



# Introduction to Endowments

Stewardship Kaleidoscope

September 2022

# Introductions

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- Olanda Carr, Jr. – Senior Ministry Relations Officer (East Region)
- What brought you here today?

# Why An Endowment?

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- Good Stewardship
- Legacy
- Gratitude
- Above and Beyond  
(the budget)



# What is An Endowment?

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*Collins Dictionary* defines:

An endowment is a gift of money that is made to an institution or community in order to provide it with an annual income.

<https://www.collinsdictionary.com/us/dictionary/english/endowment>

# What is An Endowment?

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- Endowments provide income forever for your church or a ministry
- Endowments are permanent funds established from irrevocable gifts.
- Endowments need no more maintenance or work from donors once they are established.
- Endowment funds make an expression of your faith that will provide a perpetual stream of support for your congregation or chosen ministry today, tomorrow and well into the future.

# Donor Centered

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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.

# Getting (Re)Started

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To encourage endowment generosity within the congregation:

- 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’

# Three legs of the Endowment Stool

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1. Spending legacy funds
2. Investing legacy funds
3. Growing legacy funds



# Fiscally Sound

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Endowment Policy is needed that clearly states operating principles:

- *Spending Policy* – defines how the income will be used
- *Investment Policy* – establishes how funds are invested
- *Gift Acceptance Policy* – clarifies how gifts are received
- *Leadership* – endowment committee structure and by-laws

# Spending Policy

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- 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 TIP – 3 legacy funds:*

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

# Spending Policy

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- How much is spent?
- Example Spending Formula =  
 $((\text{Sum of 12 previous quarter market value}/12) \times .05)$

*BEST PRACTICE TIP – 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.*

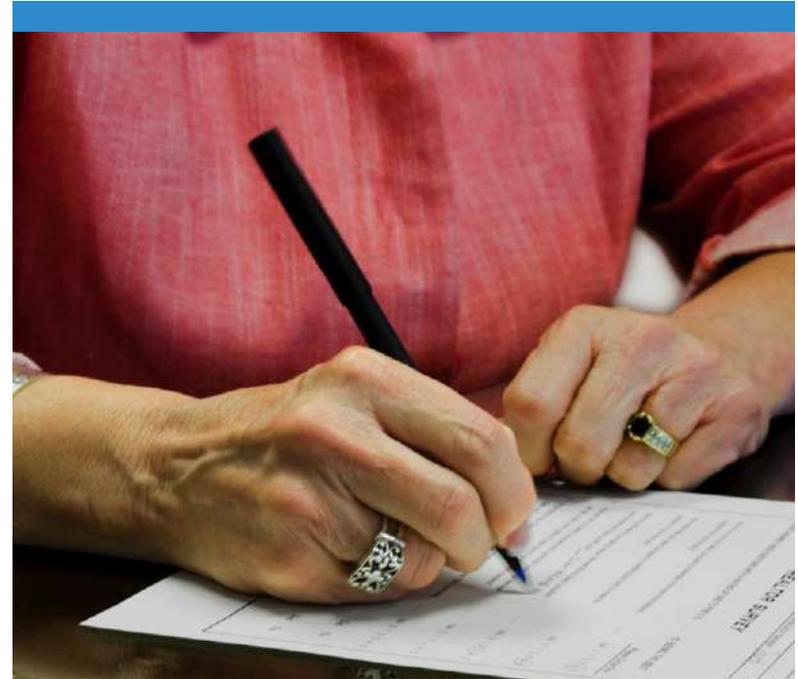
# Investment Policy

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- How are the funds invested (types of investment instruments)?
- Where are the funds invested?

## *BEST PRACTICE TIP*

- *Have an investment policy that is reviewed annually and defines the criteria for measuring performance of the investment portfolio*
- *Make sure your investment policy and your spending formula match.*
- *Have a 'conflict of interest' policy.*



# Gift Acceptance Policy

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- Definition of types of gifts that are accepted
- Process of gift acknowledgement

## *BEST PRACTICE TIPS*

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

# Leadership

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- 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

## *BEST PRACTICE TIP*

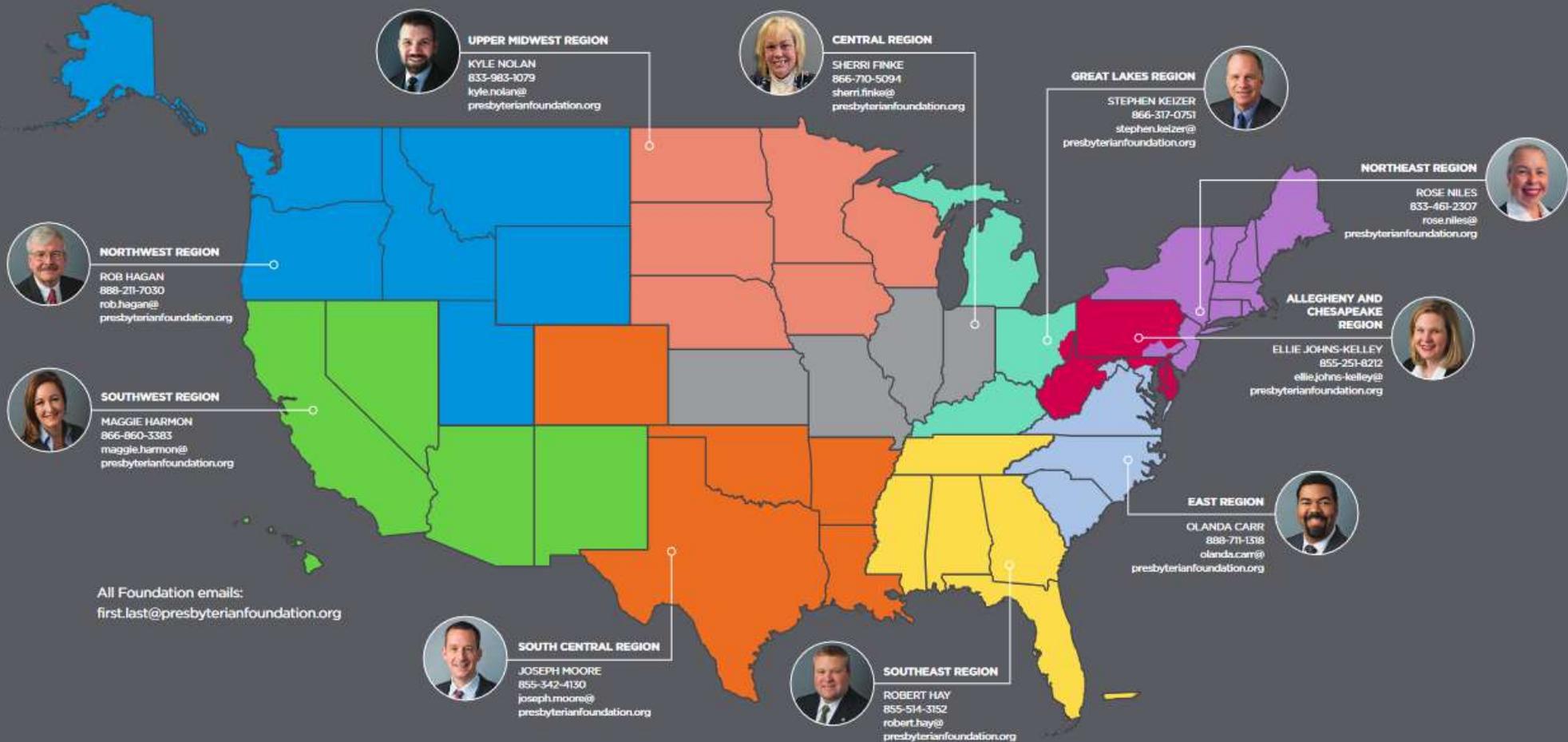
*Celebrate when the endowment makes a difference*

# Resources

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- Legacy of a Lifetime
- Composing a Legacy
- Stewardship Navigator
- Presbyterian Foundation website:  
[www.presbyterianfoundation.org](http://www.presbyterianfoundation.org)
- Ministry Relations Officer – Presbyterian Foundation

# Growing Legacy Funds





# Summary

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- Questions
- Comments
- Closing Prayer