

For Congregations

Why
Create
an
Endowment



CHRISTIAN
CHURCH
FOUNDATION

Helping Disciples Make a Difference

En-dow-ment (n)

Capital upon which a stream of income supports the ministry or institution owning the endowment. Income from the endowment becomes additional revenue. ; the corpus – or original gift donated to the endowment – is not spent, but invested in such a way to provide income.

The late Dr. T.J. Liggett, a Disciples minister, leader and seminary president, wrote that endowments can offer some tremendous advantages for congregations, including:

- The establishment of such a fund provides a natural place for receiving legacy gifts from members who want to include a legacy gift for the church's witness. While the church is good about asking and receiving operational and capital gifts, it isn't as good at seeking endowment fund gifts, which are avenues for donors to make end-of-life gifts — likely the largest gift they will make.
- Rightly designed, an endowment fund can enhance the freedom of the congregation for expanded witness and service. "In all cases I have known," Dr. Liggett said, "there was more work to be done than resources with which to do it. The ministry of the church was restricted because of limited income. An endowment which is used for expanded mission, both in the community and around the world, can widen the horizons of service and free up the congregation to do many things that it could not previously attempt."
- An endowment provides a degree of stability when there are drastic changes in the economy or radical demographic changes.

An Introduction

Endowments for congregations can be really good, or they can be really bad. The Christian Church Foundation works with congregations to help them create good endowments that will enhance the church's future witness and provide an opportunity for members to continue their faithful stewardship after death.

The secretary of a rural Disciples congregation once opened the mail and discovered a letter from an attorney. The letter contained official notification of a bequest left to the

An endowment can be detrimental to a congregation when it:

- Requires making decisions over and over again about whether to spend the gift or use the income from it, or to determine which ministry gets a bigger slice.
- Is too narrowly defined in purpose, limiting resources exclusively for current needs and expenses, or on the other hand, devoting resources solely for special ministries. An endowment short on vision will not grow and may deny the church of exploring new opportunities in ministry.
- Is not properly managed, either because of lack of experience or internal conflict.
- Allows selected leaders to feel more powerful because they control the endowment.

church: An undesignated bequest of \$200,000!

Of course, members held different opinions on how such funds should be spent. Many vital and essential ministries could benefit from such gifts immediately. Yet spending the gift outright would have not provided an ongoing witness to the donor's love for the church.

But re-

member: Gifts to an endowment permit a gift to undergird the mission of the church for both the short and long term. Endowment funds link us in an ongoing procession of the saints of old who have bequeathed to us the faith and the resources to sustain it, and the future to which we will pass it on.

Endowments that function to expand the mission and witness of the congregation provide stimulus for renewal and revitalization. Properly managed endowments enable congregations to fund vital and vibrant ministries they otherwise could not afford.

The primary way to assure that endowments can address longer term needs and ministries is through the adoption of a permanent funds policy. That policy is the foundation upon which a healthy and faithful endowment can be built.

The Church as Jesus' Bequest

The resurrection of Jesus Christ forms the central core of our belief system as Christians. Following Jesus, leaders such as Paul and Apolos came forth to guide the early church. The New Testament gives evidence of a church struggling with identity issues: What are we to become? Will we survive? How do we order our common life together? Scripture gives clear evidence of the church struggling with these central theological questions.

Sightings of the resurrected Lord gave hope for an imminent return of the person of Jesus. At Pentecost, the gift of God's Holy Spirit gave life to the church. God's Spirit gives direction and support to the church as it seeks to perform God's mission in the world.

The church is God's gift or "bequest" given to humanity following the resurrection of Jesus. God's Spirit gave life to this institution which exists to serve God's mission in the

world. Through the church, we experience God's constant abiding presence. The church is God's divine instrument, serving a broken world with the message of God's abiding love. God's mission is beyond our human understandings and inclinations as the Spirit moves in ways mysterious to us all. Yet, Christians are called to support God's mission through our greatest and most wonderful gifts.

North Whitehead said, "Wise people plant trees under whose branches they will never sit." Planned gifts, also called legacy gifts, provide resources for ministry into future generations. How can we place a value on endowing a scholarship that provides educational support for a ministerial student? How can we place a value on endowing the expenses of a medical missionary? Through a legacy gift to the church, the funding of these ministries can continue into the future.

Congregations can choose to wisely invest these legacy gifts in endowments and use the income generated to provide resources for ministry beyond the limited amounts raised through annual commitment programs. A properly managed endowment strengthens the annual giving to the operational expenses of the church, providing renewal and vitality to its mission and ministries.

The Church's Role

The most common legacy gifts are bequests or beneficiary designations that are fulfilled at the death of their donor. Life-income gifts, such as charitable trusts and gift annuities, can also produce these legacy gifts at the death of the donor or the donor's chosen income beneficiary. When legacy gifts are encouraged, these gifts typically represent the largest, single contribution an individual will make to his or her congregation.

Congregations spend much of their time and energy securing gifts for operational ex-

penses, such as salaries and utilities. Often there is little time for a regular legacy giving emphasis in the church! An individual who gives \$2,000 toward the annual expenses of the congregation may give \$4,000 for capital needs over a two- to three-year period. When these same individuals consider a legacy gift to the church, they may give five, 10 or even 20 times more!

Jesus had something to say about legacy gifts in Mathew 6: 19-21: “Do not store up for yourselves treasures on earth, where moth and rust consume and where thieves break in and steal; but store up for yourselves treasures in heaven, where neither moth nor rust consumes and where thieves do not break in and steal. For where your treasure is, there your heart will be also.” (NSRV)

In today’s financial climate, ways exist for individuals to make legacy gifts that can benefit both the church and the individual donor. Some donors reduce their income and estate taxes, increase their annual cash flows, and make significant gifts to their congregations by utilizing a type of planned gift called a life-income gift. A variety of gift options are available to meet the unique needs of donors and their families — and to leave the desired legacy gift to the church.

Planned giving holds many possibilities for the donor and the church!

Nearly seven out of 10 people who die each year in the United States die without wills. Why should the church care? Clergy tell us that the failure of a decedent to execute a will compounds the shock, grief, and trauma experienced by family members. State laws governing estate distribution do not always disperse assets according to the wishes of the decedents. Failure to execute a will means the decedent’s estate may not have taken advantage of government approved tax-reduction measures. For large estates, increased estate tax liabilities

often are the result.

The church meets a significant pastoral need by encouraging persons to make wills. A properly planned estate provides for the orderly transfer of assets and minimizes taxes. Through their end-of-life giving, individuals can make significant faith statements. A completed will or estate plan is a Christian's ultimate stewardship document.

The church is one institution that does not openly deny the reality of death. Rather, we openly celebrate the reality of life and death and the hope for life eternal. A faithful consideration of the use of our assets following death seems a natural discussion for the church. Many express gratitude when the church provides a "safe" environment in which to consider estate planning.

However, some people resist the church becoming actively involved in soliciting legacy gifts. Some fear death and do not want its specter raised within their hearing. Still others fear the church may become an unethical and aggressive organization seeking wealth at all costs.

Simply stated, those fears are not realized when a church plans well.

The focus of the church in planned giving should be to invite donors to fund the church they love. Legacy giving in the church enables donors to make significant faith statements by providing ways for persons to continue their stewardship beyond the very finite boundaries of their own human existence. As one Disciples pastor once said: "Tell me who and what you included in your will, and I will tell you what you love." While there is great truth to that pastor's statement, it is also true that many Disciples, who have a deep love for their congregation, will not include the church in their will simply because they've never been invited to consider this type of a gift.

The ministries of Jesus Christ are so impor-

tant! Shouldn't the church be inviting people to consider such gifts?

Next Steps

Extraordinary opportunities exist for planned giving in the local church. Our churches are filled with many potential donors who would joyfully consider legacy gifts that could fund extraordinary types of ministries. They await the invitation and challenge to consider a legacy gift to their church.

Every church member who dies, leaving no bequest to the church, is a missed opportunity!

The Christian Church Foundation provides the resources and expertise to help congregational leaders start the discussion about endowment funds. By working hand-in-hand with a congregation, Foundation staff help leaders explore issues and opportunities created by endowment funds, and then help draft an endowment fund policy that will meet the congregation's current and future needs.

When the policy is in place and has been approved by the congregation, Foundation staff members are available to the church to assist in promoting and communicating planned giving opportunities.

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Foundation Resources

The following resources are available at no charge to assist congregations in setting up an appropriate endowment fund:

- **Model Permanent Fund Policy:** This sample policy includes all of the key elements needed for a successful endowment plan. Congregations can adapt its distribution plan to better match their ministry and mission.
- **A Guide to Developing Church Endowments:** This booklet walks church leaders through the process of establishing an endowment.
- **A Guide to the Role of Trustees:** What are permanent fund trustees' duties? What key attributes do trustees need to have? This brochure examines the importance of trustees in overseeing the endowment fund.
- **Starting a Successful Planned Giving Ministry:** This brochure provides key information to help congregations promote legacy gifts.
- **A Guide to Managing Estate Gifts:** When legacy gifts arrive, they oftentimes require special care. This brochure highlights information congregations need when receiving these gifts, and discusses both restricted and unrestricted gifts.
- **A Guide to the Joint Investment Trust:** One of the Foundation's ministries is helping congregations prudently invest endowment funds. This brochure discusses the investment program and the benefits it brings to congregations.
- **A Guide to Starting a Legacy Society:** A legacy society is one of the best ways to recognize donors and encourage others to put legacy gift plans in place. This brochure helps congregations design their own legacy society.

*The Christian
Church Foundation
helps Disciples make
a difference forever
and discover the joy
of serving Christ
through sharing their
resources.*



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