

Growing your Endowment with Planned Giving

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Cleveland**

Building A Planned Giving Program

Infrastructure

Planned Giving and Endowment Policies
Accountability and Leadership

Education

Seminars
Written and Electronic Resources

Fundraising

Leadership
Prospecting
Making the Case
Asking

Endowment Definitions

“True” Endowment - Permanent restriction by donor with designation as to purpose, usage, and/or definition and distribution of return

Quasi-Endowment - Unrestricted funds that are designated as endowment by Board policy. Unrestricted as to usage; may be restricted or unrestricted as to purpose

Temporary Endowment - Monies that are restricted by time or purpose by board policy or donor designation

Endowment Policy

Administration

- What gifts will be accepted, and which will be declined?
- Who makes gift acceptance decisions?
- Who is responsible for communication with donors and prospects?
- Is there a minimum level for creating named endowments?

Accounting

- What are the procedures for ensuring financial transparency?
- Who is responsible for insuring the integrity of the endowment?

Investment

- How are the funds to be invested?
- Who is responsible for making investment decisions?

Spending

- What are the policies for how funds will be spent?

Investment Policy Development

Time Horizon

Risk tolerance

Return expectations

Asset allocation guidelines

Values-oriented investment guidelines

Roles and responsibilities

Legacy Giving Definitions

Planned Gifts

Planned gifts are transfers of assets that, in addition to having a charitable dimension, have financial planning and/or estate planning impacts and are for long-term support of an institution.

Deferred Gifts

Deferred gifts are those whose impact are not fully realized until some future date, generally at the death of the donor(s).

Life Income Gifts

Life Income Gifts are irrevocable transfers of assets creating vehicles whereby donors receive income for themselves or their designees, favorable tax treatment, and provide support from their assets to a charity of their choice.

Deferred Gift Opportunities

Bequests

Life Insurance

Real Estate

Life Income Gifts

Income for life for the donor or their designee

Increase in gift giving capacity

Favorable tax treatment

Professional, values-based investment management

Participation in UCC Program

Fifty percent of remainder must go to a UCC entity

(UCC entity includes local churches and all institutions listed in UCC yearbook)

Gift must meet minimum financial requirements

There is no up-front fee for UCC entities to participate in the program

Charitable Gift Annuities

Combination of annuity and charitable gift

A pooled fund, so the “risk” is shared among a group of individuals

Income dependent on age of income recipient

Contract between non-profit and individual(s) to provide income for life for one or two people

Gift portion must represent at least 10%

Income beneficiaries must be individuals; remainder beneficiaries must be non-profits

The charity determines payout rates, but many use rates recommended by American Council on Gift Annuities

Gift payments may be deferred

Minimum gift amount is \$1,000

Charitable Remainder Trusts

Charitable Remainder *Unitrust*

Variable lifetime annual payments equal to a percentage of the fair market value of trust assets, determined annually

Charitable remainder *Annuity* Trust

Fixed annual income for life that is equal to at least 5 percent of the initial net fair market value of the trust at the time the assets

Minimum gift amount is \$50,000

Administrative fees are charged against the individual trust

Additions may be made to unitrusts (only)

Pooled Income Fund

Assets are invested together with the assets of all other Fund donors

The donor's proportional share of the Fund's income is distributed to the one or two people whom the donor named to receive life income

At the death of the life beneficiaries, a charitable institution receives the funds

Variable payment

Payment schedule is quarterly

Minimum gift amount is \$2,000

Fees are charged against the Pooled Income Fund, not deducted from payments.

Life Income Gift Process

Donor speaks with attorney or financial advisor

Conversation with Financial Development Office, Church or conference office and other remainder beneficiaries to discuss a gift

The Financial Development Office provides a gift proposal, application form and asset transfer instructions.

Donor returns the application form with a check or inform us of other asset transfer

The Financial Development Office or PG legal counsel prepares the contract and transmits it to the donor.

Funds are invested through the United Church Funds

Donor begins to receive income payments

Donor receives yearly tax documents

On donor's death, the Church (and other charitable beneficiaries) receive a check

Profile of a Life Income Gift Prospect

Older, typically over age 70 nearing or in retirement

Have accumulated sufficient assets for retirement and major life contingencies

Sufficient assets to maintain their current lifestyle - “cash poor” but “asset rich”

A history of support for charitable causes

Own highly appreciated property which may be stock, real estate, or a family business.

Profile of a Planned Giving Prospect

Every member

The UCC Planned Giving Team

Financial Development Ministry Team, Cleveland

Answers individual questions and provide illustrations

Oversees life income gift contract creation

Provides customer service

Provides marketing assistance to churches, conferences & institutions

Raises funds for national ministries

Weston Patrick, Boston

Confers with prospects' attorneys and/or financial advisors

Serves as administrative agent for trusts

Manages asset transfers

Makes life income payments and provides tax documents

Serves as counsel to planned giving program

United Church Funds, New York

Serves as fiscal agent for life income gifts program

Serves as trustee for trusts

Oversees investments

Fundraising Success Factors

Clear identity and focused strategic direction

Aggressive implementation of fundraising in a stewardship context

Leadership

Making the Case for Support

VALUES

What are the values that animate the life of the community?

VISION

How do we define success?

OUTCOMES

What specifically do we hope to achieve? What are indicators of impact?

STRATEGY

What is the strategy for achieving success? What barriers are to be overcome?

QUALIFICATION

What is the evidence that we can achieve success?

INVITATION

What are the specific opportunities for investment?

Contact Information

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