



Endowments 101

Presbyterian Foundation

A vital part of the Presbyterian Church (U.S.A), the Foundation cultivates, attracts, and manages financial resources of individuals and institutions to serve Christ's mission.

Established in 1799

Bringing People and Mission Together

Three Pockets of Money

1. Annual
 - Disposable income for your annual campaign
2. Capital
 - People make adjustments to stretch their disposable income in order to make a capital gift
 - Come in to large sums of money (inheritance, sale of business, etc.)
3. Planned
 - Wills/Bequests, Life Income Plans, Retirement Plan

Three legs of the Endowment Stool

Spending legacy funds

Managing legacy funds

Growing legacy funds



Spending Legacy Funds

- Case Statement:
 - What are you asking people to give to?
- Why define the funds?
 - To provide a vision for the future
 - To prevent individuals from defining their own restrictions

BEST PRACTICE – 3 legacy funds:

1. Capital Facilities Fund
2. Internal Ministries Fund
3. External Mission Fund

Spending Legacy Funds

- How is it spent?
- Is there an application process?
- Is there a committee?

BEST PRACTICE – Create a Legacy Funds Spending Policy

- Define a policy that states how each fund is spent and who has the responsibility to spend it.

Spending Legacy Funds

- How much is spent?
- Example Spending Formula =

$$\left(\frac{\text{Sum of 12 previous quarter market value}}{12} \right) \times .05$$

BEST PRACTICE – Utilize a Total Return Spending Formula

Use a spending formula that calculates the amount that can be spent annually by taking a rolling quarter average of the account balance and applying a fixed percentage to that average. Smooths the ups and downs in the market. Helps with budgeting.



Spending Legacy Funds

- Other things to consider
 - Are all undesignated gifts made after someone's death directed to the legacy funds?
 - Have a gift acceptance policy that allows the church to say no to gifts.
 - If you have existing endowment/legacy funds, can you combine some of them? At least group them in like categories and begin to promote a new legacy fund of that category type



Financial Impact



Managing Legacy Funds

- WHO?
 - What committee of the church has the oversight of the Endowment?
 - Is it a sub committee of session?
 - What are the terms of those serving?
- HOW?
 - What authority do they have?
 - Do they have an Investment Policy? How often is it reviewed?
 - Is there a conflict of interest policy?
 - What is the best investment platform for the church?



Managing Legacy Funds

BEST PRACTICE

- Have an Investment Policy that is reviewed annually and that the investment portfolio is measured by.
- Make sure your Investment Policy and your spending formula match.
- Have a conflict of interest policy.



Growing Legacy Funds

- Not through investment returns, that is the responsibility of investments policy
- Through NEW Gifts to the Legacy Funds
- AWARENESS and PROMOTION



Growing Legacy Funds

BEST PRACTICE

- Create a brochure
- Create a legacy society
- Utilize your MRO (Ministry Relations Officer)



Growing Legacy Funds

- Create a brochure
- A real simple design that:
 - promotes the funds and what they will do
 - Has a bullet point list of examples of how someone can make a gift
 - Contact information for more questions or next steps



Growing Legacy Funds

- Create a legacy society
 - Treat everyone the same
 - Recognize the donor forever
 - Put checkboxes on your pledge card
 - ✓ We have remembered the church...
 - ✓ We would like more information about to how remember the church...



Growing Legacy Funds

- 12-4-1 for Planned Giving
 - 12 newsletter articles
 - 4 information sessions
 - 1 Legacy Sunday



Growing Legacy Funds



Growing Legacy Funds

- Utilize your MRO (Ministry Relations Officer)
 - “Composing a Legacy” presentation
 - One-on-one gift planning support and advice



Presbyterian Foundation



Dr. Stephen Keizer
Vice President – Ministry Relations
Presbyterian Foundation
5740 W Heverly Dr
Portage MI 49024
866-317-0751
stephen.keizer@presbyterianfoundation.org

