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Endowments 101

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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

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Donor Centered

1. Donors want to give to things that make an impact.
2. Donors want to support programs that are fiscally sound.
3. Donors want to know that the leadership can carry out the goal of the program.

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Make an Impact

- Identify 3 to 4 mission priorities
- Above and beyond activities – not just supporting the annual operating budget
- Develop a 'case for support'
- Don't just do an endowment to have an endowment
- Vision – 5 yrs, 15 yrs, 50 yrs, perpetuity
- Make it spiritual using discipleship and stewardship language like 'Leaving a Legacy'

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Fiscally Sound

- Endowment policy that clearly states operating principles
- Spending Policy – how the income will be used
- Gift Acceptance Policy – how gifts are received
- Investment Policy – how funds are invested
- Endowment committee structure and by-laws

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Three legs of the Endowment Stool

Spending legacy funds

Investing legacy funds

Growing legacy funds



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Spending Policy

- 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

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Spending Policy

- How much is spent?
- Example Spending Formula =
((Sum of 12 previous quarter market value/12) x .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.

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Investment Policy

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.

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Gift Acceptance Policy

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

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Leadership

- Keep the Pastor involved
- Lay leadership has to be givers to the endowment (donors won't support something if the leadership doesn't support it)
- Marketing plan
- Thank you event
- Celebrate when the endowment makes a difference

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Resources

- Legacy of a Lifetime
- Composing a Legacy
- Planned Giving Navigator
- PEER Network
- Ministry Relations Officer

www.presbyterianfoundation.org



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Growing Legacy Funds



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