

## Building a Church Endowment with Planned Giving

Let's start with a few clarifications —

1. endowments are not limited to large, wealthy churches
2. endowments are not dependent on huge gifts from wealthy people
3. a church doesn't have to wait for people to die to benefit from a planned giving program

When we speak of endowments, we tend to think in millions. But an endowment may be as small as \$1,000 — and many churches have funds that already operate informally as endowments: funds that remain invested while the church spends only the income or takes a draw from the portfolio. An endowment, after all, is essentially an organizational savings plan — invested for growth over the long term from which a modest percentage is withdrawn each year to support a church's ministry.

No matter how large its savings, however, a church usually wants to continue building its endowment so that the ministry of the church can continue for generations to come, as the impact of even small gifts to an endowment can be substantial. Today, the UCC supports several of its key denominational ministries with money from a fund established by Congregational churches to care for and defend

the Amistad slaves. Imagine: small gifts, given generations ago, are still being used to build a more just world!

In a challenging economic climate, a focus on endowment giving can seem out of place when a church is struggling to meet its budget. Planned giving, however, offers donors the opportunity to retain the funds they believe they will need for retirement — offering a gift to the church now that will be funded when the donor no longer has need of money.

Let's take a look at three of the most popular and accessible methods of planned giving —

### **Wills Emphasis**

A great starting point that is valuable across generations in a church, an active ministry of helping church members create or update their will offers an opportunity to encourage endow-

ment thinking and giving. The seeds of giving are planted with younger church members who benefit by protecting their families with a will, while older members often rethink the distributions they established years ago. A will's emphasis can be conducted as a series of will development seminars that guide members through the questions and conditions they need to consider to ensure their final wishes are clear and their loved ones are protected. As part of the process, members can be encouraged to consider everyone they wish to remember, from friends and family to schools, community service organizations, and of course, their church.

### **Charitable Gift Annuity**

Although this planned giving option sounds complicated, the concept is really quite simple. Imagine an individual in your church is living on the income from a retirement portfolio. While this potential donor may not need the entire "principal" amount of the fund, she or he may not want to make an outright gift that would diminish the portfolio that generates their income.

Enter the Charitable Gift Annuity. The donor determines the amount she or he would like to give and funds the gift with cash or securities. The gift amount is then invested in United Church Funds' Moderate Balanced Fund

and pays the donor income for life, based on a rate of return determined by her/his age at the time of the gift. The donor still benefits from the value of the asset she or he gave to the church, and the church knows in advance that it will be receiving this gift in years to come. Upon the donor's death, the remaining principal of the gift (which may be greater or less than the original gift amount) is given to the church in full as a cash gift. Donors often purchase multiple small gift annuities through the years — and those same small gifts can add up to millions over time.

### **Life Insurance & IRAs**

Often, potential donors have life insurance policies or IRAs that will not be needed by their heirs — and often, donors will name their church as the beneficiary. These instruments offer

## KEY POINTS

- Endowments are appropriate for churches of every size, and can be established with as little as \$1,000.
- A church program that encourages members to create or update their wills can become a source of gifts to grow a church's endowment.
- Developing gift and endowment policies is an important exercise for every church, as surprise gifts can create big problems if a church has not determined in advance how gifts should be handled.

another method of contributing to the long-term health of a cherished church without making an outright cash contribution.

Other planned gifts — including Charitable Remainder Trusts and the UCC's Pooled Income Fund — may be appropriate for donors in your church. Contact the UCC's Financial Development Ministry for more information at [www.ucc.org/giving](http://www.ucc.org/giving) or by calling 800-846-6822.

### ***Protecting the church***

If your church has not developed a formal endowment policy, don't wait for a happy surprise. The receipt of large, unexpected, unrestricted gifts has torn churches apart. With a gift policy in place, a church can determine in advance how unexpected or unrestricted gifts will be directed. Directing such gifts to an endowment — even if the endowment is established with only \$1,000 — ensures bequests have little chance of becoming a point of conflict, permitting them to support the church into the future. For more information on creating endowment policies — and their attendant gift, investment and spending policies — contact United Church Funds or visit the Resources section of the website at [www.unitedchurchfunds.org](http://www.unitedchurchfunds.org).

Endowments can offer a huge blessing to churches across generations, particularly if they are well-managed according to carefully considered policies and guidelines. Begin today to build your church's future by developing a practical, supportive and ongoing planned giving program.