is your church or ministry a safe and trusted place for them to leave a legacy gift?
- Is there a tax benefit for the donor?

More Questions to Consider



- Always find a way to thank a donor or a member.
 - Generic Thank-you letter
 - Personalized Thank-you letter
 - Personal Handwritten Note
 - Recognition in Worship
 - Naming rights with a project
 - Anonymous still gets a thank you!
 - Annual Report

thank
you

Thank you is Stewardship!

Estate planning offers individuals the opportunity to make an eternal statement of faith.

This act of stewardship can leave an unforgettable mark on your Church.

Even small assets can be turned into a gift which will support the ministry of your choice in perpetuity.



A Christian Approach



Ask a professional



Dakotas
United Methodist
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Dakotas Conference
The United Methodist Church



Grow. Reach. Heal.



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